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THE ARMENIS PAPERS 10

PAPERS 233-261

Key to Abbreviated Quotations:

The arrow > refers to PDF document and page number of documents obtainable at the PDF download shop at www.Gallerize.com®.

1 Q. Well, are you refusing to answer that
2 question?
3 A. Yes.
4 Q. On what basis?
5 MS. KORCHIN: He's doing it on an
6 attorney-client privilege. He was told by his
7 lawyer.
8 A. Because I did not get it personally.
9 BY MR. MARKS:
10 Q. Who did you receive that information from,
11 the name of the individual?
12 A. Dr. Liebich told me that he got it, this
13 information.
14 Q. And who did Dr. Liebich tell you had given
15 him this information?
16 A. A third-party.
17 Q. Who?
18 A. I refuse to respond.
19 Q. Why?
20 A. Because perhaps I want to protect this
21 party.
22 MS. KORCHIN: Mr. Cramer, it's all
23 right to say. He got it -- because he doesn't
24 know what the scope of attorney-client --
25 MR. MARKS: Well, just a minute. He

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CRAMER, Albert; 05/31/94

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"I refuse to respond." Etc. Recalcitrant!

1 hasn't testified that the individual was his
2 attorney or that any of the requirements of
3 the attorney-client privilege have been met.
4 And I would appreciate you not coaching him in
5 that regard. And I am not going into the
6 substance of your communication.
7 THE WITNESS: I have not spoken -- I
8 have not spoken with the third-party. Dr.
9 Liebich informed me that there is a
10 third-party.
11 MR. MARKS: Let me just put some
12 comments on the record. I have not asked for
13 the substance of the communication. I have
14 only asked for the person who made the
15 communication, which I am clearly entitled to
16 under any version of the attorney-client
17 privilege.
18 THE WITNESS: That's okay. But I do
19 not know this person. Okay?
20 BY MR. MARKS:
21 Q. Who did Dr. Liebich tell you had told Dr.
22 Liebich?
23 A. I do not know the name anymore.
24 Q. You don't know the name anymore?
25 A. No, really.

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Now: "I do not know the name anymore."

(I don't believe Mr. Cramer what he said. I believe that he is lying and that he knows more.)

1 Q. Now, just a minute ago you refused to tell
2 me who that was.
3 A. Yes.
4 Q. But you knew who it was, didn't you?
5 A. No, I did not know.
6 MR. MARKS: Well, at this point I'm
7 going to suspend the deposition in accordance
8 with Rule 1.280 until this witness -- this
9 witness is obviously not being truthful. And
10 I'm going to suspend the deposition at this
11 point under 1.280.
12 (Pause.)
13 MS. KORCHIN: When Mr. Marks finishes,
14 I will respond on the record.
15 MR. MARKS: 1.210(d). I'm going to
16 suspend this portion of the deposition and get
17 an order that you're required to answer that
18 question.
19 BY MR. MARKS:
20 Q. Two minutes ago you told me that you didn't
21 want to reveal the name of this individual --
22 A. Yes.
23 Q. -- to protect him, and now you're telling
24 me that you don't remember his name.
25 A. Yes, that's true. I repeat, first I said I

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CRAMER, Albert; 05/31/94

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1 do not want to tell you who is the third-party. That
2 was number one. And now you asked me the name, and I
3 say I do not know the name.
4 Q. You don't know. Okay. Well, that's fine.
5 A. But you told me you know the name and,
6 therefore, I can tell you.
7 Q. No, I didn't tell you I know the name.
8 A. But I understood it in this way.
9 Q. Let's get your facts straight there, Mr.
10 Cramer. I didn't tell you that I know the name.
11 Because if I knew the name, I wouldn't be asking you for
12 it.
13 A. Uh-huh. Okay. Can you -- the only thing I
14 can tell you, I know that the third-parties are our law
15 firm.
16 Q. What's his name?
17 A. I do not know it. Never met him.
18 Q. Where does he live?
19 A. I do not know.
20 Q. In what city?
21 A. I really do not know because I didn't care
22 for that. I only heard we have evidence that -- that
23 Armenia tries to --
24 MS. KORCHIN: Triss to what?
25 A. -- to cheat us.

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1 MS. KIRCHIN: Okay.

2 MR. MARKS: I'd like that portion

3 excerpted and I'll suspend that portion of the

4 deposition, because I believe that you're

5 going to come back and answer some more

6 questions about that.

7 THE WITNESS: I cannot invent what I

8 do not know.

9 BY MR. MARKS:

10 Q. Uh-huh. Now, when was that discussion?

11 February 1989? Is that your testimony? Your discussion

12 with Mr. Liebich?

13 A. Must be in February '89.

14 Q. All right. Is it your testimony that prior

15 to that discussion with Mr. Liebich, you were unaware

16 that there had been any contract of any kind executed

17 for the sale of the Trestles property?

18 A. I knew at that time that since months and

19 weeks we had corresponding -- corresponded with Arsenis

20 that we won't have the original contracts, and we would

21 have in this way the accounts open, the costs and all

22 that. But he promised it. He sent us several letters.

23 You should have them as well. And he always promised to

24 send it, but he never did.

25 And now it was evident in February why they

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IN THE CIRCUIT COURT OF THE EIGHTEENTH JUDICIAL CIRCUIT
IN AND FOR BREVARD COUNTY, FLORIDA

CASE NO: 90-09429 CA T

ALBERT CRAMER,

Plaintiff,

VOLUME I
DEPOSITION OF:
HORST LIEBICH

VS

SPTRO ARMTXTS, FINANCIAL
FUTURES MANAGEMENT
CORPORATION, a Florida
corporation; EGYR, INC.,
a Florida corporation;
ARC EXPLORATION, an Oklahoma
corporation; WILLIAM D.
LEE; and THE HUNTER GROUP,
INC.,

Defendants.

Date Taken: June 6, 1994
Time: 9:00 a.m.
Place: King Reporting Service
26 East Nelson Avenue
Melbourne, Florida

The deposition of HORST LIEBICH, taken in
the above-entitled cause, taken by the DEFENDANTS
herein, before Denise J. Simpkins, Deputy Official
Court Reporter and Notary Public, at the time and place
aforesaid, pursuant to Notice.

COPY

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APPEARANCES

APPEARING FOR THE PLAINTIFF

JUDITH M. KORCHIN, ATTORNEY AT LAW
KELLY-ANN GIBBS, ATTORNEY AT LAW
Roland & Knight
101 Brickell Avenue
Post Office Box 015441
Miami, Florida 33101

FOR THE DEFENDANT
SPIC ARMENTE, EGYE INC.

DOUGLAS MARKS, ESQUIRE
700 South Babcock Street
Suite 400
Melbourne, Florida 32902

FOR THE DEFENDANT
FINANCIAL FUTURES MANAGEMENT CORPORATION
THOMAS DEANE, ESQUIRE
1980 South Harbor City Boulevard
Melbourne, Florida 32901

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anyone, Mr. Friedman included, ever reported to you the specific holder of the three hundred thousand dollars?

A. No.

Q. Did you consider that part of Mr. Friedman's responsibility to find that out?

A. No, he's not a private investigator. He couldn't do more than be in this case. Maybe more precisely and maybe there are means and ways in the United States about which we do not know, but I do not remember what specialty Mr. Friedman undertook to get more information.

Q. Did you ever specifically direct him to find out where the funds were and, if necessary, to hire whatever investigatory people were necessary to find that out?

A. I don't think so. I don't think so.

Q. And you indicated that in February of 1985 you became aware of contracts between who?

A. Between Rejckelibane and Huntley and between Caribank and Wunter.

Q. How did you learn of those contracts?

A. How did I what?

Q. How did you learn of the contracts?

A. Mr. Friedman informed me about the existence of those contracts. Well, the existence was

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LIFERICH, Horst, 6/6/94 190

1 not the secret, but the figures that were in it.
 2 Q. And did Mr. Friedman indicate to you how he
 3 had become aware of those contracts?
 4 A. He had certain contacts to other attorneys
 5 or other banks or something like that.
 6 Q. Did he indicate to you how he had --
 7 specifically, how he had become aware of those
 8 contracts?
 9 A. I think he mentioned he knew somebody who
 10 knew details about those deals.
 11 Q. Did he identify that individual to you?
 12 A. No, the names wouldn't have meant anything
 13 to me anyway.
 14 Q. And did he actually provide you with copies
 15 of those contracts?
 16 A. I'm not sure whether we received those
 17 contracts in Germany. I don't think we had them in our
 18 files in Germany, but at least he reported to us on the
 19 phone as soon as he had found out the mention of fraud
 20 had been included.
 21 Q. So you, yourself -- did you, yourself, ever
 22 see those contracts in February of 1989?
 23 A. I can't remember.
 24 Q. Do you recall when the first time was that
 25 you ever actually saw those contracts?

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KING REPORTING SERVICE Melbourne, Florida (407) 242-8880

IN THE UNITED STATES DISTRICT COURT FOR THE
 WESTERN DISTRICT OF OKLAHOMA

FILED
 JUL 21 1994
 CLERK OF DISTRICT COURT
 WESTERN DIST. OF OKLA.
 DEPUTY

Case No. CIV-94-786-L

SPIRO ARMENIS; STEEL RECLAMATION)
 RESOURCES, INC.; PASCALL GROUP,)
 INC.; and ARW EXPLORATION, INC.,)
 Plaintiffs,)
 vs.)
 PETER CHOY; JOHN S.T. CHIN; and)
 VALERIE H. CHAFFIN,)
 Defendants.)

**AMENDED COMPLAINT OF PLAINTIFFS,
 SPIRO ARMENIS, PASCALL GROUP, INC., AND ARW EXPLORATION, INC.**

Plaintiffs, Spiro Armenis, Pascall Group, Inc., and ARW Exploration, Inc.,
 for their Amended Complaint against defendants, Peter Choy, John S.T. Chin, and
 Valerie H. Chaffin, state:

1. The jurisdiction of this Court arises from 28 U.S.C. §1332. The
 matter in controversy exceeds \$50,000.00 and is between citizens of the State of
 Mississippi and citizens of the State of Florida and the United Kingdom.

2. Plaintiff, Spiro Armenis ("Armenis"), is a resident of Biloxi, State
 of Mississippi. Plaintiff, ARW Exploration, Inc. ("ARW") is an Oklahoma corporation
 with its principal place of business in Gulfport, State of Mississippi. Plaintiff, Pascall
 Group, Inc. ("Pascall"), is a Delaware corporation with its principal place of business
 in Gulfport, State of Mississippi. Defendants, Peter Choy ("Choy") and Valerie H.
 Chaffin ("Chaffin"), are residents of Coral Springs, State of Florida. Defendant, John
 S.T. Chin ("Chin"), is a resident of the United Kingdom.

ATTEST, I am a copy of the original
 Deputy Clerk
 [Signature]
 Deputy

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We will come back to this later.

We jump here to the John S. T. Chin case!

FIRST CLAIM FOR RELIEF

3. Armenis, Choy, and Chin on or about June, 1989, entered into a joint business venture relating to the purchase, sale, and investment in the following described investments: urea (fertilizer), crude oil, the building of an oil refinery, scrap steel, oil field pipe, and a steel mill. The agreement provided that Choy and Chin would pay all related business expenses of Armenis, or any expenses advanced by ARW and Pascall on behalf of the joint business venture of Armenis, Choy, and Chin, with respect to the foregoing described joint business ventures. The net profits of the joint business ventures would be shared as follows: Armenis - 50%; Choy and Chin - 50%. Armenis, Choy, and Chin on or about October 25, 1990, agreed to form Steel Reclamation Resources, Inc., an Oklahoma corporation ("SRRI"). Choy and Chin were to pay all expenses of Armenis, or expenses advanced for the above joint business ventures and SRRI by ARW and Pascall. The net profits were to be divided as follows: Armenis - 45%; Choy and Chin - 55%. The company SRRI was to be formed by Armenis, Choy, and Chin and funded by \$2,000,000.00 to be advanced by Chin.

4. Chin and Choy represented and promised to Armenis, ARW, and Pascall, that they would pay for all expenses incurred by Armenis for expenses related to the joint business ventures of Armenis, Choy, and Chin. Armenis, ARW, and Pascall based upon the promises and representations of Choy and Chin advanced all of the related business expenses of the joint business ventures during the period from on or about June of 1989 to on or about September 17, 1992. Chin promised and

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> Brotherhood of the White Monks, p. 41-49.

represented to Armenis, ARW, and Pascall that he would provide \$2,000,000.00 as a line of credit and funding for SRRI to cover the expenses of SRRI and the joint business ventures of Armenis, Choy, and Chin.

5. Choy and Chin at the time of making the aforesaid representations to Armenis had no reasonable basis for making the representations and knew or should have known that these representations were false. Choy and Chin made the representations to Armenis, ARW, and Pascall with the intent that said parties would rely upon said representations. Armenis, ARW, and Pascall reasonably relied upon the representations of Choy and Chin and were induced to advance all of the related expenses of the joint business ventures of Armenis, Chin, and Choy and the expenses of SRRI. Armenis, ARW, and Pascall due to the fraud and misrepresentations of Choy and Chin have sustained damages as described herein.

6. Armenis, ARW, and Pascall did not discover the fraud and misrepresentations of Choy and Chin until Choy, Chin, and Chaffin filed a voluntary petition in bankruptcy for the corporation SRRI on or about September 17, 1992. Armenis, ARW, and Pascall had no prior knowledge or notice of the filing of the voluntary petition in bankruptcy for SRRI by defendants and Pascall, a shareholder in SRRI, did not consent or approve of the filing of the petition in bankruptcy.

7. Armenis, ARW, and Pascall due to the fraud and misrepresentations of defendants advanced \$5,490,000.00 for the expenses of the joint business venture of Armenis, Choy, and Chin and for SRRI. Armenis, Pascall,

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and ARW relied upon the representations of defendants and advanced all money relating to the joint business venture of Armenis, Choy, Chin, and for SRRI. Armenis, ARW, and Pascall have sustained damages for the period June, 1989 to and including September 17, 1992, in the amount of \$5,490,000.00.

8. Chin was the chief executive officer of Halkou (Ko Fung) Refinery Limited ("HRL"). Chin as part of the joint business venture of Armenis, Choy, and Chin transferred to Pascall shares of common stock in HRL representing a 10% ownership in said corporation. Chin and Choy through fraud and misrepresentations convinced Armenis to return the stock certificate based upon the representations that new shares of common stock would be issued in the corporation to Pascall. Choy and Chin induced Armenis to deliver the stock certificate to Choy and Chin. Armenis relied upon the representations of Choy and Chin and returned the stock certificate in HRL, but Choy and Chin never transferred to Pascall its 10% ownership interest in the common stock in HRL. Pascall and Armenis due to the fraud and misrepresentations of Choy and Chin with respect to ownership of the common stock by Pascall in HRL has sustained damages in the amount of \$50,000.00 or more.

SECOND CLAIM FOR RELIEF

9. Armenis, ARW, and Pascall reallege and Incorporate by reference Paragraphs (3) through (8) as part of this Second Claim for Relief.

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10. Armenis, Choy, and Chin entered into a Shareholders Agreement for SRRI dated October 26, 1990. Chin as consideration for SRRI issuing to him 100 shares of common stock of SRRI was to fund the corporation with a \$2,000,000.00 line of credit. Chin, subject to the Shareholders Agreement, received 333 1/3 shares of common stock in SRRI but paid no consideration for the stock to SRRI. The shares received by Chin represented 33 1/3% of the outstanding common stock of SRRI. The other shareholders in SRRI were the following: Pascall - 333 1/3 shares; Choy - 333 1/3 shares. Choy, Chin, and Chaffin, Directors of SRRI, without the approval or vote of Pascall filed a voluntary petition in bankruptcy for SRRI on or about September 17, 1992, in the United States Bankruptcy Court for the Western District of Oklahoma. This filing of bankruptcy by defendants for SRRI was unauthorized, illegal, and done in bad faith without a majority vote of the shareholders.

11. Pascall as a shareholder of SRRI brings this shareholder derivative action for the use and benefit of SRRI. Pascall has not made demand on the directors of SRRI to pursue this action against Chin for the reason that the demand of Pascall would be presumptively futile because the defendants and directors are antagonistic, adversely interested, and involved in the transaction attacked.

12. Chin failed to pay any consideration for issuance of his stock of 333 1/3 shares to SRRI or the consideration of the \$2,000,000.00 line of credit for SRRI. The shares issued to Chin were not validly issued by SRRI since no consideration was paid for the stock. The Court should find that the common stock

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issued to Chin should be canceled and redeemed by SRRl. In the event the Court finds the stock issued to Chin was issued for no consideration and should be canceled and redeemed, the Court should determine as a matter of law that a majority of the shareholders did not approve the filing of a voluntary petition in bankruptcy for SRRl.

13. The unauthorized, illegal, and bad faith filing of defendants for voluntary bankruptcy of SRRl has caused SRRl to sustain loss of valuable contracts. The loss of SRRl of these contracts due to the filing of the bankruptcy has caused SRRl to sustain damages in the amount of \$50,000.00 or more.

THIRD CLAIM FOR RELIEF

14. Armenis, ARW, and Pascall reallege and incorporate by reference Paragraphs (3) through (13) as part of this Third Claim for Relief.

15. The foregoing described acts and conduct of defendants were done with willful, malicious, and reckless disregard of the rights of Armenis, ARW, and Pascall. Armenis, ARW, and Pascall due to the willful, wanton or gross misconduct of defendants are entitled to punitive damages in the amount of \$5,490,000.00.

WHEREFORE, plaintiffs pray for judgment against defendants, jointly and severally, as follows: compensatory and actual damages in excess of \$50,000.00; compensatory and actual damages in excess of \$50,000.00 for the use and benefit of SRRl; punitive damages in excess of \$50,000.00; equitable relief for the use and

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benefit of Steel Reclamation Resources, Inc.; prejudgment interest; reasonable attorney fees; costs of this action; and such other interim and final relief or remedy as the Court deems proper under the circumstances.

Plaintiffs hereby make demand for a jury trial.

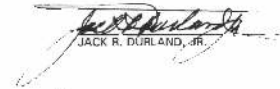

JACK R. DURLAND, JR.
KATHLEEN GARGWAL

Of Counsel:
BERRY & DURLAND
1601 N.W. Expressway, Suite 300
Oklahoma City, Oklahoma 73118
Telephone: (405) 840-0060

ATTORNEYS FOR PLAINTIFFS,
SPIRO ARMENIS, PASCALL GROUP,
INC., AND ARW EXPLORATION, INC.

CERTIFICATE OF MAILING

I hereby certify that on this 11th day of July, 1994, a true and correct copy of the above and foregoing Amended Complaint of Plaintiffs, Spiro Armenis, Pascall Group, Inc., ARW Exploration, Inc., was mailed with postage thereon fully prepaid to Ross A. Plourde, Esq. and V. Burns Hargis, Esq. of the firm of Hartzog Conger Cason & Hargis, 1600 Bank of Oklahoma Plaza, 201 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102, attorneys for defendants.


JACK R. DURLAND, JR.

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IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA

FILED

AUG 19 1994

SPIRO ARMENIS, STEEL RECLAMATION
RESOURCES, INC., PARCELL GROUP,
INC., and ARW EXPLORATION, INC.,

Plaintiffs,

-VS-

No. CIV-94-785-5

PETER CHOY, JOHN S.T. CHIN, and
VALERIE H. CHAFFIN,

Defendants.

ANSWER

DOCKETED

The Defendants, Peter Choy, John S.T. Chin, and Valerie H. Chaffin, for their Answer to the Amended Complaint of Plaintiffs, Spiro Armenis, Parcell Group, Inc., and ARW Exploration, Inc., state:

1. Defendants admit the allegations contained in paragraph 1 of Plaintiffs' Amended Complaint.
2. Defendants admit the allegations contained in the last two sentences of paragraph 2 of Plaintiffs' Amended Complaint. Defendants are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 2 of Plaintiffs' Amended Complaint.
3. Defendants deny the allegations contained in paragraph 3 of Plaintiffs' Amended Complaint.
4. Defendants deny the allegations contained in paragraph 4 of Plaintiffs' Amended Complaint.
5. Defendants deny the allegations contained in paragraph 5 of Plaintiffs' Amended Complaint.

ATTEST: I am the original

Robert Glenn Cook

Deputy

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6. Defendants deny the allegations contained in the first sentence of paragraph 6 of Plaintiffs' Amended Complaint. Defendants admit the allegations contained in the second sentence of paragraph 6 of Plaintiffs' Amended Complaint.

7. Defendants deny the allegations contained in paragraph 7 of Plaintiffs' Amended Complaint.

8. Defendants deny the allegations contained in paragraph 8 of Plaintiffs' Amended Complaint.

9. Defendants incorporate their responses to paragraphs 3 through 8 of Plaintiffs' Amended Complaint.

10. Defendants admit the allegations contained in the first, third, fourth, and fifth sentences of paragraph 10 of Plaintiffs' Amended Complaint. Defendants further admit that Chin, subject to the Shareholders Agreement, received 33 1/3 shares of common stock in Steel Reclamation Resources, Inc. Defendants deny the remaining allegations contained in paragraph 10 of Plaintiffs' Amended Complaint.

11. Defendants deny the allegations contained in paragraph 11 of Plaintiffs' Amended Complaint.

12. Defendants deny the allegations contained in paragraph 12 of Plaintiffs' Amended Complaint.

13. Defendants deny the allegations contained in paragraph 13 of Plaintiffs' Amended Complaint.

14. Defendants incorporate their responses to paragraphs 3 through 13 of Plaintiffs' Amended Complaint.

15. Defendants deny the allegations contained in paragraph 15 of Plaintiffs' Amended Complaint.

FIRST AFFIRMATIVE DEFENSE

The Amended Complaint fails to state a cause of action upon which relief may be granted.

SECOND AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred in whole or in part by the doctrines of res judicata and collateral estoppel.

THIRD AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred in whole or in part by the applicable statute of limitation.

FOURTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred by the doctrine of unclean hands.

FIFTH AFFIRMATIVE DEFENSE

Plaintiffs are prohibited from initiating a derivative action on behalf of Steel Reclamation Resources, Inc. by reason of the commencement of a bankruptcy case by Steel Reclamation Resources, Inc. in the United States Bankruptcy Court for the Western District of Oklahoma.

SIXTH AFFIRMATIVE DEFENSE

Plaintiffs are not the real parties in interest entitled to assert the causes of action contained in Plaintiffs' Amended Complaint.

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SEVENTH AFFIRMATIVE DEFENSE

Plaintiffs' causes of action are barred by the doctrines of waiver and estoppel.

EIGHTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred by reason of their own breaches of the alleged agreements.


NINTH AFFIRMATIVE DEFENSE

Plaintiffs' claims, or some of them, are barred by reason of the statute of frauds.

WHEREFORE, the Defendants pray for judgment in their favor against the Plaintiffs denying the relief sought by Plaintiffs in their Amended Complaint, granting Defendants their costs of this action, including a reasonable attorneys' fee, and granting such other and further relief as the Court deems just and proper.

Respectfully submitted,

HARDING, BEHRENS, CASON & MARGIS


Ross A. Plourde
1500 Bank of Oklahoma Plaza
201 Robert S. Kerr Avenue
Oklahoma City, Oklahoma 73102
(405) 249-7000

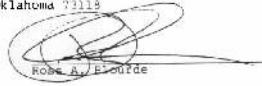
ATTORNEYS FOR PETER CHOI, JOHN
CHIN, AND VALERIE M. CRAFTIN

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CERTIFICATE OF MAILING

I hereby certify on this 10th day of August, 1994, that a true and correct copy of the above and foregoing instrument was mailed, postage prepaid, to:

Jack H. Durland, Esq.
Berry & Durland
300 Equity Tower
1601 Northwest Expressway
Oklahoma City, Oklahoma 73118


Robt. A. Elouide

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RAP/STEL/TELEPH/4xP0003.ANS

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TO: 08-1115 11:40 AM 08/23/94 FAX: 08/23/94

The Heritage Group
1010 K Street, N.W.
Washington, D.C. 20006
Telephone: (202) 755-6000

FACSIMILE COVER

To: Spiro Antonis, President
Pacifi International Petroleum Co.
(601) 897-5182

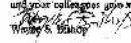
Facsimile No.:
Total Number of Pages: 1
(including cover):

From: Wayne S. Bishop
Date/Time No.: (202) 726-9472
Date: June 9, 1995

Message: Dear Spiro, Pursuant to our conversation with regard to the
Africa Energy Corporation Commercial Venture, the funds for the
retainer should be wire transferred to our account as follows:

Bank: National Bank
1801 K Street, N.W.
Washington, D.C. 20006

Account Name: The Heritage Group
Account Number: 04505577
Routing Number: 45401204
Contact Person: Theresa (Terry) Smith
Tel. No. (202) 955-8379

Let me know if you need anything further. I look forward to helping you
and your colleagues grow success in this venture. Best regards,

Wayne S. Bishop

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A Libya paper of Wayne Bishop for money.

6/10/75

To: Sohail
From: Spiro
Re: North African Pipeline
Dear Sohail:

Given the existing political situation in Northern Africa and the "Financing requirements" for the construction of the above referenced Pipeline (Short Term Goals) and coupled with the equally critical requirement "the continued Safe and Marketing of the crude" (Long Term Goals) to be achieved by assuming a politically acceptable International Image of North Africa the following course of action is recommended:

Step #1. Engage immediately the Law Firm of "Grossmann & Partner" in Frankfurt, Germany for the costs of \$100,000 (U.S.) which will assist with the introduction to Preussag Group (19th largest Industrial Corporation of Germany specializing in the Petroleum Industry construction pipelines, refineries, petrochemical plants, etc.) and the negotiations with ARAKIS for the financing and construction of the Pipeline. In 1972 a \$100 million financing was arranged by Preussag Group for my company for the construction of two "KREA" plants in (Ukraine).

*** FRANKFURT.

Step #2. Upon wiring of funds, DHL ARAKIS "Engineering" "Financial Statements" along with description of "Pipeline Project Report" to Steiner Grossmann for preparation of

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meeting first week of July in Frankfurt and at the offices of Preussag Group with myself and Sohail and Law Firm.

The Above Two Steps Addresses The Short Term Goals.

However, since Financing would be difficult and possibly "problematic" as described by the Managing Director of the Pipeline/General Contributing Mission for the Countries of Algeria, Libya and Russia and since the Long Term Goals needs to be addressed now, which would also help directly the Financing through special activities and possibly specific exceptions for Country #1 in Washington D.C. and by Washington D.C. the following additional steps are recommended:

Step #3. Engage immediately the Law Firm of "Bishop & Wallace" in Washington D.C. under the entry of "The Finance Group", for the annual costs of \$600,000 (U.S.). A two year period should be contemplated, since the amount of money is considerable a meeting in W.D.C. or Little Rock can be arranged before is paid for the week of June 26th.

The Tasks of the Law Firm are two: Number one to organize immediately a number of Canadian, German and American (possibly French) Companies who are interested in doing business in Northern Africa and specifically in Countries #1 and #2.

Libya – part of the Arakis negotiations.

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An appropriate name will be given to the Organization, such as "The American-Northwest African Association for Better Understanding Through Business and Investments" and will be registered in Washington D.C. for lobbying activities and representation of its views in front of Congressional Committee and the Executive Branch (appropriate Federal Government and international agencies).

The above will be coordinated with periodical releases of articles in newspapers and magazines in Europe and in U.S.A./Africa along with discussion in cable-TV and select radio-talk shows, specifically on related issues for Countries #1 and #2.

The Second Task is for the Law Firm to request specific exceptions to current Law, as it relates to Country #1, and as it becomes necessary from time to time relating to the Financing of the Pipeline!

*** JAPANESE CASE

Step #4. Within 60 to 90 days from initiation of Step #3 a trip to Countries #1 and #2 will be organized to be attended by the two HAKKI executives, myself and one of the Law Firm members to meet with the Heads of the Country to update them to our progress and obtain their present and long term cooperation in assisting us for their acceptable international image. At that time we will discuss the status of the pipeline financing with Country #2.

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-874-

and what deficit, if any is required to complete the financing.

*** GERMANY IMPORTS CRUDE

If the above are understood and implemented properly we will be quickly successful with the financing and we will assured a stable and positive international image for Country #1 to market the crude.

* There are certain requirements for the success of the above project:

1. First, I would coordinate all activities and meetings for all of the above (keep in mind that I have worked successfully in three different projects with the above) until project is accomplished.

2. You will cover my personal expenses and tickets for the above. All air-travel is to be approved by Canada. Tickets will be issued from Canada and any overseas trips will start from Canada. Overseas tickets are to be business class. Any second leg trip from Europe for Countries #1 and #2, the tickets will be issued from Europe.

3. Only two of your executives should know any details of the above plans. Expenses (majority) could be justified under your interest in my projects in Nigeria.

4. Consideration for the above should be two

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-285

amounts;
 a) within 30 days from initiation of
 step #1 the issuance of a conditional
 letter of credit (LC) for \$1,270,000 US
 for your possible participation in the
 Nigeria concession.
 If ARARIS does not wish to participate
 a new public-Canadian company can
 be formed to carry the financing of
 the 453 (6,000-10,000 bbls per day) and
 possibly acquisition of Enoka's block
 (15,000-20,000 bbls per day).
 b) An agreement for the issuance of
 \$50 million (U.S.) in ARARIS stock to
 be implemented in steps upon progress
 of the North African pipeline and
 execution of Nigerian project.
 Details can be worked out and discussed
 if above concept accepted!

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IN THE UNITED STATES DISTRICT COURT FOR THE
 WESTERN DISTRICT OF OKLAHOMA

SEP 21 1995

SPIRO ARMENIS; STEEL RECLAMATION
 RESOURCES, INC.; PASCALL GROUP,
 INC.; and ARW EXPLORATION, INC.,
 Plaintiffs,

vs.

PETER CHOY; JOHN S.T. CHIN; and
 VALERIE H. CHAFFIN,
 Defendants.

Case No. CIV-94-786-M

DOCKETED

PLAINTIFFS' MOTION FOR JUDGMENT BY DEFAULT BY THE COURT

Plaintiffs, Spiro Armenis ("Armenis"), Pascall Group, Inc. ("Pascall"), and ARW
 Exploration, Inc. ("ARW"), pursuant to Rule 55 of the Federal Rules of Civil Procedure
 move the Court for a Judgment by Default against the defendant, John S.T. Chin, and
 in support thereof state:

1. Counsel for defendant, John S.T. Chin ("Chin"), entered their appearance
 herein on June 30, 1994. Plaintiffs' Amended Complaint was filed herein on July 21,
 1994, and the defendant Chin filed his Answer on August 10, 1994.
2. The Motion to Withdraw on behalf of defendant Chin's attorneys was
 filed herein on March 10, 1995. On March 14, 1995, the Court issued its Order
 allowing the attorneys for defendant Chin and other defendants to withdraw and
 ordering defendants to have their new counsel enter a written appearance within
 fifteen (15) days of the date of the Order. Defendant Chin wholly failed to have new
 attorneys enter their appearance on or before March 29, 1995, on his behalf pursuant
 to the Court's Order.

Chin case, Motion for Default Judgment.

3. The Court on May 3, 1995, entered a Default Judgment against all of the above named defendants. The Court on May 22, 1995, entered its Order vacating the Court's Default Judgment Order on May 3, 1995, as to the defendants, Peter Choy ("Choy") and Valerie H. Chaffin ("Chaffin"), only. The Court in its Order of May 22, 1995, set certain deadlines in this case including date of trial on the August, 1995 docket. The Court on or about July 12, 1995, entered its Civil Trial Docket commencing on August 14, 1995, and including this case on the trial docket.

4. The Court on August 23, 1995, entered its Order vacating the Default Judgment entered against defendant Chin on May 3, 1995, based upon the Court determining the possibility of inconsistent judgments as to Chin and the remaining defendants.

5. This case proceeded to trial before the Court on August 14, 1995, the plaintiffs appearing by their representatives and attorney, Jack R. Durland, Jr., and the defendants, Choy and Chaffin, appearing in person and by their attorney, Ross A. Plourde. The Court on August 14, 1995, empaneled a jury for the trial of this case and proceeded to trial on August 28, 1995. The defendant Chin did not appear for the trial before the Court of this case on August 14 and August 28, 1995, and is in default.

6. The Court entered an Order of Partial Dismissal Without Prejudice as to the defendants, Choy and Chaffin, on September 1, 1995.

(Continued.)

1 Q. Well, are you refusing to answer that
2 question?

3 A. Yes.

4 Q. On what basis?

5 MS. KORCHIN: He's doing it on an
6 attorney-client privilege. He was told by his
7 lawyer.

8 A. Because I did not get it personally.

9 BY MR. MARKS:

10 Q. Who did you receive that information from,
11 the name of the individual?

12 A. Dr. Liebich told me that he got it, this
13 information.

14 Q. And who did Dr. Liebich tell you had given
15 him this information?

16 A. A third-party.

17 Q. Who?

18 A. I refuse to respond.

19 Q. Why?

20 A. Because perhaps I want to protect this
21 party.

22 MS. KORCHIN: Mr. Cramer, it's all
23 right to say. He got it -- because he doesn't
24 know what the scope of attorney-client --

25 MR. MARKS: Well, just a minute. He

1 hasn't testified that the individual was his
2 attorney or that any of the requirements of
3 the attorney-client privilege have been met.
4 And I would appreciate you not coaching him in
5 that regard. And I am not going into the
6 substance of your communication.

7 THE WITNESS: I have not spoken -- I
8 have not spoken with the third-party. Dr.
9 Liebich informed me that there is a
10 third-party.

11 MR. MARKS: Let me just put some
12 comments on the record. I have not asked for
13 the substance of the communication. I have
14 only asked for the person who made the
15 communication, which I am clearly entitled to
16 under any version of the attorney-client
17 privilege.

18 THE WITNESS: That's okay. But I do
19 not know this person. Okay?

20 BY MR. MARKS:

21 Q. Who did Dr. Liebich tell you had told Dr.
22 Liebich?

23 A. I do not know the name anymore.

24 Q. You don't know the name anymore?

25 A. No, really.

1 Q. Now, just a minute ago you refused to tell
2 me who that was.

3 A. Yes.

4 Q. But you knew who it was, didn't you?

5 A. No, I did not know.

6 MR. MARKS: Well, at this point I'm
7 going to suspend the deposition in accordance
8 with Rule 1.280 until this witness -- this
9 witness is obviously not being truthful. And
10 I'm going to suspend the deposition at this
11 point under 1.280.

12 (Pause.)

13 MS. KORCHIN: When Mr. Marks finishes,
14 I will respond on the record.

15 MR. MARKS: 1.310(d). I'm going to
16 suspend this portion of the deposition and get
17 an order that you're required to answer that
18 question.

19 BY MR. MARKS:

20 Q. Two minutes ago you told me that you didn't
21 want to reveal the name of this individual --

22 A. Yes.

23 Q. -- to protect him, and now you're telling
24 me that you don't remember his name.

25 A. Yes, that's true. I repeat, first I said I

1 do not want to tell you who is the third-party. That
2 was number one. And now you asked me the name, and I
3 say I do not know the name.

4 Q. You don't know. Okay. Well, that's fine.

5 A. But you told me you know the name and,
6 therefore, I can tell you.

7 Q. No, I didn't tell you I know the name.

8 A. But I understood it in this way.

9 Q. Let's get your facts straight there, Mr.
10 Cramer. I didn't tell you that I know the name.
11 Because if I knew the name, I wouldn't be asking you for
12 it.

13 A. Uh-huh. Okay. Can you -- the only thing I
14 can tell you, I know that the third-parties are our law
15 firm.

16 Q. What's his name?

17 A. I do not know it. Never met him.

18 Q. Where does he live?

19 A. I do not know.

20 Q. In what city?

21 A. I really do not know because I didn't care
22 for that. I only heard we have evidence that -- that
23 Armenis tries to --

24 MS. KORCHIN: Tries to what?

25 A. -- to cheat us.

1 MS. KORCHIN: Okay.

2 MR. MARKS: I'd like that portion
3 excerpted and I'll suspend that portion of the
4 deposition, because I believe that you're
5 going to come back and answer some more
6 questions about that.

7 THE WITNESS: I cannot invent what I
8 do not know.

9 BY MR. MARKS:

10 Q. Uh-huh. Now, when was that discussion?
11 February 1989? Is that your testimony? Your discussion
12 with Mr. Liebich?

13 A. Must be in February '89.

14 Q. All right. Is it your testimony that prior
15 to that discussion with Mr. Liebich, you were unaware
16 that there had been any contract of any kind executed
17 for the sale of the Treetops property?

18 A. I knew at that time that since months and
19 weeks we had corresponding -- corresponded with Armenis
20 that we won't have the original contracts, and we would
21 have in this way the accounts open, the costs and all
22 that. But he promised it. He sent us several letters.
23 You should have them as well. And he always promised to
24 send it, but he never did.

25 And now it was evident in February why they

IN THE CIRCUIT COURT OF THE EIGHTEENTH JUDICIAL CIRCUIT
IN AND FOR BREVARD COUNTY, FLORIDA

CASE NO: 90-09429 CA T

ALBERT CRAMER,

Plaintiff,

VS

VOLUME I
DEPOSITION OF:
HORST LIEBICH

SPTRO ARMENIS, FINANCIAL
FUTURES MANAGEMENT
CORPORATION, a Florida
corporation; EGYB, INC.,
a Florida corporation;
ARW EXPLORATION, an Oklahoma
corporation; WILLIAM D.
LEE; and THE HUNTER GROUP,
INC.,

Defendants. /

Date Taken:
Time:
Place:

June 6, 1994
9:00 a.m.
King Reporting Service
26 East Nelson Avenue
Melbourne, Florida

The deposition of HORST LIEBICH, taken in
the above-entitled cause, taken by the DEFENDANTS
herein, before Denise J. Simpkins, Deputy Official
Court Reporter and Notary Public, at the time and place
aforesaid, pursuant to Notice.

COPY

APPEARANCES

APPEARING FOR THE PLAINTIFF

JUDITH M. KORCHIN, ATTORNEY AT LAW
KELLY-ANN GIBBS, ATTORNEY AT LAW
Holland & Knight
701 Brickell Avenue
Post Office Box 015441
Miami, Florida 33101

FOR THE DEFENDANT
SPIRO ARMENIS, EGYB INC.

DOUGLAS MARKS, ESQUIRE
700 South Babcock Street
Suite 400
Melbourne, Florida 32902

FOR THE DEFENDANT
FINANCIAL FUTURES MANAGEMENT CORPORATION
THOMAS DEANS, ESQUIRE
1900 South Harbor City Boulevard
Melbourne, Florida 32901

LIEBICH, Horst, 6/6/94

1 anyone, Mr. Friedman included, ever reported to you the
2 specific holder of the three hundred thousand dollars?

3 A. No.

4 Q. Did you consider that part of Mr.
5 Friedman's responsibility to find that out?

6 A. No, he's not a private investigator. He
7 couldn't do more than be in this case. Maybe more
8 precisely and maybe there are means and ways in the
9 United States about which we do not know, but I do not
10 remember what specialty Mr. Friedman undertook to get
11 more information.

12 Q. Did you ever specifically direct him to
13 find out where the funds were and, if necessary, to
14 hire whatever investigatory people were necessary to
15 find that out?

16 A. I don't think so. I don't think so.

17 Q. And you indicated that in February of 1989
18 you became aware of contracts between who?

19 A. Between Brickellbank and Hunter and between
20 Caribank and Hunter.

21 Q. How did you learn of those contracts?

22 A. How did I what?

23 Q. How did you learn of the contracts?

24 A. Mr. Friedman informed me about the
25 existence of those contracts. Well, the existence was

LIEBICH, Horst, 6/6/94

1 not the secret, but the figures that were in it.

2 Q. And did Mr. Friedman indicate to you how he
3 had become aware of those contracts?

4 A. He had certain contacts to other attorneys
5 or other banks or something like that.

6 Q. Did he indicate to you how he had --
7 specifically, how he had become aware of those
8 contracts?

9 A. I think he mentioned he knew somebody who
10 knew details about those deals.

11 Q. Did he identify that individual to you?

12 A. No, the names wouldn't have meant anything
13 to me anyway.

14 Q. And did he actually provide you with copies
15 of those contracts?

16 A. I'm not sure whether we received those
17 contracts in Germany. I don't think we had them in our
18 files in Germany, but at least he reported to us on the
19 phone as soon as he had found out the mention of fraud
20 had been included.

21 Q. So you, yourself -- did you, yourself, ever
22 see those contracts in February of 1989?

23 A. I can't remember.

24 Q. Do you recall when the first time was that
25 you ever actually saw those contracts?

IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF OKLAHOMA

FILED

JUL 21 1994

SPIRO ARMENIS; STEEL RECLAMATION)
RESOURCES, INC.; PASCALL GROUP,)
INC.; and ARW EXPLORATION, INC.,)

Plaintiffs,)

vs.)

PETER CHOY; JOHN S.T. CHIN; and)
VALERIE H. CHAFFIN,)

Defendants.)

Case No. CIV-94-786-L

ROBERT D. DENNIS, CLERK
U.S. DIST. COURT, WESTERN DIST. OF OKLA.
DEPUTY

DOCKETED

**AMENDED COMPLAINT OF PLAINTIFFS,
SPIRO ARMENIS, PASCALL GROUP, INC., AND ARW EXPLORATION, INC.**

Plaintiffs, Spiro Armenis, Pascall Group, Inc., and ARW Exploration, Inc.,
for their Amended Complaint against defendants, Peter Choy, John S.T. Chin, and
Valerie H. Chaffin, state:

1. The jurisdiction of this Court arises from 28 U.S.C. §1332. The
matter in controversy exceeds \$50,000.00 and is between citizens of the State of
Mississippi and citizens of the State of Florida and the United Kingdom.

2. Plaintiff, Spiro Armenis ("Armenis"), is a resident of Biloxi, State
of Mississippi. Plaintiff, ARW Exploration, Inc. ("ARW") is an Oklahoma corporation
with its principal place of business in Gulfport, State of Mississippi. Plaintiff, Pascall
Group, Inc. ("Pascall"), is a Delaware corporation with its principal place of business
in Gulfport, State of Mississippi. Defendants, Peter Choy ("Choy") and Valerie H.
Chaffin ("Chaffin"), are residents of Coral Springs, State of Florida. Defendant, John
S.T. Chin ("Chin"), is a resident of the United Kingdom.

ATTEST: True copy of the original
Robert D. Dennis, Clerk



Deputy



3. Armenis, Choy, and Chin on or about June, 1989, entered into a joint business venture relating to the purchase, sale, and investment in the following described investments: urea (fertilizer), crude oil, the building of an oil refinery, scrap steel, oil field pipe, and a steel mill. The agreement provided that Choy and Chin would pay all related business expenses of Armenis, or any expenses advanced by ARW and Pascall on behalf of the joint business venture of Armenis, Choy, and Chin, with respect to the foregoing described joint business ventures. The net profits of the joint business ventures would be shared as follows: Armenis - 50%; Choy and Chin - 50%. Armenis, Choy, and Chin on or about October 25, 1990, agreed to form Steel Reclamation Resources, Inc., an Oklahoma corporation ("SRRI"). Choy and Chin were to pay all expenses of Armenis, or expenses advanced for the above joint business ventures and SRRI by ARW and Pascall. The net profits were to be divided as follows: Armenis - 45%; Choy and Chin - 55%. The company SRRI was to be formed by Armenis, Choy, and Chin and funded by \$2,000,000.00 to be advanced by Chin.

4. Chin and Choy represented and promised to Armenis, ARW, and Pascall, that they would pay for all expenses incurred by Armenis for expenses related to the joint business ventures of Armenis, Choy, and Chin. Armenis, ARW, and Pascall based upon the promises and representations of Choy and Chin advanced all of the related business expenses of the joint business ventures during the period from on or about June of 1989 to on or about September 17, 1992. Chin promised and

represented to Armenis, ARW, and Pascall that he would provide \$2,000,000.00 as a line of credit and funding for SRRI to cover the expenses of SRRI and the joint business ventures of Armenis, Choy, and Chin.

5. Choy and Chin at the time of making the aforesaid representations to Armenis had no reasonable basis for making the representations and knew or should have known that these representations were false. Choy and Chin made the representations to Armenis, ARW, and Pascall with the intent that said parties would rely upon said representations. Armenis, ARW, and Pascall reasonably relied upon the representations of Choy and Chin and were induced to advance all of the related expenses of the joint business ventures of Armenis, Chin, and Choy and the expenses of SRRI. Armenis, ARW, and Pascall due to the fraud and misrepresentations of Choy and Chin have sustained damages as described herein.

6. Armenis, ARW, and Pascall did not discover the fraud and misrepresentations of Choy and Chin until Choy, Chin, and Chaffin filed a voluntary petition in bankruptcy for the corporation SRRI on or about September 17, 1992. Armenis, ARW, and Pascall had no prior knowledge or notice of the filing of the voluntary petition in bankruptcy for SRRI by defendants and Pascall, a shareholder in SRRI, did not consent or approve of the filing of the petition in bankruptcy.

7. Armenis, ARW, and Pascall due to the fraud and misrepresentations of defendants advanced \$5,490,000.00 for the expenses of the joint business venture of Armenis, Choy, and Chin and for SRRI. Armenis, Pascall,

and ARW relied upon the representations of defendants and advanced all money relating to the joint business venture of Armenis, Choy, Chin, and for SRRI. Armenis, ARW, and Pascall have sustained damages for the period June, 1989 to and including September 17, 1992, in the amount of \$5,490,000.00.

8. Chin was the chief executive officer of Haikou (Ko Fung) Refinery Limited ("HRL"). Chin as part of the joint business venture of Armenis, Choy, and Chin transferred to Pascall shares of common stock in HRL representing a 10% ownership in said corporation. Chin and Choy through fraud and misrepresentations convinced Armenis to return the stock certificate based upon the representations that new shares of common stock would be issued in the corporation to Pascall. Choy and Chin induced Armenis to deliver the stock certificate to Choy and Chin. Armenis relied upon the representations of Choy and Chin and returned the stock certificate in HRL, but Choy and Chin never transferred to Pascall its 10% ownership interest in the common stock in HRL. Pascall and Armenis due to the fraud and misrepresentations of Choy and Chin with respect to ownership of the common stock by Pascall in HRL has sustained damages in the amount of \$50,000.00 or more.

SECOND CLAIM FOR RELIEF

9. Armenis, ARW, and Pascall reallege and incorporate by reference Paragraphs (3) through (8) as part of this Second Claim for Relief.

10. Armenis, Choy, and Chin entered into a Shareholders Agreement for SRRI dated October 25, 1990. Chin as consideration for SRRI issuing to him 100 shares of common stock of SRRI was to fund the corporation with a \$2,000,000.00 line of credit. Chin, subject to the Shareholders Agreement, received 333 1/3 shares of common stock in SRRI but paid no consideration for the stock to SRRI. The shares received by Chin represented 33 1/3% of the outstanding common stock of SRRI. The other shareholders in SRRI were the following: Pascall - 333 1/3 shares; Choy - 333 1/3 shares. Choy, Chin, and Chaffin, Directors of SRRI, without the approval or vote of Pascall filed a voluntary petition in bankruptcy for SRRI on or about September 17, 1992, in the United States Bankruptcy Court for the Western District of Oklahoma. This filing of bankruptcy by defendants for SRRI was unauthorized, illegal, and done in bad faith without a majority vote of the shareholders.

11. Pascall as a shareholder of SRRI brings this shareholder derivative action for the use and benefit of SRRI. Pascall has not made demand on the directors of SRRI to pursue this action against Chin for the reason that the demand of Pascall would be presumptively futile because the defendants and directors are antagonistic, adversely interested, and involved in the transaction attacked.

12. Chin failed to pay any consideration for issuance of his stock of 333 1/3 shares to SRRI or the consideration of the \$2,000,000.00 line of credit for SRRI. The shares issued to Chin were not validly issued by SRRI since no consideration was paid for the stock. The Court should find that the common stock

issued to Chin should be canceled and redeemed by SRRI. In the event the Court finds the stock issued to Chin was issued for no consideration and should be canceled and redeemed, the Court should determine as a matter of law that a majority of the shareholders did not approve the filing of a voluntary petition in bankruptcy for SRRI.

13. The unauthorized, illegal, and bad faith filing of defendants for voluntary bankruptcy of SRRI has caused SRRI to sustain loss of valuable contracts. The loss of SRRI of these contracts due to the filing of the bankruptcy has caused SRRI to sustain damages in the amount of \$50,000.00 or more.

THIRD CLAIM FOR RELIEF

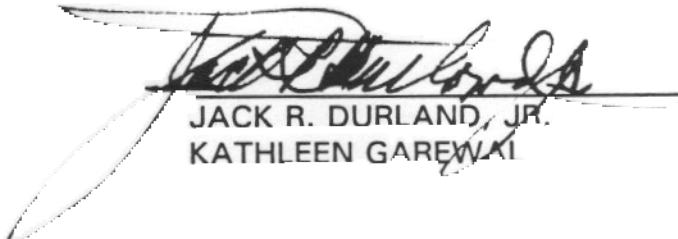
14. Armenis, ARW, and Pascall reallege and incorporate by reference Paragraphs (3) through (13) as part of this Third Claim for Relief.

15. The foregoing described acts and conduct of defendants were done with willful, malicious, and reckless disregard of the rights of Armenis, ARW, and Pascall. Armenis, ARW, and Pascall due to the willful, wanton or gross misconduct of defendants are entitled to punitive damages in the amount of \$5,490,000.00.

WHEREFORE, plaintiffs pray for judgment against defendants, jointly and severally, as follows: compensatory and actual damages in excess of \$50,000.00; compensatory and actual damages in excess of \$50,000.00 for the use and benefit of SRRI; punitive damages in excess of \$50,000.00; equitable relief for the use and

benefit of Steel Reclamation Resources, Inc.; prejudgment interest; reasonable attorney fees; costs of this action; and such other interim and final relief or remedy as the Court deems proper under the circumstances.

Plaintiffs hereby make demand for a jury trial.



JACK R. DURLAND, JR.
KATHLEEN GAREWAL

Of Counsel:
BERRY & DURLAND
1601 N.W. Expressway, Suite 300
Oklahoma City, Oklahoma 73118
Telephone: (405) 840-0060

ATTORNEYS FOR PLAINTIFFS,
SPIRO ARMENIS, PASCALL GROUP,
INC., AND ARW EXPLORATION, INC.

CERTIFICATE OF MAILING

I hereby certify that on this 21st day of July, 1994, a true and correct copy of the above and foregoing Amended Complaint of Plaintiffs, Spiro Armenis, Pascall Group, Inc., ARW Exploration, Inc., was mailed with postage thereon fully prepaid to Ross A. Plourde, Esq. and V. Burns Hargis, Esq. of the firm of Hartzog Conger Cason & Hargis, 1600 Bank of Oklahoma Plaza, 201 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102, attorneys for defendants.



JACK R. DURLAND, JR.

FILED

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA

AUG 10 1994

SPIRO ARMENIS, STEEL RECLAMATION
RESOURCES, INC., PASCALL GROUP,
INC., and ARW EXPLORATION, INC.,

Plaintiffs,

-vs-

PETER CHOY, JOHN S.T. CHIN, and
VALERIE H. CHAFFIN,

Defendants.

No. CIV-94-786-L

ROBERT D. DENNIS, CLERK
U.S. DIST. COURT, WESTERN DISTRICT OF OKLA.
BY *[Signature]* DEPUTY

A N S W E R

DOCKETED

The Defendants, Peter Choy, John S.T. Chin, and Valerie H. Chaffin, for their Answer to the Amended Complaint of Plaintiffs, Spiro Armenis, Pascall Group, Inc., and ARW Exploration, Inc., state:

1. Defendants admit the allegations contained in paragraph 1 of Plaintiffs' Amended Complaint.
2. Defendants admit the allegations contained in the last two sentences of paragraph 2 of Plaintiffs' Amended Complaint. Defendants are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 2 of Plaintiffs' Amended Complaint.
3. Defendants deny the allegations contained in paragraph 3 of Plaintiffs' Amended Complaint.
4. Defendants deny the allegations contained in paragraph 4 of Plaintiffs' Amended Complaint.
5. Defendants deny the allegations contained in paragraph 5 of Plaintiffs' Amended Complaint.

ATTEST: A true copy of the original
Robert D. Dennis, Clerk

By *[Signature]*

Deputy

9

6. Defendants deny the allegations contained in the first sentence of paragraph 6 of Plaintiffs' Amended Complaint. Defendants admit the allegations contained in the second sentence of paragraph 6 of Plaintiffs' Amended Complaint.

7. Defendants deny the allegations contained in paragraph 7 of Plaintiffs' Amended Complaint.

8. Defendants deny the allegations contained in paragraph 8 of Plaintiffs' Amended Complaint.

9. Defendants incorporate their responses to paragraphs 3 through 8 of Plaintiffs' Amended Complaint.

10. Defendants admit the allegations contained in the first, third, fourth, and fifth sentences of paragraph 10 of Plaintiffs' Amended Complaint. Defendants further admit that Chin, subject to the Shareholders Agreement, received 333⅓ shares of common stock in Steel Reclamation Resources, Inc. Defendants deny the remaining allegations contained in paragraph 10 of Plaintiffs' Amended Complaint.

11. Defendants deny the allegations contained in paragraph 11 of Plaintiffs' Amended Complaint.

12. Defendants deny the allegations contained in paragraph 12 of Plaintiffs' Amended Complaint.

13. Defendants deny the allegations contained in paragraph 13 of Plaintiffs' Amended Complaint.

14. Defendants incorporate their responses to paragraphs 3 through 13 of Plaintiffs' Amended Complaint.

15. Defendants deny the allegations contained in paragraph 15 of Plaintiffs' Amended Complaint.

FIRST AFFIRMATIVE DEFENSE

The Amended Complaint fails to state a cause of action upon which relief may be granted.

SECOND AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred in whole or in part by the doctrines of res judicata and collateral estoppel.

THIRD AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred in whole or in part by the applicable statute of limitation.

FOURTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred by the doctrine of unclean hands.

FIFTH AFFIRMATIVE DEFENSE

Plaintiffs are prohibited from initiating a derivative action on behalf of Steel Reclamation Resources, Inc. by reason of the commencement of a bankruptcy case by Steel Reclamation Resources, Inc. in the United States Bankruptcy Court for the Western District of Oklahoma.

SIXTH AFFIRMATIVE DEFENSE

Plaintiffs are not the real parties in interest entitled to assert the causes of action contained in Plaintiffs' Amended Complaint.

SEVENTH AFFIRMATIVE DEFENSE

Plaintiffs' causes of action are barred by the doctrines of waiver and estoppel.

EIGHTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred by reason of their own breaches of the alleged agreements.

NINTH AFFIRMATIVE DEFENSE

Plaintiffs' claims, or some of them, are barred by reason of the statute of frauds.

WHEREFORE, the Defendants pray for judgment in their favor against the Plaintiffs denying the relief sought by Plaintiffs in their Amended Complaint, granting Defendants their costs of this action, including a reasonable attorneys' fee, and granting such other and further relief as the Court deems just and proper.

Respectfully submitted,

HARTZOG CONNER, CASON & HARGIS

By

V. Burns Hargis

Ross A. Plourde

1600 Bank of Oklahoma Plaza

201 Robert S. Kerr Avenue

Oklahoma City, Oklahoma 73102

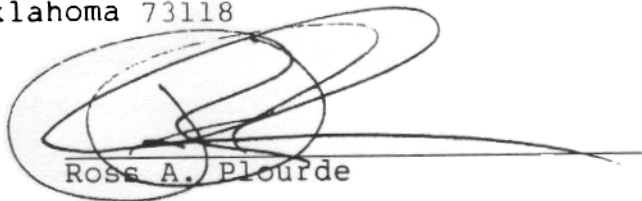
(405) 235-7000

ATTORNEYS FOR PETER CHOY, JOHN
CHIN, AND VALERIE H. CHAFFIN

CERTIFICATE OF MAILING

I hereby certify on this 10th day of August, 1994, that a true and correct copy of the above and foregoing instrument was mailed, postage prepaid, to:

Jack R. Durland, Esq.
Berry & Durland
300 Equity Tower
1601 Northwest Expressway
Oklahoma City, Oklahoma 73118



Ross A. Plourde

The Linkage Group

1615 Webster Street, N.W.
WASHINGTON, D.C. 20011
TELEPHONE: (202) 726-8834
FACSIMILE: (202) 726-8472

FACSIMILE COVER

TO: Spiro Armenis, President
Pascall International Petroleum Co.
(601) 897-5462

Facsimile No.:

Total Number of Pages 1
(Including cover):

From: Wayne S. Bishop
Facsimile No.: (202) 726-8472

Date: June 9, 1995

Message: Dear Spiro, Pursuant to our conversation with regard to the Arakis Energy Corp./African Commercial Venture, the funds for our retainer should be wire transferred to our account as follows:

Bank: NationsBank
1801 K Street, N.W.
Washington, D.C. 20006

Account Name: The Linkage Group

Account Number: 04505557

Routing Number: 054001204

Contact Person: Theresa (Terry) Smith
Tel. No. (202) 955-8973

Let me know if you need anything further. I look forward to helping you and your colleagues gain success in this venture. Best regards,


Wayne S. Bishop

6/12/95

To: Sohail
From: Spiro

Re: North African Pipeline

Dear Sohail:

Given the existing Political situation in Northern Africa and the "Financing requirements" for the construction of the above referenced Pipeline (Short Term Goals) and coupled with the equally critical requirement "the continuous Sale and Marketing of the crude" (Long Term Goals) to be achieved by assuring a Politically Acceptable International Image of North Africa the following course of action is recommended:

Step #1. Engage immediately the Law Firm of "Grossmann & Partner" in Frankfurt, Germany for the costs of \$100,000 (U.S.) which will assist with the introduction to Preussag Group (10th largest Industrial Corporation of Germany specializing in the Petroleum Industry Construction - pipelines, refineries, petrochemical plants, e.t.c.) and the negotiations with ARAKIS for the ~~Financing~~ and Construction of the Pipeline (in 1992 a \$400 Million Financing was arranged by Preussag Group for my Company for the construction of four UREA plants in Ukraine).

~~XXX~~ FRANKFURT.

Step #2. Upon wiring of funds, DHL ARAKIS "Corporate Profile & Financial Statements" along with Description of "Pipeline Project Report" to Stefan Grossmann for preparation of

meeting, first week of July in Frankfurt and at the offices of Preussag Group with myself and Sohail and Law Firm.

The Above Two Steps Addressees The Short Term Goals;

However, since Financing would be difficult and possibly "problematic" as described by the Managing Director of the "Pipeline/General Contracting Division" for the Countries of Algeria, Libya and Russia and since the Long Term Goal needs to be addressed now, which would also help directly the Financing through special activities and possibly specific exceptions for Country #1 in Washington D.C. and by Washington D.C. the following additional steps are recommended:

Step #3. Engage immediately the Law Firm of "Bishop & Wallace" in Washington D.C., under the entity of "The Linkage Group", for the annual costs of \$600,000 (U.S.). A two year period should be contemplated. Since the amount of money is considerable a meeting in W.D.C. or Little Rock can be arranged before is paid for the week of June 26th.

The Tasks of the Law Firm are Two!:
Number one to Organize immediately a number of Canadian, German and American (possibly French) Companies who are interested in doing business in North Africa and specifically in Countries #1 and #2.

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An appropriate name will be given to the Organization, such as "The American-Northern African Association for Better Understanding Through Business and Investments" and will be registered in Washington D.C. for lobbying activities and representation of its views in front of Congressional Committee and the Executive Branch (appropriate Federal Government and International Agencies).

The above will be coordinated with periodical releases of articles in newspapers and magazines in Europe and in U.S.A./Canada along with discussions in cable-T.V. and select Radio-talk shows, specifically on related issues for Countries #1 and #2.

The Second Task is for the Law Firm to request specific exceptions to current law, as it relates to Country #1, and as it becomes necessary from time to time relating to the Financing of the Pipeline!

*** JAPANESE CASE.

Step #4. Within 60 to 90 days from initiation of Step #3 a trip to Countries #1 and #2 will be organized to be attended by the Two Arakis executives, Myself and One of the Law-Firm members to meet with the Heads of the Country to update them to our progress and obtain their ~~quiet~~ and long term cooperation in assisting us for their acceptable international image. At that time we will discuss the status of the pipeline financing with Country #2

and what deficit, if any is required to complete the financing.

*** GERMANY IMPORTS CRUDE.

If the above are understood and implemented properly we will be quickly successful with the financing and we will be assured a stable and positive international image for Country #1 to market the crude!

* There are certain requirements for the success of the above project:

1. First, I would coordinate all activities and meetings for all of the above (keep in mind that I have worked successfully in three different projects with the above) until project is accomplished.
2. You will cover my personal expenses and tickets for the above. All air-travel is to be approved by Canada, tickets will be issued from Canada and any overseas trips will start from Canada. Overseas tickets are to be business class. Any second leg trips from Europe for Countries #1 and #2, the tickets will be issued from Europe.
3. Only two of your executives should know any details of the above plans!
Expenses (majority) could be justified under your interest in my projects in Nigeria.
4. Consideration for the above should be two

amounts:

a) Within 30 days from initiation of Step #1 the issuance of a Conditional Letter of Credit (CLC) for \$1,270,000 (USA) for your possible participation in OPL-453 Nigeria concession.

If ARAKIS does not wish to participate a new Public-Canadian company can be formed to carry the financing of OPL-453 (6,000-10,000 bbls per day) and possibly acquisition of Conoco's block (15,000-20,000 bbls per day).

b) An agreement for the issuance of \$50 Million (U.S.) in ARAKIS stock to be implemented in steps upon progress of the North African Pipeline and execution of Nigerian project.

Details can be worked out and discussed if above concept accepted!

IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF OKLAHOMA

SEP 21 1995

SPIRO ARMENIS; STEEL RECLAMATION
RESOURCES, INC.; PASCALL GROUP,
INC.; and ARW EXPLORATION, INC.,
Plaintiffs,

vs.

Case No. CIV-94-786-M

PETER CHOY; JOHN S.T. CHIN; and
VALERIE H. CHAFFIN,

Defendants.

DUCKETED

PLAINTIFFS' MOTION FOR JUDGMENT BY DEFAULT BY THE COURT

Plaintiffs, Spiro Armenis ("Armenis"), Pascall Group, Inc. ("Pascall"), and ARW Exploration, Inc. ("ARW"), pursuant to Rule 55 of the Federal Rules of Civil Procedure move the Court for a Judgment by Default against the defendant, John S.T. Chin, and in support thereof state:

1. Counsel for defendant, John S.T. Chin ("Chin"), entered their appearance herein on June 30, 1994. Plaintiffs' Amended Complaint was filed herein on July 21, 1994, and the defendant Chin filed his Answer on August 10, 1994.

2. The Motion to Withdraw on behalf of defendant Chin's attorneys was filed herein on March 10, 1995. On March 14, 1995, the Court issued its Order allowing the attorneys for defendant Chin and other defendants to withdraw and ordering defendants to have their new counsel enter a written appearance within fifteen (15) days of the date of the Order. Defendant Chin wholly failed to have new attorneys enter their appearance on or before March 29, 1995, on his behalf pursuant to the Court's Order.

3. The Court on May 3, 1995, entered a Default Judgment against all of the above named defendants. The Court on May 22, 1995, entered its Order vacating the Court's Default Judgment Order on May 3, 1995, as to the defendants, Peter Choy ("Choy") and Valerie H. Chaffin ("Chaffin"), only. The Court in its Order of May 22, 1995, set certain deadlines in this case including date of trial on the August, 1995 docket. The Court on or about July 12, 1995, entered its Civil Trial Docket commencing on August 14, 1995, and including this case on the trial docket.

4. The Court on August 23, 1995, entered its Order vacating the Default Judgment entered against defendant Chin on May 3, 1995, based upon the Court determining the possibility of inconsistent judgments as to Chin and the remaining defendants.

5. This case proceeded to trial before the Court on August 14, 1995, the plaintiffs appearing by their representatives and attorney, Jack R. Durland, Jr., and the defendants, Choy and Chaffin, appearing in person and by their attorney, Ross A. Plourde. The Court on August 14, 1995, empaneled a jury for the trial of this case and proceeded to trial on August 28, 1995. The defendant Chin did not appear for the trial before the Court of this case on August 14 and August 28, 1995, and is in default.

6. The Court entered an Order of Partial Dismissal Without Prejudice as to the defendants, Choy and Chaffin, on September 1, 1995.