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M NELSON SEGEL, CHARTERED
M NELSON SEGEL, ESQUIRE
Nevada Bar No. 0530
624 South 9th Street
Las Vegas, Nevada 89101
Telephone: (702) 385-5266
Facsimile: (702) 382-2967
Email: nelson@nelsonsegellaw.com
Attorneys for Defendants Larry Hahn
and Hahn's World of Surplus, Inc.

DISTRICT COURT OF NEVADA

COUNTY OF CLARK

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TED R. BURKE; MICHAEL R and LAURETTA L. KEHOE; JOHN BERTOLDO; PAUL BERNARD; EDDY KRAVETZ; JACKIE and FRED KRAVETZ; STEVE FRANKS; PAULA MARIA BARNARD; PETE T. and LISA A. FREEMAN; LEON GOLDEN; C.A. MURFF; GERDA FERN BILLBE; BOB and ROBYN TRESKA; MICHAEL RANDOLPH, and FREDERICK WILLIS, Plaintiffs, vs. LARRY L. HAHN, individually, and as President of and Treasurer of Kokoweef, Inc., and former President and Treasurer of Explorations Incorporated of Nevada; HAHN'S WORLD OF SURPLUS, INC., a Nevada corporation; PATRICK C. CLARY, an individual; DOES 1 through 100, inclusive; Defendants, and KOKOWEEF, INC., a Nevada corporation; EXPLORATIONS INCORPORATED OF NEVADA, a dissolved Nevada corporation; Nominal Defendants.	CASE NO. 08A558629 DEPT. XI **DEFENDANTS LARRY HAHN AND HAHN'S WORLD OF SURPLUS, INC.'S MOTION TO DISMISS PLAINTIFFS, MOTION TO DISMISS, OR ALTERNATIVELY, FOR PARTIAL SUMMARY JUDGMENT REGARDING FIRST AND SECOND CAUSES OF ACTION, DISMISSAL, OR ALTERNATIVELY, SUMMARY JUDGMENT ON FOURTH CAUSE OF ACTION AND DISMISSAL OF THE SIXTH CAUSE OF ACTION** DATE: OST PENDING TIME: OST PENDING

Defendants LARRY L. HAHN ("HAHN") and HAHN'S WORLD OF SURPLUS, INC. ("HWS")(HAHN and HWS sometimes referred to herein as "HAHN DEFENDANTS"), by and through their attorney, M NELSON SEGEL, ESQUIRE, hereby file their Motion to Dismiss Alleged Plaintiffs set forth in the Verified Third Amended Complaint ("Third Complaint")[1] based upon certain alleged Plaintiffs not being shareholders of Nominal Defendant, Kokoweef, Inc. ("KOKOWEEF"), Motion for Partial Summary Judgment regarding the First Cause of Action alleging violation of NRS §90.660, the Second Cause of Action alleging Negligent Misrepresentation; the Fourth Cause of Action alleging unjust enrichment and the Sixth Cause of Action, which is contained in the caption and prayer, but is not plead ("MOTION"). Additionally, they hereby join in Defendant PATRICK C. CLARY and KOKOWEEF's So-called Nominal Defendant Kokoweef, Inc.'s and Defendant Patrick C. Clary's Motion to Set Aside Default and to Dismiss So-called Nominal Defendant Explorations Incorporated of Nevada, to Dismiss Plaintiff Ted R. Burke, and to Dismiss or, in the Alternative, for Summary Judgment on the First Cause of Action of the Verified Third Amended Complaint, and Defendant Patrick C. Clary's Motion for Summary Judgment on the Second Cause of Action of the Verified Third Amended Complaint and ex Parte Motion for Order Shortening Time on Hearing("CLARY MPSJ") that was submitted to the Court with a request for an order shortening time on August 4, 2011, and is being set for hearing at the same time this MOTION is heard. If the court grants all of the relief requested in this MOTION, and the CLARY MPSJ, HAHN will be the only remaining defendant and the Third, Fourth and Fifth Causes of Action will be the only matters before the Court. This MOTION is made and based upon all of the pleadings and papers on file, the points and authorities set forth herein and the declarations of M Nelson Segel ("SEGEL"), Larry Hahn ("HAHN"), Christina Hahn ("CHRISTINA") and Reta

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[1] On July 19, 2011, the Court orally ordered a Verified Third Amended Complaint ("Third Complaint") to be file which would be identical to the Verified Second Amended Complaint filed by Plaintiffs on or about the 13th day of June, 2011, however, the Third Complaint would include verifications and the exhibits referred to in the Second Complaint. Defendants prepared two orders, one from the June 7, 2011, hearing where the Court authorized the filing of the Second Complaint and the one from the July 19, 2011, hearing where the Court directed the filing of the Second Complaint. Said orders were not signed by Plaintiffs' counsel and made available to Defendants' counsel until Friday, July 29, 2011. Defendants' counsel caused said orders to be delivered to the Court within hours of their receipt. The Court entered said orders on Monday, August 1, 2011. At the time of the preparation of this Motion, no Third Complaint had been filed or served. Therefore, the HAHN DEFENDANTS have referred to the Third Complaint, however, they have utilized the Second Complaint for references.

Van da Walker ("RETA"), attached hereto as Exhibit "A", "B", "C" and "D", respectfully.

FACTUAL BACKGROUND

CERTAIN PLAINTIFFS SHOULD BE DISMISSED FROM CASE

Rule 12(b)(5) of the Nevada Rules of Civil Procedure ("NRCP") sets forth a right to seek dismissal of a cause of action based upon a failure to state a claim upon which relief can be granted. It also provides that such defense can be asserted by motion. NRCP 12(b)(5) provides:

> (b) How Presented. Every defense, in law or fact, to a claim for relief in any pleading, whether a claim, counterclaim, cross-claim, or third-party claim, shall be asserted in the responsive pleading thereto if one is required, except that the following defenses may at the option of the pleader be made by motion: . . . (5) failure to state a claim upon which relief can be granted, ... A motion making any of these defenses shall be made before pleading if a further pleading is permitted. No defense or objection is waived by being joined with one or more other defenses or objections in a responsive pleading or motion. . . . If, on a motion asserting the defense numbered (5) to dismiss for failure of the pleading to state a claim upon which relief can be granted, matters outside the pleading are presented to and not excluded by the court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56, and all parties shall be given reasonable opportunity to present all material made pertinent to such a motion by Rule 56.

The Supreme Court has had long standing standards for dismissal of a complaint pursuant to NRCP 12(b)(5). In the case of *Hampe v. Foote* 118 Nev. 405, 47 P.3d 438 (2002), at page 408, the Court stated:

> This court rigorously reviews a district court's dismissal of an action under NRCP 12(b)(5) for failure to state a claim. [*Blackjack Bonding v. Las Vegas Mun. Ct.,* 116 Nev. 1213, 1217, 14 P.3d 1275, 1278 (2000)]. All factual allegations in the complaint are regarded as true, and all inferences are drawn in favor of the non-moving party. *[Id.* (citing *Simpson v. Mars, Inc.,* 113 Nev. 188, 190, 929 P.2d 966, 967 (1997))]. A complaint should only be dismissed if it appears beyond a reasonable doubt that the plaintiff could prove no set of facts, which, if true, would entitle him to relief.[Id.]. **Dismissal is proper where the allegations are insufficient to establish the elements of a claim for relief**. [*Nevada Power Co. v. Haggerty*, 115 Nev. 353, 358, 989 P.2d870, 873 (1999). (Emphasis added).

Not all of the Plaintiffs who claim to be stockholders of KOKOWEEF are stockholders and should be dismissed as plaintiffs herein.

BURKE MUST BE DISMISSED AS A PLAINTIFF

Plaintiff Ted Burke is not a stockholder. Ted Burke originally invested funds in Explorations Incorporated of Nevada ("EIN") in 1991. The shares held by Burke in EIN were surrendered and reissued after the reorganization between EIN and KOKOWEEF. At the direction of BURKE, the

shares were issued in the name of BFT Enterprises, LLC. ("BFT") Since May 1, 2007, BFT, not BURKE has been the stockholder of KOKOWEEF.

A review of the Third Complaint shows that BURKE understands that his stock is held in the name of BFT. Paragraph 26 contained on page 9 of the Third Complaint, at line 24 states:

> Plaintiff BURKE personally and as a Manager of BFT Enterprises, LLC holds Five Thousand Three- Hundred Fifty (5,350) shares of EIN stock.[2]

A review of the language shows the efforts of Plaintiffs to "fix" the error in their pleading. Rather than seek to add BFT as a Plaintiff in place of BURKE, they allege that "BURKE personally and as a Manger . . . holds . . . shares of EIN stock." The fallacy of this allegation is clear. The allegation admits that the shares are held in the name of BFT. While there is no allegation that BURKE is the sole member of BFT, and the allegation that he is "**a** Manager", suggests that there are other managers and likely members of BFT. It was BURKE's choice to have the stock issued in the name of BFT. Now that an issue has been raised regarding the proper plaintiff in this matter, Plaintiffs attempt to cure the defect by alleging that BURKE owns the shares. There is no basis to disregard principals of limited liability corporation law. More importantly, as set forth in NRS §86.521, the members of a limited liability company are not entitled to the assets of the company until all creditors have been paid. Therefore, BURKE should be dismissed as a plaintiff in this matter since he is not a stockholder of KOKOWEEF and has no right to personally pursue any claim of BFT.

PAUL BARNARD MUST BE DISMISSED AS A PLAINTIFF

Paul Barnard purchased shares in Kokoweef by deliver of the sum of Two Thousand Dollars (2,000) on or about the 28th day of April, 2006. The shares were issued to PMB Living Trust. A review of the stockholder records of KOKOWEEF fail to show PAUL as a stockholder.

Paragraph 29 of the Third Complaint, on page 10, commencing on line 11, states:

> During all relevant times herein, BERNARD was issued 2,000 shares of EIN stock, which were exchanged for KOKOWEEF shares on or about March 6, 2007.

This allegation is false. First, PAUL never purchased shares in EIN. His shares were purchased in

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[2] HAHN DEFENDANTS are confused. It is their understanding that one of the major bases of this case is that the Plaintiffs were allegedly subjected to negligent misrepresentation as their stock in EIN was converted to KOKOWEEF without providing them appropriate information. HAHN DEFENDANTS do not understand the allegation that BFT holds EIN stock.

KOKOWEEF and the shares were issued to PMB. Secondly, only Three Hundred Thirty Four (334) shares of KOKOWEEF stock was purchased. Therefore, PAUL should be dismissed as a Plaintiff herein.

LEON GOLDEN MUST BE DISMISSED AS A PLAINTIFF

The Third Complaint lists Leon Golden ("GOLDEN") as a Plaintiff. The records of EIN and KOKOWEEF fail to show GOLDEN as a stockholder. Paragraph 34 of the Third Complaint, on page 11, commencing on line 9, states:

> During all relevant times herein, GOLDEN was issued 100 shares of EIN stock, which were exchanged for KOKOWEEF shares on or about March 2007.

A review of the GOLDEN's Answers to Interrogatories, which are attached to the Declaration of HAHN as Attachment "1", shows that he purportedly had an arrangement with John W. Rhine ("RHINE"), allegedly paid one half of the purchase price for the shares that were purchased by RHINE and claims to be a stockholder of KOKOWEEF.

In response to Interrogatories that were served upon him, GOLDEN responded:

> Response to Interrogatory No. 10: I purchased 100 shares of stock. Because I did not have a checking account, I asked my friend, John W. Rhine, to write a check for me on June 28, 2006. However, fifty percent (50%) of these shares are mine. See document attached hereto as Exhibit "1".
>
> Response to Interrogatory No. 11: I never received a stock certificate. Instead, Certificate #00427 was issued to John Rhine for 100 shares on June 1, 2007. However, fifty percent (50%) of the shares represented in Certificate #00427 are mine. See Exhibit "1".

GOLDEN never states that he has advised EIN or KOKOWEEF that he was purchasing part of the stock of RHINE, never requested that the shares be issued in his name and was unknown to KOKOWEEF until the original Verified Derivative Complaint and his Answers to Interrogatories were received. Since GOLDEN never purchased his shares from EIN or KOKOWEEF, he was not known to KOKOWEEF and no misrepresentation could have been made to him, he should be dismissed as a Plaintiff herein.

HWS SHOULD BE DISMISSED AS A DEFENDANT

As set forth below, the allegations contained in the Third Complaint are insufficient to

establish the elements of a claim for relief of unjust enrichment against HWS. It does not appear that Plaintiffs are pursing a cause of action against HWS; however, this motion seeks an order dismissing said claim to assure that the record is clear.

The Third Complaint does appear to be seeking a claim that the Plaintiffs may "pierce the corporate veil" in a reverse manner to hold HWS liable for the alleged wrongful conduct of HAHN. While there are conclusory allegations that appear to have been made in an effort to support such a cause of action, they are equally deficient.

The filing of the Third Complaint, which occurred after extensive discovery by Plaintiffs, makes a material change in the allegations as the relate to HWS. First, various causes of action have been removed and the Third Complaint only alleges one cause of action against HWS; the Fourth Cause of Action for Unjust Enrichment.

In the Verified Derivative Complaint, and the First Amended Derivative Complaint, Plaintiffs made allegations of explicit wrongful conduct by HWS and its obtaining the assets of EIN or KOKOWEEF improperly. They sought damages against HWS to recover assets that they claimed were wrongfully obtained by HWS.

The progression of the pleadings in this matter is interesting, and telling. The Verified Derivative Complaint alleged that HWS wrongfully obtained the assets of EIN and KOKOWEEF. It made a listing of numerous checks that had been made payable to third parties and cashed at HWS. The Verified Derivative Complaint suggested that this was a fraudulent action. Defendants asserted that many of these were checks were for people who worked at the KOKOWEEF site and had no other means of cashing their checks.

When the Verified First Amended Complaint was filed, the specific checks were removed, but the language of the document still alleged that HWS had acted improperly and received funds from EIN and KOKOWEEF that it was not entitled to receive.

As part of the discovery in this matter, the Court ordered HWS to allow Plaintiffs' expert, Talon Stringham ("STRINGHAM"), to review substantially all of the business records of HWS from 2004 through 2009. These documents were taken by Plaintiffs and not returned for approximately two months. STRINGHAM was provided checking account records, a QuickBooks disk, the vendor

files and other requested records.

After having an opportunity to review these records, STRINGHAM prepared his May 20 , 2011 report, a copy of which is attached hereto as Exhibit "E", without the exhibits.[3] A review of STRINGHAM's report fails to assert any wrongful action by HWS. The report simply states that Defendants have been unable to provide supporting documentation for a specified amount of transactions and concludes that HAHN stole the funds.

HAHN DEFENDANTS believe that it is significant that STRINGHAM did not make any finding of wrongdoing by HWS. That explains why the Verified Second Amended Complaint and Verified Third Amended Complaint have changed the allegation to a "alter-ego" theory.

The allegations set forth in the Third Complaint are different than the Verified Derivative Complaint and the Verified First Amended Complaint.

Paragraph 71 of the Fourth Cause of Action on page 18 of the Third Complaint, at line 9 states:

> Plaintiffs are informed and believe, and therein allege, that Defendants HAHN, HWS, and DOES 1 thought 100, inclusive, were unjustly enriched by the illegal sale of unregistered securities and the diversion of corporate funds and assets for the personal use of HAHN and his **alter-ego**, HWS. [Emphasis added].

Paragraph 1 of the Third Complaint, contained on page 2, commencing at line 15, states:

> Plaintiffs allege that rather than use the proceeds from the sale of stock to operate a commercial mine, Defendant. [sic] HAHN instead looted the corporations to pay for his own personal expenses and those of his **alter-ego**, HWS." (Emphasis added].

Paragraph 13 of the Third Complaint, contained on page 3, commencing on line 14 states:

> Plaintiffs are informed and believe, and thereon alleged [sic], that Defendant HAHN wrote checks from the corporate accounts of KOKOWEEF to himself, to his family members and to his **alter-ego**, HWS, for non-KOKOWEEF business expense and activities, which were ultra vires activities that were not in the best interest of the corporations or the shareholders. [Emphasis added].

Paragraph 43, of the Third Complaint, contained on page 12 states, at line 24:

> HWS was incorporated in 1977 and HAHN was the President of that corporation until the time he transferred that office to his family members, although HAHN still maintains control of that corporation.

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[3] STRINGHAM actually prepared numerous reports, some as part of the litigation and motions, as well as, some that were to be considered his "expert reports." Reference to "reports" is to his "expert reports" and findings.

Paragraph 45 of the Third Complaint, contained on page 13, is standard language meant to support a claim to "pierce the corporate veil" to enable a creditor to seek recovery of its claim from a stockholder, officer or director of a corporation. This concept has been codified by the Nevada legislature in NRS §78.747. The language of Paragraph 45 of the Third Amended Complaint provides, commencing at line 9:

> Plaintiffs are informed and believe, and thereon allege, that Defendants KOKOWEEF, HAHN, HWS and DOES I through100, inclusive, are, and at all times mentioned herein were, the alter-ego of each other, in that there now exists, and at all times mentioned herein there existed, such unity of interest in ownership between these Defendants, and each of them, such that any individuality and separateness has ceased in that each of the Defendants is and at all times mentioned herein was, a mere shell, instrumentality and conduit through which each of the other Defendants carry on their business in the corporate name, exercising such control and dominance of each of the other Defendants to such an extent that any individuality of separateness of a Defendant did not and does not exist. Any further adherence to the fiction of a separate existence of these several Defendants as entities distinct from each of the other Defendants would permit an abuse of the corporate privilege and would sanction a fraud on Plaintiffs. Plaintiffs are further informed and believe that said Defendants managed and operated the corporate and affiliated entities and intermingled the asset of each to suit their convenience by placing and conveying assets fraudulently among the Defendants in order to evade payment of obligations and to render other Defendants insolvent and unable to meet their obligations to Plaintiffs.

These are substantially all of the allegations contained in the Third Complaint mentioning HWS. The inclusion of Paragraph 45, which was new to the Second Complaint and Third Complaint, shows that Plaintiffs are attempting to switch their allegations of a direct wrongful action by HWS and seeking to recover against HWS solely as the "alter-ego" of HAHN.

As stated above, Nevada has taken the common law remedy of "piercing the corporate veil" and codified it in NRS 78.747 which provides:

> 78.747. Liability of stockholder, director or officer for debt or liability of corporation
> 1. Except as otherwise provided by specific statute, no stockholder, director or officer of a corporation is individually liable for a debt or liability of the corporation, unless the stockholder, director or officer acts as the alter ego of the corporation.
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> 2. A stockholder, director or officer acts as the alter ego of a corporation if:
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> (a) The corporation is influenced and governed by the stockholder, director or officer;
>
> (b) There is such unity of interest and ownership that the corporation and the stockholder, director or officer are inseparable from each

other; and

(c) Adherence to the corporate fiction of a separate entity would sanction fraud or promote a manifest injustice.

3. The question of whether a stockholder, director or officer acts as the alter ego of a corporation must be determined by the court as a matter of law.

A review of the Third Complaint fails to show any **facts** to support a claim under NRS §78.747. While paragraph 45 sets forth the words that must be shown to "pierce a corporate veil", in essence paraphrasing the law as recognized in Nevada, they have not set forth **any** facts to support these conclusory statements of how recognizing the separateness of HAHN and HWS would foster a fraud or injustice upon them.

More importantly, the concept of "piercing the corporate veil" is to enable an injured party to recover when the corporate wrongdoer is undercapitalized, has co-mingled its assets with that of the principals of the corporation and to recognize the separateness of the corporation and wrongdoer would sanction a fraud or injustice upon the injured party. *See McLeary v. Sewell*, 73 Nev. 279, 317 P.2d 957 (1957).

REVERSE PIERCING IS THE ONLY REMEDY AND IS NOT AVAILABLE

Unfortunately, Plaintiffs have alleged the wrong remedy. As set forth above, "piercing a corporate veil" works when a wronged party seeks to collect from the principals of a corporation for wrong that was done by the corporation.

As plead in the Third Amended Complaint, the alleged wrong was by HAHN, not HWS. Therefore, Plaintiffs are attempting to obtain a judgment against HWS for the purported wrongful conduct of HAHN. This concept is know as "reverse piercing" and was recognized by the Supreme Court of Nevada in the case *LFC Marketing Group, Inc. V. Loomis*, 116 Nev. 896, 8 P.3d 841 (2000). The Court stated, at page 903:

> Conceptually, we conclude that reverse piercing is not inconsistent with traditional piercing in its goal of preventing abuse of the corporate form. Indeed, "[i]t is particularly appropriate to apply the alter ego doctrine in 'reverse' when the controlling party uses the controlled entity to hide assets or secretly to conduct business to avoid the **pre-existing liability of the controlling party."** *Select Creations,* 852 F.Supp. at 774. However, it should be emphasized that "[t]he corporate cloak is not lightly thrown aside" and that the alter ego doctrine is an exception to the general rule recognizing corporate independence. *Baer v. Amos J. Walker, Inc.*, 85 Nev. 219, 220, 452 P.2d 916, 916 (1969). Accordingly, we conclude

> that reverse piercing is appropriate in those limited instances where the particular facts and equities show the existence of an alter ego relationship and require that the corporate fiction be ignored so that justice may be promoted. [Emphasis added].

The key to remember is that the Court described the elements necessary for a "piercing claim" and stated, *Id*:

> The elements for finding an alter ego, which must be established by a preponderance of the evidence, are:
>
> (1) the corporation must be influenced and governed by the person asserted to be the alter ego; (2) there must be such unity of interest and ownership that one is inseparable from the other; and (3) the facts must be such that adherence to the corporate fiction of a separate entity would, under the circumstances, sanction [a] fraud or promote injustice.
>
> Further, the following factors, though not conclusive, may indicate the existence of an alter ego relationship: (1) commingling of funds; (2) undercapitalization; (3) unauthorized diversion of funds; (4) treatment of corporate assets as the individual's own; and (5) failure to observe corporate formalities. We have emphasized, however, that "[t]here is no litmus test for determining when the corporate fiction should be disregarded; the result depends on the circumstances of each case." (Citations omitted).

Finally, the Court acknowledged that additional issues are the affect upon innocent shareholders or creditors and stated, at page 905:

> We recognize, however, as the district court also did, that there are other equities to be considered in the reverse piercing situation-namely, whether the rights of innocent shareholders or creditors are harmed by the pierce. *See Floyd v. I.R.S.*, 151 F.3d 1295, 1300 (10th Cir.1998) (recognizing potential harm to innocent shareholders or creditors when the corporate veil is pierced in reverse); *Cargill, Inc. v. Hedge*, 375 N.W.2d 477, 479 (Minn.1985).

A review of the Third Complaint shows that there are **no** facts set forth regarding "piercing the corporate veil" or "reverse piercing of the corporate veil".

Plaintiffs reviewed all of HWS' business records prior to the filing of the motion to allow them to file the Second Complaint. Notwithstanding this fact, even the conclusory allegations regarding piercing the corporate veil are "on information and belief."

The Declarations of HAHN and CHRISTINA have been attached hereto as Exhibits "B" and "C", respectively in support of the request for summary judgment in favor of HWS. These declarations present evidence to the Court that HAHN and HWS have a separate existence, do not co-mingle their funds and are not directed and controlled by HAHN. Equally important, HAHN is

not a shareholder and Leslie Hahn is the majority shareholder of HWS. Finally, HWS has existed prior to the formation of EIN or KOKOWEEF, was not created in an effort to avoid a known liability and has creditors who are independent of the Plaintiffs in this case who would be harmed by allowing Plaintiffs to assert a claim against HWS as the "alter-ego" of HAHN.

HWS SHOULD BE DISMISSED AS A DEFENDANT OR THE COURT SHOULD GRANT SUMMARY JUDGMENT IN ITS FAVOR

Application of the rules for a reverse piercing as set forth in *LFC Marketing Group, Inc.*, shows that Plaintiffs have failed to plead the required elements and; therefore, the Fourth Cause of Action against HWS should be dismissed. While the consideration of a motion to dismiss under NRCP 12(b)(5) requires the Court to limit its review to the Verified Third Amended Complaint, HAHN DEFENDANTS believe that this MOTION has provided a sufficient basis for dismissing HWS as a defendant herein.

HAHN DEFENDANTS have provided the Court with additional information, documentation and declarations to review in the event the Court believes that it cannot grant the Motion to Dismiss HWS on the basis that the Plaintiffs have insufficiently set forth adequate facts to support a cause of action for "reverse piercing." HAHN DEFENDANTS would request that the Court enter summary judgment in favor of HWS under the Fourth Claim for Relief.

The procedure for Summary Judgment is set forth in NRCP 56, and provides, in pertinent part:

> (b) For Defending Party. A party against whom a claim, counterclaim, or cross-claim is asserted or a declaratory judgment is sought may, at any time, move with or without supporting affidavits for a summary judgment in the party's favor as to all or any part thereof.
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> . . .
>
> (e) Form of Affidavits; Further Testimony; Defense Required. Supporting and opposing affidavits shall be made on personal knowledge, shall set forth such facts as would be admissible in evidence, and shall show affirmatively that the affiant is competent to testify to the matters stated therein. Sworn or certified copies of all papers or parts thereof referred to in an affidavit shall be attached thereto or served therewith. The court may permit affidavits to be supplemented or opposed by depositions, answers to interrogatories, or further affidavits. When a motion for summary judgment is made and supported as provided in this rule, an adverse party may not rest upon the mere allegations or denials of the adverse party's pleading, but the adverse party's response, by affidavits or as otherwise provided in this rule, must set forth specific facts showing that there is a genuine issue for trial. If the adverse

> party does not so respond, summary judgment, if appropriate, shall be entered against the adverse party.

Summary judgment is appropriate if the pleadings and affidavits demonstrate that there is *no genuine issue* of material fact and the moving party is entitled to judgment as a matter of law. *Wood v. Safeway, Inc.,* 121 Nev. 724, 121 P.3d 1029 (2005). A genuine issue of material fact is one where the evidence is such that a reasonable jury could return a verdict for the non-moving party. *Id.* Motions for summary judgment are viewed in the light most favorable to the non-moving party. *Id.* "When a motion for summary judgment is made and supported as required by Rule 56 of Nevada Rules of Civil Procedure, the non-moving party *may not rest* upon general allegations and conclusions, but must, by affidavit or otherwise, set forth specific facts demonstrating the existence of a genuine issue of material fact." *Id.* at 1030. As set forth herein, there is no issue of material fact regarding the issue of HWS being the "alter-ego" of HAHN or that HWS improperly received funds from EIN or KOKOWEEF. Under these circumstances, summary judgment in favor of HWS on the Fourth Claim for Relief is appropriate.

HAHN IS ENTITLED TO PARTIAL SUMMARY JUDGMENT ON THE FIRST AND SECOND CLAIMS FOR RELIEF

HAHN DEFENDANTS believe the Court is well aware of the tortured history of this case and will not spend any time delving through it. The Court orally granted Plaintiffs the right to file a Verified Second Amended Complaint on June 7, 2011. An order allowing the filing of a Verified Third Amended Complaint was finally submitted to the Court on Friday, July 29, 2011, and entered on August 1, 2011.

The present motion has been brought to enable the Court to determine whether a viable action exists against HAHN in the First Cause of Action alleging a violation of NRS §90.660 and the Fourth Cause of Action alleging negligent misrepresentation. Under NRS §90.660 the sole remedy is rescission. Therefore, KOKOWEEF would be the proper "party" to grant rescission. The "prayer" seeks the damages set forth in NRS §90.660, but Plaintiffs do not offer to tender their shares in KOKOWEEF. In fact, Plaintiffs counsel, Alexander Robertson, IV, Esquire, stated to Judge Denton during a hearing held in January 2009, that his clients did not want to give up their

stock, they simply wanted their illegally issued stock to be rescinded and to have the stock legally re-issued! If this is the case, and the Plaintiffs are not willing to surrender their shares in KOKOWEEF, they are not entitled to **any** damages under NRS §90.660.

As set forth herein, HAHN DEFENDANTS are entitled to summary judgment on the First Cause of Action and Second Cause of Action,[4]

PLAINTIFFS HAVE FAILED TO ADEQUATELY PLEAD
A CLAIM FOR NEGLIGENT MISREPRESENTATION

HAHN DEFENDANTS previously filed a Motion to Dismiss regarding the Verified First Amended Derivative Complaint that was heard by Judge Denton on or about the 12th day of January 2009. Judge Denton granted portions of the Motion to Dismiss and denied others in a Decision and Order that was entered on the 29th day of January, 2009.

Causes of Action 1 through 5 in the Verified First Amended Complaint were brought by Plaintiffs against HAHN, and CLARY, based upon purported allegations of fraud, misrepresentation and "securities fraud." Judge Denton granted the Motion to Dismiss as it related to Cause of Actions 1, 2, 3, 5 and 6 contained in the Verified First Amended Derivative Complaint. With the exception of the First Cause of Action that was dismissed on the basis that no remedy existed for Plaintiffs under NRS §90.640, the claims for relief were dismissed due to the failure of Plaintiffs to provide adequate facts to support said claims.

Judge Denton refused to grant the Motion to Dismiss the Fourth Cause of Action based upon "negligent misrepresentation" on the basis that the pleading requirement was not as stringent as required for fraud. Judge Denton stated, at page 2, line 23 of the D&O as follows:

> The Court is not of the view that negligent misrepresentation requires the same particularity in pleadings as fraud. Therefore, the Court cannot say that the Fourth Cause of Action fails to state a claim on which relief can be granted . . .

The Court recently allowed the Plaintiffs to file the Third Complaint. Although the pleadings have changed, the HAHN DEFENDANTS do not believe that adequate facts have been set forth to

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[4] The Court should be aware that Defendant Larry Hahn does not believe that any portion of the Third Complaint has merit. The present motion has been filed to eliminate the extraneous parties and to enable the Court to focus on the allegations against him that he misappropriated money from EIN and KOKOWEEF.

support a claim for negligent misrepresentation against them. Therefore, the Court should enter summary judgment in their favor. For the reasons set forth below, the HAHN DEFENDANTS request that this Court enter summary judgment in favor of HAHN pursuant to this MOTION as well as CLARY pursuant to CLARY's MPSJ on the Second Cause of Action contained in the Third Complaint.

Nevada recognizes a cause of action known as "negligent misrepresentation". This cause of action was addressed by the Supreme Court of Nevada in the case *Bill Stremmel Motors, Inc. V. First Nat'l Bank of Nevada*, 94 Nev. 131, 575 P.2d 938 (1987). In reaching its decision, the Court stated,

> The theory of liability is expressed in Restatement (Second) of Torts s 552, 1977 ed., pp. 126-127. There it is stated:
>
> (1) One who, in the course of his business, profession or employment, or in any other action in which he has a pecuniary interest, for the guidance of others in their business transactions, is subject to liability for **pecuniary loss** caused to them by their justifiable reliance upon the information, if he fails to exercise reasonable care or competence in obtaining or communicating the information. (Emphasis added).
> . . .
>
> The tort is negligent misrepresentation. Cf. *Eikelberger v. Rogers*, 92 Nev. 282, 549 P.2d 748 (1976), where we rejected that theory of liability absent proof of reliance upon accounting statements by the party seeking damages.

Stremmel referred to *Eikelberger* where the Court upheld a JNOV in favor of the defendant. The Court stated at page 283,

> The Eikelbergers commenced this action against Rogers, a certified public accountant, to recover damages for accounting errors in statements prepared by Rogers for John and Mary Tolotti for use in litigation between the Eikelbergers and the Tolottis. The Eikelbergers did not employ Rogers. The Eikelbergers did not rely upon the accounting statements prepared by Rogers. To the contrary, they challenged those statements in the litigation with the Tolottis. **Absent a professional relationship between the Eikelbergers and Rogers, or a reliance upon the accounting statements prepared**, we perceive no legal basis for damages claimed to have been incurred by the Eikelbergers. (Emphasis added).

The *Eikelberger* decision seems particularly relevant in this matter where the Plaintiffs have failed to allege any specific misstatement, reliance upon said statement or damages.

The Supreme Court recently discussed the evidence necessary to establish a prima facie case for negligent misrepresentation in *Foster v. Dingwall*, __ Nev. ___, 227 P.3d 1042 (2010) where it stated, at page 1052:

> Even if the award was not duplicative, Yang and Chai did not present sufficient evidence to establish a prima facie case for intentional or negligent misrepresentation. *See Nelson v. Heer,* 123 Nev. 217, 225, 163 P.3d 420, 426 (2007) (providing the elements of intentional misrepresentation: "(1) a false representation that is made with either knowledge or belief that it is false ..., (2) an intent to induce another's reliance, and (3) damages that result from this reliance"); *Barmettler v. Reno Air, Inc.,* 114 Nev. 441, 449, 956 P.2d 1382, 1387 (1998) (providing that one who, without exercising reasonable care or competence, "supplies false information for the guidance of others in their business transactions" is liable for "pecuniary loss caused to them by their justifiable reliance upon the information"). Both causes of action require a showing that damages resulted from the tortious misrepresentations. *Nelson,* 123 Nev. at 225, 163 P.3d at 426; *Barmettler,* 114 Nev. at 449, 956 P.2d at 1387. And although default was entered in this case and the pleadings were deemed admitted, *see Estate of LoMastro v. American Family Ins.,* 124 Nev. ----, ---- n. 14, 195 P.3d 339, 345 n. 14 (2008), the admission of the pleadings did not relieve Yang and Chai of their responsibility to show that they were entitled to relief and that the amount of damages sought corresponded with the asserted causes of action. In other words, because both intentional and negligent misrepresentation require a showing that the claimed damages were caused by the alleged misrepresentations, *Nelson,* 123 Nev. at 225, 163 P.3d at 426; *Barmettler,* 114 Nev. at 449, 956 P.2d at 1387, it was not sufficient for Yang and Chai to merely assert the fact that they were damaged without showing substantial evidence that the amount of damages sought were both attributed to the tortious misrepresentation and intended to compensate Yang and Chai for the harm caused by the misrepresentation.

Dingwall makes it clear that a plaintiff alleging that they were damaged through the negligent misrepresentation of another has the obligation to show that HAHN:

1. In the course of his business, profession or employment, or in any other action in which he has a pecuniary interest;
2. For the guidance of others in their business transactions;
3. Caused a **pecuniary loss**;
4. Incurred by their justifiable reliance upon the information,
5. Where he failed to exercise reasonable care or competence in obtaining or communicating the information.

While Plaintiffs have attempted to cure the defects of the previous complaints to properly assert a cause of action for negligent misrepresentation, they have failed to do so.

A review of the Second Cause of Action contained in the Third Complaint shows that these elements have not been plead. The Second Claim for Relief does set forth allegations against CLARY in paragraph 60 alleging misrepresentations. However, there does not appear to be an allegation against HAHN. Paragraph 61 of the Third Complaint states:

> The misrepresentations made to Plaintiffs included the false and fraudulent statements described above and incorporated herein by reference.

The problem with this allegation is that it does not say who made what representation to whom. More importantly, there is no allegation, conclusory or otherwise, that [HAHN] (1) made any representation; (2) in the course of his business, profession or employment, or in any other action in which he has a pecuniary interest, (3) for the guidance of others in their business transactions, (4) caused to them by their justifiable reliance upon the information, and (5) he failed to exercise reasonable care or competence in obtaining or communicating the information.

There is a conclusory statement in paragraph 62 that "Defendants, and each of them, made **these representations** negligently, and without any reasonable basis for believing them to be true. [Emphasis added]. The Third Complaint does not attempt to identify "these representations" nor does it set forth any facts to support the allegation that HAHN failed to exercise reasonable care or competence.

More importantly, there is no allegation of damages that resulted from any conduct by HAHN. Clearly, this is an essential element of a claim for negligent misrepresentation.

The Supreme Court of Nevada has defined "damages" and ruled in a negligent misrepresentation matter these were "out of pocket losses" only. The Supreme Court held, in *Goodrich & Pennington Mortgage Fund, Inc. V. J.R. Woolard, Inc.*, 120 Nev. 777, 101 P.3d 792 (2004), commencing at page 797, "The district court properly used an **out-of-pocket damage-recovery theory** to award Goodrich its damages sustained as a result of Woolard's negligence." (Emphasis added). Prior to reaching its conclusion, the Court discussed the claimed damages at page 796 and stated:

> Goodrich asks us to adopt a benefit-of-the-bargain formula for damages. This court has defined benefit-of-the-bargain damages in the fraud context as "the value of what [the plaintiff] would have received had the representations been true, less what he actually received." This damage measure is akin to damages available in a contract action for breach of warranty. The benefit-of-the-bargain rule is a punitive measure which "compels [a] party guilty of fraud to make good his or her representations, and under its operation, the parties are placed in the same position as if the contract and representations had been fully performed."
>
> **We reject this damage formulation in favor of the out-of-pocket formula for cases of negligent misrepresentation**. (Citations omitted, emphasis added).

This concept takes the value paid, subtracts the actual value of the item obtained had the misrepresentation not occurred and that the result is the measure of damages.

The only allegation in the Third Complaint that addresses damages is paragraph 64 which states:

> As a direct and proximate result of Defendants' misstatements and misrepresentations of material facts, Plaintiffs purchased securities from the Defendants in EIN and KOKOWEEF and have suffered damages as more fully set forth herein in an amount to be proved at trial.

This is the only language of the Third Complaint that alleges damages. However, they have not set forth the damages sustained or the basis therefore.

The lack of adequate pleading puts the HAHN DEFENDANTS at a disadvantage as they must hypothesize what Plaintiffs are claiming. There are two possible claims. The first claim would be that CLARY and HAHN made factual statements to **each** Plaintiff that induced **each** of them to purchase shares of stock of EIN or KOKOWEEF for a value that was in excess of what they would have paid but for the purported misrepresentation. Each of the Plaintiffs paid Six Dollars ($6) per share.[5] Any new stockholder, or existing stockholder who purchases new stock in Kokoweef, Inc. ("KOKOWEEF") pays Six Dollars ($6) per share. Therefore, there is no damage under the rule set forth in *Goodrich*.

If the alleged wrongful conduct is something that occurred in the reorganization between EIN or KOKOWEEF, there is still no damage. First, not all of the Plaintiffs were stockholders of EIN. Therefore, they could not have a claim regarding the reorganization. Secondly, the Six Dollars ($6) per share issue precludes them from having damages.

While the representation of Mr. Robertson at the hearing in January 2009 was not made to Judge Gonzalez, it was made to Judge Denton and is contained in the record. At that time, Mr. Robertson represented to the Court that the Plaintiffs did not want rescission of their stock. They

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[5] This statement, as supported by the declaration of HAHN, shows that all stockholders who have purchased stock in Explorations Incorporated of Nevada, Inc. ("EIN") or Kokoweef, Inc. ("KOKOWEEF"), paid Six Dollars ($6) per share. In addition to the purchase of shares for Six Dollars ($6) per share, shares of stock of EIN and KOKOWEEF have been issued for services rendered to EIN and KOKOWEEF. These shares were issued based upon a value of Six Dollars ($6) per share. However, the Court should be advised that the HAHN DEFENDANTS do not believe all of the Plaintiffs are stockholders and has addressed that issue above.

wanted their interest in KOKOWEEF. They "simply" want the shares rescinded and issued properly."[6]

EACH PLAINTIFF MUST SHOW THAT THEY AFFIRMATIVELY RELIED UPON A NEGLIGENT MISREPRESENTATION AND WERE HARMED

It cannot be disputed that an action for "negligent misrepresentation" requires a plaintiff to prove that he relied upon said negligent misrepresentation. This requires the plaintiff to set forth what misrepresentation occurred, when it took place, the true facts, that he relied upon the statements, the basis for his reliance, the action taken by him and the damages proximately caused by the misrepresentation. Clearly, these elements are not contained in the Third Complaint. Therefore, summary judgment on the Second Cause of Action Relief for Negligent Misrepresentation on behalf of HAHN is not only appropriate, but required.

THE FIRST CAUSE OF ACTION SHOULD BE DISMISSED OR SUMMARY JUDGMENT SHOULD BE GRANTED

In the First Cause of Action, Plaintiffs have asserted a claim, based upon the parenthetical under the words, "First Cause of Action", for civil liability pursuant to NRS 90.660 for the sale of unregistered securities against Defendants HAHN, CLARY, EIN, KOKOWEEF and DOES 100, inclusive. With a few exceptions, the language of the First Cause of Action is a quote of the words of NRS §90.660.

There is an allegation set forth in paragraph 57 that is quite troubling to the HAHN DEFENDANTS. It states, at page 15, line 5, "Plaintiffs have tendered their securities in EIN and KOKOWEEF to Defendants concurrent with the filing of their First Amended Complaint and such tender was rejected by the Defendants, and each of them." As set forth in the declaration of SEGEL, he has no recollection of any such tender having been made by Plaintiffs. Even if it had taken place, this does not entitle Plaintiffs to obtain the damages set forth in NRS §90.660 without the willingness to, and actual transfer of their stock.

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[6] The minutes of the Court from the hearing held on January 12, 2009, state, "Arguments by Mr. Segal [sic] that all of the shares should be rescinded and reissued to clear up the securities." In reality, this was the comment of Mr. Robertson, not Mr. Segel, as set forth above in the text of this Motion. The minutes later state, "Pltfs do not want rescission."

CLARY and KOKOWEEF have filed the CLARY MPSJ seeking among other relief, dismissal of the First Cause of Action against them. Rather than duplicate the quotations of statutes, the HAHN DEFENDANTS hereby join in the CLARY MPSJ and incorporate the portion of the motion that seeks dismissal or summary judgment on the First Cause of Action as it relates to HAHN.

Plaintiffs appear to be alleging two types of securities violations. First, they assert that the reorganization between EIN and KOKOWEEF was not registered or exempt from registration; therefore, "sold illegally." CLARY has set forth in detail why this allegation is not true.

CLARY, as counsel for EIN and KOKOWEEF, submitted the documentation required to claim the exemption for the reorganization under NRS §90.530(17). The Securities Division of the Office of the Secretary of State for the State of Nevada accepted the filing and did not notify CLARY that anything was improper. This should be adequate to show that the reorganization qualified for the exemption from registration under Chapter 90 of the Nevada Revised Statutes and the bald assertion by Plaintiffs, without some basis for their position, supports summary judgment in favor of the Defendants, including HAHN, on this issue.

Plaintiffs also allege that the sales of securities to the Plaintiffs were done without registration or an exemption from registration under Chapter 90 of Nevada Revised Statutes.

CLARY has set forth NRS 90.530(11) in the CLARY MPSJ, so it has not been repeated herein. An exemption from registration for the sale of a security is available under NRS §90.530(11). This requires that no more than 25 transactions occur to Nevada residents in a 12 month period. The chart attached to the Declaration of RETA as Attachment "1" lists all of the Nevada residents who are Plaintiffs in this matter and purchased stock from KOKOWEEF. Said chart shows that there were not more than Twenty Five (25) transactions in a Twelve (12) month period.

Since the Defendants have provided evidence to the Court that the sales of stock, other than the reorganization, qualified for exemption under NRS §90.530(11), and the reorganization qualified for exemption under NRS §90.520(17), the Court should enter summary judgment in favor of HAHN on the First Cause of Action.

NO SIXTH CAUSE OF ACTION EXISTS OR SHOULD BE DISMISSED

A review of the "caption" portion of the Third Complaint shows that Plaintiffs have purportedly listed various causes of action under the title of the document. There is language which states, "(6) Constructive Fraud." Additionally, there is language in the "prayer" that says "FOR THE FOURTH, FIFTH, and SIXTH CAUSES OF ACTION." However, a review of the Third Complaint fails to show a "Sixth Cause of Action."

Since Plaintiffs have not provided any pleading with allegations regarding a purported sixth cause of action for constructive fraud, even under a liberal notice standard, such cause of action must be dismissed as the Defendants are not being put on notice of the conduct that gives rise to the claim.

CONCLUSION

Based upon the foregoing, the HAHN DEFENDANTS request that the Court enter the following orders:

1. Plaintiffs Ted Burke, Paul Barnard and Leon Golden should be dismissed as Plaintiffs in this matter;

2. HWS should be dismissed as a Defendant in this matter or summary judgment should be entered in this matter in its favor on the basis that it is not the alter ego of HAHN and/or Plaintiffs have failed to justify why the Court should allow "reverse piercing" to enable Plaintiffs to pursue a judgment against HWS for the allegedly wrongful conduct of HAHN;

3. The First Cause of Acton should be dismissed or summary judgment should be entered in favor of HAHN; and

4. Enter an order that no Sixth Claim for Relief exists or dismiss it on the basis that the Third Complaint fails to set forth adequate allegations to put the HAHN

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DEFENDANTS on notice of the claim being asserted.

DATED this 5th day of August, 2011.

M NELSON SEGEL, CHARTERED

By \s\ M NELSON SEGEL
M NELSON SEGEL, ESQUIRE
Nevada Bar No. 0530
624 South 9th Street
Las Vegas, Nevada 89101
Attorneys for Defendants Larry L. Hahn and Hahn's World of Surplus, Inc.

EXHIBIT "A"

DECLARATION OF M NELSON SEGEL

STATE OF NEVADA)
) ss:
COUNTY OF CLARK)

I, M NELSON SEGEL, state, under the penalty of perjury, as follows:

1. I am an attorney at law duly licensed to practice in this Court; make this declaration in support of the Motion to Dismiss Alleged Plaintiffs, Motion to Dismiss, or Alternatively, for Partial Summary Judgment Regarding First and Second Causes of Action, Dismissal, or Alternatively, Summary Judgment on Fourth Cause of Action and Dismissal of the Sixth Cause of Action ("MOTION") filed by Larry Hahn ("LARRY") and Hahn's World of Surplus, Inc. ("HAHN'S WORLD")(LARRY and HAHN'S WORLD sometimes collectively referred to herein as "HAHN DEFENDANTS"); this declaration is made from my own knowledge; and I am competent to testify to the matters set forth herein.

2. I was retained by the HAHN DEFENDANTS to represent them in this manner. I participated in all hearings that have been held, as well as the evidentiary hearing held on or about the 30th day of July, 2008.

3. Numerous motions have been filed and hearings held in this matter. Judge Denton heard each of the motions and rendered decisions on the request for security by Preliminary Findings of Fact and Conclusions of Law and Order granting Defendant Kokoweef's Renewed Motion to Require Security from Plaintiffs which was entered on the 28th day of August, 2008, and his Decision and Order on Defendants' Motion to Dismiss and Plaintiffs' Motion for Appointment of Receiver which was entered on the 29th day of January, 2009.

4. During a hearing before Judge Denton on January 12, 2009, Alexander Robertson, IV, Esquire, (ROBERTSON"), Plaintiffs lead counsel, informed Judge Denton that Plaintiffs did not want to rescind their purchase of stock in Kokoweef, Inc. ("KOKOWEEF"), or its predecessor Explorations Incorporated of Nevada ("EIN"). He stated that the Plaintiffs simply wanted their illegally issued stock to be rescinded and legally issued stock to be delivered to them.

5. I have a background in securities; however, I have never represented KOKOWEEF or EIN in any manner. The remedy available to a disgruntled shareholder is set forth in NRS

§90.660 and provides for rescission of their stock purchase, payment of the purchase price, interest, and, in appropriate circumstances, attorneys' fees. Relinquishment of the securities is a requirement to the obligation to pay under NRS §90.660.

6. The prayer for relief in the Third Complaint requests damages for each of the Plaintiffs under NRS §90.660. However, neither the prayer nor any other paragraph of the Third Complaint offer rescission.

7. The Court ordered Plaintiffs to file a Verified Third Amended Complaint ("Third Complaint") on July 19, 2011. The Court ordered Defendants to respond to the Third Complaint in the ten (10) day period provided for in the Nevada Rules of Civil Procedure. Plaintiffs were notified that it was the intent of my clients to file the MOTION no later than Friday, August 5, 2011.

8. I began preparation of the MOTION on Tuesday, August 2, 2011. My initial draft was completed late Thursday, August 4, 2011. Shortly before I caused the MOTION and related documents to be assembled, I received an email from Plaintiffs' counsel informing me that Plaintiffs had filed their Verified Third Amended Complaint on Thursday, August 4, 2011, at approximately 5:30 p.m. By that time it was too late to change the language of the MOTION or to review the document that was filed. The MOTION contains language that the Verified Third Amended Complaint had not been filed, although the record will make it clear that the MOTION is being filed after later. I will continue to refer to the Third Complaint, although it is based upon a review of the Verified Second Amended Complaint only.

9. Paragraph 57 of the Third Complaint states that Plaintiffs have tendered their securities in EIN and KOKOWEEF to Defendants concurrent with the filing of their First Amended [sic] Complaint. I have no recollection of any such tender having been made to HAHN. I cannot opine regarding any such tender for CLARY or KOKOWEEF, although CLARY never advised me that any such tender was made to him.

10. I have attached the expert report of Talon Stringham dated May 20, 2011 to the MOTION as Exhibit "E". This is a true and correct copy of the report. I have not included the schedules which were used to support the report; therefore, it is not the "complete report." However, I believe that the attachment of the schedules is not necessary since they do not address the issue that

is being raised.

The foregoing is true and correct to the best of my knowledge.

DATED this 5th day of August, 2011.

M NELSON SEGEL

EXHIBIT “B”

DECLARATION OF LARRY HAHN

STATE OF NEVADA)
) ss:
COUNTY OF CLARK)

I, LARRY HAHN, declare under the penalty of perjury as follows:

1. I am the President of nominal defendant Kokoweef, Inc. ("KOKOWEEF") and a defendant in this matter; make this declaration in support of the Motion for Partial Summary Judgment ("MOTION") filed by Hahn's World of Surplus, Inc. ("HWS") and me; this declaration is made on personal knowledge and I am competent to testify to the matters stated herein.

2. I have had an opportunity to review a document entitled, Verified Second Amended Complaint ("Second Complaint") and was in Court on July 19, 2011, when the Plaintiffs were ordered to file a Verified Third Amended Complaint ("Third Complaint"), but I understand it has not been filed. I also understand that the MOTION refers to the Third Complaint; therefore, my references herein shall be to the Third Complaint even though I have only reviewed the Second Complaint.

3. The Fourth Cause of Action in the Third Complaint alleges that HWS was unjustly enriched as the "alter-ego" of me through my dealings with Kokoweef, Inc. ("KOKOWEEF") and its predecessor, Explorations Incorporated of Nevada ("EIN").

4. My wife, Christina, is the President of HWS. I was replaced by Christina as President in 2000. She became President and assumed the duties long before any issues arose regarding the operation of Kokoweef, Inc. ("KOKOWEEF") or Explorations Incorporated of Nevada ("EIN").

5. My daughter, Leslie, holds approximately Fifty One Percent (51%) of the issued and outstanding shares of stock of HWS. My wife, Christina, holds the other approximately Forty Nine Percent (49%) of the stock of HWS. Leslie acquired her stock in or about 2002.

6. The Fourth Cause of Action in the Third Complaint alleges that HWS was unjustly enriched as my "alter-ego" through my dealings with Kokoweef, Inc. ("KOKOWEEF") and its predecessor, Explorations Incorporated of Nevada ("EIN").

7. Paragraph 71 of the Third Complaint states, "Defendants HAHN, HWS, and DOES 11 through 1000, inclusive, were unjustly enriched by the illegal sale of unregistered securities and

the diversion of corporate funds and assets for the personal use of HAHN and his alter-ego, HWS."

8. All funds received by HWS from KOKOWEEF and EIN were provided for the payment of goods and materials delivered to KOKOWEEF and EIN or loans made by HWS to KOKOWEEF or EIN. If any funds were received by me from KOKOWEEF or EIN, they were for reimbursement of advances made by me for KOKOWEEF or EIN. Neither HWS nor I have received payment of any funds or transfer of any property, that was not given for payment for advances made, goods supplied or reimbursement.

9. I am not involved in handling the finances of HWS. It is my understanding that the funds of HWS are kept in accounts in the name of HWS. Funds of HWS have not been deposited in any bank account in my name or held by me jointly with Christina, unless it was money that was properly paid as our compensation for working in HWS' business or authorized to be paid to me or both of us as additional compensation.

10. KOKOWEEF is an exploratory company that is searching for the "Kokoweef river of gold." It has not had business income and it, or its predecessor EIN, has operated through raising capital from existing and new investors. Since inception, KOKOWEEF, or EIN, charged Six Dollars and No Cents ($6.00) per share.

11. I retained Pat Clary ("CLARY") to advise EIN regarding its corporate obligations and securities. CLARY recommended that a new entity be formed and merged with EIN. KOKOWEEF was formed and CLARY took the steps necessary to complete the reorganization.

12. CLARY also advised me to utilize a questionnaire for purchasers of the stock of KOKOWEEF and to limit sales to no more than Twenty (25) stockholders in a Twelve (12) month period. I have taken efforts to assure that no more than Twenty Five (25) Nevada purchasers have acquired stock in KOKOWEEF during any Twelve (12) month period.

13. It is my belief that KOKOWEEF has not sold stock to more than Twenty Five (25) Nevada residents in a Twelve (12) month period. An exception is the shares that were issued as part of the reorganization which I understand are subject to a separate exemption and would not be counted as part of the Twenty Five (25) Nevada residents.

14. Plaintiff Ted Burke ("BURKE") is not a shareholder of KOKOWEEF. All shares for

which BURKE claims an interest in KOKOWEEF are owned by BFT Enterprises, LLC, a Nevada limited liability company ("BFT"). The Third Complaint states that BURKE is a manager, but I do not know if any other person is a manager and don't know who are the members of BFT.

15. The records of KOKOWEEF presently show that BFT holds Five Thousand (5,000) shares of the common stock of KOKOWEEF. The records also show that BURKE holds **zero** (0) shares of KOKOWEEF.

16. Plaintiff Paul Barnard is not a shareholder of KOKOWEEF. All shares for which BARNARD claims an interest in KOKOWEEF are owned by PMB Living Trust ("PMB"). I do not know anything about PMB, who is the trustee or who are the beneficiaries. The records show that the PMB owns Three Hundred Thirty Four (334) shares of the common stock of KOKOWEEF.

17. Plaintiff Leon Golden ("GOLDEN") is not a shareholder of KOKOWEEF. All shares for which GOLDEN claims an interest in KOKOWEEF are owned by John W. Rhine ("RHINE"). I was not aware of GOLDEN, or his claim of ownership of stock in KOKOWEEF until the litigation was commenced. It was not until GOLDEN provided his Response to Kokoweef, Inc.'s and Patrick C. Clary's Interrogatories, a copy of which is attached hereto as **Attachment "A".** The records show that GOLDEN holds **zero** (0) shares of KOKOWEEF.

The foregoing is true and correct to the best of my knowledge.

DATED this 5 day of August, 2011.

LARRY HAHN

ATTACHMENT "1"

RESP
ALEXANDER ROBERTSON, IV
State Bar No. 8642
JENNIFER L. TAYLOR
State Bar No. 5798
ROBERTSON & VICK, LLP
401 N. Buffalo Drive, Suite 202
Las Vegas, Nevada 89145
Telephone: (702) 247-4661
Facsimile: (702) 247-6227

Attorneys for Plaintiffs

DISTRICT COURT

CLARK COUNTY, NEVADA

TED R. BURKE, MICHAEL R. and LAURETTA L. KEHOE; JOHN BERTOLDO; PAUL BARNARD; EDDY KRAVETZ; JACKIE and FRED KRAVETZ; STEVE FRANKS; PAULA MARIA BARNARD; LEON GOLDEN; C.A. MURFF; GERDA FERN BILLBE; BOB and ROBYN TRESKA; MICHAEL RANDOLPH, and FREDERICK WILLIS, Plaintiffs, vs. LARRY H. HAHN, individually, and as President and Treasurer of Kokoweef, Inc., and former President and Treasurer of Explorations Incorporated of Nevada; HAHN'S WORLD OF SURPLUS, INC., a Nevada corporation; DOES I-X, inclusive; DOE OFFICERS, DIRECTORS and PARTICIPANTS I-XX, Defendants,. and KOKOWEEF, INC, a Nevada corporation; EXPLORATIONS INCORPORATED OF NEVADA, a dissolved corporation; Nominal Defendants.	CASE NO. A558629 Dept. XI **PLAINTIFF LEON GOLDEN'S RESPONSE TO KOKOWEEF, INC.'S AND PATRICK C. CLARY'S INTERROGATORIES**

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GENERAL OBJECTIONS

The responses herein are made on the basis of information and writings presently available to and located by the above-named Responding Party upon reasonable investigation of his/her records and memory. There may be other and further information affecting the responses of which Responding Party, despite its reasonable investigation and inquiry, is presently unaware. Responding Party is continuing the development of facts and legal issues which are presented in this matter and inquired into by Propounding Parties' discovery. Responding Party reserves the right to modify or to enlarge its responses herein with such pertinent additional information as may subsequently be discovered. Furthermore, these responses are made by Responding Party without prejudice to his/her using or relying on at trial any subsequently-discovered information, or information omitted from these responses as a result of good-faith oversight, error or mistake.

The responses herein are made solely for the purpose of this action. Each response is subject to all objections as to competence, relevance, materiality, propriety and admissibility, and to any and all other objections on any grounds which would require the exclusion from evidence of any statement herein of any inspection or manner asked of, or any statements contained herein which were made by witnesses present and testifying in court, all of which objections and grounds are expressly reserved and may be interposed at the time of trial.

No incidental or implied admissions are intended by the responses herein. The fact that the Responding Party responded or objected to any discovery request, or part thereof, shall not be deemed an admission that Responding Party accept or admit the existence of facts set forth or assumed by such discovery, or that such response or objection contains admissible evidence. The fact that Responding Party has answered part or all of any discovery request is not intended to, and shall not be construed to be a waiver by Responding Party of any part of any objection to any discovery request.

To the extent any discovery request, or part thereof, calls for information, legal analysis or reasoning, writings, communications, or anything else protected form disclosure by the work-product doctrine, or the attorney-client privilege, or any other privilege, Responding Party hereby

objects to each and every such discovery request, and part thereof, and will not supply or render information, or anything else protected from discovery by virtue of such doctrine or privileges.

Responding Party objects to any discovery request, or part thereof, which purports to require responding Party to conduct an investigation beyond its records and recollection as burdensome and oppressive.

In answering these discovery responses, Propounding Parties have been furnished with such information as is presently available to Responding Party, which may include hearsay and other forms of information, which may or may not be admissible into evidence. Responding Party reserves all objections relating to admissible evidence. Responding Party reserves the right to introduce at trial evidence which is not presently known to Propounding Parties and/or discovery subsequent to the date of these answers and reserves the right to amend these answers without motion at any time.

It should be noted that Responding Party has not fully completed its investigation of the facts related to the case, has not fully completed its discovery in this action, and has not fully completed its preparation for trial. Further, it should be noted that pursuant to the Order Granting Plaintiffs' Motion to Compel, Responding Party has only recently received discs containing in excess of 19,000 pages of documents related to Kokoweef's shareholder records, which were scanned at Responding Party's expense at the offices of Kokoweef between April 16 and April 21, 2010. All the answers contained herein are based solely upon such information and documents which are presently available, and specifically known, to responding Party. The following responses are, therefore, given without prejudice to Responding Party's right to produce evidence of any subsequently-discovered fact or facts which the responding Party may later recall or discover.

INTERROGATORY NO. 1:

Please state your name and all other names which you have used or by which you have been known.

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RESPONSE TO INTERROGATORY NO. 1:

Leon Golden

INTERROGATORY NO. 2:

Please state your residence addresses and all other addresses at which you have resided since you became a stockholder of either Kokoweef of Explorations Incorporated of Nevada, a Nevada corporation ("Explorations") or both of them together with the dates of such residences.

RESPONSE TO INTERROGATORY NO. 2:

4684 Sweet Marissa Court, Las Vegas, NV 89139
5966 Rampolla Drive, Las Vegas, NV 89141
10655 Allegrini Drive, Las Vegas, NV 89141
327 Ashley Drive, Pharr, TX 78577
800 West Hall Acres Road #12, Pharr, TX 78577
Mailing Address: 4078 Patterson Drive, Las Vegas, NV 89104

INTERROGATORY NO. 3:

Please state the date on which you became a stockholder of either Kokoweef or Explorations or both of them. If you became a stockholder of both of them, state the date for each of them.

RESPONSE TO INTERROGATORY NO. 3:

October 15, 2006 - Kokoweef.

INTERROGATORY NO. 4:

When and how did you first learn about either Explorations or Kokoweef or both of them?

RESPONSE TO INTERROGATORY NO. 4:

October 15, 2006 - Kokoweef.

INTERROGATORY NO. 5:

Were you contacted by anyone representing either Explorations or Kokoweef to buy stock in either of them? If so, state the name of the person or persons who contacted you, the date, place and method of contact and the circumstances of the contact.

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RESPONSE TO INTERROGATORY NO. 5:

I was contacted by PAUL BARNARD after he attended a luncheon/presentation at the Black Angus Restaurant in Las Vegas, NV on April 27, 2006.

INTERROGATORY NO. 6:

Have you ever met Defendant Larry Hahn, and, if so, who introduced you to him? If so, state the date, location and method of the meeting.

RESPONSE TO INTERROGATORY NO. 6:

I was introduced to Larry Hahn by Paul Barnard on June 28, 2006 at Hahn's World of Surplus.

INTERROGATORY NO. 7:

What if anything at any time did Mr. Hahn tell you regarding Explorations or Kokoweef and your purchase of stock in either or both of them?

RESPONSE TO INTERROGATORY NO. 7:

I do not recall the contents of the conversation.

INTERROGATORY NO. 8:

When did you first meet Plaintiff Ted Burke, and who introduced you to him? What if anything at any time did Mr. Burke tell you regarding Explorations or Kokoweef and your purchase of stock in either or both of them?

RESPONSE TO INTERROGATORY NO. 8:

I met Ted Burke at another business meeting a year before becoming an investor with Mr. Hahn. Ted Burke did not tell me about Kokoweef.

INTERROGATORY NO. 9:

Have you ever met Defendant Patrick C. Clary, If so, who introduced you to him, and what if anything at any time did Mr. Clary tell you about Explorations or Kokoweef and your purchase of stock in either or both of them?

RESPONSE TO INTERROGATORY NO. 9:

I was never introduced to Mr. Clary. Mr. Clary did not speak to me about the purchase of stock in Kokoweef or Explorations.

INTERROGATORY NO. 10:

State the number of shares of stock which you own or hold in either Explorations or Kokoweef and whether you paid cash or some other consideration. What consideration did you provide for the stock?

RESPONSE TO INTERROGATORY NO. 10:

I purchased 100 shares of stock. Because I did not have a checking account, I asked my friend, John W. Rhine, to write a check for me on June 28, 2006. However, fifty percent (50%) of these shares are mine. See document attached hereto as Exhibit "1".

INTERROGATORY NO. 11:

State the certificate numbers representing all shares of stock of either Explorations or Kokoweef which you own or hold and the number of shares that appears on each such certificate.

RESPONSE TO INTERROGATORY NO. 11:

I never received a stock certificate. Instead, Certificate #00427 was issued to John Rhine for 100 shares on June 1, 2007. However, fifty percent (50%) of the shares represented in Certificate #00427 are mine. See Exhibit "1".

INTERROGATORY NO. 12:

Did you ever exchange shares of stock of Explorations for shares of stock of Kokoweef? If so, when did that occur, and explain the circumstances of such exchange.

RESPONSE TO INTERROGATORY NO. 12:

No.

INTERROGATORY NO. 13:

Did you personally sign a verification of the so-called Verified Derivative First Amended Complaint filed in the above-captioned case on September 22, 2008 ("the Amended Complaint")?

RESPONSE TO INTERROGATORY NO. 13:

Yes.

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INTERROGATORY NO. 14:

State all facts upon which you rely in support of the allegations contained in the so-called First Cause of Action of the Amended Complaint.

RESPONSE TO INTERROGATORY NO. 14:

Objection. Pursuant to the Court's Order from the May 27, 2010 Status Check, because this Cause of Action has been dismissed, Plaintiff will not be compelled to answer this Interrogatory.

INTERROGATORY NO. 15:

State all facts upon which you rely in support of the allegations contained in the so-called Second Cause of Action of the Amended Complaint.

RESPONSE TO INTERROGATORY NO. 15:

Objection. Pursuant to the Court's Order from the May 27, 2010 Status Check, because this Cause of Action has been dismissed, Plaintiff will not be compelled to answer this Interrogatory.

INTERROGATORY NO. 16:

State all facts upon which you rely in support of the allegations contained in the so-called Third Cause of Action of the Amended Complaint.

RESPONSE TO INTERROGATORY NO. 16:

Objection. Pursuant to the Court's Order from the May 27, 2010 Status Check, because this Cause of Action has been dismissed, Plaintiff will not be compelled to answer this Interrogatory.

INTERROGATORY NO. 17:

State all facts upon which you rely in support of the allegations contained in the so-called Fourth Cause of Action of the Amended Complaint.

RESPONSE TO INTERROGATORY NO. 17:

Plaintiff states that although discovery is continuing and his answer may be revised as discovery is completed and expert reports are presented, the facts upon which Plaintiff currently relies are as follows: Plaintiff relied on the legality of the shares purchased and/or exchanged

pursuant to the Letter of Reorganization prepared by Patrick Clary and the written statements made to him by Larry Hahn. Plaintiff further relied upon the fact that Mr. Hahn wrote in newsletters that he would use Plaintiff's investment for a core drilling project. Plaintiff believes now that the shares purchased were not legally issued and that the money invested has been diverted to the personal use of Mr. Hahn, his family and a few select individuals. The extent of the damage as a result of these facts will be determined further upon completion of Plaintiff's expert reports and therefore, Plaintiff reserves the right to supplement this response as discovery is completed.

INTERROGATORY NO. 18:

State all facts upon which you rely in support of the allegations contained in the so-called Fifth Cause of Action of the Amended Complaint.

RESPONSE TO INTERROGATORY NO. 18:

Objection. Pursuant to the Court's Order from the May 27, 2010 Status Check, because this Cause of Action has been dismissed, Plaintiff will not be compelled to answer this Interrogatory.

INTERROGATORY NO. 19:

State all facts upon which you rely in support of the allegations contained in the so-called Sixth Cause of Action of the Amended Complaint.

RESPONSE TO INTERROGATORY NO. 19:

Objection. Pursuant to the Court's Order from the May 27, 2010 Status Check, because this Cause of Action has been dismissed, Plaintiff will not be compelled to answer this Interrogatory.

INTERROGATORY NO. 20:

State all facts upon which you rely in support of the allegations contained in the so-called Seventh Cause of Action of the Amended Complaint.

RESPONSE TO INTERROGATORY NO. 20:

Plaintiff states that although discovery is continuing and his answer may be revised as discovery is completed and expert reports are presented, the facts upon which Plaintiff currently

relies are as follows: Plaintiff relied on the legality of the shares purchased and/or exchanged pursuant to the Letter of Reorganization prepared by Patrick Clary and the written statements made to him by Larry Hahn. Plaintiff further relied upon the fact that Mr. Hahn wrote in newsletters that he would use Plaintiff's investment for a core drilling project. Plaintiff believes now that the shares purchased were not legally issued and that the money invested has been diverted to the personal use of Mr. Hahn, his family and a few select individuals. The extent of the damage as a result of these facts will be determined further upon completion of Plaintiff's expert reports and therefore, Plaintiff reserves the right to supplement this response as discovery is completed.

INTERROGATORY NO. 21:

State all facts upon which you rely in support of the allegations contained in the so-called Eighth Cause of Action of the Amended Complaint.

RESPONSE TO INTERROGATORY NO. 21:

Plaintiff states that although discovery is continuing and his answer may be revised as discovery is completed and expert reports are presented, the facts upon which Plaintiff currently relies are as follows: Plaintiff relied on the legality of the shares purchased and/or exchanged pursuant to the Letter of Reorganization prepared by Patrick Clary and the written statements made to him by Larry Hahn. Plaintiff further relied upon the fact that Mr. Hahn wrote in newsletters that he would use Plaintiff's investment for a core drilling project. Plaintiff believes now that the shares purchased were not legally issued and that the money invested has been diverted to the personal use of Mr. Hahn, his family and a few select individuals. The extent of the damage as a result of these facts will be determined further upon completion of Plaintiff's expert reports and therefore, Plaintiff reserves the right to supplement this response as discovery is completed.

INTERROGATORY NO. 22:

State all facts upon which you rely in support of the allegations contained in the so-called Ninth Cause of Action of the Amended Complaint.

///

RESPONSE TO INTERROGATORY NO. 22:

Plaintiff states that although discovery is continuing and his answer may be revised as discovery is completed and expert reports are presented, the facts upon which Plaintiff currently relies are as follows: Plaintiff relied on the legality of the shares purchased and/or exchanged pursuant to the Letter of Reorganization prepared by Patrick Clary and the written statements made to him by Larry Hahn. Plaintiff further relied upon the fact that Mr. Hahn wrote in newsletters that he would use Plaintiff's investment for a core drilling project. Plaintiff believes now that the shares purchased were not legally issued and that the money invested has been diverted to the personal use of Mr. Hahn, his family and a few select individuals. The extent of the damage as a result of these facts will be determined further upon completion of Plaintiff's expert reports and therefore, Plaintiff reserves the right to supplement this response as discovery is completed.

INTERROGATORY NO. 23:

State all facts upon which you rely in support of the allegations contained in the so-called Tenth Cause of Action of the Amended Complaint.

RESPONSE TO INTERROGATORY NO. 23:

Plaintiff states that although discovery is continuing and his answer may be revised as discovery is completed and expert reports are presented, the facts upon which Plaintiff currently relies are as follows: Plaintiff relied on the legality of the shares purchased and/or exchanged pursuant to the Letter of Reorganization prepared by Patrick Clary and the written statements made to him by Larry Hahn. Plaintiff further relied upon the fact that Mr. Hahn wrote in newsletters that he would use Plaintiff's investment for a core drilling project. Plaintiff believes now that the shares purchased were not legally issued and that the money invested has been diverted to the personal use of Mr. Hahn, his family and a few select individuals. The extent of the damage as a result of these facts will be determined further upon completion of Plaintiff's expert reports and therefore, Plaintiff reserves the right to supplement this response as discovery is completed.

///

INTERROGATORY NO. 24:

State all of facts on which you based your claim that Defendant Patrick C. Clary committed securities fraud.

RESPONSE TO INTERROGATORY NO. 24:

Plaintiff states that although discovery is continuing and his answer may be revised as discovery is completed and Plaintiff's expert reports are presented, Mr. Clary represented that the shares Plaintiff purchased and/or exchanged were legally issued by virtue of the Letter of Reorganization that he drafted. Plaintiff believes that these shares were not legally issued and therefore sold in violation of Nevada Statutes. Therefore, Plaintiff reserves the right to supplement this response as discovery is completed.

INTERROGATORY NO. 25:

State all facts which you believe constituted negligent misrepresentation by Defendant Patrick C. Clary.

RESPONSE TO INTERROGATORY NO. 25:

Plaintiff states that although discovery is continuing and his answer may be revised as discovery is completed and Plaintiff's expert reports are presented, Mr. Clary represented that the shares Plaintiff purchased and/or exchanged were legally issued by virtue of the Letter of Reorganization that he drafted. Plaintiff believes that these shares were not legally issued and therefore sold in violation of Nevada Statutes. Therefore, Plaintiff reserves the right to supplement this response as discovery is completed.

INTERROGATORY NO. 26:

State all representations of which you complain were made to you by Defendant Patrick C. Clary upon which you relied to your detriment.

RESPONSE TO INTERROGATORY NO. 26:

Plaintiff states that although discovery is continuing and his answer may be revised as discovery is completed and Plaintiff's expert reports are presented, Mr. Clary represented that the shares Plaintiff purchased and/or exchanged were legally issued by virtue of the Letter of Reorganization that he drafted. Plaintiff believes that these shares were not legally issued and

therefore sold in violation of Nevada Statutes. Therefore, Plaintiff reserves the right to supplement this response as discovery is completed.

INTERROGATORY NO. 27:

Have there been any representations made to you by any other you or any other person will receive a result of the successful prosecution through a trial to judgment of this litigation? If so, state specifically what those representations were or are.

RESPONSE TO INTERROGATORY NO. 27:

Despite the Court's ruling in the May 27, 2010 Status Check, that Plaintiff be compelled to respond to this Interrogatory, this Interrogatory is so unintelligible as to fail to apprise Plaintiff of what information is being sought. Without waiving this necessary continuing objection, Plaintiff responds as follows:

No representations have been made to me "by any other you or any other any other person will receive a result of the successful prosecution through a trial to judgment of this litigation."

INTERROGATORY NO. 28:

State specifically what you hope to achieve for your benefit by the filing and prosecution of this litigation. If you deny that there is any such benefit, what then was and is your purpose in filing and prosecuting this litigation?

RESPONSE TO INTERROGATORY NO. 28:

Objection. Speculative at this time until discovery has been completed. Without waiving said objection, or limiting the scope of Plaintiff's response, Plaintiff hopes to achieve a clean and complete set of corporate books, legally issued shares and a legally run corporation, in which all of the officers abide by their fiduciary duties to the corporation and the shareholders, and operations are implemented to actually extract minerals at the mine.

INTERROGATORY NO. 29:

Have you contributed to the cost of the filing and prosecution of this litigation, and if so, what was or is that contribution, when was it made, and to whom was it made?

RESPONSE TO INTERROGATORY NO. 29:

No.

INTERROGATORY NO. 30:

If you have made no contribution to the Plaintiffs' cost of this litigation, who is financing this litigation, and what are the terms of that financing arrangement?

RESPONSE TO INTERROGATORY NO. 30:

I believe Ted Burke is financing this litigation but am not aware of any terms of financing arrangement.

INTERROGATORY NO. 31:

Have you had any discussions with Neal J. Beller, Esquire, Alexander Robertson, Esquire, or Jennifer Taylor, Esquire? If so, set forth whether the discussion was telephonic or in person, the dates, location if in person and who was present or participated on each occasion.

RESPONSE TO INTERROGATORY NO. 31:

No.

INTERROGATORY NO. 32:

Set forth any facts of which you are aware regarding any aspect of this litigation that are not contained in the answers to the foregoing interrogatories.

RESPONSE TO INTERROGATORY NO. 32:

Objection. Pursuant to the Court's order from the May 27, 2010 Status Conference, this Interrogatory is overly broad, and Plaintiff shall not be compelled to answer it.

DATED: June 17, 2010

ROBERTSON & VICK, LLP

By: _____
ALEXANDER ROBERTSON, IV
Nevada Bar No. 8642
JENNIFER L. TAYLOR
Nevada Bar No. 5798
ROBERTSON & VICK, LLP
401 N. Buffalo Dr., Suite 202
Las Vegas, Nevada 89145
Attorneys for Plaintiffs

ROBERTSON & VICK, LLP

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STATE OF Texas)
)SS
COUNTY OF Hidalgo)

VERIFICATION

LEON GOLDEN being first duly sworn upon oath, deposes and states that he has read the above and foregoing Answers to Defendants Patrick C. Clary's and Kokoweef, Inc.'s Interrogatories Propounded to Plaintiffs, that the same is true of his own knowledge, except as to the matters which are therein stated on his information and belief, and as to those matters that he believes it to be true.

Subscribed and sworn to before me
this 11th day of June, 2010.

NOTARY PUBLIC

LINDA A. GUERRA
Notary Public
STATE OF TEXAS
My Comm. Exp. Oct. 31, 2011

Exhibit "1"

Oct. 15, 2006

To Whom It May Concern,

This is to confirm that Leon Golden has partnered with Debra & John Rhine in the investment of an interest in Kokoweef Exploration. We invested $600, and Leon contributed 50% of the investment, $300.

If at any future date, any monies are distributed to us, Leon Golden is entitled to a 50% share. If you have any questions, feel free to contact Debra and John Rhine at (702) 255-8569.

Sincerely,

Debra A. Rhine

John W. Rhine

CERTIFICATE OF SERVICE

I hereby certify that on the 17th day of June, 2010, I served a copy of the above and foregoing **PLAINTIFF LEON GOLDEN'S RESPONSE TO KOKOWEEF, INC.'S AND PATRICK C. CLARY'S INTERROGATORIES**, addressed to:

M. Nelson Segel, Chartered
M. Nelson Segel, Esq.
624 South 9th Street
Las Vegas, NV 89101
Telephone: (702) 385-6266
Facsimile: (702) 382-2967
Attorneys for Larry Hahn and Hahn's World of Surplus, Inc.

Patrick C. Clary, Chartered
Patrick C. Clary, Esq.
7201 West Lake Mead Boulevard
Suite 410
Las Vegas, NV 89129
Telephone: (702) 382-0813
Facsimile: (702) 382-7277
Attorneys for Kokoweef, Inc.

Sue Glass

EXHIBIT "C"

DECLARATION OF CHRISTINA HAHN

STATE OF NEVADA)
) ss:
COUNTY OF CLARK)

I, CHRISTINA HAHN, declare under the penalty of perjury as follows:

1. I am the President of Hahn's World of Surplus, Inc. ("HWS"); make this declaration in support of the Motion for Partial Summary Judgment ("MOTION") filed by Larry Hahn ("LARRY") and HWS; this declaration is made on personal knowledge and I am competent to testify to the matters stated herein.

2. I own approximately Forty Nine Percent (49%) of the issued and outstanding shares of HWS stock and my daughter, Leslie, owns approximately Fifty One Percent (51%) of the stock Leslie acquired her stock in or about 2002. LARRY is not an officer or shareholder. Prior to 2000, LARRY was the President of SURPLUS. I became the President and have handled the duties and responsibilities of that position since I was elected to it in 2000.

3. My responsibilities at HWS, include handling the finances, keeping the books, depositing the revenues and paying the bills. Leslie handles the retail operates and does the buying of merchandise from HWS' vendors.

4. LARRY is not involved in handling the finances of HWS. The funds of HWS are kept in accounts in the name of HWS. I have not deposited funds of HWS in any bank account in LARRY's name or held by me jointly with LARRY, unless it was money that was properly paid as our compensation for working in HWS' business or authorized to be paid to LARRY or both of us as additional compensation.

5. No funds of LARRY, or held jointly by LARRY and me, have been deposited in accounts of HWS unless reflected on the books and records of HWS as loans.

6. I have had an opportunity to review a document entitled, Verified Second Amended Complaint ("Second Complaint") and have been advised that Plaintiffs have been ordered to file a Verified Third Amended Complaint ("Third Complaint"), but it has not been filed. I also understand that the MOTION refers to the Third Complaint; therefore, my references herein shall be to the Third Complaint even though I have only reviewed the Second Complaint.

7. The Fourth Cause of Action in the Third Complaint alleges that HWS was unjustly enriched as the "alter-ego" of LARRY through his dealings with Kokoweef, Inc. ("KOKOWEEF") and its predecessor, Explorations Incorporated of Nevada ("EIN").

8. Paragraph 71 of the Third Complaint states, "Defendants HAHN, HWS, and DOES 11 through 1000, inclusive, were unjustly enriched by the illegal sale of unregistered securities and the diversion of corporate funds and assets for the personal use of HAHN and his alter-ego, HWS."

9. All funds received by HWS from KOKOWEEF and EIN were provided for the payment of goods and materials delivered to KOKOWEEF and EIN or loans made by HWS to KOKOWEEF or EIN. If any funds were received by LARRY from KOKOWEEF or EIN, they were for reimbursement of advances made by LARRY for KOKOWEEF or EIN. Neither LARRY nor HWS have received payment of any funds or transfer of any property, that was not given for payment for advances made, goods supplied or reimbursement.

The foregoing is true and correct to the best of my knowledge.

DATED this _____ day of August, 2011.

Christina Hahn
CHRISTINA HAHN

EXHIBIT "D"

DECLARATION OF RETA VAN DA WALKER

STATE OF NEVADA)
) ss:
COUNTY OF CLARK)

I, RETA VAN DA WALKER, declare under the penalty of perjury as follows:

1. I am an independent, self-employed bookkeeper, have been an enrolled agent with Internal Revenue Service ("IRS") and have been engaged in bookkeeping and tax practice for the last 20 years; prior to that time, I worked as a staff accountant for a large firm of Certified Public Accountants and was a comptroller of a medium-sized company.

2. I make this Declaration in support of the Motion to Dismiss or, in the Alternative, for Summary Judgment filed by Defendant Larry Hahn ("HAHN") and Hahn's World of Surplus, Inc. ("SURPLUS")

3. This Declaration is made on my personal knowledge, and, if called as a witness herein, I am competent to testify to the matters set forth herein..

4. In 2002, six years before the above-captioned case was filed, Plaintiff Ted Burke ("BURKE") contacted me to review the books and records Explorations Incorporated of Nevada ("EIN") to examine its stockholder records. At that time, I verified stockholder records against the receipts and made an accurate listing of all stock issued.

5. I had no contact with anyone from EIN from the time of completion of the stockholder ledgers until 2007, when I was contacted by HAHN in his capacity as President and Treasurer of Kokoweef, to assist Kokoweef in converting all of its handwritten accounting records into QuickBooks. After being retained by Kokoweef, I reviewed various records of EIN and Kokoweef, including but not limited to canceled checks, deposit slips, and receipts, and, from this review, I made entries into QuickBooks.

6. I have continued to perform various accounting services for Kokoweef since then including representing Kokoweef in a recent audit by the IRS, which resulted in no change or assessment by the IRS.

7. During my continuing engagement by Kokoweef, I have served as a witness for Kokoweef in the above-captioned case, including making and signing an Affidavit, which was filed

herein on May 16, 2008, and testifying at an evidentiary hearing held on July 30, 2008.

8. More recently, I was asked to review the stockholder records of Kokoweef relating to the Plaintiffs in this matter. Specifically, I reviewed their records to determine when they purchased or otherwise obtained shares of stock in EIN or Kokoweef. Additionally, a review was made of all distributions of stock in EIN or Kokoweef for the twelve month period following each of the transactions with the Plaintiffs.

9. My review revealed that the number of transactions in shares of EIN or Kokoweef to Nevada residents from the date of a transaction with any Plaintiff, and for the twelve month period following each of the transactions with the Plaintiffs, did not exceed twenty-five (25) during any twelve-month period, as is shown in the chart attached hereto as Exhibit 1.

10. The analysis set forth in Exhibit "1" does not include transactions which were exchanges of shares of EIN for Kokoweef shares as part of the reorganization between EIN and Kokoweef, where Kokoweef acquired all of the assets of EIN solely in consideration for the issuance of new Kokoweef stock in exchange for the previously issued stock of EIN after the reorganization closed on August 31, 2006.

The foregoing is true and correct to the best of my knowledge

DATED this 1st day of August, 2011.

RETA VAN DA WALKER

ATTACHMENT "1"

KOKOWEEF,INC.
NEVADA STOCKHOLDER

Last Name	First Name	State of Residence	Date Joined (Payment Rec'd)	Plaintiff	# of NV Shareholders following 12 Months
Kravetz	**Fred and Jackie**	**NV**	**4/27/2006**	**Plaintiff**	**18**
PMB Living Trust	(Barnard)	NV	4/28/2006	Plaintiff	**17**
O'Connell	William and Tracey	NV	5/17/2006		16
Kompst	Stanley and Virgina	NV	5/22/2006		15
Bertoldi	**John and Heather**	**NV**	**5/22/2006**	**Plaintiff**	**15**
Carter	Ira	NV	5/22/2006		15
Franks	**Steve**	**NV**	**5/22/2006**	**Plaintiff**	**15**
Meranto	Shanee	NV	5/22/2006		15
Kravetz	**Edward Lee and Susan Clali**	**NV**	**5/22/2006**	**Plaintiff**	**15**
Schachtner	Michael	NV	7/3/2006		10
Elmo	Gregory J	NV	8/3/2006		9
Barnard	**Paula Maria**	**NV**	**9/13/2006**	**Plaintiff**	**8**
Rhine	John W and Debbie	NV	9/16/2006		7
Johnson	Bradley	NV	10/5/2006		6
Shuessler	Douglas and Rose Mary	NV	10/7/2006		5
O'Campo	Alijandro	NV	10/18/206		1
Beatty	Michael and Michelle	NV	10/27/2006		4
Kehoe	**Michael and Lauretta**	**NV**	**1/13/2007**	**Plaintiff**	**4**
Isani	Sakina	NV	2/16/2007		3
Goodwin	James E	NV	6/30/2007		3
Portillo	Leonardo	NV	12/15/2007		2
Thornton	William	NV	6/3/2008		3
Krampetz Long	Carol	NV	12/18/2008		5
Andrew	Clark and Susan	NV	4/22/2009		4
Walker	Alfred	NV	6/9/2009		3
Sanders	Daniel	NV	9/17/2009		2
Ng	Roger	NV	10/12/2009		1

EXHIBIT "E"

Sage
FORENSIC ACCOUNTING

May 20, 2011

Jennifer L. Taylor, Esq.
Robertson & Vick, LLP
401 N. Buffalo Dr., Suite 202
Las Vegas, Nevada 89145

Re: Ted R. Burke et. al. v. Larry L. Hahn

Dear Ms. Taylor:

Sage Forensic Accounting ("Sage") has been retained by Ted R. Burke ("Burke") to analyze and perform investigative accounting procedures on the financial records of Explorations Incorporated of Nevada ("EIN") and Kokoweef, Inc. ("Kokoweef"). Specifically, I have been asked to review records of EIN and Kokoweef in search of fraud and/or misappropriation of the companies' assets. The following report is an addendum to, and should be read in conjunction with, my analysis and my findings as presented in another report I issued in this case on January 19, 2011 ("January Report").

If additional information or rebuttal expert opinions becomes available that may impact my analysis and conclusions, I reserve the right to modify my report accordingly. This report is not to be used for any other purpose.

DOCUMENTS REVIEWED

A list of documents, data, and information that I have considered during the preparation of my report and documents, data was presented in the January Report. In addition to those documents, after I submitted my January Report, I received additional documents as follows: I received a disc on March 24, 2011 with the file names EIN_4535 – EIN_5324 and a second disc on March 28, 2011 with a bates stamp of DE000001-DE006494. Along with those discs I also received a report prepared by Sharon J. McNair dated February 14, 2011. On May 17 and May 18, 2011, I reviewed the originals of some of the documents that had previously been provided on discs by Kokokweef/EIN.

Sage FORENSIC ACCOUNTING

QUALIFICATIONS OF THE WITNESS AND BASIS OF COMPENSATION

I, Talon C. Stringham, have been engaged as an expert witness in this matter. My Curriculum Vitae and a summary of my testifying experience are attached to my January Report.

My firm is being compensated for my services on an hourly basis at my standard billing rate of $200 per hour.

BACKGROUND

A brief summary of the background of this case, as I understand it, is outlined in my January Report.

SAGE ANALYSIS

I have been asked to review the books and records of both EIN and Kokoweef to determine if any fraudulent activity has occurred. Over the course of my investigation I have received documents from the Defendants in a piecemeal fashion. Accordingly, I have previously prepared a number of affidavits and/or declarations, in addition to my January Report, which related to my findings and the documents needed to complete my assignment.

After I submitted my January Report, I received additional documents from Defendants. I received the first disc on March 24, 2011 with the file names EIN_4535 – EIN_ 5324 and a second disc on March 28, 2011 with a bates stamp of DE000001-DE006494. Along with those discs I also received a report prepared by Sharon J. McNair dated February 14, 2011.

I reviewed the documents on each of these discs along with the report of Ms. McNair. The documents on the discs were copies of checks, receipts, invoices, and other forms of alleged support provided by the Defendants.

I used the information found on these discs to update my analysis. A number of the documents provided were illegible. Because of the volume of documents that were illegible, I was also given the opportunity to visit the offices of Mr. Hahn in order to view the documents in their original form as opposed to a copy, which I did May 17-18, 2011. The original documents were provided to me and I was able to view a legible copies of most all of the documents that were previously presented in an illegible form. It should be noted that even at this review, not all the original documents I reviewed were legible, and I understand that not all the originals were available because some of the receipts from the Defendants' earlier productions had been lost or otherwise no longer existed.

DUPLICATE PRODUCTION OF DOCUMENTS

While some of the documents I received after issuing my report on January 19, 2011 were new, the majority were duplicates. Based on my review, it is my estimate that approximately 75% of the documents on the disc provided on March 24, 2011 were duplicative of documents previously received and that approximately 60% of the documents on the disc provided on March 28, 2011 were duplicates as well. It should be noted that this new production, made in the manner it was, caused Sage to spend a significant amount of time cross-checking, reconciling and re-doing work that we had previously completed in the January report. This has been a constant theme through this entire process. I have received items in a piecemeal fashion and many of the documents are simply reproductions of documents I already had, just reformatted, or reorganized in some way.

UPDATED ANALYSIS

Because of the newly provided documents, and the ability to review original, legible documents, I have reclassified some of the checks which I previously classified as unsupported as being a supported transaction. The following outlines my updated analysis.

UNSUPPORTED TRANSACTIONS

Unsupported EIN transactions

Of the 1,251 checks totaling $528,239.98 written out of EIN, the Defendants have attempted to support 668 checks. However, only $139,748.15 of the checks the Defendants attempted to support were actually fully supported. The remaining $388,491.83 of checks did not have proper support because the dates and amounts did not match the transaction which they claimed to support, or no support was provided.

As noted in my previous in my August 2010 Declaration, much of the documentation provided purportedly supporting the transactions consisted of receipts/invoices which had dates after the date of the check, or amounts that did not match the amount of the checks or some other discrepancy.

It is my opinion that $388,491.83 of EIN transactions have not been supported with an invoice or a receipt. Please refer to Schedule 2.

Unsupported Kokoweef Transactions

Of the 790 checks totaling $732,771.71 written out of Kokoweef, the Defendants have attempted to support 491 checks. However, only $363,703.43 of the checks the Defendants attempted to support were actually fully supported. The remaining $369,068.28 checks did not have proper support because the dates and amounts did not match the transaction which they claimed to support, or no support was provided.

As noted in my August 2010 Declaration, much of the documentation provided purportedly supporting the transactions consisted of receipts/invoices dated after the date of the check, or included amounts that did not match the amount of the checks or contained some other discrepancy.

It is my opinion that $369,068.28 of Kokoweef transactions have not been supported with an invoice or a receipt. Please refer to Schedule 3.

SKIP WYNIA LOAN

During my site visit in Nevada at the offices of Mr. Hahn, a copy of a promissory note between Skip Wynia and EIN was provided, and the history of the transactions involving the payments to Skip Wynia were explained to me. Mr. Wynia allegedly loaned money to the EIN and over the next decade was paid interest payments each month with principal payments being made at various points throughout the process. The QuickBooks data file shows a liability for the loan on the Balance Sheets of both EIN and Kokoweef for the duration of the loan. Periodic payments, presumably for interest were made to Mr. Wynia, as well as other payments in larger amounts, presumably for principal, until it appears that the loan was paid off approximately ten years after EIN allegedly received the loan. Because of this data in QuickBooks, along with the transaction history throughout the life of the loan, and the explanation provided to me, I have now categorized payments made to Skip Wynia as supported transactions.

PERSONAL EXPENSES

Checks were written out of EIN/Kokoweef to Joan Latz, Larry Butler, Charlie Powers, and Daryl Wade allegedly for purchase reimbursement. Some of the items found on the receipts submitted for reimbursement include items typically found on a grocery list, such as: vegetables, fruits, milk, household cleaners, pet food, cat food, cat litter, and other typical household items.

If a check was supported by a receipt matching the proper date and amount, in these instances, I flagged them as supported even if the items may have appeared personal in nature. The total amount of checks written out of each company to these individuals for reimbursement of potentially personal items is $8,577.43 for EIN and $4,677.14 for Kokoweef.

INFERRED SUPPORT

Consistent with my prior report, I again provide two separate scenarios for a total damage calculation. The adjusted unsupported amount is less than the unsupported amount because this total includes items for which I inferred support. These are the expenses that the company may reasonably expect to incur based upon what I understand to be the company's business purpose and activities. The two separate scenarios are listed in the following section.

Sage FORENSIC ACCOUNTING

CONCLUSION AND SUMMARY OF OPINIONS

Using the assumption that amounts that have been unsupported by the accounting records represent a diversion of corporate funds, it is my opinion that the shareholders of EIN and Kokoweef have been damaged by the following amounts:

Description	Unsupported Amounts	Adjusted Unsupported Amounts
EIN Unsupported Transactions	$388,491.83	$291,127.68
Kokoweef Unsupported Transactions	$369,068.28	$315,745.51
Diversion of Shareholder Investment	$30,830.00	$30,830.00
TOTAL Damages	**$788,390.11**	**$637,703.19**

Under the assumptions outlined above, it is my opinion that damages range from $637,703.19 to $788,390.11.

RESERVATION OF RIGHT TO SUPPLEMENT, REVISE, UPDATE AND/OR AMEND REPORT

If additional information becomes available that I deem relevant to the scope of this engagement, I reserve the right to modify this report accordingly. In addition, due to the voluminous documents that have been produced in this matter, particularly those voluminous docs produced in March, I am still reviewing and analyzing documents, as such my analysis may need to be updated once I have completed further review. To the extent Defendants can show that transactions previously considered unsupported are in fact supported by documentation on the record, I will consider such information and adjust my report accordingly. As this case proceeds toward trial, the passage of time may require that my report be updated. As this matter proceeds toward trial, I may prepare various exhibits that illustrate and provide examples of the failures I have opined to.

Sincerely,
Sage Forensic Accounting, Inc.

By: Talon C. Stringham, CPA, CFF, CITP, ABV, CFE, CCE, ASA