SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

K&K No. 64398

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DEBORAH H. FREEMAN,

Plaintiff,

-against-

LASERLINE-VULCAN ENERGY LEASING, LLC, LASERLINE LEASE FINANCE CORP., WILLIAM M. EDDINGTON a/k/a W.M. EDDINGTON a/k/a W. MARK EDDINGTON a/k/a MARK EDDINGTON,

Defendants.

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Date filed:_____

Index No._____

SUMMONS AND VERIFIED COMPLAINT

Basis of venue is plaintiff's' residence.

TO THE ABOVE NAMED DEFENDANT:

YOU ARE HEREBY SUMMONED to answer the complaint in this action and to serve a copy of your answer on the plaintiff's attorneys within TWENTY days after the service of this summons, exclusive of the day of service (or if this summons is not personally delivered to you within the State of New York, within THIRTY days after the service is complete); and in case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded herein.

Plaintiff resides at 160 West 66th Street, New York, NY 10023.

Defendants' addresses:

LaserLine-Vulcan Energy Leasing LLC
Defendant
870 Research Drive, Suite #2
Palm Springs, California 92262
and
150 E. 52nd Street, 11th Floor
New York, New York 10022

LaserLine Lease Finance Corp.
Defendant
870 Research Drive, Suite #2
Palm Springs, California 92262

William M. Eddington a/k/a
W.M. Eddington a/k/a
W.Mark Eddington a/k/a
Mark Eddington
Defendant
870 Research Drive, Suite #2
Palm Springs, California 92262

Dated: New York, New York
October 11, 2010

Gene R. Kazlow, Esq.
KAZLOW & KAZLOW
Attorneys for Plaintiff
237 West 35th Street, 14th Floor
New York, NY 10001
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SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

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DEBORAH H. FREEMAN,

Plaintiff,

Index No.

–against–

VERIFIED COMPLAINT

LASERLINE-VULCAN ENERGY LEASING, LLC, LASERLINE LEASE FINANCE CORP., WILLIAM M. EDDINGTON a/k/a W.M. EDDINGTON a/k/a W. MARK EDDINGTON a/k/a MARK EDDINGTON,

Defendants.

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Plaintiff, Deborah H. Freeman, by her attorneys, Kazlow & Kazlow, for her Complaint against defendants, alleges as follows:

1. Plaintiff, Deborah H. Freeman, is, and at all relevant times was, an individual residing at 160 West 66th Street, Apt. 41F, New York, NY 10023.

2. Upon information and belief, defendant, LaserLine-Vulcan Energy Leasing, LLC (referred to below as "LLVEL"), is and at all relevant times was, a corporation formed and existing under the laws of the State of Utah, having offices and places of business at 870 Research Drive, Suite #2, Palm Springs, California 92262 and 150 E. 52nd Street, 11th Floor, New York, New York 10022.

3. Upon information and belief, defendant, LaserLine Lease Finance Corp. (referred to below as "LLLFC"), is and at all relevant times was, a corporation formed and existing under the laws of the State of Utah, having its principal office and place of business at 870 Research Drive, Suite #2, Palm Springs, California 92262. Upon further information and belief, LLLFC is, and at

all relevant times was, a managing member of LLVEL.

4. Upon information and belief, defendant, William M. Eddington a/k/a W.M. Eddington a/k/a W. Mark Eddington a/k/a Mark Eddington ("Eddington"), is, and at all relevant times was, an individual having an actual place of business and/or employment at 870 Research Drive, Suite #2, Palm Springs, California 92262. Upon further information and belief, Eddington is, and all relevant times was, the principal shareholder, director and President of LLLFC. As such, he is the person who is, and at all relevant times was, primarily responsible for the management of LLVEL.

5. Jurisdiction and venue are based upon, and are proper in the County of New York pursuant to, plaintiff's actual place of residence, which is located in the County of New York.

Background

6. Plaintiff repeats and realleges the allegations in paragraphs 1 through 5 above, as if they were fully set forth herein.

7. LLVEL was formed on or about July 22, 2004. LLVEL's Articles of Organization indicated that LLVEL was formed to engage in the sole business of selling and leasing advanced mobile power systems.

8. In addition to LLLFC, LLVEL has, at all relevant times, had another managing member, Vulcan Power Leasing, LLC, which, along with a number of other affiliated "Vulcan" entities, conducted business, at all relevant times, at the same office in Manhattan that is identified above as the New York office of LLVEL (Vulcan Power Leasing, LLC and its related Vulcan entities are jointly referred to below as "Vulcan"). Upon information and belief, LLVEL was formed as a joint venture of LLLFC and Vulcan.

9. In or about the summer of 2004, defendants solicited various investors, including plaintiff, to loan a total of $2,500,000.00 to LLVEL as part of the $10,500,000.00 that was said to be necessary for one of the Vulcan entities, Vulcan AMPS, LLC , to construct a single "Vulcan Advanced Mobile Power System" (referred to below as "VAMPS").

10. As a part of this solicitation, defendants sent plaintiff and the other potential investors a written Construction Loan Request (referred to below as the "CLR") on or about August 24, 2004.

11. The CLR indicated to plaintiff that Vulcan would provide $5,500,000.00 of the construction cost of the VAMPS unit, and that LLLFC had committed itself to providing the other $5,000,000.00. Of the latter amount, $2,500,000.00 was said to have been "already committed to and approved." It was therefore made to appear that the money solicited from the investors would complete the capitalization of the project.

12. The CLR further represented that Vulcan had previously manufactured and shipped VAMPS units to Iraq, where they were being operated by the U.S. Army Corps of Engineers. The CLR also suggested that purchase orders for another four VAMPS units, at a purchase price of $14,500,000.00 each, had been received.

13. According to the CLR, a participant loaning $2,500,000.00 would "receive 12.5% of the profit over the $10,500,000.00 cost or an anticipated return of approximately $500,000.00 plus return of the $2,500,000.00 loan."

14. The CLR estimated that it would take Vulcan AMPS, LLC 60 to 75 days to complete the manufacture of a VAMPS unit at its facility in Elizabethtown, North Carolina, and that the term of the loans would therefore be, "As soon as the Unit is manufactured and delivered to

purchaser but in no event longer than 6 months."

15. The CLR further represented that Vulcan would provide security for the monies loaned in the form of a completion bond from an "acceptable" insurance company, a guarantee of the return of the construction loan, and a first lien on the VAMPS unit to be constructed, which would be evidenced by a UCC-1 filing.

16. After she received the CLR, plaintiff spoke with Eddington , who repeated and confirmed the representations made in the CLR.

17. Eddington also told plaintiff that, in addition to what was stated in t CLR, LLVEL had been contacted by a company named Carbo Dynamics LLC which was very likely to order another VAMPS unit. Soon after that conversation, plaintiff received a copy of a purported purchase order by Carbo Dynamics LLC for a VAMPS unit to be delivered by September 1, 2005 at the price of $14,500,000.00.

18. In reliance on the foregoing representations, plaintiff decided to loan money to LLVEL, and sent checks totaling $280,000.00 to defendants in or about September and October 2004.

19. On or about February 28, 2005, Eddington sent plaintiff a Promissory Note, a Loan and Security Agreement, and a copy of a First Written Demand Financial Guarantee Performance Bond (the "Bond") having a liability limit of $5,000,000.00.

20. In the Promissory Note, which was back-dated to October 13, 2004, LLVEL promised to pay plaintiff $280,000.00 plus interest at the rate of 10% per annum, "payable on the sale and delivery of the Equipment as defined in the Loan and Security Agreement [i.e. the VAMPS unit to be constructed] but in no event later than six months from the date" of the Promissory Note.

21. In addition to the payment of the principal amount of the loan plus interest, the Promissory Note stated that LLVEL would pay plaintiff "an investment banking fee equal to the difference between the interest payable hereunder and the sum of FIFTY-SIX THOUSAND AND NO/100 DOLLARS ($56,000.00)."

22. The Promissory Note provided for all payments to be made in "immediately available funds on the due date thereof" at a post office box located in New York, New York. However, the Promissory Note also stated that all payments would be made from the Security described in the Loan and Security Agreement, and that LLVEL would not otherwise be personally bound to make the promised payments.

23. The Loan and Security Agreement, which was also back-dated "as of October 13, 2004," described the Security for the payment of Promissory Note as follows:

> (A) any of issued and outstanding membership interests of Owner [i.e. LLVEL] shall be pledged to the account of Lender [i.e. plaintiff] as Security;
>
> (B) any and all rights of payments that may be due Owner;
>
> (C) all of Owner's rights, interests and privileges in and to any property, equipment, the Equipment [i.e. the particular VAMPS unit with regard to which the money was being loaned], or fixtures;
>
> (D) all rents, issues, profits, revenues and other income or proceeds due Owner including, without limitation, all payments or proceeds payable to Owner with respect to the sale, lease or other disposition of property, and all estate, right, title and interest of every nature whatsoever of Owner in and to the same and every part thereof;
>
> (E) all insurance proceeds;
>
> (F) all moneys and securities now or hereafter paid or deposited or required to be paid or deposited to or with Owner; and
>
> (G) all proceeds of the foregoing.

24. The Loan and Security Agreement required LLVEL to execute, file and record any financing statement necessary for plaintiff to obtain the full benefits of the lien granted with respect to the Security.

25. The Loan and Security Agreement also required LLVEL to "Cause the manufacturing process to be performed in accordance with all rules, regulations and laws and to cause the equipment to be built in accordance with the equipment specifications, as represented and industry standards."

26. The Loan and Security Agreement further provided that LLVEL's failure to make any required payment when due would constitute an event of default, and that interest on the loaned amount would then accrue at the rate of 18% per annum.

27. The Bond purported to be issued by Provident Capital Indemnity, Ltd., of San Jose, Costa Rica, on December 23, 2004. The Bond indicated that it was issued to insure LLVEL that Vulcan AMPS LLC would timely construct and deliver a VAMPS unit in accordance with drawings and specifications prepared by the designated end user, i.e. Carbo Dynamics LLC.

28. The Bond required Vulcan AMPS LLC to pledge certain pieces of equipment, having a total value greater than the liability limit of the Bond as collateral in order for the Bond to be effective. A copy of a Collateral Pledge Agreement by Vulcan AMPS LLC and copies of invoices for the pledged equipment were attached as an addendum to the Bond.

29. Eddington told plaintiff that her investment would not become effective until she signed and returned the Loan and Security Agreement. Eddington also told plaintiff that the pledged equipment would be the security for the repayment of her loan.

30. Relying on Eddington's various representations, and on the documents which

Eddington sent her, plaintiff signed the Loan and Security Agreement and returned it to defendants.

31. The maturity date of the Promissory Note which LLVEL issued to plaintiff was never extended.

32. LLVEL failed to make the payments required by the Promissory Note by its maturity date, or at any time since then.

33. Upon information and belief, the VAMPS unit for which plaintiff's money was loaned to LLVEL was never manufactured.

34. In communications with plaintiff and the other investors, Eddington attributed the failure to construct the VAMPS unit to defendants' Vulcan joint-venturers, and represented that defendants were trying to get Vulcan to manufacture the VAMPS.

35. On or about June 6, 2008, Eddington sent a letter to plaintiff and the other investors in which he presented a proposal by Vulcan under which Vulcan would purchase additional equity in LLVEL by making fourteen monthly payments, of $59,300.00 each, to LLVEL. That money would then be distributed to the investors to repay the principal amounts of their notes, but not any interest or investment banking fees. However, in order to receive any payments, each investor would be required to discontinue pending law suits and suspend any threats to sue LLVEL.

36. Enclosed with Eddington's letter was a Consent to Proposed Settlement, which provided as follows:

> The undersigned, a Noteholder, hereby consents to the proposed settlement arrangement in which Vulcan Power Leasing, LLC will purchase over a period of fourteen (14) months at the rate of approximately $59,300.00 per month additional equity in LaserLine-Vulcan Energy Leasing, LLC (the "Company"). It is understood that upon receipt of each such installment, the Company will commence the payment to all

noteholders on a prorate basis. The undersigned further agrees immediately suspend all actions or threatened actions for collection until this settlement is finalized between the Company, its Members and Manager. The undersigned further agree to execute a mutual release with the Company, its Members and Manager and deliver same to the Company along with the dismissal of any pending legal actions with prejudice when the undersigned has received the full 14 installments.

37. Hoping to at least recover the principal amount of her investment, plaintiff signed the Consent to Proposed Settlement on or about June 13, 2008, and returned it to defendants.

38. However, plaintiff never received any payments from LLVEL under the proposed settlement which, upon information and belief, was never finalized, put into effect or honored.

39. Having afforded defendants a reasonable amount of time in which to finalize the settlement which they proposed, plaintiff is now entitled to relief from this Court.

AS AND FOR A FIRST CAUSE OF ACTION

40. Plaintiff repeats and realleges the allegations in paragraphs 1 through 39 above, as if they were fully stated herein.

41. Upon information and belief, several of the representations that were made by the defendants in soliciting her money, and her execution of the Loan and Security Agreement, were false or materially misleading when made.

42. For instance, upon information and belief, the representation that had manufactured prior VAMPS units which were in use by the U.S. Army Corps of Engineers in Iraq was false or materially misleading in that, upon information and belief, Vulcan had only shipped one advanced mobile power system to Iraq, which it had purchased from a third-party. Upon further information and belief, that advanced mobile power system had malfunctioned, and was not being operated by anyone at the time that plaintiff's investment was solicited.

43. Upon further information and belief, the representation that purchase orders for another four VAMPS units, at the price of $14,500,000.00 each, had already been received at the time of the solicitation, was also false or materially misleading when it was made.

44. Upon further information and belief, the purchase order from Carbo Dynamics LLC was either phony, or had become meaningless before plaintiff's checks were sent to defendants and before defendants sent plaintiff the Promissory Note, the Loan and Security Agreement and the Bond, since, among other things, upon additional information and belief, Carbo Dynamics LLC had gone out of business prior to August 2004, was involuntarily dissolved on or about September 28, 2004, and had insufficient assets to purchase a VAMPS unit at the price indicated in the purchase order.

45. Upon further information and belief, the representation that $2,500,000.00 of LLLFC's commitment to contribute $5,000,000.00 towards the construction of the VAMPS unit was "already committed to and approved," was also false or materially misleading when it was made.

46. Upon further information and belief, the equipment pledged as security for the Bond, and for the repayment of the investors' loans to LLVEL had either been sold to third parties before it was pledged, or else was inoperable, and of no value at the time it was pledged, for which reason the representations made concerning the existence of security for the loans made by plaintiff and the other investors were false or materially misleading when they were made.

47. Upon further information and belief, the other "security" for the repayment of plaintiff's loan either never existed, or else had negligible value, since the LLVEL was a thinly capitalized entity lacking the means to repay the money which it borrowed, for which reason too, the representations concerning the security for the loans made by plaintiff and the other investors

were false or materially misleading.

48. Upon information and belief, Eddington, and through Eddington LLLFC and LLVEL, knew, or had reason to know, at the time that the foregoing representations were made, that they were false or materially misleading.

49. Upon information and belief, Eddington, and through Eddington LLLFC and LLVEL, made or confirmed the foregoing representations to plaintiff with the intent to defraud plaintiff.

50. Plaintiff reasonably relied on the foregoing representations in deciding to send checks to defendant and in deciding to execute and return the Loan and Security Agreement.

51. Plaintiff would not have sent any money to defendants, and would not have executed the Loan and Security Agreement, but for the foregoing false and materially misleading representations made or confirmed by defendants.

52. As a result of this fraud committed by defendants, plaintiff has been damaged by defendants in the amount of $280,000.00, plus interest from October 13, 2004, and punitive damages in an amount to be determined by the Court.

AS AND FOR A SECOND CAUSE OF ACTION

53. Plaintiff repeats and realleges the allegations in paragraphs 1 through 52 above, as if they were fully stated herein.

54. For the reasons stated in paragraphs 41 through 51 above, and because of the complete failure of the consideration offered to plaintiff for her loan, the Loan and Security Agreement should be rescinded, and defendants should be required to make restitution to plaintiff in the amount of $280,000.00, plus interest from October 13, 2004.

AS AND FOR A THIRD CAUSE OF ACTION

55. Plaintiff repeats and realleges the allegations in paragraphs 1 through 54 above, as if they were fully stated herein.

56. Defendants are and were, at all relevant times, fiduciaries of plaintiff who undertook, among other things, to take the steps necessary to oversee the manufacture of the VAMPS unit, to execute, file and record the financing statements needed to perfect plaintiff's liens with regard to the "security" given for her loan, and to otherwise insure that the "security" was adequate to protect plaintiff's investment.

57. Upon information and belief, defendants failed to properly oversee the manufacture of the VAMPS unit, failed to act with due diligence to cause the VAMPS unit to be manufactured, and failed to execute, file or record financing statements on plaintiff's behalf.

58. Upon information and belief, defendants also failed to act with due diligence to investigate the ability of Provident Capital Indemnity, Ltd. to pay the amount of Bond, which, upon information and belief, it was not able to do.

59. Upon information and belief, defendants also failed to act with due diligence to investigate whether the Bond was enforceable, whether the collateral existed and whether the collateral was of sufficient value to secure the repayment of the loans made to LLVEL by plaintiff and the other investors.

60. Upon information and belief, defendants also failed to act with due diligence to enforce the Bond, or to secure the collateral, for the benefit of plaintiff and the other investors who loaned money to LLVEL.

61. Upon further information and belief, defendants also failed to act with due diligence to

manage and preserve the other "security" given to plaintiff for her loans, thus rendering plaintiff's rights of recourse under the Promissory Note completely meaningless.

62. Upon further information and belief, defendants disbursed, transferred or used the money loaned by plaintiff other than for the sole purpose for which it was loaned.

63. As the result of these breaches of defendants' fiduciary duties to plaintiff, plaintiff has been damaged by defendants in the amount of $280,000.00, plus interest from October 13, 2004, and punitive damages in an amount to be determined by the Court.

WHEREFORE, plaintiff, Deborah H. Freeman, respectfully requests that the Court make and enter a judgment:

A. Awarding compensatory damages against plaintiff, under the First Cause of Action, in the amount of $280,000.00, plus interest from October 13, 2004 and punitive damages in an amount to be determined by the Court;

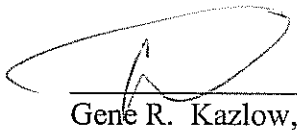
B. Awarding plaintiff, under the Second Cause of Action, the rescission of the Loan and Security Agreement and restitution by defendants in the amount of $280,000.00, plus interest from October 13, 2004;

C. Awarding compensatory damages against plaintiff, under the Third Cause of Action, in the amount of $280,000.00, plus interest from October 13, 2004 and punitive damages in an amount to be determined by the Court;

D. Awarding plaintiff her costs and its disbursements in this action; and

E. Granting plaintiff such other, further or different relief as the Court may deem to be just and proper.

Dated: New York, New York
October 11, 2010



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(212) 947-2900

VERIFICATION

STATE OF NEW YORK)
)ss.:
COUNTY OF NEW YORK)

DEBORAH H. FREEMAN, being duly sworn, deposes and says:

1. I am the plaintiff named in the foregoing Verified Complaint. As such, I have personal knowledge of the facts of this matter.

2. I have read the foregoing Verified Complaint and am familiar with its contents, which are true to my personal knowledge, except for the facts alleged on information and belief, which I believe to be true based on information provided to me by others or documents which I have examined.

Deborah H. Freeman

Sworn to before me this
11th day of October, 2010

Notary Public

CHRISTOPHER J. COOK
Notary Public, State of New York
No. 01CO6105052
Qualified in New York County
Commission Expires 02/02/2012