

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
FORT LAUDERDALE DIVISION

Civil Action No. 0:13-cv-61138-WJZ

GARRY BATES, an individual; and
RENAE BATES, an individual,

Plaintiffs,

v.

WORLDPMX, INC., a Florida corporation;
INVESTMENT QUALITY DIAMONDS, INC., a Florida corporation;
SEAN MCCABE, an individual;
AMERIFIRST TRADING CORP., a Florida corporation;
C. LEO SMITH, an individual; and
WORTH GROUP, INC., a Florida corporation,

Defendants.

AMENDED COMPLAINT FOR DAMAGES

Plaintiffs, GARRY BATES, an individual; and RENAE BATES, an individual (hereinafter “Plaintiffs”), by and through undersigned counsel, hereby sue Defendants, WORLDPMX, INC., a Florida corporation (“WORLDPMX”); INVESTMENT QUALITY DIAMONDS, INC., a Florida corporation (“IQD”); SEAN MCCABE, an individual (“MCCABE”); AMERIFIRST TRADING CORP., a Florida corporation (“AMERIFIRST”); C. LEO SMITH, an individual (“SMITH”); and WORTH GROUP, INC., a Florida corporation (“WORTH GROUP”) (collectively “DEFENDANTS”); pursuant to the Florida Deceptive and Unfair Trade Practices Act (“FDUTPA”), Chapter 501, Fla. Stat., and other violations of Florida state law to recover damages for unlawful, deceptive, and misleading business practices in the State of Florida. In support thereof, Plaintiffs state as follows:

SILVER LAW GROUP

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PRELIMINARY STATEMENT

1. This action seeks to remedy deceptive and systemic practices employed upon Plaintiffs that is now rampant in the unregulated sale of precious metals, including the assessment of exorbitant fees and commissions associated with the purported purchase of the metals -- purchases that, in nearly all instances, never actually happen. Plaintiffs seek to bring an element of transparency to the way DEFENDANTS market their business and exploit their customers by highlighting the representations, and omissions, made to Plaintiffs, and the falsity, or misleading nature, of those representations which resulted in Plaintiffs' complete loss of their investment capital. DEFENDANTS' deceptions were perpetuated to prevent Plaintiffs from realizing that investing with DEFENDANTS ensures nothing other than DEFENDANTS getting rich with Plaintiffs' money and Plaintiffs' being bamboozled into a terrible investment which makes little economic sense and, most likely, will never pay off. DEFENDANTS preyed upon, and took advantage of, the trust placed in their hands by Plaintiffs.

2. The reality of the situation is that DEFENDANTS never possessed any precious metal, never held title to any precious metal, and never had any enforceable commitment to receive or direct delivery of precious metal. DEFENDANTS charged Plaintiffs a finance charge on a loan balance but never disbursed any loan funds to, for, or on behalf of Plaintiffs. DEFENDANTS charged Plaintiffs a storage fee based on the total metal value of each transaction, even though DEFENDANTS never transferred, allocated, stored, or sold any physical metal to, for, or on behalf of Plaintiffs.

3. Through false reports and statements, specifically the trade confirmations, the trade lists, the position lists, the accountant statements, and the notices of allocation, DEFENDANTS misrepresented to Plaintiffs that Plaintiffs bought, and DEFENDANTS had sold to them, precious metal, and that DEFENDANTS held the precious metal underlying Plaintiffs' purchases.

4. Plaintiffs invested \$1,500,000 with DEFENDANTS; and almost instantaneously upon receipt of those funds, DEFENDANTS imposed upon Plaintiffs over \$750,000 in fees, costs, and commissions to invest their money in precious metals. Upon information and belief, this was a sham physical position that did not exist.

5. DEFENDANTS claim to sell physical commodities, including gold, silver, platinum, palladium, and diamonds, in off-exchange transactions to retail customers throughout the United States. In presenting those products to customers such as Plaintiffs, DEFENDANTS make three highly material misrepresentations. DEFENDANTS claim to: (1) sell and transfer to customers ownership of physical metals; (2) make loans to customers to purchase the physical metals; and (3) arrange for storage and store customers' physical metals in independent depositories. In fact, DEFENDANTS do not deal in physical metal. DEFENDANTS do not sell or transfer ownership of any physical metals, and they do not disburse any funds as loans. Moreover, they do not store physical metals in any depositories for or on behalf of customers. In effect, DEFENDANTS charge customers exorbitant, deceptive, and misleading fees and commissions for purchasing metal that is never actually purchased; charge customers exorbitant, deceptive, and misleading interest on loans to buy precious metals that are never actually purchased; and charge customers exorbitant, deceptive, and misleading insurance fees for metal in connection with paper transactions that only provide retail customers a way to speculate on the price direction of metals.

GENERAL ALLEGATIONS

THE PARTIES

Plaintiffs

6. Plaintiff GARRY BATES is an individual domiciled in Dickinson, North Dakota; is a citizen of the State of North Dakota; and is *sui juris*. At all times material hereto, GARRY BATES was married to Plaintiff RENAE BATES.

7. Plaintiff RENAE BATES is an individual domiciled in Dickinson, North Dakota; is a citizen of the State of North Dakota; and is *sui juris*. At all times material hereto, RENAE BATES was married to Plaintiff GARRY BATES.

WorldPMX, IQD, and McCabe

8. Defendant WORLDPMX is a Florida corporation with its principal place of business in Fort Lauderdale, Florida. At all times material hereto, WORLDPMX maintained an office in, and conducted business from, Fort Lauderdale, Florida; and for purposes of diversity jurisdiction, is a citizen of the State of Florida.

9. Defendant IQD is a Florida corporation with its principal place of business in Broward County, Florida. At all times material hereto, IQD maintained an office in, and conducted business from, Broward County, Florida; and for purposes of diversity jurisdiction, is a citizen of the State of Florida.

10. Defendant MCCABE is an individual domiciled in Sunny Isles Beach, Florida; is a citizen of the State of Florida; and is *sui juris*. At all times material hereto, MCCABE was the principal of WORLDPMX and IQD.

11. In essence, WORLDPMX, IQD, and MCCABE are all one-and-the-same. WORLDPMX and IQD are “alter egos” of MCCABE, who dominates and controls the corporate entities to further the fraudulent scheme.

AmeriFirst and Smith

12. Defendant AMERIFIRST is a Florida corporation with its principal place of business in Oakland Park, Florida. At all times material hereto, AMERIFIRST maintained an office in, and conducted business from, Oakland Park, Florida; and for purposes of diversity jurisdiction, is a citizen of the State of Florida.

13. Defendant SMITH is an individual domiciled in Broward County, Florida, is a citizen of the State of Florida; and is *sui juris*. At all times material hereto, SMITH was the principal of AMERIFIRST.

14. AMERFIRST and SMITH never possessed any precious metal, never held title to any precious metal, and never had any enforceable commitment to receive or direct delivery of precious metal on behalf of Plaintiffs. AMERFIRST and SMITH charged Plaintiffs a finance charge on a loan balance but never disbursed any loan funds to, for, or on behalf of Plaintiffs. AMERFIRST and SMITH charged Plaintiffs a storage fee based on the total metal value of each transaction, even though AMERFIRST and SMITH never transferred, allocated, stored, or sold any physical metal to, for, or on behalf of Plaintiffs.

15. AMERFIRST and SMITH, through false reports and statements, specifically the trade confirmations, the trade lists, the position lists, the accountant statements, and the notices of allocation, misrepresented to Plaintiffs that Plaintiffs bought, and that AMERFIRST and SMITH sold to them, precious metal, and that AMERFIRST and SMITH held the precious metal underlying Plaintiffs purchases.

Worth Group

16. Defendant WORTH GROUP is a Florida corporation with its principal place of business in Jupiter, Florida. At all times material hereto, WORTH GROUP maintained an office in, and conducted business from, Jupiter, Florida; and for purposes of diversity jurisdiction, is a citizen of the State of Florida.

17. In addition to those persons and entities set forth as Defendants herein, there are likely other parties who may well be liable to Plaintiffs, but respecting whom Plaintiffs currently lack specific facts to permit them to name such person or persons as a party defendant. By not naming

such persons or entities at this time, Plaintiffs are not waiving their right to amend this pleading to add such parties, should the facts warrant adding such parties.

18. WORTH GROUP never possessed any precious metal, never held title to any precious metal, and never had any enforceable commitment to receive or direct delivery of precious metal on behalf of Plaintiffs. WORTH GROUP charged Plaintiffs a finance charge on a loan balance but never disbursed any loan funds to, for, or on behalf of Plaintiffs. WORTH GROUP charged Plaintiffs a storage fee based on the total metal value of each transaction, even though WORTH GROUP never transferred, allocated, stored, or sold any physical metal to, for, or on behalf of Plaintiffs.

19. WORTH GROUP, through false reports and statements, specifically the trade confirmations, the trade lists, the position lists, the accountant statements, and the notices of allocation, misrepresented to Plaintiffs that Plaintiffs bought, and that WORTH GROUP had sold to them, precious metal, and that WORTH GROUP held the precious metal underlying Plaintiffs' purchases.

JURISDICTION AND VENUE

20. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1332 because the amount in controversy exceeds Seventy Five Thousand Dollars (\$75,000.00), exclusive of interest, costs and attorneys' fees, and is an action between citizens of different states.

21. This Court has personal jurisdiction over the defendants because: (a) the corporate defendants are business entities operating, present, and/or doing business within this jurisdiction, (b) the individual defendants are individuals residing and working within this jurisdiction, and (c) the defendants' contractual breaches and tortious activity occurred within this jurisdiction.

22. Venue of this action is proper in this Court pursuant to 28 U.S.C. § 1391, as the causes of action alleged herein arose in Broward County, Florida.

FACTUAL ALLEGATIONS APPLICABLE TO ALL COUNTS

The Mechanics of Defendants' Fraudulent Business

a. The Roles Each Participant Played in the Fraud

23. WORLDPMX, generally through telephone solicitations, pitches a potential customer on the prospect of investments in physical bullion (*i.e.*, gold, silver, and platinum). Through its initial solicitation, WORLDPMX represents that the customer is purchasing, and that WORLDPMX is selling, physical precious metals. WORLDPMX neither sells nor controls any physical precious metals. WORLDPMX merely is a pass-through entity working in collaboration with others discussed below who were paid exorbitant commissions for successful solicitations.

24. WORLDPMX markets to the customer a financing program, wherein the customer only needs to pay a percentage equity deposit of the total metal value, generally 20%. WORLDPMX represents that it will loan the customer the remaining percentage of the funds for a finance charge. WORLDPMX represents that the customer then purchases, and WORLDPMX sells to that customer, the total quantity of physical metal. WORLDPMX represents that it would then transfer, in the customer's name, the total quantity of physical metal to a depository to be segregated from all other purchased metals and held there in the customer's name.

25. In reality, WORLDPMX never possesses any precious metals, never holds title to any precious metals, and never has any enforceable commitment to receive or direct delivery of precious metals. WORLDPMX has no precious metals to sell to investors such as Plaintiffs and never actually consummates an actual sale of any physical product to its customers.

26. WORLDPMX is essentially operating the "front end" of the precious metals fraud transaction as a commissioned sales broker for AMERIFIRST, WORTH GROUP, and SMITH ("The Dealers"). WORLDPMX's role is to solicit customers to invest in retail financed transactions and to relay customer orders and funds to The Dealers, who are the true counterparties on the

“back end” of the transaction. Upon information and belief, The Dealers provided back office administrative support to WORLDPMX, including providing WORLDPMX with sales scripts to foster client solicitations, contracts for clients, and preparing individual statements for clients to be placed on WORLDPMX letterhead.

27. Once WORLDPMX passes the customer order and money to The Dealers and passes the trade confirmation to the customer, WORLDPMX is paid by The Dealers and no longer has much of a functional role in the transaction – except to create new transactions. WORLDPMX receives a commission from The Dealers based on the dollar value of the transaction entered into for customers. The Dealers compensate WORLDPMX with a portion of the price spread, interest, and additional service fees charged to customers, though this additional compensation is not disclosed to customers. Additionally, The Dealers purchase pooled precious metals from yet another market maker, pay an additional price spread, and assess that cost to customers, which is also not disclosed to customers.

28. The above-described scheme is understood, agreed-to, and participated in by all DEFENDANTS. Whether serving as “front end” or “back end” operators, each defendant has a role to play and must fulfill its/his role for the fraudulent scheme to succeed.

29. As referenced above, as part of their business model, DEFENDANTS misrepresent and fail to disclose the total costs of consumers’ investments – a misrepresentation and failure of which Plaintiffs were a victim. WORLDPMX on behalf of The Dealers, and with their knowledge and consent, misrepresents or fail to disclose the fees, commissions, or interest that consumers are required to pay to purchase or acquire the purported precious metals. Utilizing deceptive and misleading tactics, each customer, such as Plaintiffs, does not realize that over 45 percent of the money a consumer pays to DEFENDANTS is generally used to pay fees and commissions.

30. DEFENDANTS' customers who purchase precious metals, including Plaintiffs, see the equity in their precious metals investments drained by fees and commissions that are assessed at the inception of their transactions and by the constant accumulation of interest charges on the leverage portion of their accounts. The fees, commissions, and interest charges negatively affect consumers' ability to break-even or profit on the precious metals investments. On information and belief, most customers utilizing this investment vehicle lose money. In a recent lawsuit brought in this district by the United States Commodity Futures Trading Commission against a similar set of inter-related corporate defendants and individuals who were operating a precious metals investment scheme, it was estimated by the court-appointed Special Monitor and Corporate Manager that nearly 95% of customers utilizing these types of investment vehicles lose money.

b. The Customer Transaction Documents

31. When a customer sent sufficient funds to WORLDPMX, WORLDPMX provided the customer with a trade confirmation. The trade confirmation contained WORLDPMX's name and/or logo. The trade confirmation showed that the customer had purchased the "Total Ounces" of metal at a given price.

32. WORLDPMX also gave the customer access on WORLDPMX's website to a portal from which the customer had access to a variety of documents, including trade lists, position lists, account statements, and notices of allocation.

33. In reality, The Dealers created all the customer documents related to the transaction: the trade confirmation, the trade list, the position list, the account statement, and the notice of allocation. The Dealers provided the trade confirmation to WORLDPMX, and The Dealers knew that WORLDPMX then provided the trade confirmation to the customer. The Dealers also controlled the website portal (the "Dealer Portal") that provided the customer direct access to the

remaining transaction documents by creating an access portal on WORLDPMX's website, where the transaction documents resided.

c. The Fraudulent Misrepresentations, Omissions, and Deception

34. Through false reports, statements, and other documents, DEFENDANTS misrepresent to the customer that the customer buys, and WORLDPMX sells, precious metal, and that WORLDPMX holds the precious metal underlying the customer purchase.

35. Through false reports, statements, and other documents, DEFENDANTS misrepresent to the customer that WORLDPMX makes a loan to the customer to enable the customer to purchase the 80% balance of metal.

36. These reports, statements, and other documents, are false and deceptive. WORLDPMX never has possession of, title to, or any enforceable commitment of precious metal. WORLDPMX could not and does not actually transfer, allocate, or sell any precious metal to the customer. Likewise, DEFENDANTS do not actually transfer, allocate, or sell any precious metal to the customer. DEFENDANTS charge the customer a storage fee, even though no metal is ever transferred, allocated, or sold to the customer.

37. The customer never receives, and WORLDPMX never makes, any loan. WORLDPMX never disburses any loan funds to the customer. Likewise, DEFENDANTS never disburse any loan funds to the customer. DEFENDANTS charge the customer a finance fee, even though no loan is ever made to the customer.

38. Lastly, DEFENDANTS falsely represent and/or fail to disclose to customers the true amount of fees, charges, commissions, and the like that are assessed upon the customers. While DEFENDANTS' revenues go up, customers' invested funds disappear to the point that it is almost inconceivable that anyone would invest in such a program if the truth were revealed.

Plaintiffs' Introduction to the World of Fraudulent Precious Metals Transactions

39. In March 2012, Plaintiffs were contacted by a "cold call" from Roland "Joseph" Tallo ("TALLO-WPMX") – who held himself out to be a representative of WORLDPMX – pitching investments in physical bullion (*i.e.*, gold, silver, and platinum) as well as precious gems.

40. Although Plaintiffs were unaware of it at the time, an investigation of WORLDPMX in advance of filing this suit has revealed that, prior to him telephonically soliciting Plaintiffs, TALLO-WPMX was criminally convicted in the State of Florida in 2004 for unlicensed telemarketing (Case No. 04004948CF10D). TALLO-WPMX was incarcerated in the State of Florida from September 14, 2004 until October 1, 2005.

41. TALLO-WPMX made several representations to Plaintiffs to persuade them to invest through WORLDPMX.

42. At that time, as an inducement to cause Plaintiffs to invest, TALLO-WPMX made the following representations to Plaintiffs:

- (a) he was the agent of, or employed by, WORLD-PMX,
- (b) he was advising Plaintiffs about the opportunity to invest in precious metals,
- (c) he had extensive experience in the precious metals business,
- (d) all individuals who invested through him and WORLDPMX had made substantial returns on their investments with little to no risk,
- (e) Plaintiffs need not take delivery of the precious metals they purchase because WORLDPMX would store the metals for them, and
- (f) WORLDPMX was a leading precious metals dealer, and its fees were competitive within the industry.

43. TALLO-WPMX's sales pitch was consistent with publicly available marketing material of WORLDPMX.

44. Consistent with DEFENDANTS' concerted and fraudulent investment scheme, WORLDPMX's marketing materials and website represent that: (1) retail customers can purchase

physical commodities, including gold, silver, platinum, palladium, and diamonds, by paying as little as 20% of the purchase price; (2) WORLDPMX will lend the customer the remaining portion of the purchase price and charge the customer interest on the loan; (3) the customer receives title to the physical commodity after the purchase; and (4) WORLDPMX will store the physical commodities at an independent depository on the customer's behalf. Additionally, when soliciting customers through their marketing materials and websites, WORLDPMX touted the safety and security and limited risk of these transactions.

Plaintiffs' Unwitting Investments in the Fraudulent Precious Metals Scheme

45. Based on the representations cited above, Plaintiffs elected to establish an account with WORLDPMX, retain TALLO-WPMX as their agent, and send funds by wire transfer. Plaintiffs were compelled to sign a host of account opening documents and were told they would be paying a 15% commission. To the best of their knowledge, Plaintiffs never executed any paperwork with The Dealers.

46. Notwithstanding the disclosures relating to investment risk, fees, and expenses contained in the paperwork Plaintiffs were required to sign in connection with opening an account with WORLDPMX, there still remained many undisclosed facts that were withheld from Plaintiffs that essentially render the written disclosures utterly hollow, as the undisclosed facts are those that render the investment in precious metals a colossal disaster for investors such as Plaintiffs.

47. After depositing funds with WORLDPMX, Plaintiffs were charged:
- (a) a commission (typically 36+% of the funds sent to WORLDPMX),
 - (b) a price spread (a 3-5% mark-up taken immediately upon purchase),
 - (c) interest on the purported loan (at an annual approximate rate of prime +6.5), and
 - (d) other fees (such as a "service fee").

48. Plaintiffs' equity position increased or decreased as prices of metals fluctuated, while also subject to depletion on a daily basis by interest and service fees.

49. Despite requests for an explanation, WORLDPMX did not fully and properly disclose to Plaintiffs the actual amounts of the exorbitant, deceptive, and misleading fees and commissions it had charged Plaintiffs for purportedly purchasing metal through WORLDPMX. Similarly, WORLDPMX did not explain what value Plaintiffs would be receiving for the fees and commissions.

50. Likewise, WORLDPMX did not disclose that almost all of their clients lost their entire investments because the fees, costs, and commissions imposed upon each of those clients required an unrealistic and unprecedented rise in the value of precious metals to avoid a margin call and to keep the clients' investments viable.

51. In fact, after soliciting Plaintiffs, WORLDPMX did not actually sell any precious metals directly to Plaintiffs or buy for Plaintiffs any precious metals to be held specifically in their name(s). Once Plaintiffs agreed to place an order to purchase metal, WORLDPMX contacted The Dealers to place the actual trade order for Plaintiffs.

52. The Dealers functioned as WORLDPMX's clearinghouse. However, The Dealers did not own any actual physical metal or purchase any precious metals directly for WORLDPMX; instead, The Dealers pooled purchases of precious metals purchased for other traders. Moreover, the charges being assessed by The Dealers -- and how those charges were draining Plaintiffs' investment funds -- were never fully or accurately disclosed to Plaintiffs.

53. Throughout the length of their relationship, Plaintiffs only transferred money to WORLDPMX, not to The Dealers. However, once WORLDPMX received funds from Plaintiffs, WORLDPMX transferred portions of those funds to The Dealers.

54. WORLDPMX and The Dealers entered into a conspiracy to defraud Plaintiffs and customers like them. The conspiracy was created and agreed-to by TALLO-WPMX, MCCABE,







SMITH and The Dealers, and others at WORLDPMX and The Dealers, including the corporate entities identified as defendants herein which were created and operated by MCCABE, SMITH, and their cohorts.

55. All DEFENDANTS knew or acted with reckless disregard for the fact that the vast majority of their customers lose and have lost money in connection with WORLDPMX. The reason the vast majority of customers lose money is because of the false and deceptive advertising and lack of full disclosure to the customers.

56. Furthermore, TALLO-WPMX, as a representative of WORLDPMX and The Dealers, failed to disclose to Plaintiffs that their investment transactions were subject to exorbitant rates of interest and fees that, in essence, precluded them from garnering any profit on their investments.

57. Those excessive and unwarranted fees amount to nearly 50% of all of the funds Plaintiffs invested with DEFENDANTS. By incurring such an exorbitant amount of fees, costs, and charges, Plaintiffs' ability to make a profit or simply break-even with their investments was limited to the point of almost being non-existent.

58. The following chart represents the amount wired by Plaintiffs and how their investment was treated on the very first day DEFENDANTS had their hands on Plaintiffs' money:

TRADE DATE	AMOUNT WIRED	PRECIOUS METAL	FEES/ COMMISSIONS/ MARK-UP	ACCOUNT BALANCE DAY ONE	PERCENT OF INVESTMENT LOST ON DAY ONE
3/8/12	\$100,000	Silver 	\$45,935.20	\$54,064.80	45.94 %
3/16/12	\$260,000	Gold 	\$125,918.00	\$134,082.00	48.43 %
3/16/12	\$390,000	Silver 	\$193,145.30	\$196,854.70	49.52 %
3/30/12	\$100,000	Silver 	\$34,129.77	\$65,870.23	34.13 %
3/30/12	\$250,000	Platinum 	\$135,260.10	\$114,739.90	54.10 %
8/8/12	\$400,000	Gold 	\$210,405.00	\$189,595.00	52.60 %
TOTAL:	\$1,500,000		\$744,793.37	\$755,206.63	49.65 %

59. DEFENDANTS falsely represented each investment as a good investment despite the fact that they knew that Plaintiffs were losing nearly 50% of their investment on the very first day in inflated prices and commissions.

60. Out of the nearly \$1,500,000 Plaintiffs invested with the DEFENDANTS, they lost almost all of it, which loss was predominantly attributable to excessive administrative fees, interest payments, undisclosed mark-ups, and mark-downs.

61. Upon information and belief, none of the above transactions ever took place.

62. The representations made by TALLO-WPMX, individually and on behalf of WORLDPMX and The Dealers, as cited above, were false and fraudulent at the time they were made in that DEFENDANTS had a then-present intention to deceive Plaintiffs, in that:

- (a) TALLO-WPMX had little, if any, experience in the precious metals business,
- (b) TALLO-WPMX was only recently employed by WORLDPMX. He was not employed as an “account executive” but only as a “cold caller”
- (c) none of TALLO-WPMX or WORLDPMX’s so-called clients had made any money from their investments made through him or WORLDPMX or The Dealers,
- (d) all of the representations TALLO-WPMX had made to Plaintiffs came generally from a sales script that had been prepared by WORLDPMX and/or The Dealers,
- (e) the representations made to Plaintiffs that there was little to no risk involved in precious metals investing was completely false,
- (f) neither WORLDPMX nor The Dealers had the ability to store the metals that they purportedly purchased on Plaintiffs’ behalf, assuming the metals were ever actually purchased,
- (g) any metals that were purchased with Plaintiffs funds were not purchased or placed in a segregated account as represented to them, and
- (h) Plaintiffs were charged commission and fees that were not disclosed to them in advance.

63. Though under a duty to do so, DEFENDANTS failed to advise Plaintiffs of the following material facts:

- (a) TALLO-WPMX had little, if any, experience in the precious metals business;
- (b) TALLO-WPMX had been hired as a “cold caller” with instructions from his employer to say anything he could think of to close a sale;
- (c) Most if not all of the representations TALLO-WPMX made to Plaintiffs came from a script prepared by DEFENDANTS -- a script that was materially misleading concerning DEFENDANTS’ business, the relationship between the WORLDPMX and The Dealers, the success of investing through these entities, and the expenses associated with doing business with them;
- (d) The leveraged accounts and transactions included excessive administrative fees, excessive interest payments, undisclosed mark-ups and mark-downs;
- (e) The purchase and sale price of the metals in Plaintiffs’ account were arbitrarily established by WORLDPMX and The Dealers;
- (f) The storage and financing charges to which Plaintiffs were exposed were so great that it made it almost impossible for Plaintiffs to break even on any transaction, much less to make a profit;
- (g) At no time did WORLDPMX or The Dealers store any precious metals on behalf of Plaintiffs;
- (h) DEFENDANTS were nothing more than a “boiler room” operation dealing in the unregulated precious metals business;
- (i) AMERIFIRST, SMITH, and WORTH GROUP charged a fictitious finance charge on the loan balance but never disbursed any loan funds to, for, or on behalf of Plaintiffs;
- (j) AMERIFIRST, SMITH, and WORTH GROUP charged fictitious storage fees based on the total metal value of each transaction, even though AMERIFIRST, SMITH, and WORTH GROUP never transferred, allocated, stored, or sold any physical metal to, for, or on behalf of Plaintiffs;
- (k) Each and every report and statement prepared by AMERIFIRST, SMITH, and WORTH GROUP, specifically the trade confirmations, the trade lists, the position lists, the account statements, and the notices of allocation, misrepresented to Plaintiffs that Plaintiffs bought, and that AMERIFIRST and/or WORTH GROUP sold to

Plaintiffs, precious metal, and that depending on the transaction, AMERIFIRST and/or WORTH GROUP held the precious metal underlying Plaintiffs' purchases.

- i. Through these false reports and statements, specifically the trade lists and the account statements, AMERIFIRST and WORTH GROUP misrepresented to Plaintiffs that AMERIFIRST and WORTH GROUP made loans to Plaintiffs to enable Plaintiffs to purchase 80% balance of metal;
- ii. The trade confirmations, trade lists, position lists, account statements, and notices of allocation were false and deceptive. AMERIFIRST and WORTH GROUP, in near identical fashion, never had possession of, title to, or any enforceable commitment of precious metal;
- iii. AMERIFIRST and WORTH GROUP could not and did not actually transfer, allocate, or sell any precious metal to Plaintiffs;
- iv. AMERIFIRST and WORTH GROUP charged Plaintiffs a storage fee, even though no metal was ever transferred, allocated, or sold to Plaintiffs; and
- v. AMERIFIRST and WORTH GROUP never made an actual loan to Plaintiffs. AMERIFIRST and WORTH GROUP never dispersed any actual loan funds to Plaintiffs. AMERIFIRST and WORTH GROUP charged Plaintiffs a finance fee, even though no loan was ever actually made to Plaintiffs.

64. Attached hereto as **Composite Exhibit "A"** is an exemplar of the documents DEFENDANTS created containing the false and misleading information purporting to represent Plaintiffs' positions, costs, and the overall summary of Plaintiffs' supposed transactions. Consistent with the fraudulent scheme described above, the AMERIFIRST document, for example:

- (a) Is maintained on the Dealer Portal;
- (b) Is accessible through the web domain maintained by AMERIFIRST (www.amerifirsttrading.com); and
- (c) Contains information in its web address clearly showing that AMERIFIRST provides "back office," "admin[istrative]" support purporting to reflect Plaintiffs' "acc[ount] summary."

65. The representations made to Plaintiffs by DEFENDANTS referenced above were false and fraudulent at the time they were made in that:

- (a) Upon information and belief, Plaintiffs' position as an investor in, and purchaser of, the precious metals they were purportedly sold was a sham, as the position did not exist;
- (b) The investments DEFENDANTS made on Plaintiffs' behalf bore no rhyme or reason to what was going on in the precious metals market relative to the value of the metals to be purchased;
- (c) TALLO-WPMX and DEFENDANTS could not truthfully represent these investments would bring "substantial returns" for Plaintiffs' account because of excessive administrative fees, excessive interest payments, undisclosed mark-ups and mark-downs; and
- (d) TALLO-WPMX and DEFENDANTS never actually purchased nor stored any alleged precious metal on behalf of Plaintiffs specifically.

66. DEFENDANTS intended Plaintiffs to rely upon the representations that they made or caused to be made to Plaintiffs, and DEFENDANTS purposely omitted from those representations certain material facts -- all of which were representations upon which Plaintiffs relied to their detriment.

Plaintiffs' Unwitting Investment in Precious Stones

67. DEFENDANTS' misrepresentations were not limited to precious metals. Their scheme also included inducements to get Plaintiffs to invest in precious stones as well at prices that were grossly inflated and unrelated to the stones' actual value.

68. For example, on or about April 18, 2013, WORLDPMX induced Plaintiffs to invest \$345,000 in a precious stone that WORLDPMX described thusly:

*.31 carat Cut-Cornered Rectangular Modified Brilliant Cut Fancy
Red Diamond, Clarity SI2, GLA Cert. # 2155160180*

69. Upon information and belief, the value of the diamond is nowhere near what Plaintiffs were induced to pay for it. On information and belief, the diamond is worth between \$50,000 and \$125,000.

70. On or about May 4, 2013, Plaintiffs were informed that on or about May 3, 2013, their diamond had been shipped to the GIA laboratory in New York City for re-certification. Attached hereto as **Exhibit "B"** is an image of the Brinks Global Services Pickup Manifest purporting to reflect shipment of the diamond to GIA New York. The Pickup Manifest patently states that only one piece of merchandise, valued at \$345,000, was in the package shipped. Moreover, TALLO-WPMX told Plaintiffs that everything in the shipped package belonged to Plaintiffs.

71. Attached hereto as **Exhibit "C"** is a true and correct copy of the Brinks Global Services Delivery Manifest purporting to reflect GIA New York's receipt, on or about May 4, 2013, of the one shipped item valued at \$345,000.

72. For reasons not known to Plaintiffs at the time, the shipper on the Pickup Manifest and the Delivery Manifest was identified as IQD. As Plaintiffs have learned since May 4, 2013, IQD is one of the many shell corporations through which MCCABE operates the fraudulent scheme detailed herein. IQD and WORLDPMX are simply the alter-ego of MCCABE. Because neither IQD or WORLDPMX are legitimate businesses, they are simply shell companies to deflect liability from MCCABE and contribute to DEFENDANTS' deceptive and fraudulent scheme.

73. Included within the standard Brinks Global Services shipping contract typically used for shipments like the one described herein is the following language:

CUSTOMER REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION OF BRINK'S. By signing this Contract and designating a Service(s) for each Shipment tendered to Brink's, You agree to all of the terms of this Contract on behalf of Yourself and any third party with an interest in the Shipment. You further represent, warrant and/or undertake, as the case may be, to the following:

* * *

2. You are authorized to designate a Service and accept the terms of this Contract on behalf of Yourself and on behalf of all other persons or entities, who or which

may have or may acquire an interest in the Property, and to bind each of You to the terms of this Contract.

3. You have properly and accurately described the Property in the Shipment and declared its actual monetary value both for customs purposes ("Customs Value") and for carriage purposes ("Declared Value"). The Shipment is properly marked, addressed or otherwise identified and packed to ensure safe transportation during ordinary handling in transit.

4. You agree to be bound by the accuracy of all descriptions, valuations and other particulars furnished to Brink's for customs, consular and other purposes.

* * *

(Emphasis added).

74. Unbeknownst to Plaintiffs at the time, and contrary to the information provided to Plaintiffs and the information contained in the shipping documentation, WORLDPMX, IQD, and MCCABE had actually placed in the May 3, 2013 shipping package to GIA New York three diamonds, not one. Notwithstanding the inclusion of two additional diamonds, WORLDPMX, IQD, and MCCABE still stated the "carriage value" of the package as being \$345,000 -- the exact amount of money Plaintiffs had paid for their diamond(s). WORLDPMX, IQD, and MCCABE did this to fool Plaintiffs into paying for three diamonds while only acknowledging Plaintiffs' ownership of one of the diamonds.

75. Because Plaintiffs made an arm's length, good faith, bona fide purchase for the value of \$345,000, all three diamonds contained in the package shipped to GIA New York rightfully belong to Plaintiffs.

76. In the weeks following the shipment noted above, WORLDPMX, IQD, and MCCABE -- both through MCCABE and other representatives of WORLDPMX, IQD, and MCCABE -- have made the following false statements:

- (a) WORLDPMX, IQD, and MCCABE sent separate shipments to GIA New York and that the three diamonds were not shipped together;

- (b) Plaintiffs only own one of the three diamonds in the package, despite the fact that IQD and MCCABE stated the carriage value of the three-diamond package was identical to the exact amount paid by Plaintiff;
- (c) Only one of the three diamonds in the May 3, 2013 package was insured, and it is only that diamond to which Plaintiffs may claim an ownership interest, even though Plaintiffs paid a value equivalent to the entire contents of the package; and
- (d) Unnamed and unidentified purported clients of WORLDPMX, IQD, and MCCABE have made demands for the release of the two other diamonds that were shipped to GIA New York.

77. Each of the above-referenced statements has already been retracted by WORLDPMX, IQD, and MCCABE, has been refuted by contrary documentary evidence, or will be proven to be false in short order through this litigation.

78. For example, attached hereto as **Exhibit "D"** is a true and correct copy of a May 3, 2013 letter purportedly sent from IQD to GIA New York as a cover letter with the May 3/May 4 shipment of Plaintiffs' merchandise. This letter, which was not originally copied to Plaintiffs, was provided by GIA to undersigned counsel after the initial Complaint was filed and served upon the defendants. This exhibit -- which is IQD's own letterhead -- clearly shows that WORLDPMX, IQD, and MCCABE's statement that the diamonds were shipped separately is false.

79. It is apparent now that with regard to their purchase of the diamond(s), along with DEFENDANTS' other wrongful activity, Plaintiffs are victims of a fraud. Plaintiffs were induced to pay a value of \$345,000 for something WORLDPMX, IQD, and MCCABE now insist Plaintiffs do not own or which, alternatively, is worth far less than \$345,000.

80. Plaintiffs have made repeated demands upon WORLDPMX, IQD, and MCCABE for a full refund of their \$345,000 in exchange for Plaintiffs' agreement to release their claim to any of the diamonds that were shipped to GIA New York on or about May 3, 2013. MCCABE, individually and on behalf of his corporate entities, has admitted that he cannot refund the money

because the money has already allegedly been invested in precious metal mines in a foreign country. Because the money has already been transferred out of the country, Plaintiffs have no adequate remedy at law and face an injury that cannot be repaired.

81. Only through DEFENDANTS' tricks and artifice were they able to dupe Plaintiffs into paying such an overinflated price for the yet-to-be-seen diamond.

82. The diamonds are currently being held by the Gemological Institute of America, which has stated to counsel for the parties that it will agree to hold all three diamonds until this matter is resolved, unless otherwise directed by this Court.

Defendants' Inter-Relatedness and Control Over One Another

83. The Dealers knew and accepted the fact that TALLO-WPMX and WORLDPMX were making the aforesaid representations to investors, including Plaintiffs, on their own behalf as well as on behalf of The Dealers. Moreover, The Dealers were aware of the content and nature of the misrepresentations made to investors, including Plaintiffs, as some of those misrepresentations were born out of a sales script created, in various degrees, by all of the DEFENDANTS.

84. TALLO-WPMX and WORLDPMX knew that the misrepresentations they were making to investors and potential investors inured not only to their benefit but also to the benefit of The Dealers as well.

85. DEFENDANTS coordinated the fraudulent scheme by working in concert with one another. They each had a measure of control over the course of the scheme and the actors through whom the scheme was enacted. Moreover, any one of them could have put a stop to, or withdrawn from, the scheme at any point.

86. Some of the defendants are so closely related to one another that they are, in essence, one-and-the-same. As noted above, both WORLDPMX and IQD are "alter egos" of

MCCABE, who dominates and controls the corporate entities to further the fraudulent scheme. The same can be said of the relationship between AMERIFIRST and SMITH.

87. Both WORLDPMX and IQD are used by MCCABE to further his own fraudulent or misleading purposes, and AMERIFIRST is used in a similar manner by SMITH.

Additional Fraudulent Precious Metals Schemes

88. As recently as a week before this Amended Complaint is being filed, the U.S. Commodity Futures Trading Commission (CFTC) announced that it had filed a civil injunctive enforcement action against a corporate entity apparently related to AMERIFIRST who had enacted a similar fraudulent precious metals scheme upon unsuspecting investors.

89. According to the CFTC's Complaint, filed on July 29, 2013 in the matter styled *CFTC v. AmeriFirst Management LLC, et al.*, U.S. District Court - S.D. Fla. - Case No. 13-cv-61637 (WPD):

- AmeriFirst Management LLC held itself out as a precious metals wholesaler and clearing firm, operating through a network of more than 30 precious metals dealers;
- A typical customer would give a 20% deposit on the total value of the metal purportedly purchased, and the dealer would make a loan to the customer for the remaining 80%, supposedly sold the customer the total metal amount, and supposedly allocated the total metal amount at a depository to be held for the customer.
- AmeriFirst Management LLC created customer documents that represented that the dealer had in fact made a loan to the customer and sold and allocated the total metal amount to the customer. However, the documents created were false because the dealer never made a loan to the customer, nor did the dealer sell or allocate any metal to the customer.
- Despite the fact that there was no loan and no metal was allocated to the customer, AmeriFirst Management LLC charged the customer finance and storage fees for the non-existent transaction(s).

90. Though AmeriFirst Management LLC (the defendant in the *CFTC* case) and AmeriFirst Trading Corporation (the defendant in the instant matter) appear on the surface to be

distinct South Florida-based legal entities, the fact that they share a similar name and a similar fraudulent business model should come as no surprise, as the CFTC has alleged in its lawsuit that AmeriFirst Management LLC is a successor entity to AmeriFirst Trading Corporation, with AmeriFirst Management LLC operating in a much broader space (relationships with over thirty dealers) than AmeriFirst Trading Corporation (relationships with only a small handful of dealers). AmeriFirst Trading Corporation continues to exist today, though AmeriFirst Management LLC was voluntarily dissolved as a legal entity in early-2013.

91. Both AmeriFirst Management LLC and AmeriFirst Trading Corporation were involved in processing Plaintiffs' investments. According to the documentation provided to Plaintiffs by DEFENDANTS that purport to memorialize precious metals purchases made on behalf of Plaintiffs, several of the order confirmations were channeled through e-mail accounts with the domain name "@amerifirstmgmt.com" such as "info@amerifirstmgmt.com" and "trades@amerifirstmgmt.com." At other times, the order confirmations were channeled through e-mail accounts with the domain name "@amerifirsttrading.com" such as "info@amerifirsttrading.com" and "trades@amerifirsttrading.com."

Plaintiffs Have Been Harmed and Have Now Brought This Lawsuit

92. Plaintiffs did not know, and through the exercise of reasonable diligence could not have discovered, the fraud that was being perpetrated upon them by DEFENDANTS.

93. DEFENDANTS' actions, omissions, and misrepresentations constituted a fraud and deceit on Plaintiffs.

94. As a result of the above-cited actions, omissions and misrepresentations, Plaintiffs have been damaged in that they have lost all or a portion of their invested capital.

95. As of the date of this filing, DEFENDANTS have failed and/or refused to provide Plaintiffs any paperwork to assist Plaintiffs with the tax treatment of Plaintiffs' losses as they relate to their investments with DEFENDANTS.

96. Plaintiffs have duly performed all of their duties and obligations, and any conditions precedent to Plaintiffs bringing this action have occurred, have been performed, or else have been excused or waived.

97. To enforce their rights, Plaintiffs have retained undersigned counsel and is obligated to pay counsel a reasonable fee for its services, for which DEFENDANTS are liable as a result of their bad faith and otherwise.

**COUNT I – VIOLATION OF FLORIDA'S
DECEPTIVE AND UNFAIR TRADE PRACTICES ACT,
CHAPTER 501, § 211(1), FLA. STAT. ("FDUTPA")**
**[AGAINST WORLDPMX, MCCABE,
AMERIFIRST, AND SMITH]**

Plaintiffs re-allege, and adopt by reference herein, Paragraphs 1 - 97 above, and further allege:

98. Chapter 501, Fla. Stat., Florida's Deceptive and Unfair Trade Practices Act is to be liberally construed to protect the consuming public, such as Plaintiffs in this case, from those who engage in unfair methods of competition, or unconscionable, deceptive or unfair acts or practices in the conduct of any trade or commerce.

99. Plaintiffs are "consumers" within the meaning of Fla. Stat. § 501.203(7).

100. DEFENDANTS engaged in "trade and commerce" within the meaning of Fla. Stat. §501.203(8).

101. While FDUTPA does not define "deceptive" and "unfair," it incorporates by reference the Federal Trade Commission's interpretations of these terms. The FTC has found that a "deceptive act or practice" encompasses "a representation, omission or practice that is likely to mislead the consumer acting reasonably in the circumstances, to the consumer's detriment."

102. The federal courts have defined a “deceptive trade practice” as any act or practice that has the tendency or capacity to deceive consumers and have defined an “unfair trade practice” as any act or practice that offends public policy and is immoral, unethical, oppressive, unscrupulous, or substantially injurious to consumers.

103. DEFENDANTS’ acts and omissions of representing to Plaintiffs that, among other things:

- (a) TALLOW-WPMX was the agent of, or employed by, WORLD-PMX,
- (b) TALLOW-WPMX was advising Plaintiffs about the opportunity to invest in precious metals,
- (c) TALLOW-WPMX had extensive experience in the precious metals business,
- (d) all individuals who invested through TALLOW-WPMX and WORLDPMX had made substantial returns on their investments with little to no risk,
- (e) Plaintiffs need not take delivery of the precious metals they purchased because WORLDPMX would store the metals for them,
- (f) Plaintiffs would not be charged any commission or fees that were not otherwise disclosed to them, and
- (g) Each and every report and statement prepared by WORLDPMX, AMERIFIRST, and WORTH GROUP, specifically the trade confirmations, the trade lists, the position lists, the account statements, and the notices of allocation, accurately and truthfully represented to Plaintiffs the positions, costs, and the overall summary of Plaintiffs’ supposed transactions through DEFENDANTS

constitute both deceptive and unfair trade practices because the false representations and omissions made by DEFENDANTS have a tendency or capacity to deceive consumers, such as Plaintiffs, into investing in DEFENDANTS’ fraudulent precious metals scheme and are immoral, unethical, oppressive, unscrupulous, or substantially injurious to consumers.

104. As a result of DEFENDANTS' deceptive trade practices, Plaintiffs were deceived into placing their money into a terrible investment which makes little economic sense and, the way DEFENDANTS had their scheme rigged, most likely will never pay off for Plaintiffs -- thus causing significant economic damage to Plaintiffs.

105. The materially false statements and omissions as described above, and the fact that this was a sham investment, were unfair, unconscionable, and deceptive practices perpetrated on Plaintiffs which would have likely deceived a reasonable person under the circumstances.

106. DEFENDANTS were on notice at all relevant times that the false representations of material facts described above were being communicated to prospective customers (such as Plaintiffs) by their authorized agents and, in fact, rewarded their top salespeople (such as TALLOW-WPMX) to increase their earned commissions and increase the revenue garnered by DEFENDANTS.

107. As a result of the false representations described above, Plaintiffs have been damaged by, among other things losing all or a portion of their invested capital and being assessed an inordinate amount of fees, price spreads, commissions, and interest to an extent that essentially precluded Plaintiffs from receiving a positive return on their investments.

108. Plaintiffs have also been damaged in other and further ways subject to proof at trial.

109. Therefore, DEFENDANTS engaged in unfair and deceptive trade practices in violation of Section 501.201 *et seq.*, Fla. Stat.

110. At all times material hereto, WORLDPMX was an "alter ego" of MCCABE and served as a corporate entity he dominated and controlled to further DEFENDANTS' fraudulent scheme.

111. Similarly, at all times material hereto, AMERIFIRST was an “alter ego” of SMITH and served as a corporate entity he dominated and controlled to further DEFENDANTS’ fraudulent scheme.

112. Pursuant to Sections 501.211(1) and 501.2105, Fla. Stat., Plaintiffs are entitled to recover from DEFENDANTS the reasonable amount of attorneys’ fees Plaintiffs have had to incur in representing their interests in this matter.

WHEREFORE, Plaintiffs demand entry of a judgment against WORLDPMX, INC., a Florida corporation; SEAN MCCABE, an individual; AMERIFIRST TRADING CORP., a Florida corporation; and C. LEO SMITH, an individual, jointly and severally, for an amount within the jurisdictional limits of this court, including an award of interest and an award of attorneys’ fees and costs pursuant to Fla. Stat. §§ 501.211(1) and 501.2105. Plaintiffs reserve the right to seek leave of court to assess punitive damages against WORLDPMX, MCCABE, AMERIFIRST, and SMITH, jointly and severally.

COUNT II – FALSE ADVERTISING
[AGAINST WORLDPMX AND MCCABE]

Plaintiffs re-allege, and adopt by reference herein, Paragraphs 1 - 97 above, and further allege:

113. Fla. Stat. §§ 817.41, *et seq.* prohibits “any person to make or disseminate or cause to be made or disseminated before the general public of the state, or any portion thereof, any misleading advertisement.”

114. Fla. Stat. § 817.40 defines misleading advertising as:

[A]ny statements made, or disseminated, in oral, written, or printed form or otherwise, to or before the public, or any portion thereof, which are known, or through the exercise of reasonable care or investigation could or might have been ascertained, to be untrue or misleading, and which are or were so made or disseminated with the intent or purpose, either directly or indirectly, of selling or disposing of real or personal property, services of any nature whatever, professional or otherwise, or to induce the public to enter into any obligation relating to such property or services.

115. WORLDPMX has violated Fla. Stat. § 817.41 by disseminating knowingly misleading advertisements in connection with the unfair and deceptive practices described herein.

116. WORLDPMX's acts and practices as described herein have deceived and/or are likely to deceive Plaintiffs. Specifically, WORLDPMX's web site touts that:

- (a) its customers can "buy/sell precious metals by phone in minutes, capturing or avoiding market moves";
- (b) its customers can "take advantage of [WORLDPMX's] powerful collateralized financing program"; and
- (c) WORLDPMX is the bullion broker/dealer for the physical bullion.

117. By its actions, WORLDPMX disseminated, or caused to be disseminated, various advertisements to the public, all misrepresenting the true services it provides, the fees and charges it assesses upon its customers for those services, its qualifications or credentials for providing such services, and what is actually being purchased for the money its customers provide to DEFENDANTS. Such advertisements are likely to deceive, and continue to deceive, the consuming public (including Plaintiffs) for the reasons detailed above.

118. WORLDPMX intended Plaintiffs to rely upon the advertisements and numerous material misrepresentations set forth throughout this pleading, and Plaintiffs did in fact justifiably rely upon those advertisements and misrepresentations to their detriment.

119. Plaintiffs have been aggrieved by WORLDPMX's unfair and deceptive advertising in that they lost all or a portion of their invested capital and were assessed an inordinate amount of fees, price spreads, commissions, and interest to an extent that essentially precluded Plaintiffs from receiving a positive return on their investments.

120. The above-described false, misleading, deceptive advertising WORLDPMX disseminated, or caused to be disseminated, continues to have a likelihood to deceive in that WORLDPMX has failed to disclose the true services it provides, the fees and charges it assesses

upon its customers for those services, its qualifications or credentials for providing such services, and what is actually being purchased for the money its customers provide to DEFENDANTS.

121. The damages suffered by Plaintiffs were directly and proximately caused by WORLDPMX's misleading advertisements, as more fully described above.

122. At all times material hereto, WORLDPMX was an "alter ego" of MCCABE and served as a corporate entity he dominated and controlled to further DEFENDANTS' fraudulent scheme.

WHEREFORE, Plaintiffs demand entry of a judgment against Defendants WORLDPMX, INC., a Florida corporation and SEAN MCCABE, an individual, jointly and severally, for an amount within the jurisdictional limits of this court, including an award of interest and costs. Plaintiffs reserve the right to seek leave of court to assess punitive damages against WORLDPMX and MCCABE, jointly and severally, pursuant to Fla. Stat. § 817.41(6).

COUNT III – FRAUDULENT INDUCEMENT
[AGAINST WORLDPMX, MCCABE,
AMERIFIRST, SMITH, AND WORTH GROUP]

Plaintiffs re-allege, and adopt by reference herein, Paragraphs 1 - 97 above, and further allege:

123. DEFENDANTS, by acts of both omission and commission, made false statements to Plaintiffs concerning material facts about their investments.

124. DEFENDANTS knew at the time the statements were made that the statements were false.

125. DEFENDANTS intended that Plaintiffs would be induced into action by relying upon the statements of fact made to them by DEFENDANTS.

126. In the course of investing their money through DEFENDANTS and entrusting DEFENDANTS to properly handle their investment account, Plaintiff reasonably and justifiably relied on the statements of fact made to them by DEFENDANTS.

127. As a direct and proximate result of Plaintiffs' reliance on the statements made to them by DEFENDANTS, Plaintiffs have suffered damage.

WHEREFORE, Plaintiffs demand entry of a judgment against WORLDPMX, INC., a Florida corporation; SEAN MCCABE, an individual; AMERIFIRST TRADING CORP., a Florida corporation; C. LEO SMITH, an individual; and WORTH GROUP, INC., a Florida corporation, jointly and severally, for an amount within the jurisdictional limits of this court, including an award of interest and costs. Plaintiffs reserve the right to seek leave of court to assess punitive damages against WORLDPMX, MCCABE, AMERIFIRST, SMITH, and WORTH GROUP, jointly and severally.

COUNT IV – CIVIL CONSPIRACY
[AGAINST ALL DEFENDANTS]

Plaintiffs re-allege, and adopt by reference herein, Paragraphs 1 - 97 above, and further allege:

128. DEFENDANTS conspired with one another to perpetrate an unlawful act upon Plaintiffs or to perpetrate a lawful act by unlawful means, *to wit*: they made multiple misrepresentations of fact to Plaintiffs in an effort to extract from Plaintiffs unnecessary fees, undisclosed charges, and improperly protected investment capital to boost the total amount of assets they had under their management – all of which put DEFENDANTS' own pecuniary interest ahead of Plaintiffs' welfare and economic safety.

129. In furtherance of their conspiracy, DEFENDANTS made to Plaintiffs, or agreed to have someone make on their behalf, the false statements of fact detailed above.

130. DEFENDANTS were each aware of, and consented to, the misrepresentations detailed above.

131. As a direct and proximate result of DEFENDANTS' conspiracy, Plaintiffs have suffered damage.

WHEREFORE, Plaintiffs demand entry of a judgment against DEFENDANTS, jointly and severally, for an amount within the jurisdictional limits of this court, including an award of interest and costs. Plaintiffs reserve the right to seek leave of court to assess punitive damages against DEFENDANTS, jointly and severally.

PLAINTIFFS' DEMAND FOR JURY TRIAL

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Plaintiffs demand trial by jury in this action of all issues so triable.

RESERVATION OF RIGHTS

Plaintiffs reserve their right to further amend this Amended Complaint, upon completion of their investigation and discovery, to assert any additional claims for relief against Defendants or other parties as may be warranted under the circumstances and as allowed by law.

Respectfully submitted,

SILVER LAW GROUP

11780 W. Sample Road
Coral Springs, Florida 33065
Telephone: (954) 755-4799
Facsimile: (954) 755-4684

By: 

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was electronically filed with the Clerk of Court on this 9th day of August 2013 by using the CM/ECF system which will send a notice of electronic filing to the following CM/ECF participant(s): **ANDREW N. COVE, ESQ. and MICHELE WATT, ESQ.**, COVE & ASSOCIATES, P.A., *Counsel for Defendants, WorldPMX, Inc., Investment Quality Diamonds Inc., and Sean McCabe*, 225 South 21st Avenue, Hollywood, FL 33020, E-mail: anc@covelaw.com, mlw@covelaw.com; **FRED A. SCHWARTZ, ESQ.**, KOPELOWITZ OSTROW, *et al.*, *Counsel for Defendants, WorldPMX, Inc., Investment Quality Diamonds Inc., and Sean McCabe*, 700 South Federal Highway - Suite 200, Boca Raton, FL 33432, E-mail: Schwartz@kolawyers.com; **CARL F. SCHOEPPPL, ESQ.**, SCHOEPPPL & BURKE, P.A., *Counsel for Defendants, WorldPMX, Inc., Investment Quality Diamonds Inc., and Sean McCabe*, 4651 North Federal Highway, Boca Raton, FL 33431-5133, E-mail: carl@schoepplburke.com; **TODD STONE, ESQ.**, THE STONE LAW GROUP, *Counsel for Defendants, Amerifirst Trading Corp. and C. Leo Smith*, 101 NE Third Avenue - Suite 1270, Fort Lauderdale, FL 33301; E-mail: TStone@tislaw.net; and **GEOFFREY M. CAHEN, ESQ.**, GREENBERG TRAUIG, P.A., *Counsel for Defendant, Worth Group, Inc.*, 5100 Town Center Circle – Suite 400, Boca Raton, FL 33486.



DAVID C. SILVER



DEALER PORTAL

 Tel: 800-800-8004
 Fax: 954-206-6577

DEALS

REPORTS

CUSTOMER

TRADING

MESSAGE

MAINTENANCE

 You are logged in as **GB15305** | [Log Out](#)
 Last login was on: May 7, 2012, 10:57 am from 98.203.17.89

Customer Name: Garry L & Renae Bates


Summary	Positions	Trades / Transactions	Notices of Allocation					
Buy Gold								
Transaction	Commodity	Fill Price	Current Price	Quantity	Market Value	Comm / Fees	Break Even	Profit
34336	Gold	\$1730.00	\$1839.05	377	\$617,921.85	\$123,919.90	\$1,989.50	\$-132,119.65
Buy Silver								
Transaction	Commodity	Fill Price	Current Price	Quantity	Market Value	Comm / Fees	Break Even	Profit
34337	Silver	\$34.13	\$30.19	28744	\$867,781.36	\$186,396.22	\$39.25	\$-260,406.27
34420	Silver	\$33.74	\$30.19	5194	\$156,806.86	\$33,296.65	\$38.80	\$-44,725.53
Buy Platinum								
Transaction	Commodity	Fill Price	Current Price	Quantity	Market Value	Comm / Fees	Break Even	Profit
34419	Platinum	\$1715.00	\$1524.50	411	\$626,569.50	\$140,973.00	\$1,972.25	\$-184,025.25

COMPOSITE EXHIBIT "A"

WORTH BULLION GROUP**DAILY PURCHASE CONFIRMATION DELIVERY & FUNDING INSTRUCTIONS**OFFICE # 189NAME World PMXDATE 3 12

TRADE #	PRODUCT & QUANTITY	PRICE <u>4</u> %	TOTAL COST	SENDING DEPOSIT	BALANCE DUE	NAME & ACCOUNT #
262218-20	7,145 SILV	35.06	250,503.7	62,424.45	188,079.25	B 6 7
				200		
TOTALS				62,624.45		

Signature below confirms said transactions. * I/we herein guarantee and warrant that the total deposit will be transferred to your account the following day. Upon receipt please complete transfer of product and balances to the account as indicated.


 Signature of Authorized Personnel

Note: Use this form when purchasing metal and sending a DEPOSIT toward this purchase

photo - Windows Photo Viewer

File Print E-mail Burn Open

BRINKS
Global Services

Pickup Manifest

Date Printed
02-May-2013

Pickup Location
INVESTMENT QUALITY DIAMONDS INC
1909 TYLER ST
SUITE 605
HOLLYWOOD, FL, 33020

Brink's Door-to-Door Details

Delivery Location	Air Bill Number	PO Number	# Pieces	Carriage Value (USD)	Gross Wt (Lbs)	Seal Number
GIA NEW YORK NEW YORK, NY 10016	11020108042		1	345,000.00	1.00	
Ref:			1	345,000.00	1.00	
Totals:			1	345,000.00	1.00	
Grand Totals:			1	345,000.00	1.00	

Received from INVESTMENT QUALITY DIAMONDS on ☐ AM ☐ PM

Total number of items Date mm/dd/yy Time hh:mm

Oslen Messenger Signature

Print Messenger Name

Received by Brink's Global Services and/or its affiliates or agents, as private contract carriers, the indicated number of containers to be delivered as indicated herein. All Shipments are Door to Door. Brink's does not accept C.O.D. shipments. Brink's does not service residential locations. ALL SHIPMENTS ARE SUBJECT TO THE TERMS AND CONDITIONS OF THE BRINK'S GLOBAL SERVICES VALUABLE TRANSPORT CONTRACT.

confirm the shipment details contained herein are correct and agree to the terms and conditions of Brink's Global Services Valuable Transport Contract.

[Redacted] Shipper Name

[Redacted] Shipper Signature

Start

12:38 PM 5/13/2013

EXHIBIT "B"

BRINKS**Delivery Manifest**

Global Services

Delivery Location:

GIA NEW YORK
270 MADISON AVENUE, NEW YORK, NY
10016
Tel 212-944-5900

MAWB: 406-6015 1641

HAWB: 09460043336

Flt Info: SDF->JFK
5X 1084/ 5/3/2013

Consignee:

GIA NEW YORK
270 MADISON AVENUE, NEW YORK, NY
10016
Tel 212-944-5900

Shipment #: 1355385

Date Printed: May-04-2013 09:08:01

Printed by: Aundre Kendall

0969084333142193010120130504



Shipper	Item Barcode	Item Barcode	# Pieces	Carriage Value USD	Gross Wt (lbs.)	Seal Number
INVESTMENT QUALITY D 1909 TYLER ST HOLLYWOOD, FL, 33020 ,US, Tel 855-246-2500	<<<UNKNOWN SHIPPER>>>					
Said-to-contain Gold Jewelry 1.0000 LBS	11020108042		1	345,000.00	1	
TOTAL			1	345,000.00	1	
Grand Total			1	345,000.00	1	

Received from Brink's (write total number of items) in good order and condition.**SIGAREA**

Recipient printed name:

Print First and Last Name All Capital Letters

Date:

m m d d y y

Time:

h h m m

☐ AM
☐ PM

RECIPIENT SIGNATURE

Delivered By

Print First and Last Name All Capital Letters

Delivery Branch: 0969 NEW YORK, NY Phone: 212-869-7720 Fax: 1-212-768-2947

0969084333142193010120130504

All service is carried out under the terms and conditions of the Brink's Global Services Valuable Transport Contract or LVP Program Transport Contract (where such services are performed by Brink's) or the applicable country's Freight Forwarding Association General Conditions.

EXHIBIT "C"



Wells Fargo Building
1909 Tyler Street Suite 605, Hollywood Fl. 33020
Toll Free: (855)246-2500
Fax: (855)465-3251

May 3rd, 2013

re: Acct# 110289915593

Dear GIA Labs,

Please Issue (RUSH) two Fancy Colored Diamond Grading Reports for the included three stones (the .21ctw and .33ctw) and a secondary grading report (RUSH) for the .31ctw. Only the .33 does not already have GIA or Argyle Inscription numbers as they have been graded before. The .21 only had a half report, this time I need a full colored GIA inscriptions on the girdle already, but our client insists on a absolutely up to date report.

Please find included:

- (1) .21 ctw (report cost \$186.00 + \$1.00) 142
- (1) .31 ctw (report cost \$98.00 + \$1.00)
- (1) .33 ctw (report cost \$186.00 + \$1.00) 142

110245489905

Also, please note our change of address above for invoicing and shipping purposes. Please don't hesitate to contact me at 305-951-9200 with ant questions or concerns.

Please return stones together via Brinks.

Best Regards,

A handwritten signature in black ink, appearing to read "Sean McCabe", written over a horizontal line.

Sean McCabe, CEO

EXHIBIT "D"