

Randall K. Edwards
Nevada State Bar No. 203
RANDALL K. EDWARDS, PLLC
The Kearns Building
136 South Main Street, Suite 410
Salt Lake City, Utah 84101
801-328-0300 (office)
801-328-4822 (facsimile)
email: *randallkedwards@yahoo.com*

Attorneys for Plaintiffs

IN THE UNITED STATES DISTRICT COURT
IN AND FOR THE FEDERAL DISTRICT OF NEVADA

J. DANIEL STEVENS and CHARLES C.
NOPE, individually and as representatives
of a class of plaintiffs similarly situated,

Plaintiffs,

v.

WILLIAM S. REED, RICHARD
NEISWONGER, ASSET PROTECTION
GROUP, INC., a Nevada Corporation, and
DOES 1 through 50, inclusive,
Defendants.

COMPLAINT AND JURY DEMAND

(CLASS ACTION: FRCP 23)

CASE NO.: _____

JUDGE. : _____

PLAINTIFFS J. DANIEL STEVENS and CHARLES C. NOPE, individually and as
representatives of a class of plaintiffs similarly situated, hereby complain against Defendants, and
each of them, and aver and pray as follows:

PARTIES

1. At all times relevant hereto, Plaintiff J. Daniel Stevens (hereafter "Stevens") was a
resident of the State of Utah.

2. At all times relevant hereto, Plaintiff Charles C. Nope (hereafter "Nope") was a
resident of the State of Utah.

1 resident of the State of Utah.

2 3. At all times relevant hereto, Defendant William S. Reed (hereafter "Reed") was a
3 resident of the State of Nevada.

4 4. At all times relevant hereto, Defendant Richard Neiswonger (hereafter
5 "Neiswonger") was a resident of the State of Nevada.

6 5. At all times relevant hereto, Defendant Asset Protection Group, Inc. (hereafter
7 "APG") was a corporation organized under the laws of the State of Nevada.

8 6. At all times relevant hereto, Defendant Reed was the founder and president of
9 APG.

10 7. At all times relevant hereto, Defendant Neiswonger was a shareholder, director,
11 officer, representative, agent, employee or other affiliate of APG.

12 8. Plaintiffs are unaware of the true identities of the parties identified fictitiously
13 herein as DOES 1- 50, but aver that such parties are or were in some manner responsible for the
14 injuries, liabilities, damages and wrongs averred herein, and are thus brought into this action as of
15 the date of the filing hereof under the fictitious identification set forth herein. When the true
16 identity of such parties is known to Plaintiffs, they will seek to amend this Complaint in order to
17 so reflect such identification.

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21 ***JURISDICTION AND VENUE***

22 9. There exists complete diversity of citizenship between all named Plaintiffs and all
23 Defendants herein.

24 10. The amount in controversy exceeds \$75,000.

25 11. The acts and omissions set forth herein took place in part in the State of Nevada.

26 12. Jurisdiction is properly laid in the Federal District Court of Utah. 28 USC Sec.
27
28

1 1332.

2 13. Venue is properly laid in the Federal District Court of Nevada.

3 14. This Court has pendent jurisdiction over the state claims set forth herein.

4
5 ***FACTUAL AVERMENTS***

6 15. During the month of June or July, 2000, Plaintiff J. Daniel Stevens (hereafter
7 “Stevens”) received an unsolicited email from Asset Protection Group, Inc. (hereafter “APG”),
8 offering to make Stevens and any other recipient of the email a professional “asset protection
9 consultant.”

10
11 16. In reliance on the email, Stevens solicited a partner, Charles C. Nope (hereafter
12 “Nope”) to investigate the business opportunity offered by APG.

13 17. Stevens telephonically requested that APG send to him and Nope any written
14 materials or other information regarding the APG business opportunity.

15 18. APG sent to Stevens and Nope a copy of a hardbound book entitled
16 “BULLETPROOF ASSET PROTECTION,” authored by Reed, (and, by stating that the author
17 was “William S. Reed, J.D.,” indicating that Reed was a licensed attorney), via U.S. Mail from
18 Las Vegas, Nevada, to Utah.

19
20 19. APG sent other marketing materials from Las Vegas, Nevada – an “Asset
21 Protection Group presentation package” – along with a letter detailing “the opportunities
22 available as an ASSET PROTECTION CONSULTANT” to Stevens and Nope, which were
23 received by them via U.S. Mail.

24
25 20. APG followed up this letter with another form letter entitled “If You’ve Still Got
26 Questions About Your Future as an ASSET PROTECTION CONSULTANT, Let’s Find the
27 Answers So You Can Make an Informed Decision.” This letter was signed by Reed. (A copy of
28

1 this letter is attached as Exhibit 1 hereto).

2 21. Stevens and Nope undertook a process of “due diligence” relative to the business
3 opportunity to become an “Asset Protection Consultant” for APG. As part of the due diligence,
4 they reviewed the marketing materials provided by APG, as well as the “BULLET RPOOF
5 A\$\$ET PROTECTION” book authored by Reed.
6

7 22. The “BULLET PROOF A\$\$ET PROTECTION” book contained the following
8 statements regarding “asset protection,” *inter alia*:

9 If a federal judge could locate an asset, he could seize it. A
10 rational person would argue that this is illegal, unconstitutional, or
11 at least, immoral. And they would be right. But federal judges are
12 appointed for life; to appeal their decision takes years, and it costs
a fortune! (Page 23, “BULLETPROOF A\$\$ET PROTECTION”).

13 Camouflaging your assets is the first step in implementing
14 any asset protection plan. Remember, if a federal judge can find an
15 asset, he can seize it. Conversely, what he can’t find, or doesn’t
16 know about, he can’t touch. Although I enjoy advertising
bulletproof asset protection, the prescription for making an asset
bulletproof is first to make it invisible. ((Page 25,
17 “BULLETPROOF A\$\$ET PROTECTION”).

18 The second possible response to the question on the
19 location of your assets [“Where are your assets?”] goes like this:
“I don’t have any assets.”

20 This is the response I prefer. Short, clean, and direct. Like
21 a perfect murder, the questioner may have a dead body, but in no
way is it connected to you.

22 The first step to privacy and making your assets invisible is
23 the use of a Nevada corporation. Or a series of them. First, let’s
take a quick look at how a corporation works. (Page 44,
24 “BULLETPROOF A\$\$ET PROTECTION”).

25 [Following a discussion of Nevada corporate law under the chapter
26 heading, “What Is A Corporation,” which includes subheadings
27 “What is Stock?” “What Are Shareholders?” “What Are the Duties
of a Corporate President?” “What Does the Corporate Secretary
Do?” “What Does the Corporate Treasurer Do?” “What Does the
Corporate Vice President Do?” “What Does the Board of Directors
Do?” “What is the Resident or Registered Agent?” What

Paperwork Is Necessary to Form and Maintain a Corporation?”
 “How Do Corporate Resolutions Work?” “How Do Corporate
 Stock Certificates Work?” “How Does the Corporate Stock Ledger
 Work?” “What about the Corporate Seal of Embosser?” “What Are
 Public Offerings?” “What Kinds of Stock Are There?”
 “Advantages of Corporations over Sole Proprietorships and
 Partnerships,” “The Limited Liability Company (LLC),” and
 “Piercing the Corporate Veil”], the following is found:

Which leads us back to the fundamental precept of any
 effective asset protection plan: What a judge can’t find, he can’t
 seize,. And, when asked about your assets, you want to be able to
 say, “I don’t have any assets,” not “I’ve got assets – but you can’t
 get them.” ... There’s only one state in the United States that
 blends the corporate structure with the privacy and anonymity we
 need for asset protection. Let’s visit Nevada. (Page 87,
 “BULLETPROOF A\$\$ET PROTECTION”).

[Following a discussion of Wyoming corporations,]:

Let’s take a look at the advantages that lend themselves to
 an effective asset protection plan. No stockholder lists are
 required. This provides a good measure of privacy. Corporations
 are never required to disclose the names on any share certificates.
 However, Wyoming does not allow bearer shares providing
 bulletproof anonymity. The state does permit nominee
 shareholders, allowing the true or beneficial owner a layer of
 privacy, but what happens when Mr. Nominee receives a
 subpoena? What if he’s asked under oath to identify the beneficial
 owner? If he lies he’s a perjurer. If he stonewalls and loses his
 memory, the prosecutor will indict him for obstruction of justice.
 Only with bearer shares can a corporate officer or its nominee
 answer honestly and truthfully, “I have no idea who owns the
 company.” Bearer shares are just like cash and can change hands
 just as quickly. As a nominee officer for hundreds of Nevada
 corporations, I’ve been asked this question many times under oath,
 and my answer is always the same, “I don’t know who the owners
 of the company are and I can prove it.” When we form a
 corporation and issue bearer shares, I specifically ask my client in
 writing not to tell me what he intends to do with the share
 certificates. What I don’t know I can’t tell anyone. (Page 95,
 “BULLETPROOF A\$\$ET PROTECTION”).

Nevada allows for the issuance of bearer shares providing
 total anonymity for the owners of the corporation. A bearer share
 is just like cash; ownership resides with whomever holds the
 certificate in his hand. (Pages 102-104, “BULLETPROOF A\$\$ET

PROTECTION”).

[After a discussion of discovery methods in a lawsuit, the following is found]:

In Nevada, however, with bearer shares, the identities of the owners of any shares are completely protected. In fact, as a nominee officer for hundreds of Nevada corporations, I have been subpoenaed on numerous occasions by collection attorneys, divorce lawyers, and branches of the federal government in their attempt to learn the actual owners of the corporation that I serve as an officer. Forget the attorney-client privilege or asserting your Fifth Amendment privilege against self-incrimination. A judge can set these aside with a wave of his hand, and if you still refuse to talk, you can end up in jail.

Your best and only true protection from a prying question is to be able to answer honestly and truthfully that you don't have the answer. When I'm asked for the names of the owners of any corporation, I can answer cleanly and quickly that bearer shares were issued and I have no idea who has them. It would be like asking me who has the \$100 bill that I spent at the grocery store. I gave it to the checkout girl, but I have no idea what happened to it after that. Bearer shares are the key to privacy. You can't disclose what you don't know. (Page 105, "BULLETPROOF ASSET PROTECTION").

Nevada is the only state that allows the issuance of shares to bearer. State officials won't take an official line on the issue, allowing the statute to speak for itself. ... In addition to privacy and asset protection, the use of bearer shares allows for the easy transfer of ownership. For instance, if an automobile is owned by a corporation using bearer shares, you can transfer ownership of the vehicle by handing the share certificate to the new owner.

A bearer share is personal property and is regulated by the laws affecting personal property. Like any personal property it can be bought, sold, stolen, borrowed, lost, duplicated, inherited, or willed. (Pages 107-108, "BULLETPROOF ASSET PROTECTION").

23. On or about August 17, 2000, Stevens had a telephone conversation with Defendant Neiswonger, in which Neiswonger assured Stevens that Stevens would be successful at selling APG's "asset protection" products and services, and would make at least a "six-figure income."

1 24. At the time of the conversation, Neiswonger was a convicted felon, subject to the
2 terms of an order from the Federal Trade Commission, relative to his misrepresentation to
3 purchasers of business opportunities of guaranteed or expected income. At no time did Defendant
4 Neiswonger or any other defendant herein ever tell Stevens or Nope of Neiswonger's conviction
5 or the terms of the FTC order to which he was subject.
6

7 25. After the conversation on August 17, 2000, Neiswonger sent a follow up letter to
8 Stevens, in which he stated, "Judging by our conversation and your background, I have absolutely
9 no doubts whatsoever that you will do very well in this great business. I'm also sure you will find
10 much personal satisfaction, as well. This is a very rewarding business that you will be proud to be
11 a part of." (A copy of this letter is attached hereto as Exhibit 2).
12

13 26. Neiswonger also indicated to Stevens that for a fee of \$9,800.00, he could
14 officially be designated an "Asset Protection Consultant" and receive training from Reed himself.

15 Acting on the representations of Neiswonger and Reed, as aforesaid, Stevens and Nope
16 traveled to Las Vegas, Nevada to receive training from Reed, expending money for food, lodging
17 and other travel expenses.
18

19 27. Commencing on or about August 21, 2000, Stevens and Nope sat through a series
20 of "training classes" from Reed.

21 28. At the time of the classes, Reed was a former lawyer who had resigned as a
22 member of the Colorado bar with charges pending against him. Reed had never been licensed to
23 practice law in Nevada. At no time did Defendant Reed ever tell Stevens or Nope that he was not
24 a licensed attorney, that he had resigned as a licensed attorney in Colorado with charges pending,
25 or that Reed had never been licensed to practice law in Nevada. To the contrary, Reed implied
26 and stated that he was a lawyer and that his clients could utilize the attorney-client privilege by
27 affiliating with him.
28

29. As part of the classes, Stevens and Nope were provided with three (3) binders, each entitled "Consultant Training Manual," and embossed with an APG logo, with covers colored green, red and blue.

30. The "green" manual contained 10 sections, under the heading "GETTING CLIENTS: A GUIDE TO MARKETING ASSET PROTECTION & FINANCIAL PRIVACY."

31. Contained within the "green" manual was Section 3, entitled, "USING THE "RISK ANALYSIS SURVEY," in which the following headings were found: "1. Sell fear.; 2. Discuss personal stories from your own past experience, friends, associates, etc. of lawsuits, seizures, and creditor problems.; and 3. Show the maximum exposure."

32. Contained within the "green" manual was Section 7, entitled "SPEAKING AT SEMINARS & WORKSHOPS," in which the following headings were found: "1. Affiliate with financial services firm, law firm, accounting company, investment company, etc.; 2. Keep it simple. Fear ... Danger ... Everyday people ... A simple, reasonably priced, bulletproof solution.; and 3. A simple flyer, business card on every chair/ table."

33. Included in Section 7 of the "green" binder (a copy of which is attached hereto as Exhibit 3) was an "Outline for a 25-Minute Speech on Asset Protection," which included the following, *inter alia*:

- II. What is asset protection and financial privacy?
 - A. A legal way to put your assets beyond the reach of those who would like to take them away from you.
 - 1. The best way to protect your assets is not to own anything. If you technically don't own the asset, but merely control it, then the asset is well protected – and you still have the use of it.
 - 2. Example:
 - a. Your assets are legally owned by a corporation.
 - b. The corporation issues bearer shares.

- 1 (1) These are shares of stock that are
- 2 legally owned by whoever has them in his
- 3 or her possession.
- 4 c. Which also means that anyone who doesn't
- 5 have them in his or her possession is not
- 6 the legal owner, and can so testify in court.
- 7 d. So you may be driving a Lexus or BMW
- 8 owned by the corporation, but if you don't
- 9 have the bearer shares for the corporation,
- 10 it's not your car. You're just using it.
- 11 3. There is only one state that permits corporations to
- 12 issue bearer shares.
- 13 a. Nevada
- 14 b. Which is also the only state that protects the
- 15 privacy of the shareholders of its
- 16 corporations.
- 17 (Emphasis in original).

11 34. The "red" binder, entitled "NEVADA CORPORATE MANUAL," contained eight
 12 (8) sections, entitled "1. Nevada; The Preferred State to Incorporate"; 2. "Corporate Formation,
 13 Structure and Record"; 3. Corporate Formalities and Documentation"; 4. "Corporate Strategies";
 14 5. "Corporate Documents included in a Minute Book"; 6. Nevada Corporation Laws"; 7.
 15 "Articles from current Magazines and Newspapers"; and 8. "Glossary and Miscellaneous." (a
 16 copy of the "Course Book Outline" contained in the "red" binder is attached hereto as Exhibit 4).

18 35. The "blue" binder, entitled "OFFSHORE CORPORATE MANUAL," contained
 19 six (6) sections, entitled "1. "Why Go Offshore? Why the Bahamas?"; 2. "The International
 20 Business Company (IBC); 3. "IBC Corporate Minute Book"; 4. "Bahamian Banking Services";
 21 5. "Corporate Debit Cards through Axxess International"; and 6. "Opening a Corporate
 22 Brokerage Account." (a copy of the "Course Book Outline" contained in the "blue" binder is
 23 attached hereto as Exhibit 5).

25 36. During the training received from APG (and thereafter), in addition to presenting
 26 himself as a lawyer who was fully qualified to give legal advice and counsel to Stevens and
 27 Nope, (as well as clients of Stevens and Nope recruited by them to purchase APG "products" and
 28

1 services), Reed also represented that the APG “asset protection program” was completely legal
2 and above-board and would provide “bulletproof” asset protection.. Stevens and Nope relied on
3 Reed’s legal expertise and law licensure in determining to go forward as APG “consultants.”

4 37. During the training received from APG (and thereafter), Neiswonger and Reed
5 both made representations that Stevens and Nope (and others), by selling the APG “products”
6 and services, could become rich and earn at least a “six figure income.”

7 38. Stevens and Nope relied on the representations of Neiswonger and Reed set forth
8 above.

9 39. During the training received from APG (and thereafter), Neiswonger and Reed
10 both made representations that the APG “products” and services were legal, effective and
11 “bulletproof,” and that they or any other person implementing the “asset protection plan” set
12 forth in Reed’s book and marketed by APG would protect purchasers of APG’s “product” and
13 services through Stevens and Nope would be fully protected from lawsuits and judgments.

14 40. Stevens and Nope relied on the representations of Neiswonger and Reed set forth
15 above.

16 41. On the same day as their “training” began – August 21, 2000 – Stevens and Nope,
17 on behalf of themselves (as “Consultants”) and Neiswonger, on behalf of APG, signed a
18 “Wholesale Purchase Agreement,” (hereafter the “WPA”), a copy of which is attached hereto as
19 Exhibit 6.

20 42. The terms of the WPA contained the provision that “It is understood by the parties
21 that APG provides specific financial products to help individuals protect their assets and gain
22 financial privacy. Said products shall include, but are not limited to, the formation of Nevada
23 and Offshore corporations.”

24 43. The terms of the WPA contained the provision that each Consultant would receive
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1 “a commission on all annual renewal fees collected for APG products fro Consultant’s clients.
2 At the time of this Agreement, the annual renewal fee for the APG Ultimate Nevada
3 Incorporation package is \$545, with a commission of \$250, and for the APG Offshore IBC
4 package \$1,795, with a \$600 commission paid to the Consultant.”

5 44. The terms of the WPA provides that “Consultant agrees to pay a total of \$9,800
6 with the signing of this agreement as a non-refundable (but re-earnable) performance deposit to
7 become a trained APG Consultant and receive the benefits and commissions described above.
8 APG agrees to pay a performance bonus to Consultant of \$100 for each APG Ultimate Nevada
9 Incorporation Package sold and \$250 for each APG Offshore IBC Package sold until the total
10 bonuses paid by APG reaches \$9,800. Said bonuses shall be paid on a quarterly basis based on a
11 calendar year.”
12

13 45. Stevens and Nope paid \$9,800 to APG.
14

15 46. Thereafter, Stevens and Nope undertook their best efforts to market the APG
16 product under the guidelines and instructions provided by APG, and in accordance with the APG
17 marketing program. They expended huge amounts of money and time in purchasing APG
18 products (such as the Reed book “BULLETPROOF A\$\$ET PROTECTION,” asset protection
19 “kits,” audio and video presentations, brochures, pamphlets and folders, business cards, and other
20 miscellaneous items. Despite their best efforts, they were unsuccessful in even earning back the
21 \$9,800 “performance deposit” promised to them under the terms of the WPA.
22

23 47. During the year 2005, Stevens and Nope discovered that Reed was never been a
24 licensed attorney in the State of Nevada, and that he had not been a licensed attorney in any
25 jurisdiction since 1996, when he voluntarily renounced his membership in the Colorado state bar
26 with charges pending against him.
27

28 48. During the year 2006, Stevens and Nope discovered that the APG “products and

1 services” were not based on any sound legal foundation, and that they were illegal.

2 49. During the year 2006, Stevens and Nope discovered that the APG “products” and
3 services required a client or customer who had purchased the APG “product” or service to
4 commit perjury or to act in violation of United States tax law in order to implement the “bearer
5 shares” asset protection play set forth in Reed’s book, the “red” training manual and other APG
6 marketing materials.
7

8 ***FIRST CLAIM FOR RELIEF***
9 ***(INTENTIONAL MISREPRESENTATION/ FRAUD REGARDING INCOME CLAIMS)***

10 50. Plaintiffs incorporate the averments of Paragraphs 1 through 49 as though fully set
11 forth at this point.

12 51. Defendants, and each of them, defrauded Plaintiffs by intentionally
13 misrepresenting the amount of money Plaintiffs could earn by sale of the APG products and
14 services, as set forth above, with knowledge that Plaintiffs would and did rely on such
15 misrepresentations.
16

17 52. Plaintiffs, and each of them, relied on the misrepresentations set forth by
18 Defendants, as set forth above.

19 53. Plaintiffs, and each of them, have been harmed as a result of the aforesaid actions
20 of Defendants, and each of them, in an amount to be proven at trial.

21 ***SECOND CLAIM FOR RELIEF***
22 ***(INTENTIONAL MISREPRESENTATION/ FRAUD REGARDING REED AND***
23 ***NEISWONGER’S PROFESSIONAL STATUS AND QUALIFICATIONS)***

24 54. Plaintiffs incorporate the averments of Paragraphs 1 through 53 as though fully set
25 forth at this point.

26 55. Defendants, and each of them, defrauded Plaintiffs by intentionally
27 misrepresenting that Defendant Reed was a licensed attorney in the State of Nevada, fully
28 qualified to give legal counsel and advice to Plaintiffs and to Plaintiffs’ clients to whom the APG

1 “products” and services were to be marketed and sold, with knowledge that Plaintiffs would and
2 did rely on such misrepresentations. Defendants further failed to disclose that Reed had never
3 been licensed to practice law in Nevada, and that he had not practiced law anywhere since he had
4 voluntarily resigned his membership in the Colorado bar in 1996 with charges pending against
5 him.

6
7 56. Defendants, and each of them, also represented Neiswonger as an honest and
8 trustworthy representative of APG, acting legally and lawfully, with knowledge that Plaintiffs
9 would and did rely on such misrepresentations. Defendants further failed to disclose that
10 Neiswonger was a convicted felon laboring under the restrictions of an order from the Federal
11 Trade Commission arising from misrepresentations to customers as to the amount of money they
12 could earn by purchasing business opportunities from him.

13
14 57. Plaintiffs, and each of them, relied on the misrepresentations and omissions of
15 Defendants, as set forth above.

16 58. Plaintiffs, and each of them, have been harmed as a result of the aforesaid actions
17 of Defendants, and each of them, in an amount to be proven at trial.

18 ***THIRD CLAIM FOR RELIEF***
19 ***(INTENTIONAL MISREPRESENTATION/ FRAUD REGARDING THE APG***
20 ***“PRODUCTS” AND SERVICES)***

21 59. Plaintiffs incorporate the averments of Paragraphs 1 through 58 as though fully set
22 forth at this point.

23 60. Defendants, and each of them, defrauded Plaintiffs by intentionally
24 misrepresenting that the APG “products” and services were legal, effective and “bulletproof,”
25 and that they or any other person implementing the “asset protection plan” set forth in Reed’s
26 book and marketed by APG through Reed and Neiswonger would protect purchasers of APG’s
27 “product” and services through Stevens and Nope would be fully protected from lawsuits and
28

1 judgments.

2 61. The APG “products” and services were not and are not legal, effective and
3 “bulletproof” for the following reasons:

4 **A. NO STATUTORY OR CASE AUTHORITY STANDS FOR THE**
5 **PROPOSITION THAT THERE EXISTS SUCH A THING AS “BEARER**
6 **SHARES” IN THE STATE OF NEVADA AS PROMOTED BY**
7 **DEFENDANTS:**

8 There exists no statutory or case authority that stands for the proposition
9 that such a thing as “bearer shares” exists in Nevada - at least not in the form
10 pushed by the “Asset Protection” promoters. There are no Supreme Court opinions
11 dealing with the concept, no Attorney General's opinions, no federal cases and, to
12 Plaintiffs’ knowledge, no district court opinions upholding such a concept.

13 In fact, the “bearer share” idea referenced by Defendants stems from their
14 interpretation of this language, in NRS 78.235(1):

15 “Except as otherwise provided in subsection 4, every stockholder is entitled to
16 have a certificate, signed by officers or agents designated by the corporation for
17 the purpose, certifying the number of shares owned by him in the corporation.”
18

19 The statute cited above contains no reference to any “bearer,” no indication
20 that the owner of a corporation can scam a creditor by claiming that he doesn't
21 know who owns the corporation, and no provision that entitlement to a certificate
22 equates to entitlement to hide from a valid debt.

23 To the contrary, Nevada case law stands for just the opposite conclusion.
24 As far back as 1942, the Nevada Supreme Court held that “a transfer of stock
25 between individuals, in order to receive recognition by the corporation, must be
26 registered upon its books.” *See Petition of Simrak*, 61 Nev. 431, 132 P.2d 605.
27

28 This concept has been upheld as recently as 1986, in the case of *Schwabacher v.*

1 Zobrist, 102 Nev. 55, 714 P.2d 1003, which again confirmed that an ownership
2 interest in a corporation is not valid as to the corporation until that interest is
3 registered with the corporation. In fact, the case went on to say that when a stock
4 transfer isn't registered on the corporate books, the person transferring the stock
5 stands as a trustee for the person receiving the stock.
6

7 Thus, Defendant's claim that "*When I'm asked for the names of the owners*
8 *of any corporation, I can answer cleanly and quickly that bearer shares were*
9 *issued and I have no idea who has them. It would be like asking me who has the*
10 *\$100 bill that I spent at the grocery store,"* that "[a] bearer share is just like
11 *cash; ownership resides with whomever holds the certificate in his hand,"* and that
12 "*[o]nly with bearer shares can a corporate officer or its nominee answer honestly*
13 *and truthfully, 'I have no idea who owns the company'; Bearer shares are just*
14 *like cash and can change hands just as quickly,"* are demonstrably untrue and
15 illegal.
16

17 **B. OWNERSHIP OF A STOCK CERTIFICATE DOES NOT EQUATE TO**
18 **OWNERSHIP IN A CORPORATION**

19 Under the interpretation of Nevada law by the Nevada Attorney General,
20 the holding of the stock certificate does not equate to ownership of the
21 corporation whose certificate is held. In 1921, the Nevada Attorney General's
22 Office issued an opinion that the stock certificate does not equate to the stock
23 itself, but is merely a piece of paper evidencing ownership. *See* AGO 38 (6-7-
24 1921). In all the intervening years, the Attorney General's Office has never
25 modified or rescinded this opinion. In fact, Nevada does not require that
26 corporations issue certificates at all. Thus, it makes no sense to assume that
27 possession of a stock certificate equals ownership of the shares anyway.
28

1 Thus, Defendants' claim that "[a] bearer share is just like cash; ownership
2 resides with whomever holds the certificate in his hand," is demonstrably false
3 and illegal.

4 **C. A TRANSFER OF OWNERSHIP OF PERSONAL PROPERTY SUCH AS**
5 **CORPORATE SHARES INVOLVES SERIOUS AND CONSEQUENTIAL**
6 **TAX RAMIFICATIONS OF WHICH DEFENDANTS DID NOT INFORM**
7 **PLAINTIFFS.**

8 Nevada law provides that stock shares are personal property. *NRS 78.240*.
9 All rules, regulations and taxes that would otherwise apply to transfers of personal
10 property would also apply to transfers of "bearer shares," if such a concept were
11 somehow valid. For example, a car is also personal property. Handing a buddy the
12 keys until the real owner got back from court would not equate to a transfer of
13 ownership, nor could the real owner truthfully represent to a judge or jury, "Your
14 Honor, I don't know who's driving the jalopy right now, so I couldn't really tell
15 you who owns the old clunker."

16 Thus, Defendant's claim that "So you may be driving a Lexus or BMW
17 owned by the corporation, but if you don't have the bearer shares for the
18 corporation, it's not your car; you're just using it," is demonstrably false and
19 illegal.
20

21 Furthermore, even if the transfer of ownership of a corporation could
22 somehow be accomplished through "bearer shares," there would exist issues of
23 compliance with estate, gift and capital gains tax issues. For example, the transfer
24 of the "bearer shares" to a "gift recipient" would be a "taxable event" under federal
25 tax law. The re-transfer would also be a "taxable event."
26

27 Defendants' failure to address any tax ramifications of any transfer,
28 thereby giving the false impression that no tax ramifications exist, was

demonstrably false and illegal.

D. THE TRANSFER OF OWNERSHIP OF A CORPORATION MAY INVOLVE THE TRANSFER OF CORPORATE AND PERSONAL LIABILITY OF WHICH DEFENDANTS FAILED TO INFORM PLAINTIFFS.

In the event that ownership could be transferred through so-called “bearer shares,” there exists the possibility that the transferee of the bearer shares would also be hit with any judgment that had been levied against the transferor since, as the *Schwabacher* case stated, when an unregistered transfer of stock has occurred, the transferee of that stock is “responsible for the burdens and liabilities growing out of its ownership,” at least as against the transferor of the stock. Presumably, this would carry with it any court order relative to the stock arising from the transferor's liabilities.

Defendants’ failure to address or inform Plaintiffs of any potential liability arising from the transfer of any so-called “bearer shares” was demonstrably illegal and false.

E. OWNERSHIP OR NON-OWNERSHIP OF A CORPORATION IS NOT THE DETERMINING FACTOR OF WHETHER A CORPORATION’S ASSETS CAN BE SEIZED UNDER NEVADA LAW; CONTROL OF THE CORPORATION IS.

The case of *LFC Marketing Group, Inc. v. Cebe W. Loomis, Andrew F. Loomis, Christian W. Loomis and Just C. Loomis*, 116 Nev. 896; 8 P.3d 841 (2000), specifically holds that where a person who is not the actual owner of a corporation so controls the corporation that the corporation is the “alter ego” of the non-owner, the corporate veil can be pierced through “reverse piercing” and the corporate assets may be seized to satisfy the controlling person’s debts, regardless of the actual ownership of the corporation.

Thus, Defendant's claim that willful ignorance and blindness to the actual ownership of a corporation will somehow protect the corporate assets ("*Only with bearer shares can a corporate officer or its nominee answer honestly and truthfully, "I have no idea who owns the company."* Bearer shares are just like cash and can change hands just as quickly. As a nominee officer for hundreds of Nevada corporations, I've been asked this question many times under oath, and my answer is always the same, "I don't know who the owners of the company are and I can prove it." When we form a corporation and issue bearer shares, I specifically ask my client in writing not to tell me what he intends to do with the share certificates. What I don't know I can't tell anyone.") is demonstrably false and illegal..

62. Plaintiffs, and each of them, relied on the misrepresentations set forth by Defendants, as set forth above.

63. Plaintiffs, and each of them, have been harmed as a result of the aforesaid actions of Defendants, and each of them, in an amount to be proven at trial.

***FOURTH CLAIM FOR RELIEF
(BREACH OF FIDUCIARY DUTY)***

64. Plaintiffs incorporate the averments of Paragraphs 1 through 64 as though fully set forth at this point.

65. Defendants, and each of them, acted as fiduciaries for and on behalf of Plaintiffs, and each of them,

66. The actions of Defendants, and each of them, as set forth above, constitute breach of fiduciary duty.

67. Plaintiffs, and each of them, have been harmed as a result of the aforesaid actions of Defendants, and each of them, in an amount to be proven at trial.

**FIFTH CLAIM FOR RELIEF
(NEGLIGENT MISREPRESENTATION)**

68. Plaintiffs incorporate the averments of Paragraphs 1 through 67 as though fully set forth at this point.

69. The actions of Defendants, and each of them, as set forth above, constitute negligent misrepresentation.

70. Plaintiffs, and each of them, relied on the misrepresentations set forth by Defendants, as set forth above.

71. Plaintiffs, and each of them, have been harmed as a result of the aforesaid actions of Defendants, and each of them, in an amount to be proven at trial.

**SIXTH CLAIM FOR RELIEF
(DECEPTIVE TRADE PRACTICES)**

72. Plaintiffs incorporate the averments of Paragraphs 1 through 71 as though fully set forth at this point.

73. To the degree applicable, the actions of Defendants, and each of them, as set forth above, constitute a violation of the Nevada Deceptive Trade Practices Act, as set forth in Chapter 598 of the Nevada Revised Statutes.

74. Plaintiffs, and each of them, have been harmed as a result of the aforesaid actions of Defendants, and each of them, in an amount to be proven at trial.

**SEVENTH CLAIM FOR RELIEF
(UNAUTHORIZED PRACTICE OF LAW)**

75. Plaintiffs incorporate the averments of Paragraphs 1 through 74 as though fully set forth at this point.

76. The actions of Defendants, and each of them, as set forth above, constitute the unauthorized practice of law in violation of Nevada statutes and regulations.

77. Plaintiffs, and each of them, have been harmed as a result of the aforesaid actions

1 of Defendants, and each of them, in an amount to be proven at trial.

2 ***EIGHTH CLAIM FOR RELIEF***
3 ***(CONSPIRACY)***

4 78. Plaintiffs incorporate the averments of Paragraphs 1 through 77 as though fully set
5 forth at this point.

6 79. The actions of Defendants, and each of them, as set forth above, constitute
7 conspiracy to deprive Plaintiffs, and each of them, of their funds, monies, livelihood, good name
8 in the community and ability to carry out their duties.

9 80. Said conspiracy includes, but is not limited to:

10 (A) A conspiracy to sell dubious franchise opportunities to "consultants"
11 which did little more than enable those consultants to engage in the unauthorized
12 practice of law in whatever state such consultants were located;

13 (B) A conspiracy to, through their franchisees, defraud the ultimate
14 purchasers of APG's "asset protection program";

15 (C) A conspiracy to assist the ultimate purchasers of APG's "asset
16 protection program" to defraud the legitimate creditors of those structures; and

17 (D) A conspiracy to defraud the United States and the governments of the
18 several states by assisting the ultimate purchasers to create structures that could be
19 used to evade taxes at the federal and state level, and particularly those structures
20 which were formed in "tax havens," such as the Bahamas.

21 81. Plaintiffs, and each of them, have been harmed as a result of the aforesaid actions
22 of Defendants, and each of them, in an amount to be proven at trial.

23 ***NINTH CLAIM FOR RELIEF***
24 ***(INTENTIONAL INTERFERENCE WITH PROSPECTIVE BUSINESS ADVANTAGE)***

25 82. Plaintiffs incorporate the averments of Paragraphs 1 through 81 as though fully set
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27
28

1 forth at this point.

2 83. The actions of Defendants, and each of them, as set forth above, constitute
3 intentional interference with Plaintiffs' prospective economic and business advantage.

4 84. Plaintiffs, and each of them, have been harmed as a result of the aforesaid actions
5 of Defendants, and each of them, in an amount to be proven at trial.
6

7 ***TENTH CLAIM FOR RELIEF***
8 ***(CONVERSION)***

9 85. Plaintiffs incorporate the averments of Paragraphs 1 through 84 as though fully set
10 forth at this point.

11 86. The actions of Defendants, and each of them, as set forth above, constitute
12 unlawful conversion of the monies and other properties of Plaintiffs, and each of them.

13 87. Plaintiffs, and each of them, have been harmed as a result of the aforesaid actions
14 of Defendants, and each of them, in an amount to be proven at trial.
15

16 ***ELEVENTH CLAIM FOR RELIEF***
17 ***(RICO/ RACKETEERING)***

18 88. Plaintiffs incorporate the averments of Paragraphs 1 through 87 as though fully set
19 forth at this point.

20 89. The actions of Defendants, and each of them, as set forth above, constitute
21 "racketeering" within the meaning of the NRS 207.350 et. seq.

22 90. The predicate criminal conduct underlying such racketeering includes, but is not
23 limited to:

24 (A) Obtaining possession of money or property, or obtaining a signature by
25 means of false pretenses;

26 (B) Fraud in the sale of a security;

27 (C) Subornation of perjury (and conspiracy to do so);
28

1 (D) Offering of false evidence (and conspiracy to do so); and

2 (E) Conspiracy to commit a crime.

3 91. Plaintiffs, and each of them, have been harmed as a result of the aforesaid actions
4 of Defendants, and each of them, in an amount to be proven at trial, and are entitled to the full
5 measure of damages set forth in the racketeering statutes pertinent to this action.
6

7 ***TWELFTH CLAIM FOR RELIEF***
8 ***(GENERAL NEGLIGENCE)***

9 92. Plaintiffs incorporate the averments of Paragraphs 1 through 91 as though fully set
10 forth at this point.

11 93. The actions of Defendants, and each of them, as set forth above, constitute
12 negligence.

13 94. Plaintiffs, and each of them, have been harmed as a result of the aforesaid actions
14 of Defendants, and each of them, in an amount to be proven at trial.

15 ***THIRTEENTH CLAIM FOR RELIEF***
16 ***(UNJUST ENRICHMENT)***

17 95. Plaintiffs incorporate the averments of Paragraphs 1 through 94 as though fully set
18 forth at this point.

19 96. As a result of the actions of Defendants, and each of them, each was unjustly
20 enriched at the expense of Plaintiffs, and each of them, all to the detriment of Plaintiffs, and each
21 of them.

22 97. Plaintiffs, and each of them, have been harmed as a result of the aforesaid actions
23 of Defendants, and each of them, in an amount to be proven at trial.
24

25 ***FOURTEENTH CLAIM FOR RELIEF***
26 ***(BREACH OF CONTRACT)***

27 98. Plaintiffs incorporate the averments of Paragraphs 1 through 97 as though fully set
28

1 forth at this point.

2 99. Alternatively, the actions of Defendants, and each of them, as set forth above,
3 constitute breach of contract.

4 100. Plaintiffs, and each of them, have been harmed as a result of the aforesaid actions
5 of Defendants, and each of them, in an amount to be proven at trial.
6

7 ***FIFTEENTH CLAIM FOR RELIEF***
8 ***(BREACH OF DUTY OF GOOD FAITH AND FAIR DEALING)***

9 101. Plaintiffs incorporate the averments of Paragraphs 1 through 101 as though fully
10 set forth at this point.

11 102. The actions of Defendants, and each of them, as set forth above, constitute a
12 violation of the duty of good faith and fair dealing with regard to Plaintiffs, and each of them.

13 103. Plaintiffs, and each of them, have been harmed as a result of the aforesaid actions
14 of Defendants, and each of them, in an amount to be proven at trial.

15 ***SIXTEENTH CLAIM FOR RELIEF***
16 ***(FRAUD/ DECEIT AS TO DEFENDANT NEISWONGER)***

17 104. Plaintiffs incorporate the averments of Paragraphs 1 through 103 as though fully
18 set forth at this point.

19 105. At all times relevant hereto, Neiswonger was a convicted felon, subject to the
20 terms of an order from the Federal Trade Commission, relative to his misrepresentation to
21 purchasers of business opportunities of guaranteed or expected income.

22 106. At no time did Defendant Neiswonger or any other defendant herein ever tell
23 Stevens or Nope of Neiswonger's conviction or the terms of the FTC order to which he was
24 subject.
25

26 107. Had Plaintiffs known of Neiswonger's felony conviction or the order from the
27 FTC, they would not have affiliated with any Defendant herein, nor would they have expended
28

1 any monies to purchase the APG “asset protection program.”

2 108. The actions of Defendants, and each of them, as set forth above, have harmed
3 Plaintiffs, and each of them, in an amount to be proven at trial.

4 ***SEVENTEENTH CLAIM FOR RELIEF***
5 ***(FRAUD/ DECEIT AS TO DEFENDANT REED)***

6 109. Plaintiffs incorporate the averments of Paragraphs 1 through 108 as though fully
7 set forth at this point.

8 110. At all times relevant hereto, despite the fact that Reed emphasized that he was a
9 “J.D.,” (Juris Doctor – law degree), Reed was not a licensed attorney at law.
10

11 111. Although Reed rendered legal advice relative to Nevada corporate law and its
12 application to the asset protection needs of Plaintiffs and Plaintiffs’ potential clients and
13 customers, Reed had never been licensed to practice law in the State of Nevada.

14 112. Despite the fact that Reed had resigned from membership in the Colorado bar in
15 the mid-1990’s, with charges pending against him, Reed did not divulge to Plaintiffs that he had
16 ever been the subject of any professional disciplinary proceeding.
17

18 113. Defendants represented to Plaintiffs that Reed was a lawyer, fully qualified to
19 render legal advice to Plaintiffs and others and could offer the protection of the attorney-client
20 privilege.
21

22 114. At no time did Defendant Reed or any other defendant herein ever tell Stevens or
23 Nope of Reed’s inability to legally practice law in any jurisdiction..

24 115. Had Plaintiffs known of Reed’s inability to legally practice law in any jurisdiction,
25 they would not have affiliated with any Defendant herein, nor would they have expended any
26 monies to purchase the APG “asset protection program.”

27 116. The actions of Defendants, and each of them, as set forth above, have harmed
28

1 Plaintiffs, and each of them, in an amount to be proven at trial.

2 ***EIGHTEENTH CLAIM FOR RELIEF***
3 ***(MALICE, BAD FAITH, RECKLESS DISREGARD, PUNITIVE DAMAGES)***

4 117. Plaintiffs incorporate the averments of Paragraphs 1 through 116 as though fully
5 set forth at this point.

6 118. The actions of Defendants, and each of them, as set forth above, were undertaken
7 with bad faith, malice and in reckless and wanton disregard of the consequences thereof..

8 119. As a result thereof, Plaintiffs, and each of them, are entitled to an award of
9 punitive and exemplary damages sufficient to discourage and punish Defendants, and each of
10 them, in an amount to be proven at trial.

11 ***NINETEENTH CLAIM FOR RELIEF***
12 ***(ATTORNEYS FEES AND COSTS)***

13 120. Plaintiffs incorporate the averments of Paragraphs 1 through 119 as though fully
14 set forth at this point.

15 121. Plaintiffs have been and will be required to engage the services of legal counsel in
16 order to prosecute this action, the fees of whom Plaintiffs are entitled to recover as an element of
17 damages in this action.

18 122. Plaintiffs have been and will be required to pay court costs and other costs in order
19 to prosecute this action, for which Plaintiffs are entitled full reimbursement as an element of
20 damages in this action.

21 ***CLASS ACTION AVERMENTS***

22 123. Plaintiffs incorporate the averments of Paragraphs 1 through 122 as though fully
23 set forth at this point.

24 124. Plaintiffs are representative of a class of persons whose interests are identical or
25 similar to those of Plaintiffs.

1 125. The class of persons represented by Plaintiffs is so numerous that joinder of all
2 members thereof is impracticable.

3 126. There exist questions of law and fact common to the class as a whole and the
4 members thereof, which questions predominate over any questions affecting only individual
5 members.

6 127. The claims of the representative parties are typical of the claims of the class as a
7 whole, and the members thereof.

8 128. The representative parties will fairly and adequately protect the interests of the
9 class as a whole, and the members thereof.

10 129. The prosecution of separate actions by the individual members of the class would
11 create a risk of inconsistent or varying adjudications with respect to individual members of the
12 class which would establish incompatible standards of conduct for Defendant.

13 130. A class action is superior to other available methods for the fair and efficient
14 adjudication of the controversy between the members of the class and Defendants.

15
16
17 ***SEIZURE OF PROPERTY TO SECURE JUDGMENT***

18 131. On information and belief, Plaintiffs are informed that Defendants, and each of
19 them, is currently under an order issued by the United States District Court for the Eastern
20 District of Missouri, Judge Stephen N. Limbaugh, presiding in that action captioned *Federal*
21 *Trade Commission, Plaintiff, v. Richard C. Neiswonger, et. al., Defendants.*, Case No.
22 4:96CV02225 SNL, to preserve, marshal, repatriate and otherwise preserve all monies and other
23 assets within their control or possession. (A copy of the *Ex Parte* Temporary Restraining Order
24 with Ancillary Equitable Relief is attached hereto as Exhibit 7).

25 132. Plaintiff is further informed and believes that pursuant to the terms of the
26 aforesaid order, a receiver, Robb Evans & Associates, has been appointed to marshal and amass
27
28

1 the assets of Defendants, and each of them, and to prevent the concealment or dissipation of
2 assets and the destruction of evidence.

3 133. In order to preserve the assets, funds and other property necessary for Plaintiffs to
4 protect the judgment ultimately to be entered in their favor in this action, it is necessary that this
5 Court issue an order seizing, freezing and otherwise securing all such monies or properties owned
6 or controlled by Defendants, or any of them and, to the degree necessary, creating and
7 maintaining a constructive trust of all such monies or properties for the benefit of Plaintiffs, and
8 each of them.
9

10 134. Therefore, Plaintiffs pray that this Court issue an order requiring the seizure,
11 freezing and securing of all such monies and any other monies or properties owned or controlled
12 by Defendants, or any of them, for the satisfaction of the judgment ultimately to be entered in this
13 action, through attachment, garnishment, sequestration, replevin and all other corresponding or
14 equivalent remedies, however designated and, to the degree necessary, creating and maintaining a
15 constructive trust of all such monies or properties for the benefit of Plaintiffs, and each of them.
16

17 ***INJUNCTIVE RELIEF/ CONTINUED ILLEGAL ACTIONS***

18 135. Plaintiffs are, and will continue to be, irreparably harmed by Defendants'
19 continued marketing, selling, receiving monies, promoting or otherwise engaging in any business
20 or other action relative to the "asset protection program" set forth above.
21

22 136. Plaintiffs have a reasonable likelihood of success on the merits of this action.

23 137. A weighing of the equities of the potential harms to the relative parties militates in
24 favor of the issuance of an injunction in this case. No harm will ensue by an injunction against
25 Defendants from the continued marketing, selling, receiving monies, promoting or otherwise
26 engaging in any business or other action relative to the "asset protection program" set forth
27 above.
28

1 138. Therefore, Plaintiffs pray that this Court issue a preliminary and permanent
 2 injunction against Defendants, and each of them, from any further actions of marketing, selling,
 3 receiving monies, promoting or otherwise engaging in any business or other action relative to the
 4 “asset protection program” set forth above.

5
 6 ***JURY DEMAND***

7 Plaintiffs demand a trial by jury of all causes and claims herein, except those injunctive
 8 and extraordinary equitable orders prayed for herein.

9 WHEREFORE, Plaintiffs, and each of them, pray for relief from this court as follows:

- 10 1. General damages in an amount to be proven at trial;
- 11 2. Special damages in an amount to be proven at trial;
- 12 3. Consequential damages in an amount to be proven at trial;
- 13 4. Punitive and exemplary damages in an amount to be proven at trial;
- 14 5. For an order certifying this case as a class action in accordance with FRCP 23;
- 15 6. For issuance of an order requiring seizure and preservation of property owned by
 16 or subject to the control of Defendants, or any of them, for the purpose of securing
 17 satisfaction of the judgment ultimately to be entered in this action;
- 18 7. For issuance of a preliminary and permanent injunction enjoining and barring
 19 Defendants from marketing, selling, receiving monies, expending monies,
 20 promoting or otherwise engaging in any business or other action relative to the
 21 APG “asset protection program” set forth above;
- 22 8. For an award of attorney’s fees and costs herein; and
- 23 9. For such further relief as to this Court appears just and equitable.
- 24
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1
2 DATED this 17th day of August, 2006.

3 RANDALL K. EDWARDS, PLLC

4
5
6 By: 
7 Randall K. Edwards
8 Attorneys for Plaintiffs

9 Plaintiffs' addresses:

10 J. Daniel Stevens
11 640 North Main, Suite A
12 North Salt Lake City, Utah 84054

13 Charles C. Nope
14 640 North Main, Suite A
15 North Salt Lake City, Utah 84054
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