

IN THE CIRCUIT COURT OF THE
NINTH JUDICIAL CIRCUIT IN AND
FOR ORANGE COUNTY, FLORIDA

CASE NO. 07-CA- [REDACTED]

NICKOLAS EPSILANTIS
and STEVEN SARIN, on behalf of
themselves and all others similarly situated,

Plaintiffs,

CLASS REPRESENTATION

vs.

TRANS CONTINENTAL AIRLINES, INC.,
TRANS CONTINENTAL AIRLINES TRAVEL
SERVICE, INC., TRANS CONTINENTAL
ENTERPRISES, LLC, LOUIS J. PEARLMAN,
LOUIS J. PEARLMAN ENTERPRISES, INC.,
TRANS CONTINENTAL RECORDS, INC.,
TC LEASING, LLC, TRANS CONTINENTAL
TALENT, INC., FASHION ROCK, LLC,
TRANS CONTINENTAL TRAVEL SERVICE,
INC., F.F. STATION, LLC, TRANS COUNTRY
MUSIC GROUP, INC., TRANS CONTINENTAL
STUDIOS, INC., TRANS CONTINENTAL
AVIATION, INC., AEGIS CONSULTING,
INC., and KRISTIN FINGER,

Defendants.

Other

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ORANGE COUNTY, FL.

CLASS ACTION COMPLAINT

Plaintiffs, by and through their attorneys, bring this Complaint, on behalf
of themselves and all other persons similarly situated, to obtain declaratory and
other relief, costs of suit, and attorneys' fees from the Defendants, TRANS

23307-Just Citings - (no civil cover sheet)

CONTINENTAL AIRLINES, INC., TRANS CONTINENTAL AIRLINES TRAVEL SERVICE, INC., TRANS CONTINENTAL ENTERPRISES, LLC, (hereinafter “Trans Con Defendants”) LOUIS J. PEARLMAN, LOUIS J. PEARLMAN ENTERPRISES, INC., TRANS CONTINENTAL RECORDS, INC., TC LEASING, LLC, TRANS CONTINENTAL TALENT, INC., FASHION ROCK, LLC, TRANS CONTINENTAL TRAVEL SERVICE, INC., F.F. STATION, LLC, TRANS COUNTRY MUSIC GROUP, INC., TRANS CONTINENTAL STUDIOS, INC., TRANS CONTINENTAL AVIATION, INC., AEGIS CONSULTING, INC., and KRISTIN FINGER. Plaintiffs complain and allege, upon information and belief, as follows:

NATURE OF ACTION

1. This is a class action brought by Steven Sarin (hereinafter “Sarin”) and Nickolas Epsilantis (hereinafter “Epsilantis”, or collectively referred to as “Plaintiffs”) on behalf of themselves and all others similarly situated.

2. This is a class action for damages in excess of Fifteen Thousand and no/100 dollars (\$15,000.00), exclusive of attorneys’ fees and costs,

3. Venue and jurisdiction is appropriate in Orange County, Florida, because the primary Defendants are residents of Florida and all Defendants are principally located in Orange County, Florida and the Defendants issued the securities which are the subject of this action and accepted deposits from offices within Orange County. Epsilantis is a resident of Florida and more than two-thirds of the plaintiff class members are residents of the State of Florida.

SUMMARY OF CLAIM

4. Defendants have offered and sold, or received proceeds from, unregistered securities identified as the "Employee Investment Savings Account" program or "E.I.S.A." In December 2006, the State of Florida, Office of Financial Regulation (hereinafter "OFR") filed suit after investigating Defendants' role in the E.I.S.A.'s of investors such as Sarin and Epsilantis. Upon information and belief, records obtained by the OFR indicate that outstanding E.I.S.A. program "deposits" are at a minimum between \$95 million and \$153 million.

5. Similar to OFR's allegations, Plaintiffs, and all others similarly situated, also allege that the Trans Con Defendants and Pearlman have engaged in securities fraud by making a variety of misrepresentations that lulled individual E.I.S.A. investors into believing their investment "deposit" was safe, secure and residing in U.S. financial institutions. The Trans Con Defendants represented to Sarin that FDIC and other insurance, including Lloyd's of London, guaranteed the investment. (Exhibit A). FDIC, Lloyd's of London or AIG insurance, however, did not exist.

6. Defendant Trans Continental Airlines, Inc. (hereinafter "Trans Con Airlines") used a "Deposit" slip filled out by Plaintiffs and, upon information and belief, other investors to facilitate the deposit of investors' money into Defendants' accounts. These dollars were then deposited into various checking accounts in the

name of Trans Con Airlines. Under the E.I.S.A. program, Plaintiffs were told these funds were to be transferred to FDIC insured financial institutions where the funds would generate higher than average dividends. Under the E.I.S.A. program Plaintiffs were further led to believe that Trans Con Airlines would continue to provide account information on "Trans Continental" account statements reflecting "available balance," "insured amount," and "interest rate."

7. OFR, after its investigation, alleges in its suit that rather than invest these millions of investor dollars as promised, the Trans Con Defendants and Pearlman have instead transferred or received, and concealed the true disposition of the funds. OFR further states that the investors' "deposits of approximately \$118 million have been utilized to pay earlier investors both dividends and cash withdrawals as is the case in Ponzi schemes."

8. Upon information and belief, Sarin and Epsilantis' investments were improperly diverted to the Trans Con Defendants and Pearlman's closely held corporations, including to Louis J. Pearlman Enterprises, Inc., which, according to OFR, has received more than \$34 million in E.I.S.A. program dollar transfers and Louis J. Pearlman individually, who has received more than \$4.2 million in transfers.

9. Upon information and belief, Audited Financial Statements for Trans Con Airlines issued by Cohen & Siegel CPA's, Coral Gables, Florida neither

reflect a \$100 million plus liability for E.I.S.A. accounts nor any corresponding asset (such as the \$40 million) or receivable associated with the transfer to the other Defendants, and that Cohen & Siegel's Coral Gables office is actually the location of an answering service, whose services were paid for in part from the same Trans Con Airlines' bank account utilized by the Defendants to receive, transfer and conceal investor funds.

10. Upon information and belief, in August 2006, two bank wires totaling \$611,289.04 in E.I.S.A. program funds were made to one of the banks for what appears to be a monthly loan payment.

11. OFR sued Defendants to enjoin the Defendants from continuing to violate the Florida Securities and Investor Protection Act, Chapter 517, Florida Statutes, and the Florida Financial Institution Code, Chapter 655, Florida Statutes.

12. On February 2, 2007, this Court ordered the imposition of a Receiver over the assets of Defendant Trans Continental Airlines, Inc., Defendant Trans Continental Airlines Travel Services, Inc., and Defendant Trans Continental Enterprises, LLC a/k/a Trans Continental Enterprises LLC (i.e. the "Trans Con Defendants").

13. Upon information and belief, OFR also enjoined "Relief Defendants" as persons "concerned in" and "participating in" such practices in violation of Chapter 517, Florida Statutes; for doing any act or acts in furtherance of a violation

of Chapter 517; and from continuing fraudulent practices or doing any act in furtherance of a fraudulent practice in violation of Chapter 517.

14. Upon information and belief, OFR also sought and obtained injunctive relief against all the Defendants and the Relief Defendants in the form of an order of restitution requiring the Defendants and the Relief Defendants to disgorge ill gotten gains and unjust enrichment, to include: (i) requiring all Defendants and Relief Defendants to submit an accounting of investor funds and other assets in their possession, (ii) an order freezing the Defendants' and the Relief Defendants' assets, including all assets held for the direct or indirect benefit, or subject to the direct or indirect control, of the Defendants and Relief Defendants; (iii) an order requiring disgorgement/restitution of funds and assets equal to the amount of investor funds received by the Defendants and the Relief Defendants; (iv) a schedule for expedited discovery; (v) an order requiring the repatriation of all assets abroad which were obtained or derived from the illegal securities and banking transactions, (vi) an order prohibiting the Defendants and Relief Defendants from accepting or depositing additional investor funds; and, (vii) an order prohibiting the alteration or destruction of relevant documents.

15. Plaintiff, Steven Sarin, is a resident of New York and an investor in Defendants' E.I.S.A program.

16. Plaintiff, Nickolas Epsilantis, is a resident of Pinellas County and an

investor in Defendants' E.I.S.A. program.

17. Defendant Trans Continental Airlines, Inc. ("Trans Con Airlines") is a Florida corporation with its principal place of business in Orlando, Florida.

18. Defendant Trans Continental Airlines Travel Service, Inc. ("Trans Con Airlines Travel") is a non-registered entity, which was and is doing business in Orlando, Florida, as alleged in more detail below, in the form of issuing Federal Tax Form 1099-INT under its own name and FEI number to Defendant Trans Con Airs' E.I.S.A. investors, from offices at 127 West Church Street, Orlando, Florida.

19. Defendant Trans Continental Enterprises, LLC a/k/a Trans Continental Enterprises LLC ("Trans Con Enterprises") is a Florida limited liability company with its principal place of business in Orlando, Florida.

20. Defendant Louis J. Pearlman ("Pearlman") is a Florida resident.

21. Defendant Louis J. Pearlman Enterprises, Inc. ("Pearlman Enterprises") is a Florida corporation with its principal place of business in Orlando, Florida.

22. Defendant Trans Continental Records, Inc. ("Trans Con Records") is a Florida corporation with its principal place of business in Orlando, Florida.

23. Defendant TC Leasing, LLC ("TC Leasing") is a Florida limited liability company with its principal place of business in Orlando, Florida.

24. Defendant Trans Continental Talent, Inc. ("Trans Con Talent") is a

Florida corporation with its principal place of business in Orlando, Florida.

25. Defendant Fashion Rock, LLC ("Fashion Rock") is a Florida limited liability, company with its principal place of business in Orlando, Florida.

26. Defendant Trans Continental Travel Service, Inc. ("Trans Con Travel") is, upon information and belief, a "void" Delaware corporation with its principal place of business in Orlando, Florida.

27. Defendant F.F. Station, LLC ("F.F. Station") is a Florida limited liability company with its principal place of business in Orlando, Florida.

28. Defendant Trans Country Music Group, Inc. ("Trans Country Music") is a Florida corporation with its principal place of business in Orlando, Florida.

29. Defendant Trans Continental Studios, Inc. ("Trans Con Studios") is a Florida corporation with its principal place of business in Orlando, Florida.

30. Defendant Trans Continental Aviation, Inc. ("Trans Con Aviation") is a Florida corporation with its principal place of business in Orlando, Florida.

31. Defendant Aegis Consulting, Inc. ("Aegis Consulting") is a Florida corporation with its principal place of business in Valrico, Florida.

32. Defendant Kristin Finger ("Finger") is a Florida resident.

33. Defendant Pearlman is listed as the President and Registered Agent by the Florida Department of State, Division of Corporations for the following Defendant entities: Tran Con Airlines, Trans Con Records, and Trans Con

Aviation.

34. Defendant Pearlman is listed as the Managing Member or Manager and Registered Agent for the following Defendant entities: TC Leasing, Fashion Rock, and F.F. Station.

35. Defendant Pearlman is listed as a Director and Registered Agent of the following Defendant entities: Pearlman Enterprises and Trans Con Studios.

36. Fischetti is listed as Director and Registered Agent of Defendant Trans Country Music.

37. Defendant Pearlman is listed as a Chairman and Director for Trans Con Talent.

38. Crudele is listed as Director and Registered Agent for Aegis Consulting.

39. Defendants Trans Con Airlines Travel and Trans Con Travel are, upon information and belief, "void" Delaware corporations, are not registered with the Florida Department of State, Division of Corporations, and list Delaware entities as Registered Agents.

40. On information and belief, Defendant Pearlman owns a majority interest or otherwise controls all of the Defendant business entities, which are alter egos of Pearlman, with the exception of Defendants Trans Country Music and Aegis Consulting, which on information and belief are controlled respectively by

Fischetti (as "Director") and Crudele (as "Director").

41. On information and belief, Defendant Trans Con Airlines Travel is the alter ego of Defendant Trans Con Airlines.

42. From the 1980's through December 2006, Trans Con Airlines has offered Florida and non-Florida residents the opportunity to invest funds in its "Employee Investment Savings Account" program or "E.I.S.A." program (hereinafter the "E.I.S.A. program").

43. E.I.S.A. program investors were not required to be employees of Trans Con Airlines, Inc.

44. Funds invested in the E.I.S.A. program have been provided to Trans Con Airlines at its offices in Orlando, Florida.

45. These funds have been deposited into Trans Con Airlines Florida based bank accounts.

46. Defendant Pearlman is the President of Trans Con Airlines.

47. Defendant Pearlman is a signatory on Trans Con Airlines bank accounts.

48. Employee and agent Fischetti is an officer of Tran Con Airlines.

49. Upon information and belief, Fischetti's signature appears on virtually all checks issued by Trans Con Airlines associated with the E.I.S.A. program, with the exception of a few checks containing Pearlman's signature.

50. Employee and agent Crudele markets the E.I.S.A. program on behalf of Trans Con Airlines.

51. Crudele, through Defendant Aegis Consulting, contracts with other sales agents to market the E.I.S.A. program.

52. Upon information and belief, Crudele provided E.I.S.A. marketing materials to E.I.S.A. sales agents.

53. Investors in the E.I.S.A. program were advised by the Trans Con Airlines E.I.S.A. offering documents as well as by sales agents, who were under the direction of Pearlman and Crudele, that in exchange for an investor depositing funds in the E.I.S.A. program, an investor would earn "high yield Money Market" interest rates.

54. Investors utilized "Deposit" slips to facilitate investments.

55. Investors were also entitled to the return of initial investment through a redemption process lasting 14 days.

56. Investors utilized "Withdrawal" slips to facilitate returns.

57. Investors received quarterly statements on letterhead utilizing the identification of "TRANS CONTINENTAL," (Exhibit B) as well as other regular communications touting the E.I.S.A. program (Exhibit C).

58. The quarterly statements reflected deposits, interest earned, and account balance.

59. The quarterly statements reflected either "Insured Amount" or "Insured Account Balance," when in fact no insurance existed.

60. Upon information and belief, some E.I.S.A. program participants received Federal Tax Form 1099-INT for the year 2005.

61. The 1099's were issued by Defendant Trans Con Airlines Travel, not Defendant Trans Con Airlines.

62. Defendant Trans Con Airlines Travel identified itself on the 1099's with Federal Employment Identification #133065160.

63. Defendant Trans Con Airlines utilizes FEI #133056529 in its registration with the Florida Department of State, Division of Corporations and in conjunction with opening and operating its bank accounts.

64. Form 1099 recipients were not advised of the transfer of their deposit to the corporate entity "Trans Continental Airlines Travel Service, Inc."

65. Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors were to be passive and were not expected or obligated to perform any entrepreneurial effort in conjunction with Trans Con Airlines' effort to produce the income or profit, which would result in the payment of the interest.

66. Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors were falsely advised that "corporate rates" were

available on E.I.S.A. deposits through FDIC insured institutions such as Citibank, NationsBank, and in more recent years Bank of America.

67. Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors were falsely advised that "corporate rates" were paid by these financial institutions to purportedly cash laden companies such as Defendant Trans Con Airlines.

68. Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors were falsely advised that their accounts were to be held at the financial institutions "individually" in the investor's name and with a separate account number.

69. Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors were falsely advised by Trans Con Airlines that their accounts were covered by F.D.I.C. insurance up to \$100,000.

70. While recent quarterly statements received by Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors, no longer contain a second page reflecting FDIC insurance coverage, earlier E.I.S.A. quarterly statements explicitly reflected such coverage.

71. Upon information and belief, Defendant Trans Con Airlines is not an FDIC insured financial institution.

72. Upon information and belief, the OFR has obtained an FDIC

certification confirming this fact.

73. Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors were falsely advised that all E.I.S.A. accounts were reinsured through Lloyd's of London or AIG Insurance Company.

74. Upon information and belief, Defendant Trans Con Airlines E.I.S.A. accounts were not insured by Lloyd's of London or AIG Insurance Company.

75. Upon information and belief, the OFR has obtained Lloyd's corporate records and a verified statement confirming the lack of Lloyd's of London insurance on the E.I.S.A. accounts.

76. Upon information and belief, the OFR has obtained a verified statement from AIG confirming the lack of AIG insurance on the E.I.S.A. accounts.

77. Upon information and belief, the E.I.S.A. program sales agents utilized Dun & Bradstreet reports for Defendant Trans Con Airlines.

78. Upon information and belief, the Dun & Bradstreet reports were based on the Cohen & Siegel financial statements, self-reported to Dun & Bradstreet by the Defendant Trans Con Airlines.

79. Upon information and belief, the Dun & Bradstreet reports did not reference the E.I.S.A. program or associated program assets and liabilities.

80. Upon information and belief, based on the OFR's investigation, the OFR can establish that there is a minimum of \$95.9 million in outstanding E.I.S.A. program investments among a minimum of 1,374 investors.

81. Upon information and belief, Oscher Consulting, P.A. ("Oscher") was provided access by Defendant Trans Con Airlines to "Quick Books" entries reflecting outstanding liabilities associated with the E.I.S.A. program at \$153,712,030.42.

82. Upon information and belief, OFR has obtained documents provided by investors who have invested in shares of Defendant Trans Con Airlines Travel.

83. Upon information and belief, like E.I.S.A. program accounts, these shares of stock generated "interest" at a fixed rate.

84. Upon information and belief, like E.I.S.A. program accounts, an investor could withdraw the "available balance" by submitting a request to Tran Con Airlines.

85. Upon information and belief, account statements issued in connection with these shares, as recently as June 30, 2006, are on Defendant Trans Con Airlines Travel letterhead, rather than on Trans Con Airlines letterhead, additionally evidencing the symbiotic relationship between these entities.

86. Based on misrepresentations or omissions of fact by Defendant Trans Con Airlines and its agents including Pearlman, Fischetti and Crudele, Plaintiffs

Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors were led to believe that E.I.S.A. accounts were held at U.S. financial institutions "individually" (in each investor's name) and under separate account numbers.

87. Based on misrepresentations or omissions of fact by Defendant Trans Con Airlines and its agents including Pearlman, Fischetti and Crudele, Plaintiffs Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors were led to believe that their investments were safe, secure, and protected by FDIC insurance or additional re-insurance.

88. Upon information and belief, an OFR analysis of Defendant Trans Con Airlines' bank records indicates that between January 2003 and December 2006, approximately \$118 million in proceeds from the sale of the E.I.S.A. program were received and deposited in the Defendant Trans Con Airlines' bank accounts.

89. Upon information and belief, Defendant Trans Con Airlines transferred approximately \$4.2 million to Defendant Pearlman.

90. Upon information and belief Defendant Trans Con Airlines transferred approximately \$34 million to Defendant Pearlman Enterprises.

91. Upon information and belief, Defendant Trans Con Airlines transferred approximately \$2 million to Defendant Trans Con Records.

92. Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors were not advised that their funds would be paid out to earlier E.I.S.A. program investors for account closures or as interest payments.

93. Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors were not advised that their funds would be paid to third parties in any manner, including to a church.

94. Defendants Trans Con Airlines and Pearlman represented to Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors that E.I.S.A. program details included the following:

- a. that the E.I.S.A. program investor funds were held in U.S. bank accounts;
- b. that the FDIC insured each E.I.S.A. account up to \$100,000;
- c. that a Lloyd's of London insurance policy and Subsequently an AIG insurance policy covered each E.I.S.A. account;
- d. that a Florida C.P.A. firm, Cohen & Siegel, issued an opinion concerning the E.I.S.A. program on May 3, 1995.

95. Defendant Trans Con Airlines and Pearlman provided a copy to Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors of a document that served as proof that Lloyd's of London insured E.I.S.A. accounts in U.S. financial institutions.

96. Upon information and belief, OFR possesses documents reflecting Lloyd's Policy # 823/AM9100780 and the "Assured" is Trans Continental Airlines, Inc. Orlando, Florida, 32819 U.S.A.

The document further provided:

The risk, interest location, and sum insured hereunder

Add endorsement to policy to insure all deposited funds (Corporate and Employee Investment Savings Accounts — E.I.S.A.) maintained with approved Federal Deposit Insurance Corporation (FDIC) United States Banking Institutions, to a maximum liability of US \$500,000,000.00 against default, foreclosure, bankruptcy or the inability of the Institution to return any balance of deposited funds within fourteen days of applicable notice thereof. Approved Institutions shall include: Citicorp/Citibank, N.A; NCNB/C&S — Nations Bank; Southeast Bank, N.A./First Union National Bank of Florida. Deposited funds and EISA statements shall be available calendar quarterly for inspection by Insurer or its representatives. EISA accounts shall be insured on an individualized basis, net of the applicable FDIC insurance coverage. If such FDIC insurance is not paid within fourteen days, said FDIC proceeds will be assigned to Insurer and accounts will be insured in full and covered under this policy.

97. Upon information and belief, the OFR has obtained a verified statement from Lloyd's that provides that no such Lloyd's policy number or policy has ever existed.

98. Defendant Pearlman, and Fischetti, in addition to failing to disclose to Sarin, and upon information and belief, other similarly situated E.I.S.A. investors, Defendant Trans Con Airlines' regulatory inquiries and the lack of FDIC and other insurance, failed to disclose and otherwise omitted material information concerning the financial condition of Defendant Trans Con Airlines.

99. Without full and fair disclosure, Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors were unable to

make an informed decision concerning their investment.

100. Upon information and belief, the OFR investigation has not disclosed any instance when an E I S.A. program investor was provided copies of Defendant Trans Con Airlines' financial statements nor has it disclosed an instance where E.I.S.A. program assets and liabilities were fully and fairly identified.

101. Defendant Trans Con Airlines did not disclose to Sarin or Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors its liabilities which are identified in four recent lawsuits by banks seeking to collect approximately \$14 million in past due loans and \$49 million in loan guarantees that have been called.

102. Further alleged in these suits are that the outstanding stock of Defendant Trans Con Airlines was pledged by the Defendant Pearlman as collateral for these loans. For example, 190,000 shares of pledged preferred stock and approximately 347,000 shares of pledged common stock are at issue as collateral as alleged in the American Bank litigation, securing indebtedness in excess of \$27 million.

103. Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors were not advised that control of the very entity the investors entrusted with their funds was potentially subject to change based on claims by these creditors.

104. Upon information and belief, on August 11 and August 15, 2006, bank wires totaling \$611,289.04 in E.I.S.A. program funds were provided to American Bank of St. Paul by Defendant Trans Con Airlines.

105. On information and belief, the August 2006 two wires totaling \$611,289.04 were to make payment on the American Bank loan, which loan is now the subject of litigation.

106. Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors were not advised their funds would be provided to American Bank of St. Paul as payment on a loan.

107. Section 517.021, Florida Statutes, entitled **Definitions**, provides at subsection (20) the following definition of a security:

- (20) "Security" includes any of the following:
 - (a) ...
 - (f) An evidence of indebtedness.
 - (q) An investment contract.

The E.I.S.A. program investment is a "security" as defined by Section 517.021(20)(f and (q), Florida Statutes.

108. The E.I.S.A. program investment is not a "federal covered security" as defined by Section 517.021(10), Florida Statutes.

109. Upon information and belief, at all times material to this action Defendants Trans Con Airlines, Trans Con Airlines Travel, Trans Con Enterprises, and Pearlman, were not registered as an "issuer," "dealer" or "associated person"

pursuant to the registration provisions of Chapter 517, Florida Statutes.

110. Upon information and belief, at all times material to this action, the E.I.S.A. program offered by Defendants Trans Con Airlines was not registered as a "security" pursuant to the registration provisions of Chapter 517, Florida Statutes.

111. Upon information and belief, at all times material to this action, Defendant Trans Con Airlines was not authorized to do business pursuant to the Financial Institutions Codes of the State of Florida or the codes of any state, or authorized by federal law.

112. Florida Statutes Chapter 517.301 provides a cause of action for, among other things, misrepresentations and omissions in connection with the rendering of investment advice.

113. Recommending the investment in the E.I.S.A. Program constitutes the rendering of investment advice.

114. The Defendants obtained money from the Plaintiffs by means of a scheme to defraud, and misrepresentations and omissions of material facts in connection with the rendering of investment advice in violation of Section 517.301 of the Florida Securities Investor Protection Act, falsely misrepresented to the Plaintiff material facts as set forth herein above.

115. In connection with the transaction described above, the Defendants also omitted to disclose material facts to the Plaintiffs in violation of Section

517.301, Florida Securities Investor Protection Act, as set forth herein above.

116. In connection with the transaction described above, the Defendants employed a scheme to defraud and engaged in business which operated as a fraud, as previously set forth herein. Said conduct is in violation of Section 517.301 Florida Statutes.

117. Section 517.301, Florida Statutes, **entitled Fraudulent transactions; falsification or concealment of facts**, provides at section (1)(a)1, 2, and 3, the following:

- (1) It is unlawful and a violation of the provisions of this chapter for a person:
 - (a) In connection with the rendering of any investment advice or in connection with the offer, sale, or purchase of any investment or security, including any security exempted under the provisions of s. 517.051 and including any security sold in a transaction exempted under the provisions of s. 517.061, directly or indirectly:
 1. To employ any device, scheme, or artifice to defraud;
 2. To obtain money or property by means of any untrue statement of a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
 3. To engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon a person.

CLASS ACTION ALLEGATIONS

The Relief Sought for Members of the Class

118. This action is brought by Plaintiffs, for themselves and on behalf of all others similarly situated, under the provisions of Florida Rules of Civil Procedure Rule 1.220 (b)(2) and (b)(3) for: (i) declaratory judgment that Defendants violated Florida securities laws; (ii) breach of fiduciary duty, (iii) breach of contract; (iv) unjust enrichment including an accounting which determines all damages caused by Defendants to the members of the Class defined below and the extent of the unjust enrichment of the Defendants from their wrongful activities, as well as repayment of such unjust enrichment and the earnings thereupon; (v) civil remedies of criminal practices (vi) money damages to be paid by the Defendants associated with the above claims; (vii) for relief incident and subordinate thereto, including the costs and expenses of this action and an award of attorneys' fees and reimbursement of expenses to Plaintiffs' counsel.

Common Questions of Law and Fact Predominate

119. The prosecution of separate claims or defenses by or against individual members of the class would create a risk of adjudications concerning individual members of the class which would, as a practical matter, be dispositive of the interests of other members of the class who are not parties to the adjudications, or substantially impair or impede the ability of other members of the class who are not parties to the adjudications to protect their interests.

Defendants have acted and/or refused to act on grounds generally applicable to all members of the Class and relief concerning the class as a whole is therefore appropriate. Each of Defendants' actions challenged herein affect Plaintiffs and each Class member in an identical fashion.

120. There are common questions of law and fact in this class action that relate to and affect the rights of each member of the Class including, *inter alia*:

- a) Whether the Plaintiffs and the Class are entitled to declaratory relief.
- b) Whether the Plaintiffs and the Class are entitled to a reasonable award of attorneys' fees, interest and costs of suit.
- c) Whether, as a corporate fiduciary, the Trans Con Defendants and Pearlman owe and owed fiduciary duties to Plaintiffs and members of the Class, including a duty of loyalty, a duty of candor, a duty of fair dealing, a duty to avoid self-dealing, an affirmative duty to furnish information and disclose all material facts involving the beneficiaries' fiduciary accounts, and a duty to administer such accounts solely in the beneficiaries' interests, rather than in Trans Con Defendants' and Pearlman's own interests.
- d) Whether Trans Con Airlines and its related companies were corporate fiduciaries that held themselves out as experts in investments and financial management.
- e) Whether, as corporate fiduciaries which held themselves out as experts in investments and financial management, Trans Con Airlines and its principals were required to exercise a higher degree of care in managing fiduciary accounts than would have been required to the average person.
- f) Whether the Trans Con Defendants and Pearlman breached fiduciary and contractual duties owed to Plaintiffs and the Class

by failing to conduct its fiduciary operations in conformity with the requirements of Florida law and other applicable law and regulations.

- g) Whether the Trans Con Defendants and Pearlman breached their fiduciary duties to Plaintiffs and members of the Class by failing to disclose all material facts involving the E.I.S.A. accounts with respect to the Trans Con Airlines fiduciary accounts generally.
- h) Whether Trans Con Defendants and Pearlman breached their fiduciary duties owed to Plaintiffs and members of the Class by failing to administer their fiduciary accounts solely in the interests of the beneficiaries thereof.
- i) Whether all Defendants appropriated to themselves the funds in the E.I.S.A. accounts.
- j) Whether Defendants conduct constituted self-dealing at the expense of Plaintiffs and the members of the Class.
- k) Whether the Defendants are liable to members of the Class for the damages they suffered due to breach of fiduciary duties and otherwise;
- l) What remedies are appropriate compensation for the damages caused to Plaintiffs and each member of the Class.

121. The relief sought is common to the entire Class including, *inter alia*:

- a) a declaratory judgment that the Trans Con Defendants violated Florida law;
- b) whether a fiduciary duty was violated as Trustee (or other similar fiduciary role) with respect to the affected fiduciary accounts and whether it was aided and abetted by the other Defendants and others in doing so;
- c) payment by the Defendants of compensatory damages caused by their breaches of fiduciary and contractual duties;

- d) payment by the Defendants of the costs and expenses of this action, including the attorneys' fees of Plaintiffs' counsel.

122. On information and belief, the Trans Con Defendants and Pearlman in conspiracy with the other Defendants and others, decided to divert the assets of fiduciary accounts in its care to payment of Defendants debts.

123. Pursuant to directives from Pearlman, fiduciary assets were increasingly channeled into Trans Con Airlines' related companies typically without any material disclosures made to the beneficiaries of the affected accounts that such investments were contrary to their best interests for many of the reasons set forth in this Complaint.

124. A fiduciary such as Trans Con Airlines is obligated to consider each fiduciary account within its care and the needs of the accounts' beneficiaries on an individualized basis.

125. All members of the Class were adversely affected by the self-serving business decisions of Trans Con Airlines to invest the fiduciary account assets within Trans Con Airlines' control.

Typicality

126. The claims of Plaintiffs, who represent the Class, are typical of the claims of all Class members thereof. Plaintiffs are situated identically to all members of the Class with respect to the issues presented in this case. The claims

of Plaintiffs are based on the same fundamental factual allegations and legal theories as the claims of all other member of the Class. Similarly, if Defendants are violating Florida statutory law, such violation affects the Plaintiffs and Class members in an identical fashion.

127. All E.I.S.A. investors and Plaintiffs, as E.I.S.A. beneficiaries, have been adversely affected by the wrongdoing of the Defendants as described herein.

128. Upon information and belief, the funds in the E.I.S.A. accounts like all other fiduciary accounts, were used by Trans Con Airlines, the other Defendants and their affiliates to generate additional management, investment advisory and/or other fees and benefits for themselves without regard for the best interests of the beneficiaries of such accounts such as Plaintiffs and the members of the Class.

Numerosity

129. Upon information and belief, Trans Con Airlines serves as a fiduciary (such as a Trustee, Guardian, Executor, etc.) for thousands of E.I.S.A. accounts affected by the wrongdoing described herein.

130. The members of the Class are so numerous as to make a Class Action appropriate, and have been estimated to be approximately 1,400 in the OFR action.

Class Definition

131. The proposed Class is defined as follows: All persons having invested

in E.I.S.A. programs of Defendants. Excluded from the class are: the Defendants and any judge or judicial officer who may hear any aspect of this case (and his or her law clerks).

Adequacy of Representation

132. Plaintiffs can and will adequately represent and protect the interests of the Class and have no interests that conflict with or are antagonistic to the interests of Class members. Plaintiffs have retained attorneys competent and experienced in class actions. No conflict exists between Plaintiffs and Class members. Plaintiffs and Class members are identically situated with respect to the claims alleged herein.

133. The attorneys for Plaintiffs are experienced and capable of prosecuting complex litigation such as this case. The attorneys for Plaintiffs and the Class will actively conduct and be responsible for the prosecution of this litigation and the expenses thereof. The attorneys for Plaintiffs have adequate resources, experience and commitment to litigate this matter.

COUNT I **VIOLATION OF FLORIDA SECURITY AND INVESTOR** **PROTECTION ACT: § 517.301(1)(a)1 AGAINST THE** **TRANS CON DEFENDANTS AND PEARLMAN**

134. Paragraphs 1 through 133 are hereby realleged and are incorporated herein by reference.

135. The E.I.S.A. Program involves a commitment of money.

136. The E.I.S.A. Program involves a common enterprise.

137. The E.I.S.A. Program involves an expectation of profit solely through the efforts of another.

138. The E.I.S.A. Program is an investment contract.

139. The E.I.S.A. Program involves the offer, sale or purchase of a security.

140. The Trans Con Defendants (i.e. Trans Con Airlines, Trans Con Airlines Travel, Trans Con Enterprises), and Pearlman, and employees Fischetti and Crudele, acting in concert with various sales agents at their control, and in connection with the offer and sale of an investment or security as represented by the E.I.S.A. program investments/securities, did employ various devices, schemes, or artifice to defraud Sarin, Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors.

141. Defendants Trans Con Airlines, Trans Con Airlines Travel, Trans Con Enterprises, Pearlman, and their employees Fischetti and Crudele, acting in concert with various sales agents under their control, and in connection with the offer and sale of an investment or security as represented by the E.I.S.A. program investments/securities, did directly or indirectly obtain money or property by means of an untrue statement of a material fact or by an omission to state a material fact necessary in order to make the statements made, in the light of the

circumstances under which they were made, not misleading.

142. By reason of the foregoing, the Defendants violated § 517.301(1)(a)1, Florida Statutes.

143. Pursuant to § 517.211(2), **remedies available in cases of unlawful sale**, Plaintiffs are entitled to damages and/or rescission from Defendants who are jointly and severally liable.

WHEREFORE, Plaintiffs, on behalf of themselves and all others similarly situated, demand judgment pursuant to the Florida Declaratory Judgment Act, §§ 86.011 – 86.111, and other applicable law against the Trans Con Defendants and Pearlman in the form of declaratory relief declaring that they have violated Florida Statutes §§ 517.301(1)(a)1, 517.301(1)(a)(2), 517.301(1)(a)3, 517.07, 517.12(1), and for damages, interest, prejudgment interest, attorneys' fees and costs, and for such other and further relief that this Court deems appropriate.

COUNT II
VIOLATION OF FLORIDA SECURITY AND INVESTOR
PROTECTION ACT: 517.301(1)(a)2 AGAINST THE
TRANS CON DEFENDANTS AND PEARLMAN

144. Paragraphs 1 through 133 are hereby realleged and are incorporated herein by reference.

145. The E.I.S.A. Program involves a commitment of money.

146. The E.I.S.A. Program involves a common enterprise.

147. The E.I.S.A. Program involves an expectation of profit solely through

the efforts of another.

148. The E.I.S.A. Program is an investment contract.

149. The E.I.S.A. Program involves the offer, sale or purchase of a security.

150. Defendants Trans Con Airlines, Trans Con Airlines Travel, Trans Con Enterprises, and Pearlman, and their employees Fischetti and Crudele, acting in concert with various sales agents under their control, and in connection with the offer and sale of an investment or security as represented by the E.I.S.A. program investments/securities, did directly or indirectly obtain money or property by means of an untrue statement of a material fact or by an omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

151. The transactions in question constitute an investment as defined by §517.301(1)(a)2.

152. By reason of the foregoing, the Defendants violated § 517.301(1)(a)1, Florida Statutes.

153. Pursuant to § 517.211(2), **remedies available in cases of unlawful sale**, Plaintiffs are entitled to damages and/or rescission from Defendants who are jointly and severally liable.

WHEREFORE, Plaintiffs, on behalf of themselves and all others similarly

situated, demands judgment pursuant to the Florida Declaratory Judgment Act, §§ 86.011 – 86.111, and other applicable law against the Trans Con Defendants and Pearlman in the form of declaratory relief declaring that they have violated Florida Statutes §§ 517.301(1)(a)1, 517.301(1)(a)(2), 517.301(1)(a)3, 517.07, 517.12(1), and for damages, interest, prejudgment interest, attorneys' fees and costs, and for such other and further relief that this Court deems appropriate.

COUNT III
VIOLATION OF FLORIDA SECURITY AND INVESTOR
PROTECTION ACT: § 517.301(1)(a)3 AGAINST THE
TRANS CON DEFENDANTS AND PEARLMAN

154. Paragraphs 1 through 133 are hereby realleged and are incorporated herein by reference.

155. The E.I.S.A. Program involves a commitment of money.

156. The E.I.S.A. Program involves a common enterprise.

157. The E.I.S.A. Program involves an expectation of profit solely through the efforts of another.

158. The E.I.S.A. Program is an investment contract.

159. The E.I.S.A. Program involves the offer, sale or purchase of a security.

160. Defendants Trans Con Airlines, Trans Con Airlines Travel, Trans Con Enterprises, and Pearlman, and their employees Fischetti and Crudele, acting in concert with various sales agents under their control, and in connection with the

offer and sale of an investment or security as represented by the E.I.S.A. program investments/securities, did engage in a transaction, practice, or course of business which operated as a fraud or a deceit upon the E.I.S.A. program investors.

161. Defendants Trans Con Airlines, Trans Con Airlines Travel, Trans Con Enterprises, and Pearlman, and their employees Fischetti and Crudele, acting in concert with various sales agents under their control, and in connection with the offer and sale of an investment or security as represented by the E.I.S.A. program investments/securities, did directly or indirectly obtain money or property by means of an untrue statement of a material fact or by an omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

162. By reason of the foregoing, the Defendants violated §517.301(1)(a)3, Florida Statutes.

163. Pursuant to § 517.211(2), **remedies available in cases of unlawful sale**, Plaintiffs are entitled to damages and/or rescission from Defendants who are jointly and severally liable.

WHEREFORE, Plaintiffs, on behalf of themselves and all others similarly situated, demand judgment pursuant to the Florida Declaratory Judgment Act, §§ 86.011 – 86.111, and other applicable law against the Trans Con Defendants and Pearlman in the form of declaratory relief declaring that they have violated Florida

Statutes §§ 517.301(1)(a)1, 517.301(1)(a)(2), 517.301(1)(a)3, 517.07, 517.12(1), and for damages, interest, prejudgment interest, attorneys' fees and costs, and for such other and further relief that this Court deems appropriate.

COUNT IV
SALE OF UNREGISTERED SECURITIES: §517.07 AGAINST THE
TRANS CON DEFENDANTS AND PEARLMAN

164. Paragraphs 1 through 133 are hereby realleged and are incorporated herein by reference.

165. The E.I.S.A. Program involves a commitment of money.

166. The E.I.S.A. Program involves a common enterprise.

167. The E.I.S.A. Program involves an expectation of profit solely through the efforts of another.

168. The E.I.S.A. Program is an investment contract.

169. The E.I.S.A. Program involves the offer, sale or purchase of a security.

170. Section 517.07, Florida Statutes, entitled **Registration of Securities**, provides at subsection (1) the following:

(1) It is unlawful and a violation of this chapter for any person to sell or offer to sell a security within this state unless the security is exempt under s. 517.051, is sold in a transaction exempt under s. 517.061, is a federally covered security, or is registered pursuant to this chapter.

171. Defendants Trans Con Airlines, Trans Con Airlines Travel, Trans Con Enterprises, and Pearlman, and their employees Fischetti and Crudele, acting in

concert with various sales agents under their control, offered and sold unregistered securities within the state of Florida in the form of the E.I.S.A. program.

172. By reason of the foregoing, the Defendants violated § 517.07(1), Florida Statutes.

173. Pursuant to § 517.211(1), **remedies available in cases of unlawful sale**, Plaintiffs are entitled to damages and/or rescission from Defendants who are jointly and severally liable.

WHEREFORE, Plaintiffs, on behalf of themselves and all others similarly situated, demands judgment pursuant to the Florida Declaratory Judgment Act, §§ 86.011 – 86.111, and other applicable law against the Trans Con Defendants and Pearlman in the form of declaratory relief declaring that they have violated Florida Statutes §§ 517.301(1)(a)1, 517.301(1)(a)(2), 517.301(1)(a)3, 517.07, 517.12(1), and for damages, interest, prejudgment interest, attorneys' fees and costs, and for such other and further relief that this Court deems appropriate.

COUNT V

**SALE OF SECURITIES BY UNREGISTERED DEALER,
ISSUER OR ASSOCIATED PERSON: § 517.12(1) AGAINST
THE TRANS CON DEFENDANTS AND PEARLMAN**

174. Paragraphs 1 through 133 are hereby realleged and are incorporated herein by reference.

175. The E.I.S.A. Program involves a commitment of money.

176. The E.I.S.A. Program involves a common enterprise.

177. The E.I.S.A. Program involves an expectation of profit solely through the efforts of another.

178. The E.I.S.A. Program is an investment contract.

179. The E.I.S.A. Program involves the offer, sale or purchase of a security.

180. Section 517.12, Florida Statutes, entitled **Registration of dealers, associated persons, investment advisers; and branch offices**, provides at subsection (1) the following:

(1) No dealer, associated person, or issuer of securities shall sell or offer for sale any securities in or from offices in this state, or sell securities to persons in this state from offices outside this state, by mail or otherwise, unless the person has been registered with the office pursuant to the provisions of this section. The office shall not register any person as an associated person of a dealer unless the dealer with which the applicant seeks registration is lawfully registered with the office pursuant to this chapter.

181. Defendants Trans Con Airlines, Trans Con Airlines Travel, Trans Con Enterprises, and Pearlman, and their employees Fischetti and Crudele, offered and sold securities, from offices within the state of Florida or to persons within the state of Florida, in the form of the E.I.S.A. program, without being registered by the Plaintiffs.

182. By reason of the foregoing, the Defendants violated § 517.12(1), Florida Statutes.

183. Pursuant to § 517.211(1), **remedies available in cases of unlawful**

sale, Plaintiffs are entitled to damages and/or rescission from Defendants who are jointly and severally liable.

WHEREFORE, Plaintiffs, on behalf of themselves and all others similarly situated, demands judgment pursuant to the Florida Declaratory Judgment Act, §§ 86.011 – 86.111, and other applicable law against the Trans Con Defendants and Pearlman in the form of declaratory relief declaring that they have violated Florida Statutes §§ 517.301(1)(a)1, 517.301(1)(a)(2), 517.301(1)(a)3, 517.07, 517.12(1), and for damages, interest, prejudgment interest, attorneys' fees and costs, and for such other and further relief that this Court deems appropriate.

COUNT VI
BREACH OF FIDUCIARY DUTY AGAINST
TRANS CON DEFENDANTS AND PEARLMAN

184. Paragraphs 1 through 133 are hereby realleged and are incorporated herein by reference.

185. The Trans Con Defendants and Pearlman owed and have owed fiduciary duties to Plaintiffs and each member of the Class as defined herein, because of their assuming the status as trustees and investment advisors, and providing financial services. Each of the other Defendants, aided and abetted Trans Continental in their breaches of fiduciary duty by, *inter alia*, receiving diverted E.I.S.A. funds facilitating the transactions described herein, and failing to disclose all material facts with respect thereto to the beneficiaries of the affected

fiduciary accounts. Plaintiffs reposed trust in these Defendants, but the best interests of the beneficiaries were never given any consideration by Defendants in their decisions to divert the E.I.S.A. funds or to appropriate for themselves and unjustly benefit from the investments.

186. Upon information and belief, in conspiracy with the other Defendants, The Trans Con Defendants and Pearlman failed to consider the best interests of their fiduciaries E.I.S.A. accounts when it invested fiduciary assets in its own debt and related entities and breached its duty of loyalty to Plaintiffs and other Class members by putting the interests of itself and its affiliates before the interests of Plaintiffs and the members of the Class.

187. The Trans Con Defendants' and Pearlman's diversion of E.I.S.A. funds and its misrepresentation as to FDIC insurance, were breaches of its fiduciary duties owed to Plaintiffs and the members of the Class, which breaches were aided, abetted and/or directed by the other Defendants and their affiliates.

188. As a result, Plaintiffs and other similarly situated beneficiaries of fiduciary accounts for which the Trans Con Defendants and Pearlman were or are a fiduciary have been damaged in an amount to be determined by the Court, but believed to be substantial and well in excess of \$100,000,000.

WHEREFORE, Plaintiffs, on behalf of themselves and all others similarly situated, demand judgment against the Trans Con Defendants and Pearlman for

damages in excess of \$15,000.00, exclusive of interest, prejudgment interest, attorneys' fees and costs, for the imposition of a constructive trust against these Defendants to the extent they have acquired or possess any assets from the E.I.S.A. program, and for such other and further relief that this Court deems appropriate.

COUNT VII
BREACH OF CONTRACT AGAINST TRANS CON AIRLINES

189. Paragraphs 1 through 133 are hereby realleged and are incorporated herein by reference.

190. By means of the acceptance by Trans Con Airlines agreeing to act as corporate fiduciary with respect to the E.I.S.A. accounts each of the other fiduciary accounts maintained by Trans Con Airlines committed to provide to all such fiduciary accounts complete investment management services of a corporate fiduciary and render such services on an individualized basis consistent with the goals and objectives of the creators of the fiduciary accounts and the needs of the beneficiaries thereof. Such obligation of Trans Con Airlines is an implied and material term in every agreement between Trans Con Airlines and the creators of fiduciary accounts who appointed Trans Con Airlines as a corporate fiduciary, none of whom anticipated or could reasonably foresee that Trans Con Airlines would breach its duty of loyalty to the creators of such accounts and their beneficiaries such as Plaintiffs and the members of the Class in the manner described herein.

191. Plaintiffs and each member of the Class were and/or are beneficiaries of Trans Con Airlines' contractual obligations to the creators of the fiduciary accounts described herein. Trans Con Airlines breached its respective contractual obligations to Plaintiffs and the Class by aiding and abetting Defendants. Further, an implied term of the contracts between and among Plaintiffs and the Class members and Trans Con Airlines as referred to herein was that the assets of the fiduciary accounts of Plaintiffs and the members of the Class would be invested for the primary benefit of such beneficiaries and in a way that would generate the lowest expenses and best returns consistent with prudent investment practices.

192. To the extent Trans Con Airlines made representations to members of the Class whose consents thereto were sought by Trans Con Airlines to the effect that such transactions were to be insured and safe and that such representations were accepted by the recipients thereof who provided such consents, a contractual relationship existed based upon such offers and acceptances.

WHEREFORE, Plaintiffs, on behalf of themselves and all others similarly situated, demand judgment against Defendant Trans Con Airlines for damages in excess of \$15,000.00, exclusive of interest, prejudgment interest, attorneys' fees and costs, and for such other and further relief that this Court deems appropriate.

COUNT VIII
UNJUST ENRICHMENT AGAINST ALL DEFENDANTS

193. Paragraphs 1 through 133 are hereby realleged and are incorporated

herein by reference.

194. By reason of the Trans Con Defendants and Pearlman's causing the E.I.S.A. fiduciary assets in affected accounts to be invested in unrelated ventures, all Defendants have self dealt, double dipped, and obtained other unjustified benefits as described above including the receipt and retention of E.I.S.A. funds. All Defendants have profited unjustly by such diversions, the investment of fiduciary assets in Defendants' proprietary funds and the other acts described herein, thereby enriching themselves at the expense of Plaintiffs and the members of the Class. Defendants have similarly enriched themselves, their subsidiaries and affiliates.

195. The Defendants have invested the proceeds of the foregoing unjust enrichment and realized additional profits thereupon, all of which should be returned to the fiduciary accounts and other similarly affected accounts and/or their beneficiaries, as the Court shall deem appropriate. Plaintiffs and others similarly situated are entitled to recover the Defendants' ill-gotten gains and profits therefrom.

WHEREFORE, Plaintiffs, on behalf of themselves and all others similarly situated, demand judgment against the Trans Con Defendants and Pearlman for damages in excess of \$15,000.00, exclusive of interest, prejudgment interest, attorneys' fees and costs, for the imposition of a constructive trust against these

Defendants to the extent they have acquired or possess any assets from the E.I.S.A. program, and for such other and further relief that this Court deems appropriate.

COUNT IX
CIVIL REMEDIES FOR CRIMINAL PRACTICES UNDER
SECTION 772.104, FLORIDA STATUTES AGAINST ALL DEFENDANTS

196. Paragraphs 1 through 133 are hereby realleged and are incorporated herein by reference.

197. This is an action against all Defendants for civil remedy for criminal practices under Section 772.104, Florida Statutes, and for damages in excess of \$15,000.00, exclusive of interest, attorneys' fees and costs.

198. Defendants engaged in a systematic, on-going pattern of fraud, creating or utilizing multiple corporations and/or business entities causing the E.I.S.A. fiduciary assets in affected accounts to be directed to Defendants' unrelated accounts, thus diverting and misappropriating the E.I.S.A. funds through Defendants' directives to Defendants' unrelated ventures, directly or indirectly, through the various corporate entities created, used, controlled and/or manipulated, with the intent to defraud Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors, in violation of Sections 817.03, 812.014 and 772.103, Florida Statutes.

199. In conspiracy with the other Defendants, the Trans Con Defendants and Pearlman engaged in a systematic, on-going course of conduct with the intent

to defraud Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors of the benefit and value of their property in violation of Sections 817.03, 812.014, and 772.103, Florida Statutes.

200. In conspiracy with the other Defendants, the Trans Con Defendants and Pearlman engaged in a systematic, on-going course of conduct with the intent to defraud Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors and to deprive him of the benefit and value of his E.I.S.A. funds in violation of Sections 817.03, 812.014, and 772.103, Florida Statutes.

201. Defendants, acting in agreement, combination and conspiracy with the Trans Con Defendants and with one another, aided, abetted, encouraged, facilitated and concealed Pearlman's diversion and misappropriation of the E.I.S.A. funds from Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors with the intent of extinguishing the legal rights of Sarin and Epsilantis and rendering his assets worthless, in violation of Sections 817.03, 812.014, and 772.103, Florida Statutes.

202. Defendants, acting in agreement, combination and conspiracy with the Trans Con Defendants and Pearlman, and with one another, aided, abetted, encouraged, facilitated and concealed Pearlman's systematic, on-going course of conduct intended to defraud Sarin and Epsilantis, and upon information and belief,

other similarly situated E.I.S.A. investors and to deprive him of the benefit and value of his E.I.S.A. funds that he invested with Trans Con Airlines in violation of Sections 817.03, 812.014 and 772.103, Florida Statutes.

203. Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors have been damaged by Defendants acting in agreement, combination and conspiracy with one another to fraudulently deprive Sarin and Epsilantis of the value of his assets in violation of Sections 817.03, 812.014, and 772.103, Florida Statutes.

204. Sarin and Epsilantis did not discover, and were prevented by, Trans Continental acting in agreement, combination and conspiracy with the other Defendants, from discovering the fraud perpetrated upon him until the OFR litigation was initiated against Defendants in 2006.

205. Pursuant to Section 772.104, Florida Statutes, Sarin and Epsilantis are entitled to recover threefold his actual damages as a result of the fraud perpetrated upon him by Defendants in violation of Sections 817.03, 812.014, and 772.103, Florida Statutes.

206. Pursuant to the doctrine of *respondeat superior*, Defendants are responsible to Sarin and Epsilantis, and upon information and belief, other similarly situated E.I.S.A. investors for any damages they have suffered as a result

of the aforementioned wrongful conduct of the officers, directors, agents and employees of said corporations.

207. Sarin and Epsilantis have been required to retain and have promised to pay the law firm of Morgan & Morgan, P.A., reasonable attorneys' fees to prosecute this action and vindicate their rights.

208. Pursuant to Section 772.104, Florida Statutes, Sarin and Epsilantis are entitled to recover his reasonable attorneys' fees and costs incurred to prosecute this action and vindicate their rights against Defendants.

WHEREFORE, Plaintiffs, on behalf of themselves and all others similarly situated, pursuant to Section 772.104, Florida Statutes, demand judgment against Defendants for his actual damages resulting from the fraud perpetrated on him by said Defendants in violation of Sections 817.03, 812.014, and 772.103, Florida Statutes, together with treble damages; prejudgment interest on the damages he has sustained, reasonable attorneys' fees and costs, and, for such other and further relief to which Plaintiff is entitled.

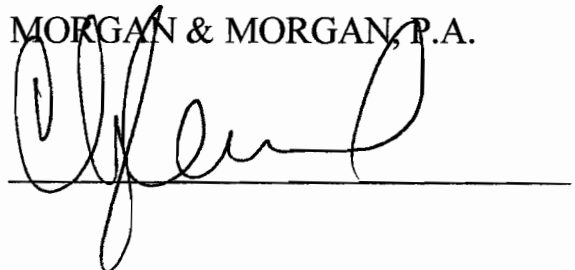
DEMAND FOR JURY TRIAL

Plaintiffs hereby demand a trial by jury for all claims so triable as a matter of right.

DATED: February 22, 2007

MORGAN & MORGAN, P.A.

By: _____



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