

STATE OF TEXAS,

Plaintiff

v.

SELWEYN MONARCH  
GAYLE N. STANFORD  
INDIVIDUALLY and d/b/a  
COMPLIANCE SERVICES

Defendants

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IN THE DISTRICT COURT OF

HARRIS COUNTY, TEXAS

281 JUDICIAL DISTRICT

FILED  
LORNA BROWN  
CLERK  
DISTRICT COURT  
HARRIS COUNTY TEXAS  
2009 JUN 25 AM 9:44

BY \_\_\_\_\_  
DEPUTY

**PLAINTIFF'S ORIGINAL VERIFIED PETITION, APPLICATION FOR  
EX PARTE TEMPORARY RESTRAINING ORDER, AND  
TEMPORARY AND PERMANENT INJUNCTION**

Comes now the State of Texas, Plaintiff, complaining of Selweyn Monarch and Gayle N. Stanford, individually and d/b/a Compliance Services, Defendants, for violating the Texas Deceptive Trade Practices – Consumer Protection Act, TEX. BUS. & COMM. CODE § 17.41 *et seq.* (hereafter DTPA).

The State of Texas, represented by Attorney General Greg Abbott, appears through the Consumer Protection and Public Health Division of the Office of the Attorney General.

**I.  
DISCOVERY CONTROL PLAN**

1.1 The discovery in this case is intended to be conducted under Level 2 pursuant to TEX. R. Civ. P. 190.3.

**II.  
JURISDICTION AND AUTHORITY**

2.1 This action is brought by Attorney General Greg Abbott, through his Consumer Protection Division, in the name of the State of Texas and pursuant to the authority granted him by the Texas Deceptive Trade Practices–Consumer Protection Act, TEX. CIV. PRAC. & REM. CODE

§ 17.41 *et seq.* (“DTPA”) upon the ground that Defendants have engaged in false, misleading and deceptive acts and practices in the conduct of trade or commerce as defined and declared unlawful by the DTPA.

2.2 This action seeks to permanently enjoin Defendants from engaging in the acts and practices described below and which are declared to be unlawful by the DTPA.

2.3 Additionally, this suit seeks civil penalties from Defendants as a result of the conduct herein alleged, pursuant to § 17.47(c) of the DTPA. This suit also seeks restitution on behalf of identifiable persons, who suffered damages as a result of Defendants’ unlawful acts and practices as provided by § 17.47(d) of the DTPA.

2.4 Further, Attorney General Greg Abbott seeks attorney’s fees and investigative fees reasonable in relation to the efforts expended by his office in prosecuting this action and court costs as authorized by TEX. GOV. CODE § 402.006 (c).

### **III. VENUE**

3.1 Venue of this suit lies in Harris County, Texas for the following reasons:

- A. Under the DTPA § 17.47(b), venue is proper because Defendants do business in Harris County, Texas; and
- B. Under TEX. CIV. PRAC. & REM. CODE §15.002(a)(1) venue is proper in Harris County, Texas because a substantial part of the events or omissions giving rise to the claims occurred in Harris County, Texas.

### **IV. PARTIES**

4.1 The Attorney General is authorized by the Texas Constitution, Art. 4, § 22, to enforce the laws of Texas. Section 17.47 of the DTPA authorizes the Attorney General to bring enforcement

actions under the DTPA.

4.2 Defendant Selweyn Monarch is a resident of the State of California. At all times material to this action, Defendant conducted business through his unregistered business “Compliance Services” along with his partner, Defendant Gayle N. Stanford. Compliance Services is a fictitious business name registered in California by Defendant. Defendant Selweyn Monarch directly participated in the conduct alleged herein or directed or controlled the practices and policies complained of herein and had authority to control them and had actual or constructive knowledge of the acts and practices complained of herein or exercised a reckless indifference to the truth or falsity of such acts or practices set forth in this Petition. Defendant Selweyn Monarch may be served with process at his home address of 13843 Riverside, Sherman Oaks, California 91423.

4.3 Defendant Gayle N. Stanford is a resident of the State of California. At all times material to this action, Defendant conducted business through her unregistered business “Compliance Services” along with her partner, Defendant Selweyn Monarch. Compliance Services is a fictitious business name registered in California by Defendant, Selweyn Monarch. Defendant Gayle N. Stanford directly participated in the conduct alleged herein or directed or controlled the practices and policies complained of herein and had authority to control them and had actual or constructive knowledge of the acts and practices complained of herein or exercised a reckless indifference to the truth or falsity of such acts or practices set forth in this Petition. Defendant Gayle N. Stanford may be served with process at her home address of 6110 Kentland Ave., Woodland Hills, California 91367.

**V.  
SINGLE BUSINESS ENTERPRISE**

5.1 Plaintiff alleges that all of the Defendants named herein are jointly and severally liable for the false, misleading and deceptive conduct set out in this Petition on the basis that they

are a single business enterprise, carrying out a common business objective.

**VI.  
PUBLIC INTEREST**

6.1 The Attorney General has reason to believe that Defendants have engaged in the unlawful practices described below. The Attorney General also has reason to believe that Defendants have caused and will continue to cause injury, loss and damage not only to Texas consumers, but also to legitimate businesses that lawfully conduct trade and commerce in Texas. The Consumer Protection and Public Health Division of the Office of the Attorney General believes that this action is in the public interest.

**VII.  
TRADE AND COMMERCE**

7.1 Defendants have, at all times described below, engaged in conduct that constitutes “trade” and “commerce” as those terms are defined by § 17.45(6) of the DTPA.

**VIII.  
ACTS OF AGENTS**

8.1 Whenever it is alleged in this Petition that Defendants did any act, it is meant either that the Defendants performed or participated in the act, or that the Defendants’ officers, agents, or employees performed or participated in the act on behalf of and under the authority of the Defendants.

**IX.  
NOTICE**

9.1 The Consumer Protection Division has informed Defendants of the alleged unlawful conduct prior to filing suit. Defendants refused to discontinue their unlawful conduct. Defendants have not been informed of Plaintiff’s Ex Parte Application for Temporary Restraining Order and because immediate and irreparable injury, loss or damage will occur as a result of such notice and

delay in obtaining a Temporary Restraining Order, including loss, secreting and dissipation of assets that should be preserved for potential restitution to consumers.

## X. SUMMARY OF THE CASE

10.1 Defendants mail to businesses in Texas a two- page document entitled “ANNUAL MINUTES REQUIREMENT STATEMENT -DIRECTORS AND SHAREHOLDERS.” A true and correct copy of their mailing statement is attached as Exhibit “A” and by this reference made a part hereof. The Statement mailed (Exhibits “A”) is addressed to Texas businesses, appears to be sent from an official office agency of Texas, requests payment of a \$125.00 fee, and looks similar to forms used by official agencies of the State of Texas, including the Secretary of State’s *Application for Reservation of Entity Name* and *Certificate of Limited Partnership*, and the Comptroller of Public Account’s *Texas Franchise Tax Public Information Report. (PIR form)* The PIR form must be filed annually for a corporation to maintain its business status. The Defendants’ solicitation forms carry an official looking time deadline for filing and include the Texas Secretary of State’s Corporation number and the incorporation date for the corporation being solicited.

10.2 Defendants’ forms have the appearance of an official document and convey the overall false impression that businesses must pay Defendants \$125.00 to comply with Texas’ Corporate Minutes Filing in order to avoid violation of Texas law.

10.3 The Statement’s overall appearance leads a reader to believe, erroneously, that a corporation’s minutes must be filed by a date certain with the Secretary of State, and that the Defendant sending this information is the State or an agent of the State, and further that the money to be paid is being received by the State. However, the Secretary of State does not need or want corporate minutes, nor is there any requirement that they be filed, the Defendants are not agents of

the State nor are they collecting the fees on behalf of the State. The P.O. Box addresses on the return envelopes are those of the Defendants, and not an address of the State. In furtherance of the deception, Defendants purchase P.O. Boxes in Austin, Texas and have the mail and check sent to Austin, the location of the Secretary of State offices, rather than place their California ~~the~~ return address on the envelopes.

10.4 The official looking nature of the documents, coupled with citations of statutory authority regarding legal liability, all combine to deceive Texas businesses into purchasing the Defendants' services.

10.5 In order to appear as official documents, the Statements are entitled "Requirement" Statement, and one is instructed to complete the "form" which contains a "Notice Date," a "Reply by" date, a "fee" amount; has individual corporate information of the target corporation's business, and the corporation's incorporation date.

10.6 The Statements refer to annual minutes requirements in the following manner: TEXAS BUSINESS CORPORATION ACT PART 2 Article 2.44 A: Each corporation shall keep books and records of account and shall keep minutes of the proceedings of its shareholders." The form thereafter states, "Please complete this Annual Minutes Requirement Statement and mail the completed form together with the fee of \$125.00 payable to Compliance Services...to avoid non-compliance with Texas Law.

10.7 These statements are incorrect and misleading. The Defendants' Annual Minutes Requirement Statement and fee are not necessary or even warranted "to avoid non-compliance with Texas Law." The form also threatens piercing the corporate veil, denying the right of corporate existence, personal liability for the corporation's debts and liabilities, and detrimental tax consequences for failure to comply.

10.8 This statement is also incorrect as a matter of law. Article 2.44 does **not** provide that the failure to keep minutes will result in personal liability. There is no reference to personal liability in the referenced statute. Under law, personal liability can be established only upon, first, a piercing of the corporate veil, something entirely unrelated to the mere preparation of a corporation's annual minutes.

10.9 Although Defendants are not located in, nor do they have a physical presence in Texas, they use an Austin, Texas PO Box address (Exhibit "A") to further deceive businesses into believing that they are somehow associated with the Texas State government. Defendants' address provided on the Statement in Exhibit "A" is 2002-A Guadalupe St. #216, Austin, Texas 78705-9996. This is simply a mailbox that is used to forward the Defendants' mail to their California addresses.

10.10 The Texas Secretary of State has posted on their website a warning giving notice to Texas Corporations that this type of mailing is from a private organization and the forms are not sent by the Texas Secretary of State. Still, the emails and complaints continue. Attached is the affidavit from the Texas Office of the Attorney General investigator, Cathryn Haynes, attaching hundreds of pages of complaints and emails already sent to this office via the Secretary of State and other sources. (Exhibit "B")

## **XI. DECEPTIVE TRADE PRACTICES**

11.1 The Attorney General adopts, incorporates and re-alleges articles II through X and all exhibits attached, as if fully set forth below and further alleges:

11.2 The State has reason to believe, and therefore alleges, that Defendants have directly or indirectly engaged in and will continue to engage in misleading, or deceptive acts and practices. Unless this Court restrains Defendants from engaging in the acts described in Paragraphs 10.01 through 10.10, Defendants will continue violating §17.46(a) and (b) as outlined below.

11.3 By engaging in the conduct set forth in Paragraphs 10.01 through 10.10, Defendants engaged in representations, acts, practices or omissions which are material and likely to mislead, and in fact did mislead consumers. Thus Defendants violated DTPA §17.46(a), “false, misleading or deceptive acts or practices in the conduct of any trade or commerce are hereby declared unlawful.”

11.4 By utilizing a form of solicitation that appears to be from an official agency of the State of Texas, Defendants violated DTPA §17.46(b)(2), “causing confusion or misunderstanding as to the source, sponsorship, approval, or certification of goods or services.”

11.5 Defendants’ Statements give the impression that a business must file its annual minutes, and that Defendants will provide this service for a fee. In truth and in fact, the Secretary of State’s office does not require annual minutes. Defendants are providing a service not required by law, and of no value, for \$125.00, by deceiving people into believing it is a legal requirement, thereby violating §17.46(b)(5), “representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities which they do not have or that a person has a sponsorship, approval, status, affiliation, or connection which he does not.”

11.6 By representing that the Defendants’ services are necessary in order to maintain corporate existence, and inducing businesses to purchase those services, Defendants violated and continue to violate DTPA §17.46(b)(12), “representing that an agreement confers or involves rights or remedies, or obligations which it does not have or involve.”

11.7 Defendants’ failure to disclose that their services are not required in order to comply with Texas law is in violation of §17.46(b)(24), “failure to disclose information concerning goods or services which was known at the time of the transaction if such failure to disclose such information was intended to induce the consumer into a transaction into which the consumer would not have entered had the information been disclosed.”

**XII.**  
**DISGORGEMENT**

12.1 All of Defendants' assets are subject to the equitable remedy of disgorgement, which is the forced relinquishment of all benefits that would be unjust for Defendants to retain, including all ill-gotten gains and benefits or profits that result from Defendants putting fraudulently converted property to a profitable use. Defendants should be ordered to disgorge all monies fraudulently taken from individuals and businesses together with all of the proceeds, profits, income, interest and accessions thereto. Such disgorgement should be for the benefit of victimized consumers and the State of Texas.

**XIII.**  
**INJURY TO CONSUMERS**

13.1 By means of the foregoing unlawful acts and practices, Defendants have acquired money or other property from identifiable persons to whom such money or property should be restored, or who in the alternative are entitled to an award of damages.

**XIV.**  
**EQUITABLE RELIEF**

14.1 The State of Texas asks that the Court temporarily restrain and permanently enjoin Defendants from sending any more "ANNUAL MINUTES REQUIREMENT STATEMENT - DIRECTORS AND SHAREHOLDERS" or any similar solicitation, to businesses in Texas.

14.2 The State of Texas further asks that the Court temporarily restrain and permanently enjoin Defendants from advertising or offering the services described herein to Texas businesses.

14.3 The State of Texas asks further that the Court temporarily restrain and permanently enjoin Defendants from representing that failure to prepare written minutes of shareholder and directors minutes will necessarily expose those shareholders and directors to personal liability.

14.4 The State of Texas asks further that the Court temporarily restrain and permanently

enjoin Defendants from using any form of solicitation that has the appearance of being from an official agency of the State of Texas.

14.5 The State of Texas further asks that the Court, under its equity powers, order Defendants to make restitution and disgorge the sum of all money, or the equivalent of money, paid by consumers to Defendants as a fee for rendition of their “services.”

**XV.  
NECESSITY OF IMMEDIATE RELIEF TO PRESERVE STATUS QUO**

15.1 Plaintiff the State of Texas requests immediate relief by way of an Ex Parte Temporary Restraining Order freezing Defendants’ Texas mail drops to preserve and protect the funds of victims of Defendants’ actions. Additionally, Plaintiff requests immediate relief by way of an Ex Parte Temporary Restraining Order freezing Defendants’ accounts. The State has received several complaints from consumer businesses regarding Defendants’ solicitations who have recognized the fraudulent nature of the solicitation. Other recipients of the solicitation have no doubt been duped, and have sent payments of \$125.00 to Defendants, wholly unaware that they have been duped. Others are still sending Defendants money.

15.2 An immediate temporary injunction and freeze of any further transfer from the P.O. Box in Austin to the Defendants is essential to prevent further immediate and irreparable injury, loss or damage to more Texans. Delay will result in more fraudulently obtained dollars being transferred from the mailbox to Defendant’s coffers. In addition, this injunction is needed to stem the flow of checks which will not doubt accrue to Defendants in this scam and damage to the public is likely to occur if this temporary restraining order is not granted.

**XVI.  
REPATRIATION OF ASSETS**

16.1 After due notice and a hearing, the Court should order that all of Defendants’ assets

situated outside the jurisdiction of this Court be deposited or repatriated into an appropriate financial institution within the jurisdiction of this Court.

**XVII.  
REQUEST TO CONDUCT DISCOVERY PRIOR TO  
TEMPORARY INJUNCTION HEARING**

17.1 Plaintiff requests leave of this Court to conduct telephonic, oral, written and other Depositions (containing requests for production) of witnesses prior to any scheduled Temporary Injunction Hearing and prior to Defendants' answer date. There are a number of victims and other witnesses who may need to be deposed prior to any scheduled temporary injunction hearing. Any depositions, telephonic or otherwise, would be conducted with reasonable, shortened notice to Defendants and their attorneys, if known.

**XVIII.  
TRIAL BY JURY**

18.1 Plaintiff herein requests a jury trial and tenders the jury fee to the Harris County District Clerk's office pursuant to TEX. R. CIV. P. 216 and TEX. GOVT. CODE ANN. §51.604.

**XIX.  
OTHER RELIEF**

19.1 The State of Texas asks the Court to order Defendants to restore any money or property which may have been acquired from businesses in Texas by means of any unlawful act or practice.

19.2 The State of Texas asks the Court to order each Defendant to pay a civil penalty, to and for the benefit of the State of Texas, in the amount of \$20,000.00 per violation of the DTPA.

19.3 The State of Texas asks the Court to order Defendants to pay reasonable attorney fees, pursuant to TEX. GOVT. CODE § 402.006.

**XXI.**  
**PRAYER**

WHEREFORE, Plaintiff The State of Texas prays that Defendant be cited according to law to appear and answer herein; that after reasonable notice and hearing a Temporary Restraining Order be issued, thereafter a Temporary Injunction be issued; and upon final hearing a Permanent Injunction be issued, restraining and enjoining Defendants, their successors, assigns, officers, agents, servants, employees, attorneys and any other person in active concert or participation with Defendants, or acting under any assumed name or legal entity, from engaging in the following acts or practices:

- A. transferring, concealing, destroying or removing from the jurisdiction of this Court any books, records, documents, invoices, or other written materials relating to Defendants' business which are in Defendants' possession, custody, or control except in response to further orders or subpoenas in this cause;
- B. causing the transfer to Defendants of any further mail delivered to 2002-A Guadalupe St. #216, Austin, Texas 78705-9996, or any other mail box opened by Defendants in this State, derived from the unlawful business operation of Defendants within the State of Texas, and any mail delivery service should be directed to hold any such mail pending further order of the Court;
- C. sending any more Compliance Services "ANNUAL MINUTES REQUIREMENT STATEMENT -DIRECTORS AND SHAREHOLDERS" or any similar solicitation, to businesses in Texas;
- D. advertising or offering services that have no value to Texas businesses;
- E. representing that failure to prepare written minutes of shareholder and directors minutes will expose those shareholders and directors to personal liability;

- F. using any form of solicitation which has the appearance of being from an official agency of the State of Texas;
- G. causing confusion or misunderstanding as to the source, sponsorship, approval, or certification of goods or services, in that Defendants are not connected with any official agency of the State of Texas;
- H. representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities which they do not have or that a person has a sponsorship, approval, status, affiliation, or connection which he does not, in that Defendants are deceiving people into believing that filing written minutes is a legal requirement;
- I. representing that an agreement confers or involves rights, remedies, or obligations which it does not have or involve, or which are prohibited by law, by representing that the services of Defendants are necessary in order to maintain corporate existence, and inducing businesses to purchase those services;
- J. failing to disclose information concerning any good or service sold or offered for sale with knowledge at the time of the transaction when such failure to disclose is intended to induce consumers to enter into transactions consumers would not enter into if such information were disclosed; specifically, and without limitation, by failing to disclose, by failing to disclose that their services are not required in order to comply with Texas law; and
- K. representing, directly or by implication, that this court or the Attorney General has approved any good or service sold or offered for sale by Defendants, or has approved any of Defendants' business practices.

In addition, Plaintiff State of Texas respectfully prays that this Court will:

- A. Order Defendants to make restitution and disgorge the sum of all money, or the equivalent of money, paid by Texas businesses to Defendants
- B. Adjudge against Defendants, jointly and severally, civil penalties in favor of Plaintiff State of Texas in the amount of \$20,000.00 per violation of the DTPA;
- C. Order Defendants to pay Plaintiff State of Texas attorney's fees and costs of court pursuant to TEX. GOVT. CODE §402.006(c);

DATED this 25<sup>th</sup> day of June 2009.

Respectfully submitted,

**GREG ABBOTT**  
Attorney General of Texas

**C. ANDREW WEBER**  
First Assistant Attorney General

**DAVID S. MORALES**  
Deputy Attorney General for Civil Litigation



JANET DANN

State Bar No. 00792091

ROSEMARIE DONNELLY

State Bar No. 5983020

Assistant Attorneys General

Consumer Protection Division

808 Travis, Suite 300

Houston, Texas 77002

Telephone 713-223-5886

Facsimile 713-223-5821

**ATTORNEYS FOR PLAINTIFF**

**ANNUAL MINUTES REQUIREMENT STATEMENT  
DIRECTORS AND SHAREHOLDERS**

(Business Corporation)

**IMPORTANT! READ INSTRUCTIONS BEFORE COMPLETING THIS FORM. PLEASE PRINT LEGIBLY.**

Notice Date: February 23<sup>rd</sup>, 2009

Corporation Number: 800640230  
Incorporation Date: 04/12/2006

1396 \*\*AUTO\*\*3-DIGIT 750  
OFFICE CAFE SOLUTIONS, INC.  
3927 BIERSTADT CIR  
PLANO TX 75023-5811



**Reply by March 16, 2009, to  
allow adequate time for processing.**

TEXAS BUSINESS CORPORATIONS ACT Part 2, Article 2.44.A: " Each corporation shall keep books and records of account and shall keep minutes of the proceedings of its shareholders, its board of directors, and each committee of its board of directors..." TEXAS BUSINESS CORPORATIONS ACT Part 2, Article 2.44.B: " An annual meeting of shareholders shall be held at such time as may be stated in or fixed in accordance with the bylaws..." THIS PRODUCT HAS NOT BEEN APPROVED OR ENDORSED BY ANY GOVERNMENT AGENCY AND THIS OFFER IS NOT BEING MADE BY AN AGENCY OF THE GOVERNMENT.

Please complete this Annual Minutes Requirement Statement and mail the completed form together with the fee of \$125.00 payable to COMPLIANCE SERVICES in the enclosed envelope by reply date to avoid non-compliance with Texas law. All information will be treated as private and confidential and will not be available to others. E-mail us at [corpcompliance@corpsrv.com](mailto:corpcompliance@corpsrv.com) with any questions.

1. Contact Person: \_\_\_\_\_ E-Mail Address: \_\_\_\_\_

**CORPORATE OFFICERS** (Attach additional pages if needed).

2. President/CEO (Required): \_\_\_\_\_

3. Vice President (not required): \_\_\_\_\_

4. Secretary (Required): \_\_\_\_\_

5. Treasurer/CFO (not required): \_\_\_\_\_

**CORPORATE DIRECTORS** (Attach additional pages if needed).

6. Name (Required): \_\_\_\_\_

7. Name: \_\_\_\_\_

8. Name: \_\_\_\_\_

9. Name: \_\_\_\_\_

**SHAREHOLDER INFORMATION** (Attach additional pages if needed).

10. Shareholder Name (Required): \_\_\_\_\_ No. of Shares (Required): \_\_\_\_\_

11. Shareholder Name: \_\_\_\_\_ No. of Shares \_\_\_\_\_

12. Shareholder Name: \_\_\_\_\_ No. of Shares \_\_\_\_\_

13. Shareholder Name: \_\_\_\_\_ No. of Shares \_\_\_\_\_

**TEXAS BUSINESS CORPORATIONS ACT Part 2, Article 2.44.A and 2.44.B** are statutory and failure to comply may result in the piercing of the corporate veil and you may be denied the advantages of corporate existence. Your incorporators, shareholders and directors may become personally liable for the corporations debts and judgements and also have detrimental tax consequences.

**INSTRUCTIONS FOR COMPLETING THE ANNUAL MINUTES REQUIREMENT  
STATEMENT ( FORM MIN-TX081)**

Review the accuracy of the preprinted corporate name and address and make any changes necessary.

Line 1 Enter the name and e-mail address of the person to contact if we have any questions.

Lines 2 and 4 **(Required)** Enter the names of the President/CEO and Secretary.

Lines 3 and 5 Enter the names of the Vice President (if any) and Treasurer/CFO (if any). If you have any other officers, please attach an additional page.

Line 6 **(Required)** Enter the name of the member of the Board of Directors.

Lines 7-9 Refer to your Bylaws. If they require more than one member of the Board of Directors, enter their names here.

Line 10 **(Required)** Enter the name of a Shareholder and the number of shares issued to this Shareholder. If no stock has been issued, enter "none".

Lines 11-13 Enter the names of any additional Shareholders and the number of shares issued to each of them.

**Please note: All items marked (Required) must be completed or we will not be able to prepare the required documents.**

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Submit the Annual Minutes Requirement Statement (CS FORM MIN-TX081) together with payment for proper processing and fulfillment of the Annual Minutes requirement for your corporation. **Submit a check for \$125.00 payable to Compliance Services and mail to:**

**COMPLIANCE SERVICES  
2002-A Guadalupe St. #216  
Austin, TX 78705-9996**

Completed documents will be mailed to you within two weeks. Have each party sign the documents where indicated and file them in the minute book of the corporation. Do not return the documents to us. We have recorded your information in our database.

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Maintaining records is vital to the existence of all corporations; in particular the recording of shareholder and director meetings. Failure to comply with the regulating statutes could cause your corporation to lose its limited liability status making the officers, directors and shareholders personally responsible for the debts of the corporation and may also have detrimental tax consequences.

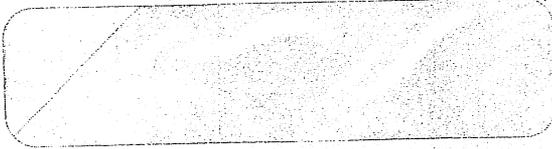
Compliance Services  
2002-A Guadalupe St. #216  
Austin, TX 78705-9996

THIS IS NOT A GOVERNMENT DOCUMENT  
BUSINESS MAIL - TIME SENSITIVE

If address or name is incorrect, please forward this document  
to an authorized employee representative immediately.

PRSR1 STD  
US POSTAGE  
PAID  
VAN NUYS, CA  
PERMIT NO. 1263

**IMPORTANT**  
Annual Minutes Requirement Statement



STATE OF TEXAS

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COUNTY OF HARRIS

AFFIDAVIT OF CATHRYN HAYNES

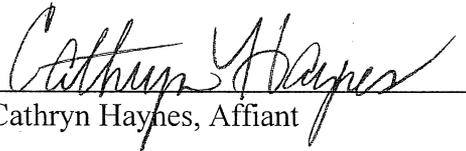
Before me, the undersigned Notary Public, on this day personally appeared Cathryn Haynes, who, after being duly sworn, stated under oath the following:

- 1) My name is Cathryn Haynes. I am over the age of eighteen years and I reside in Harris County, Texas. I have never been convicted of a crime, and I am competent to make this affidavit. I have personal knowledge of the facts stated herein, and the facts stated herein are true and correct. My business address is 808 Travis Street, Suite 300, Houston, Texas 77002.
- 2) I am employed by the Consumer Protection and Public Health Division of the Office of the Texas Attorney General as an investigator. I am the investigator assigned to this office's investigation of Defendants.
- 3) Defendants mail to businesses in Texas a two-page document entitled "ANNUAL MINUTES REQUIREMENT STATEMENT-DIRECTORS AND SHAREHOLDERS." A true and correct copy of their mailing statement is attached as Exhibit "A";
- 4) The Statement mailed (Exhibits "A") is addressed to Texas businesses and it requests payment of a \$125.00 fee;
- 5) The Defendants' solicitation forms include the Office of the Texas Secretary of State's Corporation number and the incorporation date for the corporation being solicited;
- 6) The P.O. Box addresses on the return envelopes was secured by one of the Defendants, Gayle N. Stanford;
- 7) The Statements sent are entitled "Requirement" Statement, and the receiver of the statement is instructed to complete the "form" which contains a "Notice Date," a "Reply by" date, a "fee" amount; has individual corporate information of the target corporation's business, and the corporation's incorporation date.
- 8) The Statements refer to annual minutes requirements in the following manner: TEXAS BUSINESS CORPORATION ACT PART 2 Article 2.44 A: Each corporation shall keep books and records of account and shall keep minutes of the proceedings of its shareholders." The form thereafter states, "Please complete this Annual Minutes Requirement Statement and mail the completed form together with a fee of \$125.00, payable to Compliance Services...to avoid non-compliance with Texas Law."

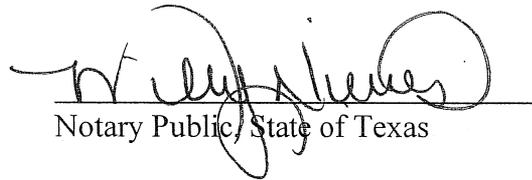
STATE'S  
EXHIBIT

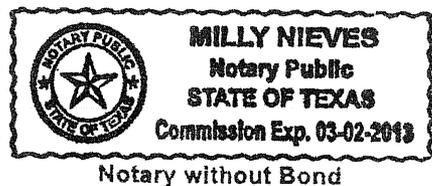
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- 9) The form also threatens piercing the corporate veil, denying the right of corporate existence, personal liability for the corporation's debts and liabilities, and detrimental tax consequences for failure to comply.
- 10) Defendants are not located in, nor do they have a physical presence in Texas. Defendant Selweyn Monarch's home address is listed as 13843 Riverside, Sherman Oaks, California 91423. Compliance Services is a fictitious business name registered in California by Defendant. Defendant Gayle N. Stanford's home address is listed as 6110 Kentland Avenue, Woodland Hills, California 91367. The return address to send the \$125.00 payment fee is a P.O. Box address in Austin, Texas.
- 11) The Office of the Texas Secretary of State has posted on their website a warning notice to Texas Corporations that this type of mailing is from a private organization and the forms are not sent by the Texas Secretary of State. The Secretary of State's office alerted the Attorney General's Consumer Protection Division of the complaints and telephone calls to their office in which consumer business owners were duped into sending money.
- 12) Further Affiant Sayeth not.

  
Cathryn Haynes, Affiant

SUBSCRIBED AND SWORN TO BEFORE ME, on the 23<sup>rd</sup> day of June 2009, to certify which witness my hand and official seal.

  
Notary Public, State of Texas



VERIFICATION

STATE OF TEXAS

§

COUNTY OF HARRIS

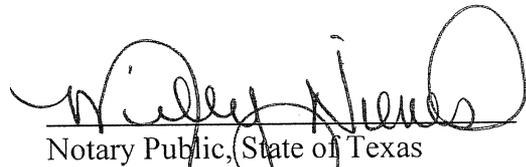
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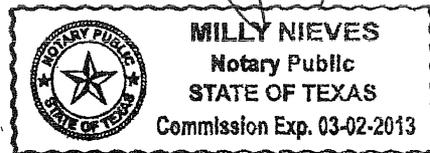
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Before me, the undersigned Notary Public, on this day personally appeared Cathryn Haynes, who, after being duly sworn, stated under oath that she is employed with the Office of the Texas Attorney General, Consumer Protection and Public Health Division, that she has read the above petition, and that every fact contained in Paragraphs 10.1 through 10.10 of the petition is true and correct and within her personal knowledge as more fully set forth in her affidavit attached hereto for all purposes and marked as Exhibit "B".

  
CATHRYN HAYNES

SUBSCRIBED AND SWORN TO BEFORE ME, on the 23<sup>RD</sup> day of June 2009, to certify which witness my hand and official seal.

  
Notary Public, State of Texas



Notary without Bond