

FENWICK & WEST LLP  
ATTORNEYS AT LAW  
SAN FRANCISCO

1 ANDREW P. BRIDGES (CSB No. 122761)  
abridges@fenwick.com  
2 JEDEDIAH WAKEFIELD (CSB No. 178058)  
jwakefield@fenwick.com  
3 TODD R. GREGORIAN (CSB No. 236096)  
tgregorian@fenwick.com  
4 FENWICK & WEST LLP  
555 California Street, 12th Floor  
5 San Francisco, CA 94104  
Telephone: 415.875.2300  
6 Facsimile: 415.281.1350

7 RONALD P. SLATES, SBN: 43712  
rslates2@rslateslaw.com  
8 KONRAD L. TROPE, SBN: 133214  
ktrope@rslateslaw.com  
9 JESSE YANCO, SBN: 308866  
jyanko@rslateslaw.com  
10 RONALD P. SLATES, P.C.  
500 South Grand Avenue, Suite 2010  
11 Los Angeles, CA 90071  
Telephone: 213.624.1515  
12 Facsimile: 213.624.7536

13 Attorneys for Plaintiffs/Judgment Creditors,  
GIGANEWS, INC. and LIVEWIRE SERVICES, INC.  
14

15 UNITED STATES DISTRICT COURT  
16 CENTRAL DISTRICT OF CALIFORNIA  
17

18 GIGANEWS, INC., a Texas corporation;  
and LIVEWIRE SERVICES, INC., a  
19 Nevada corporation,

20 Plaintiffs,

21 v.

22 PERFECT 10, INC., a California  
corporation; NORMAN ZADA, an  
23 individual; and DOES 1-50, inclusive,

24 Defendants.  
25  
26

Case No.: 7:17-cv-05075

**COMPLAINT FOR:**

- 1) **Violation of Uniform Fraudulent Transfer Act For Actual Fraudulent Transfer Pursuant to California Civil Code § 3439(a)(1)**
- 2) **Violation of Uniform Fraudulent Transfer Act For Constructive Fraudulent Transfer Pursuant to California Civil Code § 3439(a)(2)(B)**

**DEMAND FOR JURY TRIAL**

1 Plaintiffs/Judgment Creditors, Giganews Inc. (“Giganews”) and Livewire  
2 Services, Inc. (“Livewire”) (“Plaintiffs”) hereby respectfully bring this Complaint  
3 and allege as follows:

4 **INTRODUCTION**

5 1. On March 24, 2015, the United States District Court for the Central  
6 District of California, in *Perfect 10, Inc. v. Giganews, Inc., et al.*, Case No. 2:11-cv-  
7 07098-AB-JPR (Honorable Andre Birotte, Jr., presiding) (the “Related Case”),  
8 entered judgment in favor of Plaintiffs Giganews and Livewire, and against Perfect  
9 10, Inc. (“Perfect 10”), in the amount of \$5,637,352.53, which represents an award  
10 of attorneys’ fees and costs based upon Plaintiffs’ successful defense against  
11 Perfect 10’s unmeritorious claims for copyright infringement.

12 2. Perfect 10, through Norman Zada (“Zada”) and in conspiracy with  
13 him, is a serial litigant that has filed over two dozen suits for copyright  
14 infringement. In connection with those lawsuits, Defendants sought to extract  
15 settlements from businesses that otherwise would be forced to incur immense  
16 amounts of attorneys’ fees and costs in defending against Perfect 10’s suits to final  
17 judgment on the merits.

18 3. Plaintiffs Giganews and Livewire believe, and therefore allege, that  
19 Perfect 10, through Zada, has continued to send improper notifications of claimed  
20 infringement to online service providers and is currently litigating infringement  
21 claims in Germany against AOL, Inc.

22 4. *As of now (over two years since the judgment), Perfect 10 has not*  
23 *voluntarily paid any amount of the judgment.* Instead, Perfect 10, through the  
24 unlawful acts of Zada and in conspiracy with him, has intentionally avoided  
25 satisfaction of the judgment through a series of fraudulent transfers of Perfect 10’s  
26 corporate assets to Zada’s personal possession. These transfers include, but are not  
27 limited to, transfers of Perfect 10’s cash in the amount of approximately \$1,750,000  
28 to Zada’s personal bank accounts and sale of substantially all of Perfect 10’s

1 physical assets to Zada for less than their true value. These illegal and fraudulent  
2 transfers began in or around early 2014. Zada continues to operate Perfect 10's  
3 business while disregarding satisfaction of the judgment, as he personally pays  
4 Perfect 10's corporate expenses through his bank accounts using the unlawfully  
5 transferred monies in order avoid attachment. Accordingly, the Court should hold  
6 Defendants liable for their unlawful transfers of assets.

### 7 PARTIES

8 5. Plaintiff Giganews is a Texas corporation with its principal place of  
9 business in Austin, Texas. Giganews is a Usenet service provider and owns and  
10 operates several Usenet servers. Usenet (or USENET) “is an international  
11 collection of organizations and individuals (known as ‘peers’) whose computers  
12 connect to one another and [the peers] exchange messages posted by USENET  
13 users.” *Perfect 10, Inc. v. Giganews, Inc.*, 847 F.3d 657, 663-664 (9<sup>th</sup> Cir. 2017),  
14 *quoting with approval Ellison v. Robertson*, 357 F.3d 1017, 1074, n.1 (9<sup>th</sup> Cir.  
15 2004). Persons gain access to USENET through a commercial USENET provider  
16 such as Giganews or an Internet service provider. *Perfect 10*, at 663, *citing with*  
17 *approval Arista Records, LLC v. Usenet.com, Inc.*, 633 F.Supp.2d 124, 130  
18 (S.D.N.Y. 2009). Giganews provides USENET access to its subscribers over the  
19 Internet for a fee.

20 6. Plaintiff Livewire is a Nevada corporation with its principal place of  
21 business in Austin, Texas. Livewire also provides USENET access to its  
22 subscribers over the Internet for a fee using Giganews servers. Livewire does not  
23 own any USENET servers.

24 7. Defendant Perfect 10 is a California corporation with its principal  
25 place of business at 11803 Northfield Ct., Los Angeles, California 90077. Perfect  
26 10 was the publisher of the adult magazine PERFECT 10, and it now operates an  
27 adult website at *perfect10.com*, which features images of nude and semi-nude  
28 female models.



1 (b)(2) because Defendants reside in this judicial district and the events or omissions  
2 giving rise to the claims occurred in this judicial district.

3 **FACTS COMMON TO ALL CAUSES OF ACTION**

4 15. On April 28, 2011, Defendant Perfect 10 filed suit against Plaintiffs  
5 Giganews and Livewire in the Related Case, alleging unmeritorious claims for  
6 direct and indirect copyright infringement of Perfect 10's copyrighted adult content  
7 images, trademark infringement, trademark dilution, unfair competition, and  
8 publicity rights violations. Exhibit 1 [Dkt. Entry 1 of the Related Case] and Exhibit  
9 2 [Dkt. Entry 105 of the Related Case] are the original complaint and the first  
10 amended complaint in the Related Case. Defendant Zada controlled, directed, and  
11 personally participated in litigation of the Related Case.

12 16. After considerable motion practice in the Related Case, involving a  
13 docket with over several hundred entries, after which only certain copyright claims  
14 for direct and indirect infringement remained based upon earlier dismissal orders  
15 [Dkt. Entries 97 and 129 of the Related Case], the parties filed a total of seven  
16 competing motions for partial summary judgment. On November 14, 2014, in the  
17 Related Case, Judge Birotte issued two orders which granted partial summary  
18 judgment in favor of Giganews and Livewire on Perfect 10's claims for direct  
19 copyright infringement, and partial summary judgment in favor of Giganews on  
20 Perfect 10's claims for indirect copyright infringement, the legal effect of which,  
21 together with the earlier dismissal rulings, resolved all of Perfect 10's claims in  
22 favor of Plaintiffs. Exhibit 3 [Dkt. Entry 619 of the Related Case] and Exhibit 4  
23 [Dkt. Entry 620 of the Related Case] are copies of those two orders by Judge  
24 Birotte on November 14, 2014.

25 17. On November 26, 2014, the District Court entered final judgment in  
26 favor of Giganews and Livewire on all of Perfect 10's claims in the Related Case.  
27 Exhibit 5 [Dkt. Entry 628 of the Related Case] is a copy of the final judgment. Key  
28 language stated:

1 The Court **GRANTS FINAL JUDGMENT** in favor of [Giganews and  
 2 Livewire] and against Perfect 10 as to all the claims by [Perfect 10] in the  
 3 case . . . . The Court **DECLARES** that [Giganews and Livewire] did not  
 4 infringe any of Perfect 10's copyrights, either directly or indirectly, and thus  
 5 are not liable for direct infringement, contributory infringement or vicarious  
 6 infringement. The Court also **DECLARES** that [Giganews and Livewire]  
 7 bear no liability to Perfect 10 for any asserted causes of action . . . .

8 Giganews and Livewire may seek reimbursement of their reasonable  
 9 attorneys' fees to the extent allowed by 15 U.S.C. § 1117, 17 U.S.C. § 505,  
 10 Cal. Civ. Code § 3344, or any other applicable law.

11 Exhibit 5 at 1:25-2:15 (emphasis in original).

12 18. On March 24, 2015, the court in the Related Case (Honorable Andre  
 13 Birotte Jr., presiding), granted Plaintiffs' Motion for Attorneys' Fees and Expenses,  
 14 awarding Plaintiffs reasonable fees in the amount of \$5,213,117.06, and costs in the  
 15 amount of \$424,235.47, for the total amount of \$5,637,352.53. Exhibit 6 [Dkt.  
 16 Entry 686 of the Related Case] is a copy of that order. In it, the Court observed:

17 Perfect 10's undisputed conduct in this action has been inconsistent with a  
 18 party interested in protecting its copyrights. *All of the evidence before the*  
 19 *Court demonstrates that Perfect 10 is in the business of litigation, not*  
 20 *protecting its copyrights or "stimulat[ing] artistic creativity for the general*  
 21 *public good."*

22 Exhibit 6 at 17:15-20 (emphasis added) (internal citations omitted).

23 *Rather than bringing suit for the purpose of protecting its copyrights and*  
 24 *stimulating artistic creativity, the evidence reveals that Zada's interest in the*  
 25 *copyrights held by his "tax write-off" is solely in litigation. In deposition,*  
 26 *for example, Perfect 10's President and CEO Norma Zada testified that, to*  
 27 *date, it has filed between 20 and 30 copyright infringement lawsuits. In the*  
 28 *life of the company, more than half of Perfect 10's revenues have been*

1 generated by litigation. *However, all of those revenues were generated by*  
 2 *settlements and defaults – Perfect 10 has never obtained a judgment in a*  
 3 *contested proceeding in any of its roughly two dozen copyright lawsuits.*  
 4 Similarly, litigation expenses make up the largest share of Perfect 10’s  
 5 expenses, which are on par with, if not greater than, Perfect 10’s personnel  
 6 expenses. In his capacity as President and CEO, Zada spends “eight hours a  
 7 day,” 365 days a year on litigation, “working on various court cases that  
 8 [Perfect 10] ha[s] going on.” Indeed, Zada admitted that, in the past, Perfect  
 9 10 has expressly purchased copyrights from other copyright holders “because  
 10 [Perfect 10] thought they would be helpful in [its] litigation efforts.”

11 *Id.* at 18:23-19:1 (emphasis added) (internal citations omitted).

12 19. Plaintiffs Giganews and Livewire believe and therefore allege that,  
 13 beginning in early 2014, Zada caused Perfect 10 to begin unlawfully transferring  
 14 Perfect 10’s corporate assets to Zada in anticipation of unfavorable court rulings  
 15 and a possible judgment against Perfect 10 for attorneys’ fees. According to  
 16 Perfect 10’s General Ledger as of December 31, 2014 (a copy of the relevant pages  
 17 of which is Exhibit 7), Perfect 10, through Zada, made the following transfers of  
 18 Perfect 10’s cash to Zada on the following dates, *including a transfer to Zada of*  
 19 *approximately \$850,000 on November 20, 2014, approximately six (6) days after*  
 20 *this Court granted summary judgment in favor of Plaintiffs on November 14, 2014:*

21	<u>DATE OF TRANSFER TO ZADA</u>	<u>AMOUNT OF TRANSFER</u>
22	01/03/14	\$200,000
23	03/10/14	\$50,000
24	03/19/14	\$100,000
25	05/14/14	\$100,000
26	05/28/14	\$100,000
27	07/08/14	\$150,000
28	09/04/14	\$100,000

1	10/07/14	\$100,000
2	11/20/14	\$850,000
3	<b>Total:</b>	<b>\$1,750,000</b>

4       20. Further substantiating the fraudulent nature of these transfers, during  
5 the Judgment Debtor’s Examination of Zada on January 28, 2016 (relevant  
6 transcript excerpts of which are Exhibit 8) *Zada confessed that he caused the*  
7 *transfer of \$850,000 from Perfect 10 to his personal bank account due to the*  
8 *“summary judgment orders”*:

9       **Q:** There’s a withdrawal on November 20, 2014. It’s an online  
10 banking transfer CHK 0277 in the amount of \$850,000. Do you see  
11 that?

12       **A:** Yes.

13       **Q:** Is that to your personal account?

14       **A:** Yes.

15       **Q:** Do you share that account with anyone else?

16       **A:** No.

17       **Q:** That’s a personal account you have at Bank of America?

18       **A:** Correct.

19       **Q:** At the same branch as your Perfect 10 account?

20       **A:** I think it’s the same branch.

21       **Q:** What did that – what prompted that transfer of \$850,000?

22       **A:** Well, I had been – you know, we had gotten a significant  
23 amount of settlements in 2014. We had a settlement of \$1.1 million  
24 in, I believe, June. I was entitled to that money. *And after the*  
25 *summary judgment orders were issued, I did not see any point in*  
26 *keeping more cash than we needed in the account.*

27 Exhibit 8 at 150:15-151:12 (emphasis added).

28       21. On or around March 2015 (within a few weeks of the court’s order



1 awarding attorneys' fees and costs), Zada fraudulently transferred substantially all  
2 of Perfect 10's physical assets (i.e., non-cash assets) to himself in a sham  
3 transaction for inadequate consideration. *Id.* at 87:22-93:11; 109:25-110:4. These  
4 assets include, but are not limited to, Perfect 10's car, furniture, magazines,  
5 computer servers, external hard drives, and t-shirts. *Id.* at 88:13-19. Zada admitted  
6 that he caused Perfect 10 to make these transfers because "it would have been  
7 totally disruptive to have those [assets] seized" in satisfaction of the judgment. *Id.*  
8 at 110:5-111:5.

9 22. Perfect 10 continues to operate much as it has in the past. It still offers  
10 for sale the magazines and t-shirts that Zada purchased; when a customer expresses  
11 interest, Zada simply "gives" those assets back to Perfect 10 to complete the sale.  
12 *Id.* at 88:2-8; 103:9-19. Zada has sent new notices of claimed infringement under  
13 the Digital Millennium Copyright Act ("DMCA") on behalf of Perfect 10 to online  
14 service providers, and it has continued to pursue Perfect 10's copyright litigation  
15 against AOL in Germany. *Id.* at 55:18-21; 65:25-66:5.

16 23. On July 16, 2015, Perfect 10's office manager and paralegal, Melanie  
17 Poblete, wrote in an email to Bruce Hersh, the CPA for Perfect 10, that "Perfect 10  
18 has a \$5M judgment against it now and so we probably need to reallocate how we  
19 pay things. When are you free to talk to [Zada] and me?" Exhibit 9 is a copy of that  
20 email.

21 24. During Poblete's deposition on December 6, 2016, (relevant transcript  
22 excerpts of which are Exhibit 10), she admitted that Zada began personally paying  
23 Perfect 10's corporate expenses, ostensibly with the unlawfully transferred funds, in  
24 order to avoid attachment:

25 **Q:** And it appears that you say, "Norm is very concerned about the  
26 utilities being paid by Perfect 10 now that there's a judgment against  
27 Perfect 10. Should the utilities be paid by Norman Zada? What do  
28 you recall about Mr. Zada's concerns about the judgment lien against

FENWICK & WEST LLP  
ATTORNEYS AT LAW  
SAN FRANCISCO

1 Perfect 10?

2 **A:** *What I remember is that Norm was worried that Perfect 10*  
3 *shouldn't be paying anything because there was a judgment against it*  
4 *and money that came in should be given over . . . Dr. Zada pays it*  
5 *because he doesn't want there to be any kind of, you know,*  
6 *speculation that Perfect 10 is somehow, you know, paying something*  
7 *it shouldn't when there's a judgment against it.*

8 Exhibit 10, at 121:21-122:13 (emphasis added).

9 **Q:** You said in [your July 16, 2015, email sent to Bruce Hersh],  
10 'Perfect 10 has a \$5 million judgment against it now and we probably  
11 need to reallocate how we pay things.' Is that your belief at the time?

12 **A:** *I think this has to do with what I said earlier, that Norm Zada*  
13 *wanted to make sure that Perfect 10 wasn't paying bills with money*  
14 *that should go towards the judgment.*

15 *Id.*, at 136:12-19 (emphasis added).

16 25. Furthermore, Poblete admitted that "nothing" had changed at Perfect  
17 10's office after Perfect 10 transferred substantially all of its physical assets to  
18 Zada. *Id.* at 30:4-31:10. The office furniture and computers remain in the same  
19 room as when Perfect 10 owned them, and they are still used for Perfect 10's  
20 business. *Id.*

21 **FIRST CAUSE OF ACTION**

22 **Violation of Uniform Fraudulent Transfer Act for Actual Fraudulent**  
23 **Transfer Pursuant to California Civil Code § 3439(a)(1)**  
24 **(AGAINST ALL DEFENDANTS AND EACH OF THEM)**

25 26. Plaintiffs incorporate by reference and re-allege here all the preceding  
26 paragraphs.

27 27. California Civil Code § 3439.04(a) states as follows:

28 A transfer made or obligation incurred by a debtor is voidable as to a

1 creditor, whether the creditor's claim arose before or after the transfer was  
2 made or the obligation was incurred, if the debtor made the transfer or  
3 incurred the obligation as follows:

4 (1) With actual intent to hinder, delay, or defraud any creditor of the  
5 debtor.

6 28. Beginning in early 2014, Perfect 10, through Zada and in conspiracy  
7 with him, began unlawfully transferring Perfect 10's corporate assets to Zada as it  
8 became reasonably apparent that Perfect 10 would be ultimately be held liable for  
9 Plaintiffs' attorneys' fees and costs in defeating Perfect 10's unmeritorious suit. In  
10 total, between January 3, 2014, and November 20, 2014, Perfect 10, through Zada  
11 and in conspiracy with him, transferred to Zada approximately \$1,750,000 of  
12 Perfect 10's cash in order to avoid satisfaction of the judgment and attachment of  
13 such assets. On or around March 2015, Perfect 10 also transferred substantially all  
14 of its physical assets to Zada, including but not limited to Perfect 10's car,  
15 furniture, magazines, computer servers, external hard drives, and t-shirts, in order to  
16 avoid satisfaction of the judgment and attachment of such assets, without a  
17 reasonably equivalent value in exchange for such transfers.

18 29. Zada continues to operate Perfect 10's business while disregarding  
19 satisfaction of the judgment due to Plaintiffs of \$5,637,352.53 (representing an  
20 award of Plaintiffs' attorneys' fees and costs incurred in its successful defense of  
21 Perfect 10's infringement claims on the merits), plus accruing interest on that  
22 amount, as he personally pays Perfect 10's corporate expenses through his bank  
23 accounts using the unlawfully transferred monies in order avoid satisfaction of the  
24 judgment and attachment of such assets. Furthermore, Perfect 10 continues to use  
25 and physically possess the unlawfully transferred physical assets that Zada now  
26 owns, including but not limited to computers and office furniture.

27 30. The transfers from Perfect 10 to Zada bear the "badges of fraud" that  
28 California Civil Code 3439.04(b)) recognizes, indicating that particular transfers of

1 assets were with the intent to “hinder, delay or defraud” creditors. They included  
2 but are not limited to the facts that: (1) these transfers from Perfect 10 to Zada were  
3 to an insider; (2) at its offices Perfect 10 continues to retain physical possession  
4 and control of the unlawfully transferred assets; (3) the transfers happened when it  
5 became reasonably apparent that a large judgment (representing an award of  
6 attorneys’ fees and costs) would be entered against Perfect 10 as a result of its  
7 unmeritorious and unsuccessful suit for copyright infringement; (4) the cash  
8 transfers were for substantially all of Perfect 10’s liquid funds; (5) the non-cash  
9 transfers were substantially all of Perfect 10’s physical assets; (6) Perfect 10  
10 received no reasonably equivalent consideration in exchange for these transfers;  
11 and (7) Perfect 10 was practically insolvent as a result of these transfers (with Zada  
12 then personally paying Perfect 10’s corporate expenses with the unlawfully  
13 transferred funds in order to avoid attachment)

14 31. Defendants’ unlawful conduct was a substantial factor in harming  
15 Plaintiffs. As a consequence, Plaintiffs are entitled to a judgment against  
16 Defendants, and each of them, in the sum of the unlawfully transferred amounts of  
17 at least \$1,750,000, or in an amount to be proven at trial, together with interest on  
18 that amount at the legal rate of 10% per annum from and after March 24, 2015.  
19 Plaintiffs are also entitled to avoidance of the transfers to Zada to the extent they  
20 necessary to satisfy Plaintiffs’ claims, or any other relief the circumstances may  
21 require against Defendants, including but not limited to an accounting of all profits  
22 earned by Defendants from or in connection with the unlawfully transferred assets.

23 32. Oppression, fraud, and malice characterized Defendants’ behavior with  
24 respect to the transfers and other conduct at issue. Defendants’ unlawful transfer of  
25 Perfect 10’s corporate assets to Zada in order to evade attachment and satisfaction  
26 of the judgment makes it clear that Defendants intended to harm Plaintiffs and  
27 subject Plaintiffs to a cruel and unjust hardship in conscious disregard of Plaintiffs’  
28 rights, justifying an award of punitive and exemplary damages against Defendants.

1 33. To the extent there have been any fraudulent transfers of Perfect 10’s  
2 corporate assets to Zada or any other person or entity, and any transfer of  
3 unlawfully retained assets by Zada to any other person or entity, which took place  
4 on or after January 1, 2016 (the effective date of enactment of the Uniform  
5 Voidable Transfer Act), which unlawful transfers may become apparent during  
6 discovery in this action, Plaintiffs will seek leave of this Court to amend this  
7 Complaint to add additional causes of action under that Act.

8 **SECOND CAUSE OF ACTION**

9 **Violation of Uniform Fraudulent Transfer Act for Constructive Fraudulent**  
10 **Transfer Pursuant to California Civil Code § 3439(a)(2)(B)**  
11 **(AGAINST ALL DEFENDANTS AND EACH OF THEM)**

12 34. Plaintiffs incorporate by reference and re-allege here all preceding  
13 paragraphs.

14 35. California Civil Code § 3439.04(a) states as follows:

15 A transfer made or obligation incurred by a debtor is voidable as to a  
16 creditor, whether the creditor’s claim arose before or after the transfer was  
17 made or the obligation was incurred, if the debtor made the transfer or  
18 incurred the obligation as follows:

19 (2) With receiving a reasonably equivalent value in exchange for the  
20 transfer or obligation, and the debtor . . . . (B) Intended to incur, or  
21 believed or reasonably should have believed that the debtor would  
22 incur, debts beyond the debtor’s ability to pay as they became due.

23 36. Beginning in early 2014, Perfect 10, through Zada and in conspiracy  
24 with him, began unlawfully transferring Perfect 10’s corporate assets to Zada.  
25 Perfect 10, through Zada, reasonably believed that Perfect 10 would be ultimately  
26 liable for Plaintiffs’ attorneys’ fees and costs incurred in defeating Perfect 10’s  
27 unmeritorious suit. In total, between January 3, 2014, and November 20, 2014,  
28 Perfect 10 transferred to Zada approximately \$1,750,000 of Perfect 10’s cash,

FENWICK & WEST LLP  
ATTORNEYS AT LAW  
SAN FRANCISCO

1 without a reasonably equivalent value in exchange for the transfers, in order to  
2 avoid satisfaction of the judgment and attachment of those assets. On or around  
3 March 2015, Perfect 10 also transferred substantially all of its physical assets to  
4 Zada, including but not limited to Perfect 10's car, furniture, magazines, computer  
5 servers, external hard drives, and t-shirts, without a reasonably equivalent value in  
6 exchange for the transfers in order to avoid satisfaction of the judgment and  
7 attachment of those assets.

8 37. Perfect 10, through Zada, continues to operate its business while  
9 disregarding satisfaction of the judgment due to Plaintiffs of \$5,637,352.53 plus  
10 accruing interest on that amount, as Zada personally pays Perfect 10's corporate  
11 expenses through his bank accounts using the unlawfully transferred monies in  
12 order to avoid satisfaction of the judgment and attachment of assets. Furthermore,  
13 Perfect 10 continues to use and physically possess the unlawfully transferred  
14 physical assets that Zada now owns, including but not limited to computers and  
15 office furniture.

16 38. Defendants' conduct was a substantial factor in harming Plaintiffs. As  
17 a consequence, Plaintiffs are entitled to a judgment against Defendants, and each of  
18 them, in the sum of the unlawfully transferred amounts of at least \$1,750,000, or in  
19 an amount to be proven at trial, together with interest on that sum at the legal rate of  
20 10% per annum from and after March 24, 2015. Plaintiffs are also entitled to  
21 avoidance of the transfers to Zada to the extent necessary to satisfy Plaintiffs'  
22 claims, or any other relief the circumstances may require against Defendants,  
23 including but not limited to an accounting of all profits earned by Defendants from  
24 or in connection with the unlawfully transferred assets.

25 39. Oppression, fraud, and malice characterized Defendants' behavior with  
26 respect to the transfers and other conduct at issue. Defendants' unlawful transfer of  
27 Perfect 10's corporate assets to Zada in order evade attachment and satisfaction of  
28 the judgment makes it clear that Defendants intended to harm Plaintiffs and subject

1 Plaintiffs to a cruel and unjust hardship in conscious disregard of Plaintiffs’ rights,  
2 justifying an award of punitive and exemplary damages against Defendants.

3 40. To the extent there have been any fraudulent transfers of Perfect 10’s  
4 corporate assets to Zada or any other person or entity, and any transfer of  
5 unlawfully retained assets by Zada to any other person or entity, which took place  
6 on or after January 1, 2016, the effective date of enactment of the Uniform  
7 Voidable Transfer Act, which unlawful transfers may be revealed during discovery  
8 in this action, Plaintiffs will seek leave of this Court to amend this Complaint to add  
9 additional causes of action under that Act.

10 **PRAYER FOR RELIEF**

11 WHEREFORE, Plaintiffs pray for relief on each cause of action as follows:

12 1. That the Court enjoin Perfect 10 from further transferring or disposing  
13 of any assets of any type, including but not limited to cash, personal property, real  
14 property and/or intangible property to Zada, or his employees, representatives,  
15 attorneys and agents, and/or anyone acting on his behalf or in conspiracy with him,  
16 and enjoining and restraining Zada from transferring, conveying, assigning,  
17 encumbering, hypothecating or otherwise disposing of any of the unlawfully  
18 transferred assets to any other person or entity.

19 2. That the Court declare that all defendants, and each of them, including  
20 but not limited to Defendants Perfect 10 and Zada; their employees, representatives,  
21 attorneys and agents; and/or anyone acting on their behalf hold the unlawfully  
22 transferred assets in trust for Plaintiffs.

23 3. That the Court grant Plaintiffs against all defendants jointly and  
24 severally a judgment for the value of the assets Perfect 10 unlawfully transferred,  
25 including but not limited to unlawfully transferred assets not yet discovered, equal  
26 to the value at the time of the transfer, subject to adjustment as the equities may  
27 require, or in an amount to be proved at trial, but in no event less than the sum of  
28 \$1,750,000, plus interest accruing on that sum at the legal rate of 10% per annum

FENWICK & WEST LLP  
ATTORNEYS AT LAW  
SAN FRANCISCO

1 from and after March 24, 2015.

2 4. That the Court order all defendants, and each of them, to account to  
3 Plaintiffs for all profits and proceeds from or in connection with the unlawfully  
4 transferred assets, including unlawfully transferred assets not yet discovered.

5 5. That the Court award Plaintiffs punitive and exemplary damages from  
6 all defendants jointly and severally in the amount of \$20,000,000, or in such other  
7 amount that the Court determines to bear a reasonable relationship to Plaintiffs'  
8 actual damages and does not otherwise violate the requirements of due process.

9 6. That the Court award Plaintiffs their attorneys' fees against all  
10 defendants jointly and severally pursuant to, and including but not limited to,  
11 California Code of Civil Procedure § 685.040.

12 7. That the Court award Plaintiffs costs of suit against all defendants  
13 jointly and severally.

14 8. That the Court grant any other relief that it considers just and proper.

15 \\\

16 \\\

17 \\\

18 \\\

19 \\\

20 \\\

21 \\\

22 \\\

23 \\\

24 \\\

25 \\\

26 \\\

27 \\\

28

FENWICK & WEST LLP  
ATTORNEYS AT LAW  
SAN FRANCISCO



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**DEMAND FOR JURY TRIAL**

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Plaintiffs demand a jury trial.

DATED: July 10, 2017

Respectfully submitted,

**FENWICK & WEST LLP**

By: Andrew P. Bridges  
Andrew P. Bridges

**RONALD P. SLATES P.C.**

By: Ronald P. Slates  
Ronald P. Slates

Attorneys for Plaintiffs/Judgment Creditors,  
GIGANEWS, INC., and LIVEWIRE  
SERVICES, INC.

FENWICK & WEST LLP  
ATTORNEYS AT LAW  
SAN FRANCISCO