

CMKX SHAREHOLDERS COALITION VS. THE SEC

Kelowna Registry No. S 85268

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

CMKX Shareholders Coalition for Justice
PLAINTIFF

AND:

The US Securities and Exchange Commission

DEFENDANT

WRIT OF SUMMONS

The Plaintiff:

CMKX Shareholders Coalition for Justice
101-1865 Dilworth Drive
Suite # 169
Kelowna BC
V1Y 9T1

The Defendant:

The US Securities and Exchange Commission
c/o Mary Schapiro
100 F Street NE
Washington DC
20549

ELIZABETH THE SECOND, by the Grace of God, of the United Kingdom, Canada and Her other Realms and Territories, Queen, Head of the Commonwealth, Defender of the Faith.

To: The US Securities and Exchange Commission

TAKE NOTICE that this action has been commenced against you by the plaintiff(s) for the claim(s) set out in this

writ.

IF YOU INTEND TO DEFEND this action, or if you have a set off or counterclaim that you wish to have taken into account at the trial, YOU MUST

(a) GIVE NOTICE of your intention by filing a form entitled "Appearance" in the above registry of this court at the address shown below, within the Time for Appearance provided for below and YOU MUST ALSO DELIVER a copy of the Appearance to the plaintiff's address for delivery, which is set out in this writ, and

(b) If a statement of claim is provided with this writ of summons or is later served on or delivered to you, FILE a Statement of Defence in the above registry of this court within the Time for Defence provided for below and DELIVER a copy of the Statement of Defence to the plaintiff's address for delivery.

YOU OR YOUR SOLICITOR may file the Appearance and the Statement of Defence. You may obtain a form of Appearance at the registry.

JUDGMENT MAY BE TAKEN AGAINST YOU IF

(a) YOU FAIL to file the Appearance within the Time for Appearance provided for below,

(b) YOU FAIL to file the Statement of Defence within the Time for Defence provided for below.

TIME FOR APPEARANCE

If this writ is served on a person in British Columbia, the time for appearance by that person is 7 days from the service (not including the day of service).

If this writ is served on a person outside British Columbia, the time for appearance by that person, after service, is 21 days in the case of a person residing anywhere within Canada, 28 days in the case of a person residing in the United States of America, and 42 days in the case of a person residing elsewhere. [or if the time for appearing has been set by order of the court, within that time.]

TIME FOR DEFENCE

A Statement of Defence must be filed and delivered to the plaintiff within 14 days after the later of

(a) the time that the Statement of Claim is served on you (whether with this writ of summons or otherwise) or is delivered to you in accordance with the Rules of Court, and

(b) the end of the Time for Appearance provided for above.

[or if the time for defence has been set by order of the court, within that time.]

(1) THE ADDRESS OF THE REGISTRY IS:

1355 Water Street, Kelowna, British Columbia V1Y 9R3

(2) THE PLAINTIFF'S ADDRESS FOR DELIVERY IS:

101-1865 Dilworth drive Suite # 169 V1Y 9T1 Kelowna BC

WHEREFORE the Plaintiff claims: See attached Statement of Claim

STATEMENT OF CLAIM

1. The Plaintiff CMKX Shareholders Coalition for Justice, 101-1865 Dilworth Drive Suite # 169 Kelowna BC V1Y 9T1.

2. The Defendant The US Securities and Exchange Commission

3. Through its negligent actions and inactions the SEC caused CMKX's scheme to continue, perpetuate, and expand, eventually resulting in millions of losses by investors, and directly caused plaintiffs to lose more than \$250 million dollars, and valuable land rights. The SEC owed a duty of care to all of those investors, including plaintiffs, because it was reasonably foreseeable that they would rely on the SEC to remove the danger posed by CMKX corrupt insiders if the SEC had information confirming the existence of that danger. The SEC breached its duty of care and, in doing so, proximately caused Plaintiffs' injuries, in that those injuries were the natural, probable, and foreseeable outcome of the SEC's failure to terminate CMKX's scheme despite its multiple opportunities to do so. The fact that corrupt insiders of CMKX's own actions also contributed to Plaintiffs' injuries does not protect the SEC liability, because the SEC's negligence was both a substantial factor in bringing about those injuries, and because those injuries would not have occurred but for the SEC's negligence. Had the SEC carried out its functions with even a minimum of reasonable due care, the CMKX shareholders would not have been victims of this fraud. Furthermore, the SEC's negligence is not shielded by doctrine of sovereign immunity as it did not occur in the performance of its discretionary functions. The evidence not only shows the SEC's negligence but shows the SEC aided and abetted the crime and its cover up.

4. The SEC cannot evade accountability with a shield of immunity that is designed to be reserved for policy decisions, nor can the SEC seek refuge in a warped premise that because the damage inflicted was so vast, it is somehow incapable of being remedied civilly. The same warped premise was used to create the illegal grandfather clause to protect the perpetrators who created a situation so extreme that, per the SEC itself, it could melt the markets if they had to follow the law and cover the counterfeit stock that was created in a timely manner, as the SEC is constitutionally mandated to enforce.

5. Statute of Limitations does not apply in this case as the crime and its' cover up continues to this day. In fact, the Senate in the United States is trying to currently pass a bill that would force the laws that are currently on the books be enforced as the SEC refuses to do so despite their constitutional mandate. The bill is SB 605. Although the SEC is mandated under the United States Constitution, the SEC has the duty to carry out their mandate for all shareholders and markets who they oversee.

6. The SEC will try and change the venue of this case to suit their purpose and find a friendly court in the United States. The CMKX Shareholders Coalition for Justice asks this not be allowed as the SEC clearly used loop holes in Canada to help create trillions of dollars in counterfeit shares, working in collusion with certain Canadian institutions, who will be named in this case as co-conspirators. Also there are hundreds of thousands of Canadians who have been directly affected by the SEC's negligence and collusion and have been directly injured by the SEC's actions, and they deserve justice in a Canadian court as they are the victims and deserve to be able to have a jury of their own peers decide if they were injured. The SEC has facilitated this crime worldwide and the CMKX Shareholders Coalition for Justice asks that an International Tribunal or Pecora style Independent Commission be formed to investigate the largest crime in history and the SEC and those they colluded with.

7. Here is a link with comments by Mark Faulk which show that this case should stay in Canada. The SEC and their cohorts used Canada to do much of the naked shorting that they admit in their meeting notes resulted in multi trillion dollars in damages to shareholders just in the OTC market alone (and that is a value of the decreased stock

price due to the dilution of their share price from the resulting counterfeit shares being on the market). This multi trillion dollar theft does not include all other exchanges which have pandemic counterfeiting on them as well. The SEC was fully aware of these loop holes and did not perform their duty to all shareholders by closing this immediately, and contravened RULE17A by purposely allowing this fraud to continue. Given much of the crime happened in Canada and there are thousands of Canadian victims, we ask that a Canadian court have jurisdiction over this case: <http://www.faulkingtruth.com/Articles/Investing101/1001.html>

8. The SEC aided and abetted violations of the Canadian Criminal Code, including: 382 (fraudulent manipulation of the stock market), 462.31 (laundering proceeds of crime), and 380(2) (affecting public market). The SEC is mandated by the United States Constitution to enforce rule 17A of the 1934 Securities and Exchange Act, and by purposely allowing that rule to be broken and by making rules that knowingly violate that mandate, the SEC violated fifty thousand shareholders rights in CMKX and millions of individual shareholders rights worldwide. The SEC did, in fact, collude with the perpetrators in CMKX and have colluded with perpetrators in thousands of other companies, and have purposely mislead the public as to the size and scope of the counterfeiting of CMKX and the stock market in general.

9. The SEC created an illegal clause that contravened RULE17A, the Grandfather Clause, which allowed the perpetrators that counterfeited the stock market in general and those that counterfeited CMKX the right to not deliver the shareholders' shares in a timely manner, which goes directly against their mandate. RULE17A clearly states that shares are to be promptly cleared and settled, including transfer of record ownership...are necessary for the protection of investors. Section 36 of the same Act states clearly that SEC exemptions are to protect investors, but the SEC created the Grandfather Clause to conceal a multi trillion dollar crime and made that clause in concert with the perpetrators. The SEC has provided securities and options market makers exemptions from reasonable delivery (known as the Madoff Exemption after the infamous Bernie Madoff). This exemption is used to hide massive counterfeiting of the stock market and is a clear violation of RULE17A.

10. The CMKX Shareholders Coalition for Justice presents evidence that was delivered to the F.B.I in Nevada, the R.C.M.P in British Columbia, and mailed to Judge Larry Hicks, the judge in Civil Action No. 2:08-cv-0437, 4-7-08, United States District Court, District of Nevada. The specific negligence of the SEC and their collusion with perpetrators inside CMKX is documented here and is entered into evidence. Here is a comprehensive paper on the SEC's collusion with criminals inside CMKX and proof they covered up the crimes of other brokers as is their modus operandi: <http://www.cmxx.info/omegapaper110309.html>

11. CMKX represents the largest counterfeited stock in history (per Al Hodges comment letter to the SEC file number S7-08-08). It was counterfeited by insiders of CMKX with the full blessing of the SEC. The SEC was fully aware of John Edwards laundering money (selling unregistered shares) through various accounts at NevWest years before they took action. The evidence is in the phone records of NevWest who contacted the SEC each time Edwards came in with a cert to sell through different accounts. Instead of stopping the fraud the SEC told NevWest to sell the stock effectively aiding the fraud. Instead of taking action the SEC and NASD (FINRA) ignored the evidence and dozens of other red flags, allowing the scheme to continue unabated, costing CMKX shareholders hundreds of millions of dollars.

12. The SEC subpoenaed records that proved insiders of CMKX were laundering money through the Silver State Bank and selling counterfeit stock on September 5th 2004, they allowed the fraud to continue despite having this evidence and allowed hundreds of billions of unregistered shares to trade and cost CMKX shareholders hundreds

of millions of dollars. The perpetrators moved sixty four million dollars out of CMKX bank accounts right under the nose of the SEC costing CMKX shareholders the entire sixty four million dollars.

13. Two hundred and fifty million dollars was stolen from CMKX shareholders, but the insiders that the SEC colluded with stole sixty four million dollars, meaning there was almost two hundred million dollars stolen from CMKX shareholders by other brokers who counterfeited CMKX stock. The SEC, as is their modus operandi covered up the wall street brokers who stole almost two hundred million dollars from CMKX investors, blaming the theft only on insiders of CMKX and NevWest when they were fully aware of who else counterfeited CMKX stock, as they have the records. NevWest complained that they were singled out when other brokers sold hundreds of billions of shares.

14. The SEC was fully aware of the fraud inside CMKX and fully aware of the counterfeiting of its' stock as early as May 26th 2003, as in a fax that day from Lindsey McCarthy of the SEC to CMKX's transfer agent where they become aware of James Kinney's suspicious trading activities. An investigation was well under way in May 2004 as shown by a fax to CMKX's transfer agent regarding John Edwards (the insider who masterminded the sale of counterfeit shares of CMKX). SEC enforcement attorney Leslie Hakala was in contact with Roger Glenn in the summer of 2004 per CMKX's pr person Andrew Hill showing she was fully aware of the fraud inside CMKX. The SEC subpoenaed the fraud records from the Silver State Bank September 5th 2004. NevWest phoned in ever cert to the SEC that the mastermind John Edwards brought in since October 2004. After this and during this the SEC allowed the sale of hundreds of billions of shares of CMKX and allowed the money to be laundered and stolen, causing hundreds of millions of dollars in damages to the CMKX shareholders.

15. The SEC was aware of the potential value of CMKX's land rights and allowed through their actions and inactions the loss to shareholders the right to most of those claims. The claims were not maintained due to lack of funds, those funds were lost as a direct result of the SEC's negligence and collusion with the perpetrators. In fact, evidence shows that corrupt insiders of CMKX transferred valuable land rights to partners. An example of that evidence is in the testimony in the Star Uranium vs. Shore Gold case.

16. The CMKX shareholders lawyer Bill Frizzell produced, for the SEC, evidence of the largest proven naked short in history. The SEC denied that evidence in their hearing against CMKX and completely covered-up the crime, except for the illegal shares sold by insiders of CMKX, causing damages to all CMKX shareholders. Bill Frizzell has NOBO lists showing hundreds of billions of shares were sold by other brokers, that evidence was completely cover-up and those brokers were not included in any SEC actions and have not been indicted with the other perpetrators. The evidence presented proved that hundreds of billions of shares were sold ex-clearing, ex-clearing is a violation of RULE17A in itself and is well known by the SEC and allowed to happen.

17. The SEC has for decades colluded with Wall Street firms, the DTCC, the Federal Reserve, hedge funds, and others to defraud all shareholders. Between 1996 and 2001 the SEC and FBI were tracking money laundering through Canada, and knew crime families were trading naked short through Canada as Canada had no affirmative determination laws. In 1998 the SEC received over 3000 comment letters regarding the abuses of naked shorting. In 1999 the SEC participated in "operation uptick" which identified hundreds of companies that were victims of crime families who worked in concert with major wall street firms (none of the firms or those working in these wall street firms were indicted despite the fact that the crime family members they worked with were convicted of rico crimes). In 2001 the NASD presented the SEC a proposal to modify RULE 3370 to eliminate the loophole associated with the naked shorting through Canada (the loophole was a clear violation in itself of RULE 17A). They finally closed the loophole in April 2004 better than two years later and trillions of dollars in counterfeit shares later. In

2001 EagleTech Communications filed rico charges against many well known brokers on wall street and eventually won their criminal rico case against crime family member who worked with many of those well known firms.

18. In conclusion, the SEC allowed this fraud and aided and abetted this fraud by their actions and inactions. The SEC concealed from the general public the fact that trillions of dollars in counterfeit shares were on the market. The SEC created rules that not only violated their constitutional mandate, they made rules that ensured that victim companies and individual investors would never receive relief. In particular, the SEC aided in the cover up of this fraud by creating the Grandfather Clause in concert with the perpetrators in a closed door meeting. They knowingly violated their constitutional mandate by protecting the perpetrators instead of the investors whom they are by law mandated to protect, and they covered-up a multi-trillion dollar fraud. Hundreds of billions of counterfeited shares in CMKX were grandfathered, and trillions of shares market wide were grandfathered, totaling trillions of dollars. The SEC admitted that the Grandfather clause was to prevent short squeezes in stocks that had large naked short positions in an email to David Patch, as that would cause market volatility, that is clear market wide manipulation and a clear violation of their constitutional mandate. In other words, the fraud was so enormous that it was impossible to fix so they had to cover it up.

19. As stated directly from the SEC, "Other recent rulemakings by the SEC can be neatly described by a single, four letter word that is the source of many nightmares for securities operations professionals — the word is "FAIL." Fail is an especially appropriate word to describe the substance of one of these rule makings, and the process and theory of others. The first rule making is the pending proposal to amend Regulation SHO, and thus relates to the noun form of the word "fail" — as in a "fail to deliver." I am happy to report that the amendments under consideration by the Commission would, if adopted, help reduce the number of aged fails to deliver. These amendments would eliminate the now-notorious "grandfather" exception from Reg. SHO and would limit the scope of the options market maker exception."

20. They continue, "I can't leave the topic of "fails" without touching on one more highly important issue currently facing the Commission. This goes back to the meaning of "fail" as a noun. The SEC has recently been involved in a very proactive (some might even say prudential) exercise with respect to the issue of fails in the OTC derivatives markets. In response to reports of widespread documentation problems in those markets, the SEC has joined forces with other regulators, most notably the Federal Reserve Board and Britain's FSA, to encourage OTC market participants to clean up years of incomplete and inaccurate trade documentation. The need to act was clear. From all reports, the backlog of unconfirmed trades, which essentially are fails, and the widespread and unchecked use of novations in the credit derivatives markets had crippled risk management efforts and set the stage for a massive meltdown in certain default scenarios. Given the multi-trillion dollar aggregate notional amounts of the contracts involved, it was easy to see that the OTC derivatives dealers and their counterparties had created an operational problem similar in scope to the late 1960's back-office crisis on Wall Street.

21. The meltdown the SEC referred to did occur, the meltdown affected millions of investors worldwide and was a direct result of collusion by the SEC to allow and facilitate that fraud by their actions and inactions.

22. The CMKX Shareholders Coalition for Justice asks for damages amounting to two hundred and fifty million dollars, stolen from investors due to the SEC's collusion and negligence.

23. The CMKX Shareholders Coalition asks for damages that would amount to the short squeeze in CMKX's stock. To calculate the quantum of damages, the Coalition will need to subpoena records from the SEC that they have concealed from the public, including all CMKX trading records, the exact totals of counterfeit shares sold and by

who, and the real outstanding share count. We request that the present and past land rights announced in press releases be frozen. A complete evaluation of those claims is necessary to complete the calculation to determine the quantum of damages, as the true value of a stock starts with the value divided by the real share count.

24. The coalition asks for the total number of grandfathered shares in the stock market and the names of the companies who had their shares grandfathered, exact totals in dollars of shares grandfathered and their historical price per share. Each shareholder worldwide who owned stock in a company whose shares were grandfathered is a victim.

25. The CMKX Shareholders Coalition asks for an International Special Prosecutor or Commission to investigate the SEC and those they colluded with.

Place of Trial:

The place of trial will be the Kelowna Registry:

ADDRESS OF REGISTRY:

1355 Water Street

Kelowna, B.C. V1Y 1R9

Dated: _____

Plaintiff [or plaintiff's solicitor]