

1 claimed to be an honorary Consul of the German Government, and one or more Defendants
2 claimed to be member(s) of the Saudi Royal Family.

3 3. The matter in controversy exceeds the sum of \$75,000, exclusive of interest
4 and costs, as the Plaintiffs allege that the Defendants owe the Plaintiffs an estimated
5 \$94,889,807.03.
6

7 4. Venue is proper in this Court.

8 **PLAINTIFFS**

9 5. The Plaintiffs are:

10 A. Foundations Investment Group, LLC, 2575 E. Camelback Road, Suite
11 450 Phoenix, Arizona, 85016.
12

13 B. FIG Global, LLC, 777 E. Tahquitz Canyon Way, Suite 200, Palm
14 Springs, California, 92262.

15 6. At the time of the Defendants' acts, the Plaintiffs were located in the greater
16 Phoenix area, Maricopa County, Arizona, and in Riverside County, California.

17 7. The Plaintiffs can be reached at the office of their attorney whose name and
18 address is:
19

20 Rick Poster
21 Attorney at Law
22 11022 N. 28th Drive, Suite 290
23 Phoenix, AZ 85029
24 602-449-9806 (phone)
25 602-449-0401 (fax)

DEFENDANTS

8. The Defendants at this time are:

1 introduction occurred at the German Consulate in Phoenix Arizona. The Plaintiffs were
2 introduced to Defendant Sultan by Defendant Bernard Otreмба-Blanc, who claimed to be an
3 honorary German Consul.

4
5 10. The Plaintiffs were originally introduced to the Defendant Sultan on or about
6 December 22, 2007. Defendant Sultan claimed to be a part of the Saudi Royal Family. This
7 introduction occurred at the German Consulate in Phoenix Arizona. The Plaintiffs were
8 introduced to Defendant Sultan by Defendant Bernard Otreмба-Blanc, who claimed to be an
9 honorary German Consul.

10
11 11. Based on numerous verbal commitments and agreements between Defendant
12 Sultan and the Plaintiffs, the parties agreed to begin a venture of international investing into
13 prestigious properties around the world.

14
15 12. In or about February 2008, Defendant Sultan indicated numerous times that he
16 intended to consummate their agreements and affirmed numerous times that he intended to
17 complete a purchase of a prestigious property in Portugal.

18
19 13. Sometime before January 2008 and March of 2008, based on promises by
20 Defendant Sultan and other inducements, the Plaintiffs wired €500,000 to the sellers of a
21 prestigious Portugal property as a down payment or earnest money.

22
23 14. On or about March 31, 2008, the Plaintiffs performed their part of the
24 agreement by releasing an additional €2.5 million as their deposit for the purchase of the
25 Portugal property.

15. In or about May 2008, after supplying significant due diligence materials,
Defendant Sultan sent Defendant Bernard as his envoy to Madeira Portugal for an on-site due

1 diligence inspection with the express instructions that if the locations and physical facilities
2 met with Defendant Bernard's approval, Defendant Sultan would complete the agreement
3 required to purchase the property. Defendant Bernard did in fact travel to, and inspect the
4 property, and gave his full approval at the conclusion of that visit in or about May 2008.
5

6 16. In or about May of 2008, after Defendant Bernard gave his approval, the
7 Plaintiffs terminated all discussions with other possible outside investors in order to complete
8 the agreement with Defendant Sultan to purchase the Portugal property. In other words, at
9 this point the Plaintiffs began to deal with the Defendant Sultan exclusively to complete this
10 purchase.
11

12 17. On or about July 24, 2008, Defendant Sultan provided a letter of commitment,
13 a contract, to the sellers of the Portugal property along with proof of funds from the Bank of
14 America showing account holdings of almost than \$220 million US.

15 18. In or about fall 2008, Defendant Sultan pledged his funds from a fuel trading
16 transaction in order to complete the agreement with the Plaintiffs on the Portugal property.
17 On information or belief, the fuel trade transaction transpired in or around January 2009,
18 which produced Defendant Sultan's funds as pledged. Based on discussions and statements
19 from Defendant Sultan, the fuel was purportedly purchased from Kazakhstan through some
20 unknown Russian intermediary, which fuel was sold to an unknown Italian company.
21 According to Defendant Sultan, the Italian company experienced difficulty in paying for the
22 transaction, and according to Defendant Sultan his family trust stepped in to pay for and
23 complete the fuel transaction. Based on further statements from Defendant Sultan, as the
24 funds from the Italian company cleared, they were paid into the Defendant Family Trust.
25

1 19. On information or belief, in February 2009, approximately \$80 million US
2 were wired from Defendant Sultan or Defendant Family Trust to a Swiss banking institution,
3 UBS, in an account held for the benefit of the Defendant's family members and Defendant
4 Sultan.

5
6 20. At that time, the Plaintiffs and Defendant Sultan, through a mutual attorney at
7 that time, completed a final investment agreement.

8 21. On information and belief, it was later determined by the Plaintiffs that the
9 transfer of funds by Defendant Sultan was in fact a decoy which allowed for multiple ghost
10 transfers of exactly the same amount to be wired to other recipients in other parts of the
11 world. On information or belief, authorities from the United States government familiar with
12 this transaction and others like it, including the parties involved, suspected that these funds
13 were used for activities hostile to the United States and others.

14
15 22. On information and belief, when the funds were deposited in UBS in New
16 York in February of 2009, the Plaintiffs were told by Defendant Sultan that those funds
17 immediately came under purview of the United States Patriot Act and were frozen pending
18 an investigation. To what extent additional wrongdoings occurred, the Plaintiffs have no
19 direct knowledge; however, on further information or belief, the Plaintiffs believe that other
20 agencies of the United States government were involved in investigating the Defendants
21 funds.

22
23 23. On further information or belief, the funds were finally released by the United
24 States government for the Defendants use. Defendant Sultan continued to claim to the
25 Plaintiffs that he had no access to the funds even though the Plaintiffs were now aware that

1 the money was in fact released. Knowing this, the Plaintiffs continued to perform in good
2 faith towards completing the purchase of the Portugal property.

3 24. On or about August 6, 2009, being suspicious that the Defendants were now
4 unilaterally and intentionally breaching their agreement, the Plaintiffs, through new counsel
5 made a written demand for performance. That demand for performance was ignored and
6 thereafter all communications with the Defendants ceased.

7 25. Through new counsel's due diligence into the Defendants' actions, information
8 about the Defendants, their history, and past practices brought to light the appearance of the
9 Defendants' deceptive business practices, the appearance of fraudulent schemes, and the
10 specter of illegal activity.

11 26. The Defendants promoted themselves as international business investors who
12 had knowledge, resources, and ability to transact business in prominent circles. In support of
13 their claims, the Defendants produced documents and references to establish their legend of
14 success in past business. In further support of their claims, the Defendants produced
15 documents with the appearance of governmental authority. One Defendant even produced a
16 bank statement evidencing funds of almost of two hundred million dollars (\$200,000,000.00)
17 pledged to complete an agreement with the Plaintiffs. The Defendants produced purported
18 well respected business contacts to support their status. The Defendants also supported their
19 claims by producing evidence of their business dealings by producing bank statements and
20 other documents to support their claims as able investors. In hindsight, the Defendants'
21 actions appeared to be an elaborate ruse intentionally designed to induce the Plaintiffs into an
22 international investment scheme.

1 27. For the present agreement, the Defendants arranged for the purchase of certain
2 prestigious resort properties in Madeira, Portugal, a base agreement that exceeded
3 approximately \$54 million.¹ The agreement called for a joint venture whereby Defendant
4 Sultan was to invest €34.3 million for an 80% share, and the Plaintiffs were to invest
5 approximately \$7 million for a 20% share. Each party was to raise their respective share of
6 the funds and place them into escrow to purchase the property.
7

8 28. The Defendants' funds were procured and placed into one or more accounts to
9 fulfill the obligations of the agreement. However, Defendant Sultan unilaterally and
10 intentionally secretly withdrew his funds in a deliberate breach designed to cause the
11 Plaintiffs substantial damage to their company and reputation.
12

13 29. On information and belief, the Defendants' actions were an endeavor to
14 deceive authorities and to avoid criminal detection, all under a veil of legitimacy. On
15 information or belief, the profits from the wire transfers were then transferred to the
16 Defendants' accounts which the Defendants controlled, and were temporarily frozen by the
17 United States government pursuant to the Patriot Act. Those funds were thereafter released
18 on or about May 2009.
19

20 30. Both prior to and since May 2009, the Defendants have falsely and maliciously
21 misrepresented their intentions with the intent to induce the Plaintiffs into justifiably relying
22 on the Defendants' representations, which has caused the Plaintiffs to suffer great damages.
23

24 31. The Plaintiffs have recently discovered that it appears that the Defendants have
25

¹ This amount does not include profits.

1 defrauded others in the past, and suspect that the Defendants may be currently defrauding
2 others raising serious questions concerning the Defendants' pattern of deceptive business
3 practices.

4 32. After retaining undersigned counsel, and after counsel's due diligence, on
5 information or belief, the Defendants appear to be in the business of deceptively promoting
6 and declining business opportunities to persuade investors to invest substantial sums of
7 money, or see those investors lose money in the Plaintiff's business in the wake of the
8 Defendants' breaching agreements. The Defendants thereafter hide assets to the detriment of
9 investors, and then the Defendants move their practices elsewhere.

10 33. Since it is believed that the Defendants employ false or misleading information
11 to induce would-be investors, and then divert assets to the detriment of investors, the present
12 action is not only necessary to correct a most egregious injustice done to the Plaintiffs, but
13 also to punish the Defendants for their willful and wanton fraudulent acts, and also to prevent
14 them from further fraudulent acts against others.

15 34. From August 2009 to present, the Plaintiffs retained undersigned counsel to
16 investigate the possibility of the Defendants' wrongful conduct and other allegations. As a
17 result, counsel hired private investigators to conduct due diligence to discover the basis of
18 the Plaintiff's allegations.

19 35. As a part of their standard background investigation, the private investigators
20 searched the public records of the Defendants and discovered, *inter alia*, what appeared to
21 show the Defendants engaged in a pattern of deceptive business practices and or fraud
22 schemes. To the untrained eye, the Defendants' practices were both suspicious and possibly
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24
25

1 actionable. However, to the trained eye, the Defendants' appeared to be engaged in a pattern
2 of deceptive business practices and a scheme to defraud investors. It also appears that the
3 Defendants are using their purported status and or influence for other hostile purposes.

4
5 36. The private investigators discovered that some of the Defendants had numerous
6 lawsuits filed against them, many of which the Defendants defaulted. On information or
7 belief, it also appeared that the Defendants were moving large sums of money around in
8 various ghost bank accounts in what may be a kiting scheme.² The more information that
9 was produced, the more suspicious the Defendants actions became.

10
11 37. With regard to one of the Defendants who pledged a substantial amount of
12 money to complete his obligation to the Plaintiffs, an attempt to confirm those funds revealed
13 that the account no longer existed, suggesting that the Defendant purposely diverted those
14 funds to avoid detection.

15 **COUNT ONE – BREACH OF CONTRACT**

16
17 38. The Plaintiffs reincorporate paragraphs 1-37 above, and further allege as
18 follows:

19
20 39. Between late December 2007 and mid 2009, the Plaintiffs and the Defendants
21 entered into an agreement whereby the parties were to purchase certain prestigious properties

22
23 ² While these allegations are not specifically plead here, one possibility exists that
24 Defendant Sultan is creating and sending wire transfers of such significance that the funds
25 are not made available for some period of time, all the while that banks are required to pay
interest on money that is not actually received. Some real amount of money is then used to
justify earned interest when in fact the bulk of the funds are moved into another account
while the Defendant still earns interest.

1 around the world, and particularly in Portugal.

2 40. The Plaintiffs complied with all conditions precedent to the Defendants'
3 performance under the agreement by completing the terms of their investment, depositing
4 earnest money, and securing their portion of the funds to complete the purchase.
5

6 41. Sometime during 2009, the Defendants breached the agreement described
7 above by failing to secure their funds, failing to deposit their earnest money, and failing to
8 complete the terms of their agreement.

9 42. The Defendants' breach of their agreement is material and in no way constitutes
10 substantial performance of the terms of the agreement.
11

12 43. Throughout the relevant times herein, the Plaintiffs contacted the Defendants
13 concerning the purchase of the properties. The Plaintiffs were provided with numerous
14 emails and documents showing that the Defendants made certain representations that were
15 calculated to cause the Plaintiffs to believe that the agreement was going to be completed as
16 represented.
17

18 44. In fact, the Defendants' communications resulted in confusing and or
19 misleading information as to the source, timing, and or approval, of the funds, and or closing
20 of the properties.

21 45. The Defendants also represented that the investments for the properties had the
22 sponsorship, approval, characteristics, and benefits for the agreement, when in fact, the
23 Defendants did not.
24

25 46. The agreement was affirmed many times by Defendants.

47. A copy of certain communications from the Defendants and others setting forth

2 48. In or about January through March, 2008, the Plaintiffs deposited their earnest
3 money according to their agreement for approximately €3.0 million, based on the
4 Defendants' inducements.

5
6 49. As a result of Defendants' acts and omissions, the Plaintiffs were thereafter
7 damaged by the Defendants' breach causing them to lose the benefit of their bargain by not
8 being able to purchase the properties, damaged in their reputation, and damaged with respect
9 to their investors. In addition, the Plaintiffs have lost their bargain in that the Plaintiffs lost
10 profits in an amount that is estimated to be tens of millions of dollars.

11
12 50. In the course of this transaction, the Defendants have engaged in false,
13 misleading, and deceptive acts or practices in trade or commerce, in that it has failed to
14 comply with express and implied warranties made regarding the residence. Furthermore, the
15 Defendants have engaged in false, misleading, or deceptive acts or practices in that appears
16 that they intentionally induce people to invest in what appears to be legitimate opportunities,
17 when in fact the Defendants intentionally withdraw from their obligations at the detriment
18 of those investors.

19
20 51. The Plaintiffs may also show that the identity of the Defendants individually
21 and the company entities are in substance one and the same, and that Defendants company
22 entities are the alter ego of the individual Defendant, acting solely as a conduit for the
23 performance of individual Defendant's business, and as a device to cause harm or prejudice
24 to those dealing with it. In support, the Plaintiff would show the following:

25 A. Individual Defendants ignore the separate existence of Defendant

1 entities in numerous ways, including failing to conduct regular meetings, failing to
2 maintain business records other than routine records, and that some of the entities
3 themselves may be in default.

4
5 52. Plaintiff further alleges that Defendant's business entities and or Family Trust
6 is virtually insolvent and may be out of business, and the Plaintiffs therefore invoke the Trust
7 Fund Doctrine and allege that the Defendants are placed in a fiduciary relationship, and owe
8 a fiduciary duty to Plaintiffs and to all Plaintiff's investors.

9
10 53. The Plaintiffs believe that the Defendants should hold their assets in trust for
11 the Plaintiffs and their investors and that this duty obliges the Defendants to administer their
12 assets for the benefit of the Plaintiffs and their investors.

13
14 54. If the Defendants have allowed their assets to become dissipated, then the
15 Plaintiffs would show that it is a breach of a fiduciary duty and they are therefore liable to
16 the Plaintiffs for such breach.

17
18 55. The Plaintiffs further would show that the Defendants participated in, were
19 aware of, and acquiesced in the deceptive trade practices, and as joint violators, would be
20 jointly and severally liable for such violations.

21 **COUNT TWO – FRAUD**

22 56. The Plaintiffs reincorporate paragraphs 1-55 above, and further allege as
23 follows:

24 57. On or about December 22, 2007, the Defendants falsely and fraudulently, and
25 with intent to defraud the Plaintiffs, represented to the Plaintiffs that they were successful
International and Saudi Businessmen and as Members of foreign governments and or the

1 Saudi Royal Family, by and through the Family Trust, were interested in making investments
2 in U.S. companies such as the Plaintiff's.

3 58. These representations were false in fact, and known to be false by the
4 Defendants at the time they were made. In truth and in fact the claim of wanting to invest in
5 American Businesses simply provided a validation of the legend in which the defendants
6 operated. Rather than pursuing legitimate business operations, they were in fact more
7 interested in pursuing an agenda tied to other illicit and nefarious acts. In addition, the
8 Honorary German Consul Dr. Bernard Otremba-Blanc, represented himself as an
9 intermediary though investigations performed by the Plaintiffs by a private investigations
10 firm found otherwise. He is, in fact, a director of both Royal Holdings and Royal Energy.
11

12 59. The Plaintiffs were ignorant of the falsity of the representations, and believed
13 them to be true.
14

15 60. The Plaintiffs relied upon the representations, and were induced to deposit
16 millions of Euros in funds with the sellers, spend millions of dollars in marketing, legal,
17 travel, pre-development and pre-sales expenses, and cease discussions with all other
18 interested funding parties. Based on continued commitments, representations, and
19 communications both written and telephonically to the Plaintiffs and the sellers of the
20 Madeiran Hotels, the Plaintiffs waited in good faith for the ability to sell residential real
21 estate associated with the hotel properties which said opportunity never realized.
22

23 61. The year-long delay for the promised closing of the transaction and the
24 ultimate failure to perform of the defendants has inflicted significant and irreparable damages
25 to the Plaintiffs, both as a company and its principals. At this time, the Plaintiffs have lost

1 the Hotel transaction in Madeira for the purchase of the Charming Hotels and all monies it
2 has invested including down payments, legal expenses, marketing expenses, travel, and
3 otherwise, amounting to more than \$8 million US. In addition, the Plaintiffs have lost its
4 share of the profit resulting from the fractional sale and redevelopment of the property of
5 approximately \$86,428,200. The Plaintiffs have also suffered irreparable damage to its
6 reputation, and delayed sales have put the company and its principals in near financial ruin.
7

8 **COUNT THREE - MISREPRESENTATION**

9 62. The Plaintiffs reincorporate paragraphs 1-61 above, and further allege as
10 follows:

11 63. The Defendants, on numerous occasions, represented to the Plaintiffs that they
12 were ready, willing, and able to complete the transaction they agreed to.
13

14 64. The Defendants communicated on numerous occasions through e-mail,
15 telephone, and otherwise that they intended to complete the purchase of the properties in
16 Portugal; each communication designed to induce the Plaintiffs into completing their part of
17 the transaction.
18

19 65. The Defendants' representations were false and the Defendants knew the
20 representations were in fact false.

21 66. The Defendant's representations were material in that the Defendants
22 continuously misrepresented their true intentions, and on information and belief used the
23 agreement and transaction for some illegitimate means such that a reasonable person would
24 attach importance to such information when determining a course of action based on the
25 Defendants' representations.

1 67. The Defendants had knowledge the representations were false or Defendants
2 were ignorant of its truth.

3 68. The Defendants intended for this representation to be acted upon in that
4 Defendants knew that the Plaintiffs had a duty to inspect the properties and their investors,
5 and for the Plaintiffs to deposit their earnest money and pay other expenses at the Plaintiff's
6 expense.
7

8 69. The Plaintiff's expenditures were in a manner which may reasonably be
9 contemplated by Defendants.

10 70. The Plaintiffs were ignorant of the Defendants' false representations.

11 71. The Plaintiffs relied on the Defendants' false representations in that Plaintiffs
12 responded in good faith on the representations made by the Defendants in that they did in
13 fact make their deposit of earnest money for approximately €3 million in reliance on the
14 Defendants falsely representations.
15

16 72. The Plaintiffs had a right to rely on the Defendants' false representations as
17 both parties were represented by mutual counsel at one time who affirmed in writing that
18 there was in fact a contract.
19

20 73. The Plaintiff's consequential and proximate damages resulted from their
21 reliance on the defendants false representations to their detriment for over €3 million.
22

23 **ALLEGATION OF MALACE AND SPECIAL DAMAGES**

24 74. The Plaintiffs reincorporate paragraphs 1-73 above, and further allege as
25 follows:

 75. The Defendants, and each of them, acted with and conducted themselves

1 intentionally and maliciously, and without reasonable and just cause, to such a degree that an
2 award of special and or punitive damages is warranted.

3 **COUNT FOUR - INJUNCTIVE RELIEF AGAINST ALL DEFENDANTS**

4 76. The Plaintiffs reincorporate paragraphs 1-75 above, and further allege as
5 follows:
6

7 77. The Plaintiffs are now, and at all times mentioned in this Complaint are a party
8 to the transaction in Madeira, Portugal.

9 78. The Defendants at all times mentioned in this Complaint have continually and
10 unequivocally promised, purported and agreed to complete the transaction in Madeira,
11 Portugal.
12

13 79. The Defendants have wrongfully and fraudulently induced the Plaintiffs into
14 certain actions with no real intent to perform as promised, causing great harm to the
15 Plaintiffs.

16 80. As a result of the Defendants' acts, the Plaintiffs have sustained and will sustain
17 great and irreparable injury including loss of reputation, millions of dollars invested in the
18 project to date, and lost profits from the project.
19

20 81. The Plaintiffs cannot be fully compensated in damages, is without an adequate
21 remedy at law because the exact amount of damage to the Plaintiffs will be difficult to
22 determine.

23 82. As a further result of the Defendants' acts, the Plaintiffs have sustained damage
24 in the amount of ninety four million, eight hundred eighty nine thousand, eight hundred
25 seven dollars and three cents (\$94,889,807.03).

1 I certify that on this 18th day of November, 2009, I electronically filed the foregoing
2 Complaint to the Clerk's Office using the CM / ECF system.

3 By: s/Rick Poster
4

5 Plaintiff's Verification filed separately.
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