Introductory Note

This document is a redacted extract from an investigation report that I drafted while acting as co-counsel representing owners of a novel technology who had retained a dishonest fundraiser. The document was submitted as a registered letter to multiple government authorities.

Investigation Report

In conjunction with Law Firm Lohman ("LFL"), the undersigned represents Messrs. NK, KR and HW (the "Directors"), who are directors and officers of U.S. Company Ltd., a Nevada corporation ("US Company"), and U.K. Company Ltd, a private company registered in England and Wales ("UK Company").

This investigation report is submitted to draw your attention to facts and evidence supporting the conclusion that certain parties named herein have perpetrated acts and omissions in violation of the laws of several jurisdictions.

Background and Summary

1. The Directors are co-inventors of technology enabling the scalable, clean, on-site production of electrical energy from renewable energy sources (the "Technology"). Irish Nominee Ltd, an Irish private company, currently owns the intellectual property rights to the Technology subject to a right of reversion in the Directors upon first written demand.

2. In 2006, the Directors retained Fundraiser S.A., a Swiss limited company ("Fundraiser"), to design and implement a multi-jurisdictional corporate structure and raise capital in Europe and the United States to enable the further development, marketing and licensing of the Technology.

3. Over the course of the following year, the Directors began to suspect that Fundraiser's corporate structuring and fundraising activities may have violated the terms of their several agreements. When the Directors confronted Fundraiser with their concerns, the latter initially responded with hostility and later not at all.

4. In August 2007, the Directors retained LFL to rehabilitate their relationship and agreements with Fundraiser while investigating the corporate structuring and fundraising undertaken on their behalf. In conjunction with Swiss and U.S. securities co-counsel, LFL conducted an extensive and thorough investigation into the corporate structuring and fundraising activities of Fundraiser, discovering several material breaches of contract and violations of applicable laws and regulations on the part of Fundraiser and its agents and affiliates.

5. The events and appendices described below are organized in chronological order where possible but otherwise in such a manner that best conduces to the narration of the various malefactions of Fundraiser and its agents and affiliates.

The Term Sheet of 16 June 2006

6. On 16 June 2006, the Directors entered into an agreement with Swiss Fundraiser for the purposes of raising equity capital to develop the Technology. This agreement is known as the "Term Sheet". (*See* Appendix 1.) Messrs. EF and SK are the President and Secretary of Swiss Fundraiser, respectively, and Mr. SK serves on the board of directors. (*See* Appendix 2.)

7. Pursuant to the Term Sheet, Swiss Fundraiser undertook to establish a limited company and list it on a suitable stock exchange. NRG Ltd, a private company registered in England and Wales, became the vehicle for this listing, changing its name to UK Company by special resolution on 23 November 2006. (*See* Appendix 3.) On this date, Mr. EF was the sole director of NRG Ltd. (*See* Appendix 15.)

8. The Term Sheet obligated Swiss Fundraiser to list UK Company on a suitable stock exchange and process the listing with the United States Securities and Exchange Commission ("SEC"). Neither event ever occurred. As a result, the Term Sheet has been terminated.

The NRG Ltd & Irish Nominee Ltd Agreement of 20 November 2006

9. On 20 November 2006, NRG Ltd and Irish Nominee Ltd entered into an agreement wherein Irish Nominee Ltd agreed to transfer the Technology to NRG Ltd in return for €10,000,000, which amount was to be redeemed by Irish Nominee Ltd in an amount of the shares of NRG Ltd of an equivalent monetary value. (*See* Appendix 4.) This agreement was not performed by either party according to its terms and was therefore cancelled. As a result, UK Company does not currently own any right, title or interest in the Technology.

The Private Placement Memorandum of 15 January 2007

10. On 15 January 2007, Swiss Fundraiser published a Private Placement Memorandum ("PPM") for the purpose of raising equity capital for UK Company. (*See* Appendix 5.) The PPM offered 1,600,000 shares of UK Company to non-United States persons at the price of € 0.50 per share. The PPM contained the following statement:

> *The shares have not been registered under the Securities Act of 1933 or qualified or registered under the laws of any state or other jurisdiction in reliance upon the exemption to the registration requirements under Regulation S of the Securities and Exchange Commission. The shares may not be sold or otherwise transferred unless that sale or transfer is in compliance with Regulation S.*

11. The PPM further provided that shares in UK Company were to be allocated to paid-up subscribers on the Closing Date of the subscription period, which was to be the day of the listing of UK Company on a stock exchange or a maximum of 120 days from 15 January 2007. In addition, the subscribers were to sign a Subscription Agreement and transmit the same to Swiss Fundraiser. (*See* Appendix 6.)

12. In March 2007, Swiss Fundraiser distributed to the subscribers an Addendum to the Subscription Agreement ("Addendum"). (*See* Appendix 7.) The subscribers were

required to sign the Addendum and return it to Swiss Fundraiser by 4 April 2007. The Addendum stated:

> *UK Company has seized the financial opportunity to undertake a dual listing on the Nasdaq Junior Exchange, following the rules and regulations of the US Securities Act of 1933, as amended, in parallel to its listing on the Frankfurt Stock Exchange. This opportunity increases the chances of a successful listing and the company's ability to raise its funds. This registration process creates a sales restriction of 120 days on the stock owned by any investor in the above-mentioned private placement. Given this material modification to the initial Jan 15th, 2007 private placement conditions, investors in the private placement are required to sign the following addendum. The delay to reply is Wednesday, April 4th, 2007 at 18h00, local Swiss time. Passed that delay, the cash amounts in escrow are considered as not invested and will be returned to their owners.*

13. The private subscription conducted by Swiss Fundraiser closed in June of 2007, raising approximately € 1,022,000 for the account of UK Company. However, no shares in UK Company were ever allocated to the subscribers. Instead, a total of 2,044,000 shares of the common stock of US Company, a Nevada corporation, were issued on 13 June 2007 directly to the subscribers from the company's treasury. (*See* Appendix 8.) To date, there are 100 issued outstanding shares of UK Company stock. (*See* Appendix 9.)

14. Irish Nominee Ltd, whose Managing Director is Mr. AL, is currently the registered holder of 9,870,000 shares of US Company stock. On 12 November 2007, Mr. SK sent an email to Mr. AL stating:

> *We are making advances on the lifting of the restriction on your stock in US Company. One element the SEC needs is a letter of understanding on your part expressing the following:*
>
> *I hereby acknowledge that I have invested in UK Company, and received shares in it, as initially described in the PPM dated Jan 15th, 2007. I acknowledge that on June 11th, 2007, my shares became converted into shares of US Company. This letter of every investor in the investment round is missing.*
>
> *We have attached a document for you to review. Please be so kind to sign it and sign it as soon as possible and fax it to the below-mentioned fax number.*
>
> *Best regards,*
>
> *SK* (*See* Appendix 10.)

15. This email attached a declaration entitled *"Acknowledgement of share conversion in US Company"* for the PPM subscribers to sign and return to Swiss Fundraiser. (See

Appendix 11.) It is not known whether any of the subscribers signed and returned the declaration. It is known, however, that on 13 June 2007 the PPM subscribers had received shares in US Company issued directly to them from the company's treasury, and that UK Company's issued outstanding shares numbered only 100 on 12 November 2007. (See Appendices 8 and 9.)

16. According to the opinion of U.S. securities counsel, the shares of US Company stock issued to the subscribers are subject to a one-year trading restriction under Regulation S of the Securities and Exchange Commission. The provisions of Regulation S are materially contrary to the written statements regarding the restrictions on the transferability of US Company stock that Swiss Fundraiser made in the PPM, the Subscription Agreement and the Addendum. Swiss Fundraiser has not provided a legal opinion stating otherwise.

UK Company's Share Transfer to US Company's Predecessor, American Group

17. On 3 March 2007, Mr. EF – President of Swiss Fundraiser – transferred the 100 issued shares of UK Company to US Company, whose address as provided on the stock transfer forms is that of American Group, which was the predecessor of US Company. (*See* Appendix 12.)

18. On 20 April 2007, American Group changed its name to US Company by resolution of the shareholders holding more than 51% of the shares of American Group, namely, Messrs. KS and TR, who were serving as the officers and directors of American Group at the time. In addition to the name change, American Group executed a 6-for-1 stock split of the Company's issued and outstanding shares. (*See* Appendix 13.)

19. On 1 March 2007, the sole director of UK Company – Mr. EF – resolved to step down *"in due time"*. (*See* Appendix 14.) On that same date, he resolved that Messrs. NK, KR, HW and SP were nominated as directors of UK Company, with Mr. NK to serve as the Chairman of the Board of Directors. However, according to records on file at Companies House, these nominations first became effective on 21 June 2007. (*See* Appendix 15.) What is more, Mr. EF's resignation as sole director first became effective on 25 June 2007. (*See* Appendix 16.)

The Acquisition Agreement of 11 June 2007

20. On 11 June 2007, US Company and UK Company entered into an Acquisition Agreement. (*See* Appendix 17.) Mr. SK signed the Acquisition Agreement on behalf of US Company, purportedly acting as its authorized representative. However, no available corporate records substantiate that Mr. SK was ever an authorized representative of US Company. Mr. EF signed the Acquisition Agreement on behalf of UK Company acting as its sole director.

21. As a condition to the Acquisition Agreement, UK Company was to acknowledge the engagement of Swiss Fundraiser to act as its financial advisor with respect to the Acquisition Agreement and to raise further capital through US Company.

22. The purpose of the Acquisition Agreement was to affect the reverse merger of UK Company into US Company, whereby the shareholders of UK Company would be

issued shares of US Company stock from its treasury in return for their shares of UK Company stock on a one-to-one basis. Once this reverse merger was completed, US Company was to own UK Company to 100% while the former shareholders of UK Company were to own US Company to 100%.

23. Schedule A of the Acquisition Agreement provided that the shareholding structure of UK Company was to comprise 20,444,000 issued outstanding shares held by 40 shareholders of record with a further 8,556,000 shares held in reserve. However, this was not the shareholding structure of UK Company on the execution date of the Acquisition Agreement, which in fact comprised 100 issued and outstanding shares of UK Company common stock held by US Company since 3 March 2007. (*See* Appendix 9.)

24. Schedule A of the Acquisition Agreement further provided that once the reverse merger was completed and the Acquisition Agreement closed, the shareholding structure of US Company was to comprise 20,444,000 issued outstanding shares held by 40 shareholders of record with 8,556,000 shares held in reserve. Under these terms, US Company was to have been a "clean" shell, that is, the shareholding structure of US Company was not to include shareholders other than those specifically provided for in the Acquisition Agreement.

25. On 11 June 2007, US Company issued a press release via Prime Newswire stating:

> *US Company (Pink Sheets: USCO), formerly known as American Group, announces the completion of its merger process and its ticker and name change.* (*See* Appendix 18.)

26. The name of Mr. SO appears on an invoice issued by Prime Newswire to US Company for publishing the press release. (*See* Appendix 19.) According to an email that Mr. SO sent to the undersigned dated 12 October 2007, he was an agent for American Group who had worked for them in that capacity for the past two years. (*See* Appendix 20.)

27. By resolution dated 12 June 2007, Mr. EF acting as UK Company's sole director resolved to acknowledge and accept that UK Company was acquired by US Company, and that all of the shares outstanding in UK Company would be owned by US Company as of that date. (*See* Appendix 21.) In fact, Mr. EF had already transferred the 100 issued shares of UK Company to US Company on 3 March 2007. (*See* Appendix 12.)

The Share Issue of 13 June 2007

28. By a Memorandum of the Directors of US Company dated 12 June 2007 and signed by Mr. KS, US Company authorized the issue of 24,000,000 shares of US Company stock from the company's treasury, of which 20,444,000 were issued to the following shareholder groups pursuant to Schedule A of the Acquisition Agreement:

    a. The Directors' group (10,600,000 shares to 6 shareholders of record);
    b. The Private Subscribers under the PPM (2,044,000 shares to 22 shareholders of record);

c. The Swiss Fundraiser group (7,800,000 shares to 12 shareholders of record). (*See* Appendices 8 and 17.)

29. According to records obtained from Securities Transfer Corporation ("STC"), the Transfer Agent for US Company, the shareholding structure of US Company comprised 27,332,230 shares of stock held by 523 shareholders of record on 13 June 2007. (*See* Appendix 22.) On 12 June 2007, the shareholding structure of US Company comprised 3,332,230 shares of stock held by 483 shareholders of record. (*See* Appendix 23.)

30. In view of the 3,332,230 "legacy" shares held by 483 shareholders of record on 12 June 2007, US Company was not a "clean shell" on the date that the reverse merger between US Company and UK Company was affected, constituting a material breach of Acquisition Agreement. UK Company has terminated the Acquisition Agreement.

The Festus Share Issue of 13 June 2007

31. The Acquisition Agreement authorized the issue of 20,444,000 shares of US Company Stock, but no more. However, on 13 June 2007 US Company issued an additional 3,556,000 shares to Festus, a Liechtenstein Anstalt. (*See* Appendices 8 & 17.) The sum of these two share issues amounts to 24,000,000, demonstrating that Mr. KS, who authorized the share issue on behalf of US Company, did so according to information beyond that provided in the Acquisition Agreement.

32. Festus is under management in Liechtenstein by Trust Company, A.G. ("Trust Company"). Based on discussions with Trust Company, Mr. EF controls and beneficially owns Festus.

33. Festus was not entitled to receive 3,556,000 shares of US Company stock under the Acquisition Agreement, nor was US Company obligated to convey it. Therefore, Festus has converted the property of US Company. Nevertheless, Festus and Trust Company have refused all demands to return the converted property to date.

The Share Issue to the Four Canadian Entities of 27 June 2007

34. By four board resolutions dated 22 June 2007, Messrs. KS and TR acting as directors of US Company authorized the issue of a total of 4,945,572 shares of US Company common stock to the following four Canadian entities in their respective amounts:

    a. 1 Ontario Inc. (1,321,143 shares);
    b. 2 Ontario Inc. (1,360,000);
    c. 3 Ontario Inc. (1,282,286);
    d. 4 Ontario Inc. (982,143 shares). (*See* Appendix 24.)

35. According to the four board resolutions, US Company issued shares to the four Canadian entities on grounds that they had allegedly provided services to American Group (the predecessor of US Company) for which they had never been compensated.

36. Each of the four board resolutions stated that the total monetary value of the services provided to American Group by all four Canadian entities together with interest and

penalties accrued thereon amounted to US$ 8,654,750. Each of the four board resolutions further stated that the US Company share price at close of trading on 21 June 2007 was US$ 1.75. (*See* Appendix 24.)

37. According to documents obtained from STC, 4,945,572 shares of US Company common stock were issued to the four Canadian entities on 27 June 2007 directly from the company's treasury. (*See* Appendix 25.) These shares were issued without a Rule 144 restrictive legend. (*See* Appendix 28.)

38. In conjunction with this issue, US Company provided STC with four legal opinions authored by attorney SF of the Goyim Law Group of Nevada, Las Vegas. The four legal opinions stated that each of the four Canadian entities were entitled under Rule 144(k) to receive US Company shares free of a Rule 144 restrictive legend on grounds that, *inter alia*, each entity had become entitled to receive delivery of the shares on a date more than two years prior to the issue date. (*See* Appendix 26.)

39. The four legal opinions claimed to have taken into account the four agreements memorializing the services allegedly provided by the four Canadian entities to American Group. (*See* Appendix 27.) These four agreements each specify that the service provider was to be compensated with shares of American Group with the timing of compensation to occur as follows:

    a. 1 Ontario Inc.: Compensation of 1,350,000 shares of American Group common stock due on the date of the commencement of the agreement (6 June 2005);
    b. 2 Ontario Inc.: Compensation of 1,370,000 shares of American Group common stock due upon the termination of the agreement or some other unspecified event;
    c. 3 Ontario Inc.: 1,295,000 shares of American Group common stock due on the commencement date of the agreement (1 June 2005);
    d. 4 Ontario Inc.: 985,000 shares of American Group common stock due on upon the termination of the agreement or payment. (*See* Appendix 27.)

40. The four board resolutions precisely denominated the monetary value of the services that the four Canadian entities purportedly provided to American Group, but none of the four agreements memorializing said services required monetary compensation. (*See* Appendices 24 and 27.)

41. Although the four agreements each provided that the consideration was to be rendered in shares of American Group stock, none of the four agreements made mention of the requisite price of the stock either at the time the agreements were concluded or at the time compensation was to become due and payable. Therefore, a key term of each of the four agreements was absent, namely, the monetary value of the compensation to be paid for the services rendered. Notwithstanding this omission, the four board resolutions state a precise monetary value of the services allegedly rendered in justification of issuing the precise corresponding number of US Company shares that each entity received. (US$ 1.75 x 4,945,572 = US$ 8,654,751). (*See* Appendix 24.)

42. Moreover, on 26 April 2007 American Group executed a 6-to-1 reverse stock split which should have reduced the number of shares due and owing under the terms of the four agreements with the four respective Canadian entities (*See* Appendices 13 and

27.) Nevertheless, Messrs. KS and TR failed to take it into account, particularly in connection with their monetization of the value of the services purportedly rendered.

43. The records of US Company currently show that it has not received the benefit of the services allegedly provided by the four Canadian entities. Moreover, despite demand and the attending legal obligation to do so, Messrs. KS and TR have failed to provide the current directors of US Company with a complete minute book, financial records, tax returns, bank statements or corporate property.

44. According to share transfer documentation obtained from STC, the address of 4 Ontario Inc. is identical to the former address of American Group and US Company, i.e. 15 Princess Quay West, Suite 51, Toronto, Ontario M5V 3A1. (*See* Appendix 25.) Moreover, the name of Mr. SO – American Group's agent – appears associated with 4 Ontario Inc. on these documents as well as on the invoice that US Company received from Prime Newswire. (*See* Appendices 25 and 19.)

45. The 3,963,429 shares of US Company stock issued to 1 Ontario Inc., 2 Ontario Inc. and 3 Ontario Inc. were transferred on 27 June 2007 to Cede & Co., which is the street name of the Depository Trust Co. ("DTC"). (*See* Appendix 28.) Consequently, these free-trading shares became transferable within the DTC electronic trading system with Cede & Co. continuing to appear as the registered holder of these shares regardless of subsequent transfers, thereby obscuring the identities of the subsequent transferors and transferees thereof.

46. The historical trading volume data available from the Pink Sheets quotation service for US Company (ticker symbol "USCO") shows virtually no quoted trades for USCO during the period of May – June 2005. (*See* Appendix 30.) However, the data shows a significant increase in trading volumes for the period of June through July of 2007, with the USCO share price reaching a high of US$ 2.60 in July 2007 – one month after US Company issued 4,945,572 shares of its stock to the four Canadian entities. (*See* Appendix 31.)

The Fundraising Agreement between US Company and Fundraiser of 22 June 2007

47. Representing himself as a "Member of the Board" of US Company, Mr. EF concluded a Fund Raising Agreement on behalf of US Company with Fundraiser on 22 June 2007. (*See* Appendix 36.) However, the corporate records of US Company show that Mr. EF was not a member of its board of directors on the date he executed the Fund Raising Agreement. Therefore it was void *ab initio*.

The Change of US Company's Directors

48. On 18 July 2007, Messrs. KS and TR resigned as officers and directors of US Company and elected Messrs. NK, KR and HW (the "Directors") as the new officers and directors of US Company by resolution taken at a special meeting. (*See* Appendix 38.)

49. Along with the resolution and letters of resignation, Messrs. KS and TR signed a letter declaring that US Company had seen no material changes to its business operation. Yet on 22 June 2007, US Company authorized the issue of 4,945,572 shares of its

stock to four purported creditors in satisfaction of claims against its predecessor, American Group, valued at US$ 8,654,750, thereby materially altering the shareholding structure and balance sheet of US Company.

50. While the Directors indirectly received the resolution and letters of resignation and declaration from Messrs. KS and TR, these same gentlemen never informed the Directors of the 27 June 2007 share issue or the 22 June 2007 memorandum authorizing the same. Moreover, Messrs. KS and TR have refused to comply with the Directors' demands to provide all corporate documentation and property that they may currently retain. (*See* Appendix 46.)

The Stock Sale between Festus and Mr. GS of 30 July 2007

51. On 30 July 2007, Mr. GS and Festus represented by Mr. EF entered into a Stock Sale Agreement whereby Festus sold 3,000,000 shares of US Company common stock to Mr. GS in return for US$ 4,500,000. (*See* Appendix 39.)

52. In the Stock Sale Agreement, Festus represented that the 3,000,000 shares of US Company stock to be sold to Mr. GS were the property of Festus. (*See* Appendix 39.) Instead, the 3,000,000 shares of stock that Mr. GS bought were issued directly to him from US Company's treasury on 1 August 2007. (*See* Appendix 40.)

53. The Memorandum of Action of the Directors of US Company submitted to STC in conjunction with this share issue was dated 12 June 2007 and was signed by Mr. KS, who was no longer a director of US Company on the date of the share issue to Mr. GS, i.e. 1 August 2007 (*See* Appendices 38 and 41.) Nevertheless, the signatures of Messrs. KS and TR appear on the share certificate issued to Mr. GS dated 1 August 2007. (*See* Appendices 38 and 42.)

54. By letter dated 28 August 2007, Mr. KS notified STC that there had been a change in the board of directors of US Company, that is, over five weeks after actually having resigned and appointed the Directors to replace him. (*See* Appendix 47.)

55. The Directors have tendered demands to Trust Company and Festus to freeze the sum of US$ 4,500,000 held on behalf of Festus, to provide a full, fair and accurate accounting of this sum, and to return it forthwith to US Company with accrued interest thereon. Trust Company and Festus have refused to comply with these demands to date. (*See* Appendix 43.)

56. According to shareholding records obtained from STC, Festus was the registered holder of 3,556,000 shares of US Company stock on 31 January 2008, and Mr. EF was the registered holder of 100,000 shares of US Company stock on the same date. (*See* Appendix 44.) According to share transfer documentation obtained from STC, these shares of stock were issued directly to them from US Company's treasury on 13 June 2007. (*See* Appendix 8.) As of 30 January 2008, no further transactions had occurred with respect to these shares. (*See* Appendix 45.)

57. Share transfer records obtained from STC show that Mr. KS ordered STC to transmit the share certificates issued to Mr. GS to Mr. GC, a solicitor located in Ontario, Canada. (*See* Appendix 40.) Corporate profile reports obtained by the Directors' legal

counsel concerning 1 Ontario Inc., 2 Ontario Inc. and 3 Ontario Inc. show that Mr. GC is the registered agent these three Canadian entities, which are three of the four Canadian entities that received US Company shares in return for services they purportedly provided to American Group. (*See* Appendices 24, 25 and 27; *see also* Paragraphs 34 through 44 above.) Mr. GC is also described as a possible source of US Company corporate documentation according to an email the undersigned received from Mr. SO dated 12 October 2007. (*See* Appendix 20.)

58. In January 2008, the Directors transmitted three registered letters to Mr. GC demanding that each of the three Ontario Inc. entities provide a full and complete accounting of the services they allegedly provided to American Group in return for the shares of US Company stock they received in June 2007, respectively, and to immediately transfer all corporate documentation of US Company that he may have in his possession to US Company's current Directors. Mr. GC replied to these demands by refusing to provide the requested information and documentation and threatening litigation. (*See* Appendix 51.)

The Transfer of € 318,000 from UK Company to Fundraiser on 22 June 2007

59. On 22 June 2007, Mr. EF instructed the transfer of € 318,000 from the current account of UK Company to the account of Fundraiser. The booking details note *"COSTS OWED TO FESTUS FOR THE PUBLIC LISTING ON TWO STOCKMARKETS OF UK COMPANY"*. (*See* Appendix 48.)

60. UK Company has never been listed on a stock market. Moreover, Mr. EF affected this transfer without consulting or informing the Directors, whose positions as directors of UK Company became effective on 21 June 2007, i.e. the day before the transfer. (*See* Appendix 15.)

61. Immediately upon their appointment as directors and officers of UK Company and US Company in June and July of 2007, respectively, the Directors made numerous demands to Messrs. EF and SK of Fundraiser to provide them with full and complete company records for both companies. On all occasions, Messrs. EF and SK either refused to comply with the Directors' demands or complied only partially and incompletely therewith.

62. Despite numerous further demands, the Directors and their legal counsel have been unable to secure a full and complete minute book, bank records, tax returns, and financial statements for US Company from Messrs. EF, SK, Fundraiser, or Messrs. KS, TR, GC or SO. (*See* Appendix 46.)

Summary of the Directors' Careful and Prudent Actions Undertaken in Good Faith

63. In August 2007, the Directors discovered the following facts for the first time:

    a. The shareholding structure of US Company comprised 35,278,026 issued outstanding shares in breach of all applicable agreements;

b. 3,000,000 shares of US Company stock had been issued to Mr. GS without apparent consideration having been received by the company and in breach of all applicable agreements;

c. 3,556,000 shares of US Company stock had been issued to Festus in breach of all applicable agreements;

d. 982,143 shares of US Company stock had been issued to 4 Ontario Inc. without apparent consideration having been received by the company and in breach of all applicable agreements;

e. Cede & Co held 5,484,583 shares of US Company stock without apparent consideration having been received by the company and in violation of all applicable agreements;

f. Mr. KS held 1,562,500 shares of US Company stock without apparent consideration having been received by the company and in breach of all applicable agreements;

g. Mr. TR held 83,334 shares of US Company stock without apparent consideration having been received by the company and in breach of all applicable agreements;

h. 483 shareholders of record held 1,811,198 "legacy" shares of US Company stock without apparent consideration having been received by the company and in breach of all applicable agreements. (*See* Appendix 49.)

64. In August 2007, the Directors retained LFL to rehabilitate their relationship and agreements with Fundraiser while investigating the corporate structuring and fundraising undertaken on their behalf. LFL conducted and coordinated the investigation discovering the facts and evidence discussed herein. The Directors also retained U.S. securities counsel and Swiss counsel to assist LFL in the areas of their respective expertise.

65. On 16 November 2007, the Directors changed UK Company's secretary to Secretaries Ltd. (*See* Appendix 15.) The Directors made the change on the advice of their legal counsel, who suspected that EF directly or indirectly controlled the former company secretary of UK Company upon meeting with them.

66. On 12 December 2007, the Directors changed the registered agent of US Company to Registered Agent Inc. along the company's mailing address, which before the change was listed as either the Canadian address of American Group or the Zurich address of Fundraiser (*See* Appendix 50.) Before the address change, the Directors report that Fundraiser selectively withheld US Company mail from them.

67. In January 2008, the Directors transmitted registered letters on behalf of US Company to Messrs. KS and TR, respectively, demanding that they turn over all corporate records and property to the company. Messrs. KS and TR have failed to respond.

68. In January 2008, the Directors transmitted three registered letters on behalf of US Company to Mr. GC, the registered agent of 1 Ontario Inc., 2 Ontario Inc. and 3

Ontario Inc., demanding, among other things, that the three Ontario Inc. entities provide a complete accounting of the services they purportedly provided to American Group. Mr. GC has refused to comply and has threatened litigation.

69. In January 2008, the Directors transmitted a registered letter on behalf of US Company to Mr. SO, President of 4 Ontario Inc., demanding that it provide a complete accounting of the services it purportedly provided to American Group. 4 Ontario Inc. has failed to comply with this demand.

70. In January 2008, Swiss counsel transmitted a registered letter to Fundraiser on the Directors' behalf demanding, among other things, that Fundraiser return the sum of € 318,000 to UK Company forthwith and provide UK Company with a full, accurate and fair accounting of its justification for transferring this amount from the account of UK Company. To date, no satisfactory response has been received.

71. In January 2008, LFL transmitted a letter to Trust Company and Festus on the Directors' behalf demanding, among other things, that they return the sum of US$ 4,500,000 to US Company. To date, no satisfactory response has been received.

72. The extensive investigation described herein inescapably leads to the conclusion that Messrs. EF, SK, Fundraiser, Festus, and all accessory agents and entities affiliated therewith conducted the equity capital fundraising and corporate structuring activities on behalf of the Directors, UK Company and US Company in an incompetent, negligent, fraudulent and possibly criminal manner. Moreover, the former directors and officers of US Company – Messrs. KS and TR – together with their accessory agents and entities affiliated therewith have deprived US Company of corporate documentation and property. Despite repeated demands made to the aforementioned malefactors, they have failed to cure the numerous and serious defects described herein.

73. At all times since their appointment, the Directors have acted in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner that they reasonably believed to be in the best interests of US Company and UK Company, respectively.

74. In conjunction with legal counsel, the Directors have explored all available measures to resolve the problems described herein. However, they have concluded that with respect to US Company, these problems cannot reasonably be resolved. Therefore, as of 8 February 2008, the Directors have resolved to resign as officers and directors of US Company, transfer of the shares US Company stock that they received on 13 June 2007 back to the company's treasury, and commence the process of transmitting a letter to the shareholders of US Company notifying them of these actions, among other things.

75. The undersigned remains available to the addressee hereof to further discuss and clarify the events and appendices described above.

Sincerely,

Robert C. Bennett,

s/s

For Law Firm Lohman.