Attorney at Law 225 S. Lake Ave. Suite 300 • Pasadena CA 91101

David D. Queen

Tele: 626-689-2213 • Facsimile: 626-689-2214

7

8

9 10

11

12

13

14

15

16

17

18

19

20

21

22

23 24

25

26

27

28

1 David D. Queen [SBN 207340] 2 225 S. Lake Ave. Suite 300 Pasadena, CA 91101 3 Tele: 626-689-2213 Facsimile: 626-689-2214 4 Email: ddqueen@queenlaw.com Attorney for Plaintiffs Paramount Investigative Services, Inc. 5 and Kenneth Childs 6

#### IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA COUNTY OF LOS ANGELES STANLEY MOSK COURTHOUSE

PARAMOUNT INVESTIGATIVE SERVICES, INC., and KENNETH CHILDS, Plaintiffs vs IRIS AU, DREAM AGENCY, INC., VURG.COM, ZORT, INC. and DOES 1 through 10,

Defendants

UNLIMITED CIVIL 22STCV15330

#### VERIFIED COMPLAINT DAMAGES FOR:

- 1.) Theft by Deception;
- 2.) Intentional Misrepresentation;
- 3.) Business Disparagement;
- 4.) Unfair Business Practices (California Business & Professions Code §17000, et.seq); and
- 5.) Intentional Infliction of **Emotional Distress**

COME NOW, the PLAINTIFFS, by and through their undersigned counsel, and allege as follows:

#### I.PARTIES

1. Plaintiff, Paramount Investigative Services, Inc. ("PARAMOUNT"), is a California corporation with its primary place of business at 633 W. Fifth Street, Los Angeles, CA.

Verified Unlimited Civil Complaint - 1

PARAMOUNT is duly licensed by the California Secretary of State, Bureau of Investigative Services. PARAMOUNT'S primary business is providing investigative and security services.

- 2. Plaintiff Kenneth Childs ("CHILDS") is PARAMOUNT'S Qualified Manager and CEO, duly licensed by the California Secretary of State, Bureau of Investigative Services.

  Collectively PARAMOUNT and CHILDS are referred to herein as PLAINTIFFS.
- 3. Defendant Iris Au ("AU") is an individual who has been previously employed as a real estate agent. She is believed to be in her mid to late 30s. AU has no known financial expertise, training, or meaningful experience in finance, personal or corporate investments or cryptocurrency.
- 4. Dream Agency, Incorporated ("DREAM") is a
  California corporation. In its California Secretary of
  State Statement of Information, filed on March 29, 2022,
  DREAM'S corporate purpose is described as a "marketing
  agency." The Statement of Information identifies AU as the
  Chief Executive Officer, Secretary, Chief Financial
  Officer, and sole Director and as DREAM'S agent for service
  of process. Its corporate headquarters is listed as 1048
  Irvine Ave. #373, Newport Beach, CA 92660. That address is

in a strip mall. Public records list the tenant for unit 373 as Tower Management, Inc., not DREAM or AU. The California Secretary of State database shows no active corporation named Tower Management.

- 5. The Defendant VURG.COM'S ("VURG") website describes itself as "a peer to peer marketplace where users can buy, sell and store popular cryptocurrencies." VURG's website states that it is based in Newport Beach, CA. No specific address for VURG is shown on its website. VURG'S website identifies AU as the "founder and CEO." The Secretary of State database shows no business listing for VURG. The website Instagram revealed that as of April 12, 2022, VURG had 775 followers and oddly lists its location as "The Moon." PLAINTIFFS allege that VURG is a d/b/for AU.
- 6. Defendant ZORT, Inc. ("ZORT") is a Delaware
  Corporation which lists its primary place of business as
  California. ZORT claims to be a software platform which
  allows subscribers to trade in cryptocurrencies. IZA holds
  himself out as the "founder and CEO" of ZORT.
- 7. DOES 1 through 10 are persons or entities whose exact identities are unknown but are believed to have aided, abetted, assisted, and conspired with the named DEFENDANTS. As the DOES' exact identities become known, they will be added as named Defendants. AU, DREAM and VURG

8

9 10

11

12 13

14

15 16

17

18 19

20

21 22

23

24 25

26 27

and the DOES are jointly referred to as the DEFENDANTS unless expressly stated otherwise.

## II. NON-PARTY CONSPIRATORS

- 8. Non-party conspirator Adam Iza ("IZA") is an individual who resides in Los Angeles County. He is believed to be in his late 20s. IZA also uses various aliases including Adam Zort, Adam Asaad Iza and Ahmed Faiq. IZA'S true surname is not currently known to Plaintiffs, although his birth name is believed to be Ahmed Faiq. For purposes of this complaint, however, he will be referred to as "IZA." It is believed that IZA has no legitimate job or source of earned income and lives off various schemes related to cryptocurrency fraud. IZA has no known financial expertise, training, or meaningful experience in finance, personal or corporate investments or cryptocurrency. IZA conspired with others whose roles in the conspiracy are not fully known at this time. Therefore, IZA and those individuals will be collectively referred to as the CONSPIRATORS unless expressly stated to the contrary.
- 9. AU and IZA reside together at 277 St. Pierre Road, Los Angeles, California, along with AU's mother and AU's children from other relationships. At least one Internet real estate listing service estimates the value of their current residence at \$28 million.

III. JURISDICTION AND VENUE

10. All relevant actions and correspondence by and between the Parties and CONSPIRATORS took place in Los Angeles County. All Parties and CONSPIRATORS reside in or conduct business in Los Angeles County, California.

### IV. GENERAL ALLEGATIONS

- 11. It is now believed that DEFENDANTS, along with the CONSPIRATORS, created and/or participated in a massive Ponzi and fraud scheme to con unsuspecting individuals into investing hundreds of millions of dollars in their bogus cryptocurrency fund.
- 12. Defendant AU, acting individually and through DREAM and VURG, conspired with and joined IZA and ZORT in a scheme designed to defraud unsuspecting cryptocurrency investors by promising them services, profits, and security for their funds without revealing to their victims that DEFENDANTS and CONSPIRATORS were converting investor funds to AU'S and IZA'S personal use.
- 13. On or about November 15, 2021, IZA contacted
  CHILDS to enlist the service of PARAMOUNT. IZA told CHILDS
  that an individual IZA identified as Enzo Zelocchi
  ("ZELOCCHI") had stolen a laptop computer belonging to IZA
  and ZORT which IZA claimed contained data necessary for IZA

to access Bitcoin funds belonging to IZA and ZORT which IZA valued at \$1,000,000,000 (one billion dollars USD).

- 14. IZA told CHILDS that he wanted PARAMOUNT to locate ZELOCCHI for the purpose of aiding IZA to assist law enforcement in arresting ZELOCCHI and retrieving the stolen laptop. IZA told CHILDS that time was of the essence and that he wanted PARAMOUNT to conduct a multiple-investigator 24/7 surveillance of ZELOCCHI and to identify and follow anyone associated with ZELOCCHI.
- 15. Based on the representations made by IZA and IZA'S claims about ZELOCCHI, CHILDS agreed to assist IZA. On November 25, 2021, IZA and PARAMOUNT signed a written Services Agreement, a copy of which is attached hereto as Exhibit A.
- 16. The Agreement contains the following material provision under the heading "Scope of Services":

"The Agency [PARAMOUNT] has been hired by Client to perform surveillance and try to establish [in] what apartment this person [ZELOCCHI] resides. We are to follow this person and contact the client to assist with the possible arrest or confrontation for Adam's electronic devices ..."

17. The Agreement also contains the following material provision under the heading "Warranties/Guarantees":

"The Client warrants and guarantees that: (a) it has retained the Agency's services **solely and exclusively** for the reasons described above [Scope of Services] ... and (c) the Client agrees to use the results of the

9 10

11 12

13 1 4

15

16 17

18

19

20 21

22

23 24

25 26

27 28 Agency's investigation solely for lawful purposes." (Emphasis added)

- 18. The Agreement contains an arbitration clause. The Agreement expressly states: "The parties to this agreement are Paramount Investigative Services ... and Adam Zort or Adam Iza ... " IZA signed the Agreement as "Adam Zort." Therefore, the named DEFENDANTS were not signators of the Agreement and not subject to the arbitration clause. PLAINTIFFS reserve the right to petition to rescind the arbitration clause as it relates to IZA personally and to amend this Complaint to include various breach of contract actions and related matters covered in the Agreement.
- 19. Upon signing the Agreement, IZA paid a \$1,000.00 retainer to PARAMOUNT on November 25, 2021, using an American Express credit card with the last four digits 1009. Thereafter, on January 3, 2022, IZA paid PARAMOUNT an additional \$4,000.00 using that same credit card. On January 21, 2022, IZA authorized an additional \$25,000.00 using that same credit card. Those credit card transactions all used "Square" as the processing entity.
- 20. Thereafter, IZA informed CHILDS that he preferred to pay PARAMOUNT going forward by wiring funds into PARAMOUNT'S Wells Fargo bank account. CHILDS agreed to IZA'S request and provided PARAMOUNT's bank account routing

and account numbers. On February 1, 2022, PARAMOUNT'S account received a wire transfer of \$32,400.00; on February 22, 2022, PARAMOUNT received a wire transfer of \$59,900.00. Unknown to CHILDS at the time, the wire transfers were made by and through DREAM.

- 21. When IZA signed the Agreement, IZA knew that his true purpose for hiring PARAMOUNT was not to use information gathered to assist the police or for "lawful" purposes, but rather to use PARAMOUNT's investigation results to steal the laptop and threaten ZELOCCHI and others and to inflict bodily harm to locate the laptop computer.
- 22. DEFENDANTS were aware of IZA'S actions and relationship with PARAMOUNT. AU'S relationship and involvement with IZA was intentionally withheld from PLAINTIFFS. Had CHILDS then known DEFENDANTS' and CONSPIRATORS' true intentions, he would not have agreed to provide PARAMOUNT'S services to IZA, ZORT or the DEFENDANTS.
- 23. Because of IZA'S expansive surveillance and investigative demands, PARAMOUNT employed the services of numerous investigators and operatives whose salaries and expenses were PARAMOUNT'S obligation to pay. Ultimately,

PARAMOUNT incurred more than \$200,000.00 in expenses due from IZA and ZORT.

24. IZA enlisted the services of multiple Los Angeles
County Sheriff's Deputies to provide security and to act on
his behalf in carrying out his operations. Among those was
Deputy Christopher Quintenero ("QUINTENERO") who assisted
IZA in obtaining information, including vehicle
registration and residential information for individuals
IZA believed had stolen his laptop computer. IZA'S
relationship with Quintenero was not originally to
disclosed to PLAINTIFFs.

25. AU, IZA and ZORT have been sued in U.S. District Court for Central District of California (Khan v. Zort, Inc. et.al. 2:21-cv-08681) on allegations that the defendants in that case violated state and federal securities fraud laws as part of a cryptocurrency scheme to defraud numerous individuals of hundreds of millions of dollars from starting in February 2020. DEFENDANTS and CONSPIRATORS never disclosed their prior and/or continuing conduct involving Kahn and Woody.

26. IZA'S claims to PLAINTIFFS that ZELLOCHI stole the laptop computer from IZA to get access to ZORT'S funds was false. Rather, DEFENDANTS and the CONSPIRATORS wanted to retrieve the computer because it contained information

documenting and thereby implicating DEFENDANTS and others in their massive cryptocurrency fraud scheme. It is further believed that DEFENDANTS' true purpose in hiring PARAMOUNT was not, as claimed, to locate a laptop "stolen" from IZA but instead to retrieve the evidence in ZELLOCHI'S possession that implicated DEFENDANTS and others in criminal and civil fraud. PLAINTIFFS now believe that sometime following the 2018 assault on Woody and the theft of the laptop, ZELOCCHI double-crossed DEFENDANTS and the CONSPIRATORS and took the computer for himself.

27. IZA, ZORT and AU have been sued in the Superior Court, County of Los Angeles (Woody v. Zort et.al. Civil Unlimited 22STCV06878). That complaint contains the following allegations which PLAINTIFFS now believe to be supported by evidence and therefore believe to be true. The Woody complaint alleges that on or about September 1, 2018 IZA and ZELOCCHI stole a laptop computer from Troy Woody containing 7,100 Bitcoin worth \$284,500,000 along with personal property. The Woody complaint includes the following pertinent allegations:

"On the evening of September 1, 2018, Woody along with friend Eric Taylor ("Taylor") and Defendants ZELOCCHI and IZA collectively met for a dinner, planned and arranged by Defendant ZELOCCHI. ZELOCCHI's stated purpose was to discuss cryptocurrency investing and opportunities.

"Only a few hours later, on September 2, 2018, at approximately 1:45 am, Woody, Taylor and friend Michelle Masters ("Masters"), were peacefully gathered at an apartment located at 7400 Hollywood Blvd. ZELOCCHI contacted Taylor to come down to the lobby. There Taylor was assaulted by ZELLOCCHI and IZA, and pills were forced into his mouth to ingest. Taylor was handcuffed, and his apartment keys were taken from him and used by IZA to open the door of the apartment where Woody was with his then girlfriend Masters. IZA was wearing a mask and entered the apartment.
ZELOCCHI did not participate in the entry.

"IZA made his entry into the apartment brandishing a 9MM semi-automatic handgun, claiming to be an agent of the FBI and flashed a badge. IZA then gave verbal instructions to not make any moves and to follow instructions. IZA then assaulted Woody and Masters and demanded that Woody hand over his Rolex watch and his wallet. IZA then handcuffed Woody's hands and his legs and pulled out the handgun clip to show Woody there were bullets in the gun so that Woody would be compliant."

- 28. On or about March 12, 2022, IZA fraudulently from PARAMOUNT to engage in unlawful, felonious activity, including a physical attack on David Do ("DO") who was a friend of ZELOCCHI. IZA and QUINTERRO'S brother, Michael, to physically assault and rob DO of his laptop. The laptop in question was previously stolen from Woody by IZA.
- 29. On information and belief, QUINTENERO's assistance to IZA was unlawful, tortious, and in violation of Sheriff Department policies. Eventually, IZA told CHILDS that he (IZA) had paid "thousands of dollars" to QUINTENERO and others to conduct vehicle registration searches and to

perform wiretaps. On information and belief, IZA used QUINTENERO'S information to locate ZELOCCHI. As further information is developed, PLAINTIFFS anticipate substituting QUINTENERO and deputies as defendants for the DOES.

30. On or about March 30, 2022, and using information fraudulently obtained from PARAMOUNT, IZA directed two individuals, whose identities are currently unknown to PLAINTIFFS, to physically assault and rob ZELOCCHI to retrieve from ZELOCCHI the laptop IZA claimed to be his. ZELOCCHI is a resident of the 8000 block of Burton Way, Beverly Glen, Los Angeles. During that robbery attempt the unidentified individuals and ZELOCCHI exchanged gunfire, resulting in a response by the Los Angeles Police Department. ZELOCCHI told police the men escaped without taking any property. ZELOCCHI told authorities that he was afraid for his life.

31. At the time IZA hired PARAMOUNT, DEFENDANTS and the CONSPIRATORS concealed from PLAINTIFFS the circumstances of IZA'S criminal activity involving the facts set forth in the Woody and Kahn complaints. Had PLAINTIFFS known those facts, PLAINTIFFS would not have agreed to assist the DEFENDANTS and CONSPIRATORS.

unlawfully to obtain the laptop computer which contained evidence of their fraudulent scheme a secret.

33. On April 1, 2022, IZA was served with PLAINTIFFS'

32. DEFENDANTS' true purpose in hiring PARAMOUNT was

- 33. On April 1, 2022, IZA was served with PLAINTIFFS' notice of the existence of a dispute between them as required under the Agreement.
- 34. Following IZA'S receipt of the arbitration notice, IZA and his fellow CONSPIRATORS and DEFENDANTS undertook malicious, willful, fraudulent, and tortious actions against PLAINTIFFS.
- 35. On April 9, 2022, PLAINTIFFS were informed by Square that IZA was disputing the \$4,000.00 credit card transaction made on January 3, 2022, more than three months after the original authorization and just days after IZA received PARAMOUNT'S notice of a dispute between it and IZA.
- 36. On April 11, 2022, CHILDS learned that Wells Fargo Bank had frozen all his personal accounts and those of PARAMOUNT. Wells Fargo informed CHILDS the accounts were frozen because of a demand that the wire transfers described above were being recalled. It was then that CHILDS first heard of DREAM. Prior to being informed of the existence of DREAM, CHILDS had reasonably believed and

 assumed that the wired funds had come directly from ZORT or IZA.

- 37. DREAM'S demand for a wire transfer occurred two months after being made, but only days after IZA received PARAMOUNT'S notice of a dispute between it and IZA.
- 38. CHILDS was informed by the Wells Fargo branch manager that the bank's corporate headquarters refused to disclose details other than that the freezing of the accounts was at DREAM'S request and was supported by a "demnification" [sic] agreement. PLAINTIFFS now believe that DEFENDANTS created a bogus document with CHILDS' forged signature which DEFENDANTS and the CONSPIRATORS submitted to Wells Fargo authorizing DREAM to reverse the wire transfers.
- 39. On April 15, 2022, PLAINTIFFS were informed by Square that IZA was disputing the \$25,000.00 credit card transaction made on January 21, 2022, nearly three months after the original authorization and just days after IZA received PARAMOUNT'S notice of a dispute between it and IZA. The two demands for refunding of the credit card transactions resulted in a loss to PLAINTIFFS of \$29,000.00.
- 40. On April 17, 2022, PLAINTIFFS were informed by Square that a PARAMOUNT credit card payment \$12,841.30 to

it from a wholly unrelated client had been used to affect a "refund" to ZORT. DEFENDANTS actions constituted a malicious and tortious interference with a business opportunity and business relationship with the PARAMOUNT client unrelated to DEFENDANTS.

- 41. The timing of the original payments and wire transfers and the subsequent attempts to reverse those charges for receipt of the notice constitute evidence of bad faith, retribution, and an implicit acknowledgement that DEFENDANTS did not have a valid objection to PARAMOUNT'S fees.
- 42. DEFENDANTS' actions as described hrein resulted in Wells Fargo freezing all of PARAMOUNT'S business funds on April 11, 2022, making it impossible for PARAMOUNT to conduct its business, including paying its expenses such as insurance, rent, employee salaries, independent contractors, and the like.
- 43. Because of IZA'S malicious actions, PARAMOUNT's reputation has been irrevocably damaged, its ability to recruit independent contractors for investigative work has been destroyed and its credit status and rating have been permanently damaged. Likewise, PARAMOUNT cannot pay CHILDS which has resulted in CHILDS' loss of reputation, credit status, reputation, and ability to pay his ongoing personal

expenses including his mortgage, taxes, utilities, and the like.

- 44. As a further consequence of DEFENDANTS' actions, automatic debit payments scheduled by CHILDS using his Wells Fargo account have been rejected causing CHILDS and PARAMOUNT to be adversely affected in their credit ratings, ability to conduct business, and to otherwise function.
- 45. The private investigation and security profession requires the use of skilled, experienced, and licensed individuals or employees to function. The operatives used by investigative and security firms are independent contractors who will work for agencies such as PARAMOUNT only if those operatives can be confident they will be asked to engage solely in lawful activities and that they will be promptly paid for the services and reimbursed for their expenses.
- 46. The business community of security and investigation is close knit. Its members communicate regularly with one another. Once an investigations/security agency's reputation for honesty and reliability is damaged, it can take years, if ever, to repair. Without such relationships PLAINNTIFFS' ability to bid for future work, hire those operatives or recruit new, replacement operatives and employees will be significantly impaired.

47. Because of DEFENDANTS' and CONSPIRATORS' actions, the long-standing business and financial relationships established by PLAINTIFFS have been irreparably damaged or destroyed.

#### V. CAUSES OF ACTION

# First Cause of Action Theft by Deception - Penal Code Section 532 (Against all Defendants)

- 48. PLAINTIFFS refer to and incorporate all other paragraphs and information in this Complaint as though fully set forth herein.
- 49. The DEFENDANTS and CONSPIRATORS knowingly and by design and by false and fraudulent pretenses and representations defrauded PLAINTIFFS of their personal property and services by, among other things, making and/or procuring others to report falsely to Square and Wells Fargo, among others, about PLAINTIFFS' mercantile character and thereby obtained property belonging to and earned by PLAINTIFFS.
- 50. The value of that property was at least \$130,000.00.

Second Cause of Action
Intentional Misrepresentation
(Against all Defendants)

- 51. PLAINTIFFS refer to and incorporate all other paragraphs and information in this Complaint as though fully set forth herein.
- 52. IZA made false representations to PLAINTIFFS as if they were true. Specifically, that his purpose in hiring PARAMOUNT was to locate a stolen laptop computer belonging to IZA and to use that information to assist law enforcement in arresting the thieves and recovering the laptop. IZA further falsely represented as true that his purposes in hiring PARAMOUNT were "lawful." Those false representations were expressed orally and in the Agreement.
- 53. IZA intended that PLAINTIFFS would rely upon those false representations. PLAINTIFFS reasonably relied upon those representations.
- 54. PLAINTIFFS suffered substantial financial and reputational harm by relying upon those false representations. PLAINTIFFS" reliance on those false representations was a substantial cause of their harm.

# Third Cause of Action Business/Commercial Disparagement (Against all Defendants)

55. PLAINTIFFS refer to and incorporate all other paragraphs and information in this Complaint as though fully set forth herein.

56. DEFENDANTS made untrue statements about PLAINTIFFS to third parties.

- 57. Those false statements and disparaging comments identified CHILDS and PARAMOUNT by name.
- 58. The statements were made with malice, knowing they were false and were made with the intention of damaging PLAINTIFFS' reputations and for retrieving money rightfully belonging to PLAINTIFFS.
- 59. CHILDS expressly informed IZA that IZA owed PARAMOUNT money for its services and that IZA'S failure to pay PARAMOUNT would result in PARAMOUNT'S inability to pay its employees and operatives.
- 60. DEFENDANTS, acting in concert with the CONSPIRATORS, made false and fraudulent statements to Wells Fargo Bank; specifically, that PLAINTIFFS had perpetrated a fraud against them.
- 61. PLAINTIFFS suffered the actual harm of loss of funds totaling at least \$130,000.00, the loss and impairment of long-established business relationships with employees, operatives and friends in the private investigation and security profession.

Fourth Cause of Action
Unfair Business Practices
(Business & Profession Code §17000, et.seq)
(Against all Defendants)

- 62. PLAINTIFFS refer to and incorporate all other paragraphs and information in this Complaint as though fully set forth herein.
- 63. DEFENDANTS' and CONSPIRATORS' actions directed toward PLAINTIFFS were unlawful, unfair and fraudulent and thereby constituted unfair business practices in violation of Business and Professions Code Section 17000, et.seq.

# Fifth Cause of Action Intentional Infliction of Emotion Distress (Against all Defendants)

- 64. PLAINTIFFS refer to and incorporate all other paragraphs and information in this Complaint as though fully set forth herein.
- 65. The DEEFENDANTS' conduct was outrageous. Their conduct was intended to cause CHILDS emotional distress in retribution for CHILDS' efforts to collect money owed to him and PARAMOUNT and further to deflect attention and blame from the DEFENDANTS for their actions against ZELLOCHI and DO to CHILDS and PARAMOUNT in a malicious attempt to blame PLAINTIFFS for unlawful actions by the DEFENDANTS.
- 66. The DEFENDANTS acted with reckless disregard of the probability that CHILDS would suffer emotional distress, knowing that CHILDS would be present at key times

including CHILDS' dealings with Wells Fargo Bank, PLAINTIFFS' creditors and employees and the like.

67. CHILDS did, in fact, suffer and continues to suffer extreme emotional distress from the DEFENDANTS; conduct which was a substantial factor in CHILDS' distress.

### VI. PRAYER FOR RELIEF

For the reasons set forth above, PLAINTIFF prays for judgment against the DEFENDANTS, and each of them, as follows:

- a.) All funds taken, stolen or obtained by fraud or deception, totaling at least \$130,000;
  - b.) Prejudgment interest;
- c.) \$5,000,000.00 in punitive damages, emotional
  distress, personal and professional injury to PLAINTIFFS'
  reputation, loss of business and interference with
  PLAINTIFFS' ability to conduct future business and
  employment relationships;
  - d.) Fees and costs; and
- e.) And such other relief as is warranted by the evidence produced at trial.

Dated: May 9, 2022

Muija Qua

Attorney for Plaintiff