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**UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA
(Southern Division)**

CHAD ELIE)	
)	
)	
)	
Plaintiff,)	CASE NO.:
vs.)	
)	2:13-cv-00888-JCM-VCF
IFRAH PLLC, a Professional Limited Liability)	
Company, ALAIN JEFFERY IFRAH a/k/a JEFF)	RESPONSE TO
IFRAH, individually, DOE individuals I through)	MOTION TO DISMISS
XX, and ROE CORPORATIONS I through XX,)	
)	
Defendants.)	
)	
)	

PLAINTIFF CHAD ELIE’S RESPONSE TO DEFENDANTS’ MOTION TO DISMISS

COMES NOW, Plaintiff, CHAD ELIE by and through the undersigned attorney, SIGAL CHATTAH, ESQ., of the LAW OFFICES OF SIGAL CHATTAH, who hereby Opposes DEFENDANT S IFFRAH PLLC and ALLAIN JEFF IFRAH a/k/a JEFF IFRAH ‘S MOTION TO DISMISS.

1 This Response is made and based upon the attached memorandum of Points and
2 Authorities and the exhibits thereto, and all further pleadings and filings as may be submitted
3 regarding said Motion.

4 DATED this 15th day of July, 2013.

5 **LAW OFFICES OF SIGAL CHATTAH**

6
7 /S/ CHATTAH

8 SIGAL CHATTAH, ESQ.

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16 Attorney for Plaintiff

17 *Chad Elie*

18 **I.**

19 **INTRODUCTION**

20 This lawsuit originates from two different legal representations of Mr. Elie by
21 Defendants; First, the representation involving defense of a civil action filed in Clark County
22 Nevada (and subsequently arbitrated); and second, representation of Mr. Elie in 2010 and 2011
23 during a period when Mr. ELIE was engaged as a payment processor on behalf of Pokerstars and
24 Full Tilt Poker. Defendants' whole Motion to Dismiss is based on Mr. Elie's allocation
25 stemming from his indictment and plea regarding his involvement in Third Fifth Bank *prior to*
Mr. Ifrah being retained by Mr. Elie (2008). The subject of this lawsuit and the allegations in
the Complaint all stem from activities that Mr. Ifrah engaged in after he was retained by Mr. Elie
to represent him; Specifically, actions that occurred between the years of 2009 -2011, after Elie's
involvement in Fifth Third Bank.

1
2 Defendant law firm IFRAH PLLC and its partners and associates, including Mr. Ifrah
3 were retained to represent Mr. Elie in a United States District Court Case 2:09-cv-02120-PMP-
4 VCF. Defendant IFRAH PLLC and Mr. Ifrah were also retained by Mr. Elie on behalf of his
5 Company Elite Debit and 21 Debit to represent him in various transactions involving the
6 payment processing for two internet poker businesses that Mr. Ifrah represented Full Tilt Poker
7 (“FTP”) and Poker Stars (“PS”).

8 Defendant IFRAH PLLC and Mr. Ifrah represented Mr. Elie individually on various other
9 cases and provided ongoing legal advice to Mr. Elie from 2009 until through 2011 and even for a
10 time after Mr. Elie’s arrest on Friday, April 15, 2011, following his indictment for offenses
11 concerning his operations as a payment processor for Internet Merchants FTP and PS.

12 The Complaint alleges that Mr. Elie relied on Mr. Ifrah’s professed professional
13 expertise as a top-tier litigation attorney with particular expertise over the field of online
14 gaming, specifically Internet poker. Acting upon such reliance, Mr. Elie engaged Mr. Ifrah’s
15 services as his attorney and eventually, Elie paid Mr. Ifrah in excess of four million dollars
16 (\$4,000,000.00), in attorney’s fees and what Mr. Ifrah termed “commissions” during the course
17 of Mr. Ifrah’s representation of Mr. Elie.
18

19 Once indicted as part of the Black Friday Indictments, during the course of discovery
20 obtained from with the U.S. Attorney’s Office, Elie discovered the gruesome truth, that his own
21 lawyer, Mr. Ifrah, knowingly misrepresented the facts and the law to him. Mr. Ifrah hid critical
22 documentation and that had said documentation been disclosed to Mr. Elie, Mr. Elie would have
23 never continued to process poker. It was clear that Mr. Ifrah, used his position and esteem in the
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25

1 internet gaming industry to further his own economic endeavors at Mr. Elie's expense and to Mr.
2 Elie's prejudice.

3 Specifically, as the Complaint alleges, Ifrah gave Mr. Elie wrong advice regarding poker
4 processing so that Mr. Ifrah's other client-operators of Internet Poker sites-would benefit while
5 Mr. Ifrah would make a windfall not just from Mr. Elie, but from these other clients that were
6 paying Mr. Ifrah substantial sums to find them a payment processing solution that would allow
7 them to operate in the United States without any apparent domestic presence here.

8 Mr. Ifrah took money not just from Mr. Elie, but from FTP and PS and hid his
9 involvement counseling both the poker operating companies and their payment processor(s) (in
10 violation of 18 U.S.C. §1001) when he provided information about some of his clients to the
11 United States Attorney's Office for the Southern District of New York. Mr. Ifrah specifically
12 denied ever advising Mr. Elie that processing exclusively for Internet poker operators was legal.
13

14 In their Motion to Dismiss, Defendants' assert that they never advised Mr. Elie as to the
15 legality of poker processing and that his guilty plea established that his conviction was
16 independent of any advice of counsel defense he might have had. But, as set forth in the
17 Complaint and herein, Mr. Elie pled guilty to a bank fraud *from 2008 involving Fifth Third Bank*
18 *in Florida*—activity that occurred before he met Mr. Ifrah. As the Complaint further alleges, the
19 government pursued this 2008 activity, to an eventual fraud conviction, because Mr. Elie
20 resumed processing for Mr. Ifrah's poker merchant clients in late 2010 and early 2011 based on
21 conflicted advice Mr. Elie obtained from Mr. Ifrah that Mr. Ifrah knew was not just conflicted,
22 but wrong.

23 ///

24 ///

25 ///

II.

NATURE OF THE UNDERLYING CASES

A. **Partner Weekly, LLC v. Viable Marketing Corp et al.**

On October 7, 2009, Partner Weekly filed a Complaint in the Eighth Judicial District Court against Viable Marketing Corp (hereinafter “*Viable*”) and Chad ELIE individually; Case No: A09-601153 (later removed to USDC Case No.: 2:09-cv-02120-PMP-VCF).The subject of said lawsuit involved an Advertising Agreement entered into by the Parties therein (Partner Weekly and Viable) wherein there was a dispute as to monies due and owing on said Agreement. Part of both Viable’s and Mr. Elie’s Affirmative Defenses and issues of material breach of contract were a breach of Exclusivity Agreement that was provided by Partner Weekly as an incentive in the subject transaction.

Mr. Elie retained Defendants to defend his and Viable’s interest in the litigation but Defendants-failed to file a timely Opposition on a Motion for Summary Judgment that was filed in said case, resulting in Partner Weekly prevailing against Viable and Mr. Elie on Summary Judgment. Defendant further failed to litigate the merits on behalf of Elie and Viable regarding the Breach of the Exclusivity Agreement, resulting in the claim being lost as a result of said neglect.

B. **U.S. v Isai Schienberg et al.; Case No.: 10-cr-0336**
Poker Processing Conflict and Fraudulent Misrepresentations

Defendant Mr. Ifrah individually and on behalf of the PLLC represented PS and FTP as their counsel in various cases and endeavors. Mr. Ifrah met Mr. Elie when Defendants acquired

1 the interest of a company called Intabill¹ in lawsuit that Intabill had initiated against Mr. Elie's
2 company, Viable Marketing, Inc.

3 During the Intabill lawsuit, even while knowing that Mr. Elie was represented by
4 counsel in that matter, Mr. Ifrah directly engaged in settlement negotiations with Mr. Elie. Said
5 communications affected Mr. Elie's existing attorney-client relationship with his then-existing
6 counsel, even prompting Mr. Elie's former counsel to threaten reporting these direct
7 communications to the court and/or the State Bar of Florida officials.

8 Based on Mr. Ifrah's representations to Mr. Elie about future processing opportunities,
9 Mr. Elie resolved the litigation with Intabill by agreeing to pay funds to Internet poker
10 merchants. Subsequently, Mr. Elie retained Defendants to represent him individually and on
11 behalf of various other companies including but not limited to Viable Marketing, and Mr. Elie's
12 payment processing companies, Elite Debit and 21 Debit.

13 Defendants discussed various options of processing peer to peer online financial
14 transactions with Mr. Elie on behalf of Mr. Ifrah's other clients—FTP and PS. Initially, Mr.
15 Ifrah indicated that he represented PS and that he had a very close relationship with its
16 Owner/Founder, Isai Sheinberg; later Mr. Ifrah would indicate to Mr. Elie that he represented,
17 or also represented FTP's interest.

18 In late 2009, funds that Mr. Elie had processed through his Viable Marketing, Inc.
19 company at Fifth Third Bank in Florida were seized by federal authorities. Mr. Elie started
20 another processing company, Elite Debit, and he retained Ifrah to represent his interests in
21 obtaining information regarding legalities and recommendations regarding processing financial
22 transactions related to peer to peer online poker.
23
24

25 ¹ PS acquired the interest of Intabill through the course of PS litigation against Intabill and its founder, Daniel Tsvetkoff.

1 During numerous conversations with Mr. Elie at times when he was being paid by Mr.
2 Elie, including conversations through phone and phone “texting”, Mr. Ifrah told Mr. Elie that
3 poker processing was lawful and that the U.S. Government was not concerned with peer-to-peer
4 poker, but rather with start-up e-commerce.

5 Mr. Ifrah explained that those other activities were what had compromised Intabill with
6 regulators and law enforcement officials, not its processing for the Internet Poker Merchants.
7 Relying on Mr. Ifrah’s counsel, Mr. Elie and others commenced processing of Internet poker
8 payments on behalf of Internet poker merchants out of a Utah based bank known as Sun First
9 Bank.

10 Ifrah had encouraged Mr. Elie and another individual, Jeremy Johnson to begin
11 processing on behalf of the Internet poker merchants he represented through Sun First Bank.
12 Ifrah further advised Sun First Bank that processing on behalf of Internet poker merchants was
13 lawful, provided that the occurrence of poker processing was disclosed to the bank.
14

15 Ifrah acting on his own behalf and/or on behalf of his law firm circulated legal opinions
16 from others that appeared to support his advice that such processing was lawful. Ifrah further
17 provided advice to Mr. Elie while charging Mr. Elie and/or his business partner at that time for
18 services in securing processing relationships with Sun First Bank and the Internet poker
19 merchants.

20 Mr. Ifrah was paid considerable sums to secure a payment processing solution and
21 Ifrah’s solution was to convince Mr. Elie that he would make lots of money, like Ifrah was
22 making, by engaging in activity that others viewed, *erroneously according to Mr. Ifrah* as
23 unlawful. In 2010 Mr. ELIE spoke with a U.S. government investigator and prosecutors about
24 his processing of Internet poker transactions.
25

1 After those specific discussions with various government investigators (involving
2 different counsel from Ifrah), Mr. Elie made a conscious decision to retreat from the internet
3 poker processing business. At about that same time, Mr. Elie learned that Federal Regulators
4 had assumed control over Sun First Bank's operations and stopped its payment processing
5 activities. Mr. Elie explained his decision to Ifrah and notified him that he was no longer
6 interested in processing poker payments.

7 During or about 2010 (*over a year after the Fifth Third Bank seizure*), after Mr. Elie
8 announced his unwillingness to process Internet poker payment transactions, Ifrah returned to
9 Mr. Elie, telling him that there was plenty of legitimate money to be made as long as poker
10 processing was disclosed to the bank.

11 When Mr. Elie questioned Ifrah about this advice, given the fact the Sun First Bank had
12 recently been closed by U.S. Government Officials even though poker processing was fully
13 disclosed at Sun First, Ifrah told Mr. Elie that Sun First Bank was not shut down because of the
14 processing, but because of processing involving other merchants that the regulators deemed
15 unsavory. Ifrah assured Mr. Elie that poker only transactions were lawful and fully defensible.
16

17 Mr. Elie asked Ifrah to secure an agreement from the poker operators he was also
18 representing to indemnify Mr. Elie if the government were to challenge the legality of poker-
19 only payment processing transactions. On Mr. Elie's behalf, Ifrah did negotiate and secure an
20 Indemnification Agreement from at least one of the poker merchants for whom Ifrah also
21 worked. *See Indemnification Agreement attached herein as Exhibit "8".*

22 Despite Mr. Ifrah's repeated claims that the poker processing was completely legal, the
23 Federal Trade Commission had obtained a Temporary Restraining Order and froze all monies
24 held by Sun First Bank associated with poker processing. Defendant had a clear incentive for
25

1 his Clients, FTP and PS in finding a Company that would process the financial transactions, and
2 Mr. ELIE's with his new Company, 21 Debit became the perfect means for securing a third-
3 party domestic processing solution.

4 Despite Mr. ELIE's hesitation to continue to process poker after the Department of
5 Justice and Federal Trade Commission's Involvement in Sun First Bank, Ifrah continued to
6 assure Mr. ELIE that the peer to peer processing was lawful and that there were no criminal
7 ramifications to engage in such activities. Ifrah made continuous representations to Elie that
8 according to the Federal Deposit Insurance Corporation (FDIC) there were no problems with
9 PS, FTP and Mr. ELIE continuing to process poker transactions.

10 Thereafter, Ifrah orchestrated meetings with various Chicago Banks to begin processing
11 poker, specifically All American Bank and New City Bank in the Chicago, Illinois area. Ifrah
12 claimed to represent FTP and PS as their Counsel, and as Counsel for 21 Debit in the
13 transactions, charging both for his services and reaping financial benefits from both. In Mr.
14 Elie's case, Ifrah requested the payments made to him be characterized as payments for
15 "consulting" services rather than legal services.
16

17 Upon information and belief, Ifrah asked for such payments to be so characterized
18 because he knew that the U.S. Government was likely to come after Mr. Elie and the poker
19 merchants and he did not want to face disqualification from representing a criminal defendant
20 on the basis that he had provided legal advice to that or another defendant. The Complaint
21 alleges that Ifrah gave Mr. Elie misleading advice to further his own pecuniary interests in his
22 representation of Full Tilt Poker and Pokerstars.

23 Thereafter, Ifrah represented Mr. Elie with various banks as to set up the poker
24 processing for both PS and FTP, whereby Mr. Elie and his Company 21 Debit LLC, relied on
25

1 Ifrah's representation and assurances as to the legalities of same. Ifrah received payments from
2 FTP and PS in his representation of them, for among other things, procuring companies (i.e.
3 banks and payment and payment processors) to process poker transactions, regardless of
4 whether such peer to peer online poker was legal.

5 Ifrah further solicited, abetted and further recommended and encouraged Mr. Elie to
6 continue to seek banks that would conduct such third party payment processing, despite Ifrah's
7 knowledge that said activities were highly risking and possibly unlawful. Ifrah would also
8 receive monthly payments of approximately \$100,000.00 per month from Mr. Elie's Company
9 21 Debit, paid directly from All American Bank, as a so-called ongoing "commission" on
10 procuring the deals with the banks which processed poker transactions.

11 Ifrah continuously recommended that Mr. Elie also retain other experts and obtain legal
12 opinions as to the legalities of third party processing in order to insulate both himself and FTP
13 and PS from any liabilities. Ifrah completely and with an utter disregard to his ethical
14 obligations to Mr. Elie continued to advise Mr. Elie and to serve the interests of his poker
15 merchant Clients despite a clear conflict of interest between them and the advice he was giving
16 to them. Indeed, the merchants were advised to stay out of the United States of America while
17 Mr. Elie was advised that what he was doing was safe.

18 In fact, in late 2010, Ifrah received a Memorandum from the law firm of Akin Gump
19 Strauss Hauer & Feld LLP, regarding discussions involving Akin Gump and the U.S. Attorney's
20 Office for the Southern District of New York; whereby prosecutors confirmed to Akin Gump
21 and to Ifrah that they believed that third-party poker processing was illegal.

22 Ifrah failed to disclose this Memorandum to Mr. Elie and continued receiving payments
23 from both FTP/PS and Mr. Elie as long as all Parties continued processing poker, which Ifrah
24
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1 advised in favor of and aggressively sought. It was only after Mr. Elie was indicted that it
2 became known to him, that his Attorney, Ifrah, withheld the 2010 Akin Gump Memorandum
3 and other information he possessed and believed and the risks Mr. Elie was facing.

4 After his arrest in the Black Friday Indictments, Mr. Elie was represented by another
5 attorney, not by Ifrah. When said attorney approached Ifrah about Ifrah's willingness to
6 provide an "[A]dvice of Counsel" defense to Mr. Elie given the fact that Ifrah had accompanied
7 Mr. Elie into Sun First Bank and then later from Bank to Bank in Illinois, advising Bank
8 management that poker processing was legal and providing legal opinions to Mr. Elie and to the
9 banks for their review, Ifrah denied that he represented Mr. Elie on this issue. *See* Elie
10 Declaration.

11 Ifrah claimed that he had always believed that the government would go after the poker
12 merchants and their payment processors and he wanted to be able to represent one of them in
13 the ensuing criminal prosecution. For that reason, Ifrah stated, he always made sure that his
14 name was not on the legal opinions he circulated. Ifrah never disclosed this information about
15 his concerns to Mr. Elie before Mr. Elie's arrest.

16 Defendants received in excess of \$1,000,000.00 (One Million USD) in commission
17 payments from Mr. Elie's companies as Defendant's "cut" from the processing poker payments
18 with the banks. It is clear that Defendants' activities in both representing FTP and PS and Elie
19 (and 21 Debit) were clear conflicts of interests whereby Defendants' were as continuously
20 benefitting from representation of both individuals and entities with interests that were utterly
21 inconsistent but that were not fully disclosed to Mr. Elie.

22 The Complaint alleges that Defendant specifically misled Elie regarding the legalities of
23 processing poker so that he could continue to receive monies (commission payments) from Mr.
24
25

1 Elie. The Complaint also alleges that Defendants placed Full Tilt Poker and Pokerstars interests
2 above Elie's interests, in violation of ethical obligations owed to Mr. Elie.

3 The most egregious act Defendant Ifrah engaged in however, was providing testimony
4 and information against Mr. Elie and others to the United States Attorney's Office in the
5 Investigation leading to the Black Friday Indictments, including but not limited to his own
6 Clients' indictments.

7 Defendant Ifrah provided testimony against his own clients to avoid being indicted,
8 altogether denying his involvement in what became the Black Friday Affair except as an
9 attorney advising the poker companies. Defendant's statements minimized his involvement in
10 the operations, including the fact that he was being paid commissions on processing no different
11 from the commissions that the government would determine, in Mr. Elie's case, were illegal and
12 eventually forfeitable.

13 Ifrah received revenue from the poker processing as commission payments tantamount
14 to what a business partner of Elie would have received. Ifrah's statements were material and
15 certainly violative of 18 U.S.C. §1001.

16 While providing the U.S. Attorney's Office with testimony against his clients, Ifrah
17 failed to disclose that he was receiving commission payments directly from Mr. Elie's
18 companies 21 Debit and Elite Debit as commissions for assisting Mr. Elie in obtaining
19 exclusive poker payment processing accounts with FTP and PS that Ifrah told Mr. Elie were
20 fully legal.
21

22 Defendant Ifrah violated the basic rules of his ethical obligations to Mr. Elie and put his
23 own pecuniary interests ahead of his client's and in turn thereafter, attempted to absolve himself
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1 of any illegal activity by denying his involvement in Mr. Elie's processing decisions. Instead
2 Ifrah told the U.S. Attorney's office that he had not provided any legal advice to Mr. Elie.

3 As a result of Defendant's misrepresentations and false and misleading legal advice, Mr.
4 Elie re-engaged in payment processing with Mr. IFRAH even after Sun First Bank was closed
5 and was indicted along with others in the April 15, 2011, Black Friday indictments. Mr. Elie
6 was sentenced to five (5) months in prison for same, was required to forfeit millions of dollars,
7 lost his payment processing business and his good reputation, and will forever be saddled with a
8 felony conviction.

9 **III.**

10 **STANDARD OF REVIEW**

11 "When reviewing dismissal of a complaint, we accept the allegations of the complaint as
12 true and construe them in the light most favorable to the plaintiff." *Love v. United States*, 871
13 *F.2d 1488, 1491 (9th Cir.1989)*. Dismissal of a complaint is improper "unless 'it appears beyond
14 doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him
15 to relief.'" *Id.*, quoting *Gibson v. United States*, 781 *F.2d 1334, 1337 (9th Cir.1986)*, cert.
16 *denied*, 479 *U.S. 1054 (1987)*.

17
18 In considering a defendant's motion to dismiss, the factual allegations of the plaintiffs'
19 complaint must be presumed to be true, and the court must draw all reasonable inferences in
20 favor of the plaintiffs. The issue is not whether the plaintiffs will ultimately prevail, but whether
21 they are entitled to offer evidence in support of their claims. Consequently, the court may not
22 grant a motion to dismiss for failure to state a claim unless it appears beyond doubt that the
23 plaintiffs can prove no set of facts in support of their claim which would entitle them to relief.
24 The court does not, however, necessarily assume the truth of legal conclusions merely because
25

1 they are cast in the form of factual allegations in plaintiffs' complaint. Martin v. State Farm Mut.
2 Auto. Ins. Co., 960 F. Supp. 233, 234, 1997.

3 Rule 12(b) provides that, "if on a motion asserting the defense numbered (6) to dismiss
4 for failure of the pleading to state a claim upon which relief can be granted, matters outside the
5 pleading are presented to and not excluded by the court, the motion shall be treated as one for
6 summary judgment and disposed of as provided in Rule 56, and all parties shall be given
7 reasonable opportunity to present all material made pertinent to such a motion by Rule 56." Fed.
8 R. Civ. P. 12(b). However, "a motion to dismiss is not automatically converted into a motion for
9 summary judgment whenever matters outside the pleading happen to be filed with the court and
10 not expressly rejected by the court." North Star Int'l v. Ariz. Corp. Comm'n, 720 F.2d 578, 580
11 (9th Cir. 1983). Where a Court makes a determination pursuant to Rule 12(b)(6), it is "precluded
12 from relying on matters outside the four corners of the [Plaintiff's] Complaint." United States v.
13 LSL Biotechnologies, 379 F.3d 672, 700 (9th Cir. 2004). Nev. Power Co. v. Calpine Corp., 2006
14 U.S. Dist. LEXIS 36135.

15
16 A motion to dismiss under Fed. R. Civ. P. 12(b)(6) will only be granted if the complaint
17 fails to "state a claim to relief that is plausible on its face." Bell Atl. Corp. v. Twombly, 550 U.S.
18 544, 570, 127 S. Ct. 1955, 167 L. Ed. 2d 929 (2007). On a motion to dismiss, "we presume[e]
19 that general allegations embrace those specific facts that are necessary to support the claim."
20 Lujan v. Defenders of Wildlife, 504 U.S. 555, 561, 112 S. Ct. 2130, 119 L. Ed. 2d 351 (1992)
21 (quoting Lujan v. Nat'l Wildlife Fed'n, 497 U.S. 871, 889, 110 S. Ct. 3177, 111 L. Ed. 2d 695
22 (1990)). Moreover, "[a]ll allegations of material fact in the complaint are taken as true and
23 construed in the light most favorable to the non-moving party." In re Stac Elecs. Sec. Litig., 89
24 F.3d 1399, 1403 (9th Cir. 1996).
25

1 Although courts generally assume the facts alleged are true, courts do not "assume the
2 truth of legal conclusions merely because they are cast in the form of factual allegations." W.
3 Mining Council v. Watt, 643 F.2d 618, 624 (9th Cir. 1981). Accordingly, "[c]onclusory
4 allegations and unwarranted inferences are insufficient to defeat a motion to dismiss." In re Stac
5 Elecs., 89 F.3d at 1403.

6 If documents are physically attached to the complaint, then a court may consider them if
7 their "authenticity is not contested" and "the plaintiff's complaint necessarily relies on them."
8 Lee v. City of Los Angeles, 250 F.3d 668, 688 (2001). A court may also treat certain documents
9 as incorporated by reference into the plaintiff's complaint if the complaint "refers extensively to
10 the document or the document forms the basis of the plaintiff's claim." United States v. Ritchie,
11 342 F.3d 903, 908; 56 Fed. R. Serv. 3d, 577 (9th Cir. Alaska 2003). Finally, if adjudicative facts
12 or matters of public record meet the requirements of Fed. R. Evid. 201, a court may judicially
13 notice them in deciding a motion to dismiss. Id. at 909; see Fed. R. Evid. 201(b). Balestra-Leigh
14 v. Balestra, 2010 U.S. Dist. LEXIS 90260.

15
16 As this Response demonstrates, the fact allegations in the Complaint are more than
17 adequate to permit this case to proceed. Defendants' claims that Mr. Elie is precluded from
18 asserting this lawsuit on the basis of Judicial Estoppel and Ripeness lack any basis, as discussed
19 in more detail *infra*. Furthermore, Defendants' Appendix to their Motion to Dismiss including
20 not only Mr. Elie's allocution but other documents, including superseding information, the
21 Government's Motion In Limine and Mr. Elie's Motion to Dismiss, alludes that their Motion to
22 Dismiss is sought to be reviewed as a Motion for Summary Judgment under FRCP 56, virtually
23 forcing Mr. Elie to provide documentation in support of not only this Response, but also the
24 Complaint itself.
25

1 FRCP 12(d) entitled *RESULT OF PRESENTING MATTERS OUTSIDE THE PLEADINGS* provides
2 in pertinent part “[I]f, on a motion under Rule 12(b)(6) or 12(c), matters outside the pleadings are
3 presented to and not excluded by the court, the motion must be treated as one for summary
4 judgment under Rule 56. All parties must be given a reasonable opportunity to present all the
5 material that is pertinent to the motion.” *Id.*

6
7 By virtue of the fact that Defendants have presented an Appendix with documents other
8 than the Complaint, Defendants have presented this Motion as a Motion for Summary Judgment
9 wherein Mr. Elie must be given a reasonable opportunity to present all the material that is
10 pertinent to the Motion, to demonstrate that there is an abundance of issues of fact that must be
11 determined at the time of trial.

12 IV.

13 ARGUMENT

14 A. PARTNERS WEEKLY OBTAINED A FINAL JUDGMENT AGAINST 15 VIABLE MARKETING CORP. MAKING THIS ACTION RIPE AGAINST 16 DEFENDANTS.

17 Plaintiff Partner Weekly, LLC and Defendant Viable Marketing Group entered into an
18 Advertising Agreement pursuant to which Partner Weekly was to provide Viable internet
19 advertising services and promote Viable’s goods and services. On March 15, 2013, the honorable
20 Judge Pro entered an Order Confirming the Arbitrator’s Order Granting Claimant Partner
21 Weekly, LLC’s Motion for Summary Judgment as between Partner Weekly, LLC and Viable
22 Marketing Corp. only. *USDC Case No.: 2:09-cv-02120-PMP-VCF*. Defendants’ assertion that
23 the action is still ongoing and is unripe is blatantly wrong. The action is still ongoing ***only*** as to
24 Mr. Elie’s personal liability (*under Partner Weekly’s claim of piercing the corporate veil*).

1 Viable Marketing Group has already had judgment rendered against it, making it ripe for a
2 malpractice action.

3 Defendant cites to *Jewett v. Patt*, 95 Nev. 246 which states “[A]n action for professional
4 malpractice does not accrue until the plaintiffs know, or should know, all facts material to the
5 elements of the cause of action and damage has been sustained. *Id.* citing to *Sorenson v.*
6 *Pavlikowski*, 94 Nev. 440, 581 P.2d 851 (1978); *Neel v. Magana, Olney, Levy, Cathcart &*
7 *Gelfand*, 491 P.2d 421 (Cal. 1971); *Budd v. Nixen*, 491 P.2d 433 (Cal. 1971).

8 In *Jewett*, the case involved a malpractice lawsuit against an attorney whom had failed to
9 file a personal injury action within the two year statute of limitation. Due to the fact that, the
10 issue of statute of limitations bar was not yet raised in the underlying action (*by Defendants*
11 *therein*) in *Jewett*, the Court held that the malpractice action had not yet ripened since the
12 Plaintiffs’ damages therein had not yet accrued.

13 Mr. Elie’s action is distinguished from *Jewett* due to the fact that final judgment had
14 already been entered against Viable Marketing by Judge Pro. The damages are certain and have
15 already accrued against Viable and the only question there remains to be is whether Elie is liable
16 for same under the legal theory of piercing the corporate veil.

17 Fed. Rule Civ. Pro 54 provides:

18 Rule 54. Judgments; Costs

19 (a) Definition; Form. "Judgment" as used in these rules includes a decree and any order
20 from which an appeal lies. A judgment must not include recitals of pleadings, a master's
21 report, or a record of prior proceedings.

22 Id.

23 A final judgment is "a decision by the District Court that ends the litigation on the merits
24 and leaves nothing for the court to do but execute the judgment." *Williamson v. UNUM Life Ins.*

25

1 *Co. of Am., 160 F.3d 1247, 1250 (1988)* (quoting *Coopers & Lybrand v. Livesay, 437 U.S. 463,*
2 *467, 57 L. Ed. 2d 351, 98 S. Ct. 2454 (1978)*).

3 On March 15, 2013, Judge Pro in Case 2:09-cv-02120-PMP-VCF, entered into an Order
4 (#60) “confirming the (*arbitration award*) between Plaintiff PartnerWeekly, LLC and Defendant
5 Viable Marketing Corp. only.”. The award entered against Viable Marketing Corp. was
6 \$320,853.75 for unpaid advertising services, \$112,979.98 in interest and \$75,452.50 in attorney’s
7 fees; in total, due to Defendants’ malpractice, **Judge Pro confirmed an award of \$509,286.23**
8 **USD against Viable Marketing Corp.** As stated *supra*, the only issue remaining is whether Mr.
9 Elie is personally liable on said award and whether the Judgment entered can be executed against
10 Mr. Elie. The merits of the case have been litigated and final judgment has been awarded
11 thereon.

12 **B. ELIE’S CASE AGAINST DEFENDANTS IS NOT BARRED BY HIS**
13 **ALLOCATION IN HIS CRIMINAL CASE. IFRAH’S 2010-2011 ADVICE**
14 **WAS THE PRECIPITATING FACTOR TO ELIE’S 2011 INDICTMENT,**
15 **ELIE’S ALLOCATION IN HIS CRIMINAL CASE CONCERNED PRE-**
16 **IFRAH CONDUCT IN 2008 INVOLVING FIFTH THIRD BANK IN**
17 **FLORIDA**

18 First and foremost, Mr. Elie is not judicially estopped from asserting his claims against
19 Ifrah. Elie’s allocution wherein he specifically states that his plea of guilty is not based on the
20 reliance of Counsel is as it stands accurate. Ifrah never represented Mr. Elie in any transactions
21 with Fifth Third Bank. Nowhere in Mr. Elie’s Amended Complaint does it indicate that Mr. Elie
22 is blaming Ifrah for any advice regarding Fifth Third Bank. Therefore, it is in fact accurate, the
23 statements that Elie made in his allocution that he did not rely on the advice of Counsel
24 regarding Fifth Third Bank. *The impetus of this lawsuit arises from actions Ifrah took over a*
25 *year after the Fifth Third Bank seizure, which Defendants have made no attempt at*
distinguishing.

1 After the events at Sun First Bank of Utah, Elie had intended to stop processing poker, as
2 it was clear that his partner Jeremy Johnson also intended to do the same. Thereafter, Ifrah had
3 approached Elie and told Elie that Sun First's operations were shut down, not because of poker,
4 but because of some adult and other questionable processing issues.

5 In fact, when Elie was indicted and inquired why he was charged with processing and his
6 former partner Jeremy Johnson was not, Elie was specifically told that Johnson was not indicted
7 because he stopped processing poker after the Sun First Bank fiasco.

8 It was Ifrah that misled Elie and encouraged processing poker after Sun First Bank, while
9 Ifrah was receiving monthly commission payments thereon, that became the precipitating factor
10 in Elie's indictment.

11 Defendants cite to *Russel v Rolfs*, 893 F.2d 1033, 1037 which provides "[T]he doctrine of
12 judicial estoppel, sometimes referred to as the doctrine of preclusion of inconsistent positions, is
13 invoked to prevent a party from changing its position over the course of judicial proceedings
14 when such positional changes have an adverse impact on the judicial process. See 1B *Moore's*
15 *Federal Practice* para..405[8], at 238-42 (2d Ed. 1988). "The policies underlying preclusion of
16 inconsistent positions are "general consideration[s] of the orderly administration of justice and
17 regard for the dignity of judicial proceedings." *Arizona v. Shamrock Foods Co.*, 729 F.2d 1208,
18 1215 (9th Cir. 1984), *cert. denied*, 469 U.S. 1197, 83 L. Ed. 2d 982, 105 S. Ct. 980
19 (1985) (citations omitted). Judicial estoppel is 'intended to protect against a litigant playing "fast
20 and loose with the courts.'" *Rockwell International Corp. v. Hanford Atomic Metal Trades*
21 *Council*, 851 F.2d 1208, 1210 (9th Cir. 1988) (citations omitted). Because it is intended to
22 protect the integrity of the judicial process, it is an equitable doctrine invoked by a court at its
23 discretion. . . . Judicial estoppel is most commonly applied to bar a party **from making a factual**
24 **assertion in a legal proceeding which directly contradicts an earlier assertion made in the**
25 **same proceeding or a prior one**. See generally Note, *Judicial Estoppel: The Refurbishing of a*

1 *Judicial Shield*, 55 Geo.Wash.L.Rev. 409, 410-12 (1987); Comment, *Precluding Inconsistent*
 2 *Statements: The Doctrine of Judicial Estoppel*, 80 Nw.U.L.Rev. 1244 (1986). [*Emphasis added*]

3 Moreover, as Defendants cite to *NOLM LLC vs. County of Clark*, 120 Nev. 736, 743, 100
 4 P.3d 658, 663 (2004) to more specifically define judicial estoppel, it is clear that judicial estoppel
 5 does not apply to Mr. Elie's present case. In *NOLM*, the court provides the elements for asserting
 6 judicial estoppel as:

- 7 1) the same party has taken two positions;
- 8 (2) the positions were taken in judicial or quasi-judicial administrative proceedings;
- 9 (3) the party was successful in asserting the first position (i.e., the tribunal adopted
 10 the position or accepted it as true);
- 11 (4) the two positions are totally inconsistent; and
- 12 (5) the first position was not taken as a result of ignorance, fraud, or mistake

13 *Id.* at 743.

14 Whether judicial estoppel applies is a question of law subject to de novo review. The
 15 primary purpose of judicial estoppel is to protect the judiciary's integrity, and a court may invoke
 16 the doctrine at its discretion. However, judicial estoppel should be applied only when "a party's
 17 inconsistent position [arises] from intentional wrongdoing or an attempt to obtain an unfair
 18 advantage." Judicial estoppel does not preclude changes in position that are not intended to
 19 sabotage the judicial process. *Id.* at 743.

20 In *NOLM*² the Court held that "[H]ere, **the judicial estoppel doctrine does not even**
 21 **apply, as the County never asserted a contrary position in a prior judicial or quasi-judicial**

22
 23 ² Respondent, County of Clark, Nevada, overtaxed appellant buyer due to a defective description of a parcel of land
 24 in the contract for sale. The County sought reformation of the deed or rescission of the contract. The Eighth Judicial
 25 District Court, Clark County, Nevada, ordered the landowner to reform the contract. The landowner filed a motion
 for reconsideration, which was denied. The landowner appealed claiming that the County was judicially estopped
 from seeking reformation or rescission. The Court found that judicial estoppel did not apply.

1 proceeding. Furthermore, although the County taxed Ohriner on the entire parcels even though it
 2 had only intended to convey remnant parcels, the taxation was in accordance with the legal
 3 conveyance.” [Emphasis added] *Id.* at 743.

4 As in *NOLM*, judicial estoppel does not even apply in this case. Mr. Elie asserted that his
 5 reliance of Counsel defense was waived as to Fifth Third Bank, in his allocution. His allocution
 6 in that matter was absolutely accurate. The action against Ifrah is completely independent of the
 7 allocution in his criminal case as advice that Ifrah gave subsequent to Elie’s involvement in Fifth
 8 *Third Bank*.

9 **1. Defendants’ Negligence Was The Precipitating Factor In The Indictment of**
 10 **Mr. Elie; The Conviction That Followed Was A Direct Result of Defendant’s**
 11 **Malpractice and Greed.**

12 Defendant provides a slew of cases wherein a criminal defendant sued his criminal
 13 defense attorney’s for malpractice. *See Defendants’ Motion pg. 21 citing to Morgano vs Smith,*
 14 *110 Nev. 1025, 1028-1029.* The obvious distinction between Mr. Elie and Defendants herein, and
 15 *Morgano* is that Defendant was never Elie’s criminal defense attorney. In fact, Defendant took
 16 precautionary and extreme measures to preclude himself from being viewed as Elie’s criminal
 17 defense attorney, if anything to maintain his availability to defend the more lucrative potential
 18 Clients in the Black Friday Indictment (*i.e., Isai Scheinberg*).

19 Second, Defendant claims that the *Alampi vs Russo* case is factually similar to our case at
 20 hand, which a New Jersey Court therein granted summary judgment thereon. In *Alampi*, the
 21 Court provides:

22 *Plaintiff contends in this malpractice case that Russo neglected to keep him properly*
 23 *informed about the potential of a criminal investigation proceeding and failed to arrange*
 24 *for a meeting with the IRS in the fall of 1995, where the government could have been*
 25 *persuaded to either grant him transactional immunity or decline to prosecute him. Russo*
retorts that the government never indicated any inclination to immunize or deal
leniently with plaintiff. *In our view, plaintiff basically argues that more skillful*

1 *representation by Russo might possibly have brought him through unscathed. There is no*
2 *evidence presented to support this view.*

3 *Alampi v. Russo*, 345 N.J. Super. 360, 366, 785 A.2d 65 (2001)

4 The distinctions between *Alampi* and Mr. Elie are endless. However, the most important
5 one has nothing to do with whether Mr. Ifrah, (*as Russo*) skillfully and/or diligently represented
6 Mr. Elie in exercising his affirmative duty to prevent Mr. Elie from being exposed to criminal
7 conduct. The most important distinction between *Russo (the Attorney in Alampi)* and Defendant,
8 was that *Russo* did not *encourage Alampi* to engage in conduct that would later lead to a
9 criminal indictment for his (*Russo's*) own pecuniary gain.

10 While Defendants herein are quick to claim that Mr. Elie is precluded through promissory
11 estoppel or causation from asserting claims against Ifrah, never is it even discussed, the windfall
12 of monies Ifrah made as a commission for encouraging Elie to process poker for banks that were
13 not part of Elie's conviction. Furthermore, Ifrah relies on Elie's allocution regarding Fifth Third
14 Bank as precluding him from pursuing a malpractice case against him, when in fact Ifrah
15 specifically misleads this Court that Mr. Elie's allocution alleges that Ifrah represented him
16 regarding Fifth Third Bank.

17 Additionally, none of the attorney's in the cases cited by Defendants had realized
18 pecuniary gain from their Client's criminal activity and encouraged their Clients to engage in
19 same. Ifrah had not only realized over \$1,000,000, in direct profits paid as commission, from
20 criminal activity, Ifrah had orchestrated the criminal activity and encouraged Mr. Elie to engage
21 in such activity for his own pecuniary gain. It was clear that Ifrah's encouragement of Elie to
22 process poker and his misleading advice *subsequent to Fifth Third Bank and Sun First Bank*
23 *issues were resolved*, were the impetus of Elie being indicted in the first place.
24
25

1 Throughout the course of discovery, it will be clear that Defendant was not only working
2 on behalf of both Full Tilt Poker and Pokerstars, but also on behalf of Elie in procuring banks to
3 process poker. It will also be clear that even though both Elie and his previous partner shied
4 away from processing poker, that Ifrah had continuously encouraged them and thereafter Elie to
5 do so.

6 As an example of Ifrah's involvement as a procurer and quasi-partner in Mr. Elie's
7 operations, Mr. Elie will demonstrate through various emails that Ifrah (even while still at
8 Greenburg Taurig) had orchestrated deals regarding the proposed payment schedules with
9 processors such as Trendsact.com. An email dated April 15, 2009, forwarded from Ifrah to Mr.
10 Elie, specifies the payment schedules to Sheinberg (and *Ray Bitar*). *See Email dated 4/15/09*
11 *attached herein as Exhibit "2"*.

12 An additional email sent from Ifrah on April 21, 2009, regarding conducting transactions
13 with National Bank clearly demonstrates that Ifrah was meeting with Mr. Elie regarding same.
14 Ifrah states: *"Is there anyone who can get on the phone with National Bank and me today in*
15 *advance of Chad's meeting? Has anyone dealt with these guys before?" See email dated 4/21/09*
16 *attached herein as Exhibit "3"*

17 Perhaps one of the most telling emails of all though remains in an email that was sent on
18 April 21,2009, to Sheinberg and Bittar stating that *"Our intention would be to provide an*
19 *opportunity for **Jeff (Ifrah) and Ian to actually meet the processor who will be facilitating our***
20 ***transactions.** If Jeff and Ian choose to do this, then they will able to convey to Ray (Bttar) and*
21 *yourself their comfort letter. This is just another demonstration of the level of transparency*
22 *which will only continue in our relationship."* See email attached herein as Exhibit "4".
23
24
25

1 On April 13, 2009, Mr. Ifrah sent an email providing the account information for the
2 transaction stating *"I have provided below the account information and have copied Ray as you*
3 *asked. Jeff"* See email attached herein as Exhibit "5".

4 On September 30, 2010, Mr. Elie sent Ifrah an email notifying him that processing
5 transactions cannot be processed in Washington, and directing him to explain to an Agent from
6 Pokerstars as to why. Mr. Elie specifically, notes *"We can't transact anything in that State. Even*
7 *if its refunds. Unless they want to provide us with a settlement from regulators we can't do it.*
8 *Jeff can you tell them why please!"*

9 On October 2, 2010, Ifrah responds back to Mr. Elie encouraging Elie to *"find a way to*
10 *work with them and ensure they indemnify [Elie] against any future consequences..."* See Email
11 *dated October 2, 2010, attached herein as Exhibit 6.*

12 Another example of this is an email sent by Mr. Elie to Paul Tate and Isai Sheinberg (and
13 a response thereto) on January 26, 2011 at 1:46p.m. (*three months before the Black Friday*
14 *Indictments*) wherein Ifrah is carbon copied on both emails specifically discussing All American
15 Bank processing:
16

17 *Chad,*

18 *to decide whether continue with AAB (option 2) we need a few more details:*

19 *1) These \$500k on Jan 5 and \$500k on Feb 5, are from each of FTP and Stars, or*
20 *only*
from Stars? If only from Stars, does it mean that we will become exclusive again?

21 *2) There was an intent to start using Check21 technology in January with this*
22 *bank.*
Is that still feasible and starting when?

23 *3) What is the current status of the backlog of transactions?*

24 *4) Can Jeff reach out to Kemp and Associates and have his feel on what is best*
25 *route to proceed?*

1 *Thanks,*
2 *Isai*
3 *p.s. Did you courier the bank check to IOM?*
 See Email and response attached herein as Exhibit "1".

4 Ifrah's involvement as the attorney for both parties is blatantly obvious. The fact that
5 Ifrah is copied on emails from Sheinberg to Elie and vice-versa lends credence to the fact that
6 Ifrah's denials of his involvement in the transactions with the Chicago banks are blatant lies.
7 Ironically and very interesting is the fact that every person carbon copied on the emails with
8 Ifrah including but not limited to Mr. Elie, Ray Bitar, Isai Scheinberg, Curtis Pope, and Scott
9 Clark ***have all been indicted except Ifrah himself***, placing himself in the perfect role to reap
10 millions of dollars in revenue from his processing clients, and the owners of Pokerstars and FTP.
11

12 As repeatedly stated herein, Ifrah "hangs his hat" on one argument alone- that Elie's
13 allocution regarding Fifth Third Bank (*two years before the email exchanges and other*
14 *communications between the Parties*) precludes him from pursuing a malpractice case against
15 Ifrah. Again, this lawsuit has nothing to do with Fifth Third Bank or the allocution given thereon
16

17 **.2. Defendant Rests His Motion to Dismiss Mr. Elie's Complaint In Its Entirety**
18 **Based On Elie's Allocution, Including Elie's Claims For Breach of Contract**
 and Fraud, Racketeering and Conspiracy

19 Defendant has made it clear that his whole Motion to Dismiss Mr. Elie's case is based on
20 his allocution. Mr. Elie's allocution provides:

21 THE COURT: Did you as charged in the information in 2008 assist Australian
22 poker processor Intabill in disguising poker payment transactions
23 for the poker companies including by establishing a bank account
24 that you represented would be used to process payment for so-
 called payday loans but that you in truth and in fact was used to
 process transactions for Pokerstars?

25 THE DEFENDANT: *Yes, your Honor.*

1 THE COURT: Did you in or about the *summer of 2008* establish a bank account
2 at Fifth Third Bank that you claimed would be used to process
3 payment for various Internet membership clubs but that in truth
and in fact you used to process millions of dollars in payment for
the poker companies?

4 *THE DEFENDANT: Yes, your Honor.*

5 *See allocution Page 11.*

6 It is undisputed that as an Attorney acting on behalf and counseling Mr. Elie on the
7 transactions *after Sun First Bank, three years after the events of Third Fifth Bank*, Defendant
8 had absolutely every obligation in providing Mr. Elie with accurate legal advice and not advising
9 him as to his own pecuniary interests. Furthermore, Defendant had an obligation to his Client to
10 put Mr. Elie's interests above his own pecuniary interests.

11 (a) **Defendants Are Estopped From Denying They Represented Mr. Elie**
12 **When There Are Clear Communications Advising Elie On How To**
13 **Proceed with Banks, and Agents at Pokerstars**

14 Promissory estoppel is an equitable doctrine whereby a party who reasonably relies to his
15 detriment on the promise of another may enforce a verbal contract against the other party, though
16 the other party has given no consideration; it is a substitute for consideration. *See, e.g., Pink v.*
17 *Busch*, 100 Nev. 684, 691 P.2d 456, 459 (Nev. 1984); *Restatement (Second) of Contracts* § 90
18 (1981). A prima facie case of promissory estoppel has four elements in Nevada: "(1) the party to
19 be estopped must be apprised of the true facts; (2) he must intend that his conduct shall be acted
20 upon, or must so act that the party asserting estoppel has the right to believe it was so intended;
21 (3) the party asserting the estoppel must be ignorant of the true state of facts; (4) he must have
22 relied to his detriment on the conduct of the party to be estopped. *Pink*, 691 P.2d at 459 (*quoting*
23 *Cheger, Inc. v. Painters & Decorators Joint Comm., Inc.*, 655 P.2d 996, 998-99 (Nev. 1982)).

24 Promissory estoppel is a common law exception to the common law element of
25 consideration normally required in a contract, but it is not generally an exception to the statute of

1 frauds, except in very particular circumstances. *See, e.g., Heyman v. Adeack Realty, Inc.*, 102
2 R.I. 105, 228 A.2d 578, 580 (R.I. 1967); *Bank of Texas, N.A. v. Gaubert*, 286 S.W.3d 546, 554
3 (Tex. App. 2009) (citation omitted); *Shore Holdings, Inc. v. Seagate Beach Quarters, Inc.*, 842
4 So. 2d 1010, 1012-13 (Fla. Dist. Ct. App. 2003). Promissory estoppel can also defeat the statute
5 of frauds where the alleged promise is not a promise to perform, but a promise to sign a
6 document that itself complies with the statute of frauds. *See, e.g., Ortiz v. Collins*, 203 S.W.3d
7 414, 424 (Tex. App. 2006).

8 Here, Ifrah denies that he made recommendations and/or any representations to Mr. Elie
9 regarding the legalities of processing poker. The voluminous communications between Ifrah and
10 Mr. Elie throughout the course of his involvement in poker processing clearly demonstrates that
11 Mr. Ifrah not only played an active role in this, but also capitalized on the transactions.

12 This statement also indicates that the statute of frauds can be overcome by promissory
13 estoppel where necessary to avoid injustice. *Restatement (Second) of Contracts § 139*. The
14 essential elements of quasi contract are a benefit conferred on the defendant by the
15 plaintiff, appreciation by the defendant of such benefit, and acceptance and retention by the
16 defendant of such benefit under circumstances such that it would be inequitable for him to retain
17 the benefit without payment of the value thereof. *Leasepartners Corp. v. Robert L. Brooks Trust*
18 *Dated Nov. 12, 1975*, 113 Nev. 747, 942 P.2d 182, 187 (Nev. 1997).

19
20 **(b) The Parties Had a Contract Which Included A Retainer and**
21 **Defendants Breached Said Agreement**

22 A plaintiff in a breach of contract action must show (1) the existence of a valid contract,
23 (2) a breach by the defendant, and (3) damage as a result of the breach. *Brown v. Kinross Gold*
24 *U.S.A., Inc.*, 531 F. Supp. 2d 1234, 1240 (2008).

1 For a plaintiff to bring a breach of contract action against a defendant, the plaintiff and
2 defendant must have a contractual relationship. Typically, only a party to a contract can breach
3 it. Courts have imputed contractual liability to an alter ego. Where the alter ego doctrine applies,
4 the two corporations are treated as one for purposes of determining liability. The effect of
5 applying the alter ego doctrine is that the corporation and the individual who dominates it are
6 treated as one, so that any act committed by one is attributed to both, and if either is bound, by
7 contract, judgment, or otherwise, both are equally bound. Brown v. Kinross Gold U.S.A., Inc.,
8 531 F. Supp. 2d at 1240.

9 Factual disputes regarding breach of contract are issues for a jury. Brown at 1243. Lost
10 profits commonly constitute damages in breach of contract actions. Lost profits are what the
11 profits would have been had the contract not been breached. Id. at 1244.

12 It seems clear from Defendants' Motion, that there is no dispute to the fact that there was
13 a contract. Defendants' claims in dismissing the breach of contract is based solely on Mr. Elie's
14 allocution, and according thereto, the allocution precludes Mr. Elie for suing for breach of
15 contract, breach of good faith and fair dealing and fraud. In fact, nowhere in Defendants Motion
16 to Dismiss is there even a denial that Ifrah represented Elie. Furthermore, nowhere is there a
17 denial that Defendant received monies from Elie to secure banks for poker processing.
18 Defendants solely claim that even *assuming arguendo* that there was a breach of contract or
19 malpractice or fraud, that based on Elie's allocution, regarding a bank years before Ifrah was
20 engaged, he should be precluded from litigating this matter. Such a position is preposterous to
21 assert. Mr. Elie is not attempting to blame the allegations of Fifth Third Bank on Mr. Ifrah, the
22 bottom line is, had Mr. Elie never engaged in poker processing after the FDIC seizure of Sun
23 First Bank, as he intended, Elie would have never been indicted.
24
25

1 In Nevada, every contract contains an implied covenant of good faith and fair dealing.
2 Ins. Co. of the West v. Gibson Tile Co., Inc., 134 P.3d 698, 702 (Nev. 2006). "[A]n action in tort
3 for breach of the covenant arises only 'in rare and exceptional cases' when there is a special
4 relationship between the victim and tortfeasor." *Id.* (quoting K Mart Corp. v. Ponsock, 103 Nev.
5 39, 732 P.2d 1364, 1370 (Nev. 1987)). "A special relationship is 'characterized by elements of
6 public interest, adhesion, and fiduciary responsibility.'" *Id.* (quoting Great Am. Ins. v. General
7 Builders, 113 Nev. 346, 934 P.2d 257, 263 (Nev. 1997)). The tort remedy is also available in
8 certain situations where one party holds vastly superior bargaining power. *Id.* (citing Aluevich v.
9 Harrah's, 99 Nev. 215, 660 P.2d 986, 217-18 (Nev. 1983)). Reva Int'l, Inc. v. MBraun, Inc.,
10 2007 U.S. Dist. LEXIS 94821.

11 Defendants breached the covenant of good faith and fair dealing in two ways:

- 12 • Defendants placed their own pecuniary interests over Mr. Elie's as
13 demonstrated by a monthly payment to Defendants of approximately
14 \$100,000.00 USD. *See Exhibit 7 regarding payments made to Defendant.*
- 15 • Defendants urged and encouraged Mr. Elie to conduct business with All
16 American Bank and other Chicago banks for the purposes of procuring poker
17 processor for his Clients at FTP and PS. (*As demonstrated by the emails*
18 *attached herein*).
- 19 • Despite the fact that ***after the FDIC seizure of Sun First Bank and Fifth***
20 ***Third Bank***, when Elie told Ifrah that he was not interested in engaging in
21 poker processing because of said incidents, Ifrah misrepresented the law to
22 Elie and encouraged, aided and abetted Elie in securing banks to process
23 poker.
24
25

1 (c) **Defendants Intended To Defraud Mr. Elie By Providing Mr. Elie**
2 **With False Advice To Further His Own Pecuniary Interests**

3 The elements of intentional misrepresentation or common law fraud in Nevada are:

- 4 1. A false representation made by the defendant;
- 5 2. Defendant's knowledge or belief that the representation is false (or insufficient basis
6 for making the representation);
- 7 3. Defendant's intention to induce the plaintiff to act or to refrain from acting in reliance
8 upon the misrepresentation;
- 9 4. Plaintiff's justifiable reliance upon the misrepresentation; and
5. Damage to the plaintiff resulting from such reliance.

10 *Bulbman, Inc. v. Nev. Bell*, 108 Nev. 105, 825 P.2d 588, 592 (Nev. 1992). Furthermore, under
11 Rule 9(b), circumstances constituting fraud or mistake must be stated with particularity. *Fed. R.*
12 *Civ. P. 9(b)*. A plaintiff must plead facts such as "he bought a house from defendant, that the
13 defendant assured him that it was in perfect shape, and that in fact the house turned out to be
14 built on a landfill . . ." *Warshaw v. Xoma Corp.*, 74 F.3d 955, 960 (9th Cir 1996) (quoting *In re*
15 *GlenFed, Inc. Sec. Litig.*, 42 F.3d 1541, 1548 (9th Cir. 1995) (en banc)). Under Rule 9(b), a
16 plaintiff must "state with particularity the circumstances constituting the fraud." *Fed. R. Civ. Pro.*
17 *9(b)*.

18 The plaintiff must also "set forth an explanation as to why the statement or omission
19 complained of was false and misleading." *Joyner v. Bank of Am. Home Loans*, 2010 U.S. Dist.
20 LEXIS 75936. In order to succeed on a claim for fraud, a plaintiff must prove, by clear and
21 convincing evidence, the following elements: (1) A false representation made by the defendant;
22 (2) Defendant's knowledge or belief that the representation is false (or insufficient basis for
23 making the representation); (3) Defendant's intention to induce the plaintiff to act or to refrain
24 from acting in reliance upon the misrepresentation; (4) Plaintiff's justifiable reliance upon the
25

1 misrepresentation; and (5) Damage to the plaintiff resulting from such reliance. Bulbman, Inc. v.
2 Nev. Bell, 108 Nev. 105, 825 P.2d 588, 592 (Nev. 1992). Failure to fulfill a promise or perform
3 in the future can rise to a fraud claim, but only when the promisor had no intention to perform at
4 the time the promise was made. Id. Balestra-Leigh v. Balestra, 2010 U.S. Dist. LEXIS 90260

5 Constructive fraud is the breach of some legal or equitable duty which, irrespective of
6 moral guilt, the law declares fraudulent because of its tendency to deceive others or to violate
7 confidence. Long v. Towne, 98 Nev. 11, 639 P.2d 528, 529 (Nev. 1982). Constructive fraud is
8 characterized by a breach of duty arising out of a fiduciary or confidential relationship. Id. A
9 confidential or fiduciary relationship exists when one reposes a special confidence in another so
10 that the latter, in equity and good conscience, is bound to act in good faith and with due regard to
11 the interests of the one reposing the confidence. Id.

12
13 It is clear that Defendants' course of conduct was done with an intent to defraud. In fact,
14 while Defendants were working with FTP and PS in furtherance of the online poker industry,
15 Ifrah intentionally withheld information regarding poker that was detrimental to Mr. Elie. Even
16 more significant was the fact that while Ifrah was acting as FTP and PS's lawyer, he was
17 compromising Mr. Elie's position by recklessly advising Mr. Elie as to the legalities of poker so
18 that all of his Clients would "stay in business" and he would make a windfall from all three of
19 them.

20 ///

21 ///

22 ///

23 ///

24 ///

25

1 (d) **Mr. Elie Has Standing To Pursue Both Actions for Racketeering and**
2 **Civil Conspiracy Against Defendants**

3 Once again, Defendants predicate their whole argument on dismissal of the Racketeering
4 and Civil Conspiracy causes of action on Mr. Elie's allocution and claims that Mr. Elie, brought
5 everything on himself and not that his attorney, Defendants herein, misled him.

6 Nevada's anti-racketeering statutes, NRS 207.350 through NRS 207.520, inclusive, were
7 enacted in 1983 and are patterned after the federal Racketeer Influenced and Corrupt
8 Organizations, or "RICO," statutes, 18 U.S.C. 1961-1968. Like their federal counterparts,
9 Nevada's anti-racketeering statutes provide for a civil cause of action for injuries resulting from
10 racketeering activities under which a plaintiff may recover treble damages, attorney's fees and
11 litigation costs. *See* NRS 207.470. Pursuant to NRS 207.470 and NRS 207.400, a civil RICO
12 cause of action may be based upon allegations and proof that the defendants engag[ed] in at least
13 two crimes related to racketeering that have the same or similar pattern, intents, results,
14 accomplices, victims or methods of commission, or are otherwise interrelated by distinguishing
15 characteristics and are not isolated incidents, if at least one of the incidents occurred after July 1,
16 1983, and the last of the incidents occurred within 5 years after a prior commission of a crime
17 related to racketeering.

18 NRS 207.390, entitled Crimes related to racketeering" are enumerated in NRS
19 207.360 and include the crime of obtaining money or property valued at \$ 100 or more by false
20 pretenses, the crime that Mr. Elie charges in his Complaint. *See* NRS 207.360(26).

21 The Court in *Hale v. Burkhardt*, 104 Nev. 632, 764 P.2d 866 (1988) stated that "...proof
22 of prior convictions of "predicate crimes" or of a RICO violation is not a prerequisite to a civil
23 RICO cause of action brought pursuant to NRS 207.470. We note that NRS 207.470(2) provides
24 that "[a] final judgment or decree rendered in favor of the state in any criminal proceeding
25 that "[a] final judgment or decree rendered in favor of the state in any criminal proceeding

1 under NRS 205.322 or 207.400 estops the defendant in any subsequent civil action or proceeding
2 from denying the essential allegations of the criminal offense. *Id.* at 635-636.

3 The underlying issue here with Defendants, is the fact that they received monthly
4 payment as a commission for effectuating the relationships between Mr. Elie and All American
5 Bank and New City Bank in Chicago in 2010 and 2011 . This information was never disclosed to
6 Federal Authorities. The reality of Defendants' involvement in the Black Friday events would
7 have likely and resulted in Mr. Ifrah himself being indicted along with Mr. Elie. .

8 Most ironic though, is Ifrah's denial of his involvement, even after Mr. Elie was indicted.
9 Attached herein as Exhibit 9 is an email sent from Ifrah to Mr. Elie coaching Mr. Elie how to
10 deal with the pending discovery against him. Text messages from Ifrah advising Mr. Elie how to
11 proceed with his criminal defense attorney such as: "It is in Barry's discovery which he is
12 producing to the government on behalf of the Company. Since it is Ian and he is an attorney it
13 will be privileged and not produced". On September 2, 2011, Elie specifically questions Ifrah
14 regarding commissions he received from Elite and Ifrah responds "Did with Elite. But try to
15 subtle along these lines." *See text messages attached herein as Exhibit 9.*

16 **V.**

17 **CONCLUSION**

18 Defendant rests his whole Motion to Dismiss on Elie's allocution regarding his
19 involvement with a bank that was over one (1) year before his involvement with Ifrah and the
20 allegations in the Complaint. Defendants' Motion is an attempt to throw this Court off with a
21 muddled timeline that has nothing to do with Mr. Elie's allocution. Asserting Mr. Elie's
22 allocution and attaching it to Defendants' Motion to Dismiss was wrongful and demonstrates that
23 Defendants Motion to Dismiss is brought as a Motion to Dismiss under FRCP 12(d) and not
24 FRCP 12(b).
25

1 It is clear that Defendant has placed himself in an extremely precarious position by
2 attempting to profit off of Mr. Elie while representing him. Defendants' attempts to have this
3 matter dismissed based on Mr. Elie's allocution for his crime with Fifth Third Bank is baseless.
4 Furthermore, Defendants' negligence caused a judgment in excess of \$500,000.00 USD be
5 entered against Viable and potentially Mr. Elie personally.

6 For the above-mentioned reasons, Plaintiff requests that the Court deny the Motion to
7 Dismiss Amended Complaint, and continue all proceedings allowing for sufficient discovery on
8 this matter in the interest of fair play and substantial justice.

9 Respectfully submitted this 15th day of July, 2013

10 **LAW OFFICES OF SIGAL CHATTAH**

11
12
13 /S/ CHATTAH

SIGAL CHATTAH, ESQ.

Nevada Bar No.: 8264

LAW OFFICES OF SIGAL CHATTAH

5875 S. Rainbow Blvd. #204

Las Vegas, Nevada 89118

Tel: (702) 360-6200

Fax: (702) 643-6292

Chattahlaw@gmail.com

Attorney for Plaintiff

Chad Elie

**PLAINTIFF CHAD ELIE'S DECLARATION IN SUPPORT OF
RESPONSE TO DEFENDANTS' MOTION TO DISMISS**

1
2 1. I am the Plaintiff in the above-mentioned matter and I retained Mr. Ifrah to be my
3 attorney.

4 2. Defendant law firm IFRAH PLLC and its partners and associates, including Mr.
5 Ifrah were retained to represent me in United States District Court Case 2:09-cv-02120-PMP-
6 VCF.

7 3. Defendant was also retained by me on behalf of my company Elite Debit and 21
8 Debit to represent me in various transactions involving the payment processing for two internet
9 poker businesses that Mr. Ifrah represented: Full Tilt Poker ("FTP") and Poker Stars ("PS").

10 4. Mr. Ifrah did not represent me during the time that I was engaged with Fifth
11 Third Bank (2008). I met Ifrah after Fifth Third Bank, and my allocution thereon had nothing to
12 do with Ifrah's subsequent representation of me.

13 5. Defendants IFRAH PLLC and Mr. Ifrah represented me individually on various
14 other cases and provided ongoing legal advice to me from 2009 until through 2011 and even
15 after my arrest on Friday, April 15, 2011, following my indictment for offenses concerning my
16 operations as a payment processor for Internet Merchants FTP and PS.

17 6. I relied on Mr. Ifrah's professional expertise as a top-tier litigation attorney with
18 particular expertise over the field of online gaming, specifically Internet poker.

19 7. Acting upon such reliance, I engaged Mr. Ifrah's services as his attorney and
20 eventually, I paid Mr. Ifrah in excess of four million dollars (\$4,000,000.00), in attorney's fees
21 and what Mr. Ifrah termed "commissions" during the course of Mr. Ifrah's representation of me.
22

23 8. Once indicted as part of the Black Friday Indictments, throughout the course of
24 discovery with the U.S. Attorney's Office, I discovered the gruesome truth, that my own
25 lawyer, Mr. Ifrah, knowingly misrepresented the facts and the law to me; that Mr. Ifrah hid

1 critical documentation that had said documentation been disclosed to me I would have never
2 continued to process poker.

3 9. It was clear that Mr. Ifrah, used his position and esteem in the internet gaming
4 industry to further his own economic endeavors at my expense and to my prejudice.

5 10. Ifrah gave me wrong advice regarding poker processing so that Mr. Ifrah's other
6 client-operators of Internet Poker sites-would benefit while Mr. Ifrah would make a windfall not
7 just from me; but from these other clients that were paying Mr. Ifrah substantial sums to find
8 them a payment processing solution that would allow them to operate in the United States
9 without any apparent domestic presence here.

10 11. Mr. Ifrah specifically denied ever advising me that processing exclusively for
11 Internet poker operators was legal.

12 12. On October 7, 2009, Partner Weekly filed a Complaint in the Eighth Judicial
13 District Court against Viable Marketing Corp (hereinafter "*Viable*") and me individually; Case
14 No: A09-601153 (later removed to USDC Case No.: 2:09-cv-02120-PMP-VCF).

15 13. The subject of said lawsuit involved an Advertising Agreement entered into by
16 the Parties therein (Partner Weekly and Viable) wherein there was a dispute as to monies due
17 and owing on said Agreement.

18 14. Ifrah failed to raise issues of material breach of contract were a breach of
19 Exclusivity Agreement that was provided by Partner Weekly as an incentive in the subject
20 transaction.
21

22 15. I retained Defendants to defend mine and Viable's interest in the litigation but
23 Defendants-failed to file a timely Opposition on a Motion for Summary Judgment that was filed
24
25

1 in said case, resulting in Partner Weekly prevailing against Viable and myself on Summary
2 Judgment.

3 16. Defendant further failed to litigate the merits on behalf of myself and Viable
4 regarding the Breach of the Exclusivity Agreement, resulting in the claim being lost as a result
5 of said neglect.

6 17. As a result of same, Judge Pro awarded PartnerWeekly LLC judgment against
7 Viable Marketing Inc. in the amount of \$509,286.23; PartnerWeekly is now attempting to
8 collect said judgment against me personally. The award is final and no longer appealable.

9 18. I met Mr. Ifrah when he represented a Company called Intabill (or its acquired
10 interest) in a lawsuit that Intabill initiated against my company, Viable Marketing, Inc.

11 19. Subsequently, I retained Defendants to represent him individually and on behalf
12 of various other Companies including but not limited to Viable Marketing, and payment
13 processing companies Elite Debit and 21 Debit.

14 20. Initially, Mr. Ifrah indicated that he represented PS and that he had a very close
15 relationship with its Owner/Founder, Isai Sheinberg; later Mr. Ifrah would indicate to me that he
16 represented, or also represented FTP's interest.

17 21. After Fifth Third Bank, in 2009, I retained Ifrah to represent my interests in
18 obtaining information regarding legalities and recommendations regarding processing financial
19 transactions related to peer to peer online poker.

20 22. During numerous conversations with me when he was being paid by me,
21 including conversations though phone and phone "texting", Mr. Ifrah told me that poker
22 processing was lawful and that the U.S. Government was not concerned with poker, but rather
23 with start-up e-commerce and not peer- to peer.
24
25

1 23. Relying on Mr. Ifrah's counsel, myself and others commenced processing of
2 Internet poker payments on behalf of internet poker merchants out of a Utah based bank known
3 as Sun First Bank.

4 24. Ifrah had encouraged me and another individual, Jeremy Johnson to begin
5 processing on behalf of the Internet poker merchants he represented through Sun First Bank.

6 25. Ifrah further advised Sun First Bank that processing on behalf of Internet poker
7 merchants was lawful, provided that the occurrence of poker processing was disclosed to the
8 bank.

9 26. Ifrah acting on his own behalf and/or on behalf of his law firm circulated legal
10 opinions from others that appeared to support his advice that such processing was lawful.

11 27. Ifrah further provided me advice while charging me and my business partner at
12 that time for services in securing processing relationships with Sun First Bank and the internet
13 poker merchants Mr. Ifrah also represented.

14 28. Mr. Ifrah was paid considerable sums to secure a payment processing solution
15 and IFRAH's solution was to convince me that we would make lots of money, like Ifrah was
16 making, by engaging in activity that others viewed, *erroneously according to Mr. IFRAH* as
17 unlawful.

18 29. In 2010 I spoke with a U.S. Government Investigator and Prosecutors about
19 processing of Internet poker transactions and after those specific discussions with various
20 Government Investigators (involving different counsel from Ifrah), I made a conscious decision
21 to retreat from the internet poker processing business.
22

23 ///

24 ///

25

1 30. At about that same time, I learned that Federal Regulators had assumed control
2 over Sun First Bank's operations and stopped its payment processing activities. I explained my
3 decision to Ifrah and notified him that I was no longer interested in processing poker payments.

4 31. Despite this, Ifrah told me that there was plenty of legitimate money to be made
5 as long as poker processing was disclosed to the bank. When I questioned Ifrah about this
6 advice, given the fact the Sun First Bank had recently been closed by U.S. Government
7 Officials even though poker processing was fully disclosed at Sun First, Ifrah told me that Sun
8 First Bank was not shut down because of the processing, but because, of other merchants that
9 the regulators deemed unsavory.

10 32. Ifrah assured me that poker only transactions were lawful and fully defensible.
11 Even on October 3, 2010, I have an email from Ifrah assuring me on poker processing.

12 33. Since Ifrah seemed confident regarding the legalities of processing, I asked Ifrah
13 to secure an Indemnification Agreement from the poker operators he was also representing to
14 indemnify me if the Government were to challenge the legality of poker-only payment
15 processing transactions. Ifrah did negotiate and secure an Indemnification Agreement from at
16 least one of the poker merchants for whom he also worked.

17 34. Despite my hesitation to continue to process poker after the Department of
18 Justice and Federal Trade Commission's Involvement in Sun First Bank, Ifrah continued to
19 assure me that the peer to peer processing was lawful and that there were no criminal
20 ramifications to engage in such activities.

21 35. Thereafter, Ifrah orchestrated meetings with various Chicago Banks to begin
22 processing poker, specifically All American Bank and New City Bank in the Chicago, Illinois
23
24
25

1 area. Ifrah continued to receive payments from my Company as a monthly commission for
2 procuring the banks and processing accounts for me.

3 36. I did not realize that Ifrah provided information about me in the criminal
4 investigation until discovery was disclosed and I was showed that Ifrah denied any involvement
5 in poker processing.

6 37. The absurd part was that even after I was indicted, until I realized what Ifrah had
7 done and cut communications with him; Ifrah was still advising Myself and my lawyers on how
8 to deal with the governments' discovery on the processors etc.

9 38. I have in my possession endless emails, bank statements and texts between me
10 and Mr. Ifrah and representatives from Full Tilt and Pokerstars that will clearly demonstrate
11 how Mr. Ifrah was involved in my business. What has been attached to this Motion is not even
12 10% of the exchanges that were conducted between myself and Mr. Ifrah.

13 39. Ifrah is attempting to confuse this Court with my allocution regarding Fifth Third
14 Bank, which had nothing to do with his representation.

15 40. I do know for a fact that had I stopped processing poker as I intended after Fifth
16 Third Bank and Sun First Bank, and had I never listened to Ifrah, I would have never been
17 indicted,

18 41. I know this because, my former business partner, Jeremy Johnson, did stop
19 processing poker after Sun First Bank and he didn't follow Ifrah's advice nor did he believe
20 him, and he was not indicted.

21 42. It is unfathomable to me that as an Officer of the Court and an allegedly esteemed
22 attorney, Ifrah could give wrong and deceptive advice.
23
24
25

CERTIFICATE OF MAILING

I, the undersigned, hereby certify that service of the foregoing was served on the 15th day of July, 2013 via the Court's CM/ECF electronic filing system addressed to all parties on the e-service list.

_____/S/ Chattah_____
An Employee of the Law Offices of Sigal Chattah

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EXHIBIT 1

7/9/13

Case 2:13-cv-00888-JCM-VCF Document 12-1 Filed 07/15/13 Page 2 of 50

CONFIDENTIAL PRIVILEGED ATTORNEY CLIENT COMMUNICATION-jeffisai



Sigal Chattah schachlaw@gmail.com

Fwd: CONFIDENTIAL PRIVILEGED ATTORNEY CLIENT COMMUNICATION-jeffisai

1 message

CE E <ceeedd8@gmail.com>
To: chattahlaw@gmail.com

Tue, Jul 9, 2013 at 4:20 PM

----- Forwarded message -----

From: CE E <ceeedd8@gmail.com>
Date: Sat, Aug 20, 2011 at 2:32 PM
Subject: CONFIDENTIAL PRIVILEGED ATTORNEY CLIENT COMMUNICATION-jeffisai
To: "William R. Cowden" <wcowden@mallonandmccool.com>

Subject: RE: Pstar Bank update-Settlement
From: "Jeff Ifrah" <jeff@ifrahlaw.com>
Date: Mon, January 3, 2011 12:19 pm
To: isai@pokerstars.com (more)
Cc: p.shore22@gmail.com (more)
Priority: Normal
Options: View Full Header | View Printable Version | Download this as a file

[- Chad]

Can we please get Chad a proposed final contract? I don't know what else to say to the guy at this point. Thanks.

A. Jeff Ifrah
1627 I Street, NW
Suite 1100
Washington, DC 20006-2004
(202) 286-2111 (cell)
(202) 912-4819 (office)
jeff@ifrahlaw.com

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IfrahLaw.com

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For additional information, please visit our website at www.ifrahlaw.com

-----Original Message-----

7/9/13

Case 2:13-cv-00888-JCM-VCF Document 13-1 Filed 07/15/13 Page 3 of 50

CONFIDENTIAL PRIVILEGED ATTORNEY-CLIENT COMMUNICATIONS

From: isai@pokerstars.com [mailto:isai@pokerstars.com]
 Sent: Monday, January 03, 2011 1:46 PM
 To: chad@21debit.com; paul@pokerstars.com
 Cc: jeff@ifrahilaw.com; p.shore22@gmail.com; stephenf@pokerstars.com
 Subject: Re: Pstar Bank update-Settlement

[+Jeff, + Peter, +Stephen]

Chad,

to decide whether continue with AAB (option 2) we need a few more details:

- 1) These \$500k on Jan 5 and \$500k on Feb 5, are from each of FTP and Stars, or only from Stars? If only from Stars, does it mean that we will become exclusive again?
- 2) There was an intent to start using Check21 technology in January with this bank. Is that still feasible and starting when?
- 3) What is the current status of the backlog of transactions?
- 4) Can Jeff reach out to Kemp and Associates and have his feel on what is best route to proceed?

Thanks,

Isai

p.s. Did you courier the bank check to IOM?

From: chad@21debit.com
 Sent: 01-03-2011 01:26:59
 To: paul@pokerstars.com
 Cc: isai@pokerstars.com
 Subject: Pstar Bank update-Settlement

>PAUL,

>

>

>AAB update:

>

>Last week the Chairman of All American Bank received a letter from the FDIC stating that new capital must be raised by Jan 10. The Banks law firm; Kemp and Associates met with the FDIC, and reported the following to us:

>

>The bank must have \$500,000 in escrow by Jan. 5. An additional \$500,000 must be committed to escrow by Feb.5. The funds must be used to purchase equity in a new stock issue by Feb. 28. This should bring the banks financial s to a satisfactory ratio. Because 21 Debit purchased equity in NCB just last week we are unable to purchase additional equity in AAB. Because we do not want to risk player funds being lost in an FDIC takeover we have ceased all processing at AAB, as we can only wire out \$800k per day. We have decided to clear out all monies other than what the bank holds in ESSEVES.

>

>I believe we have the following two options: First we pull out all of the money, as well as trying to get the reserve released in a reasonable period of time. During the next 2 weeks we switch all processing over to NCB, and we permanently terminate with AAB.

>

>Option two: Because it is always a good idea to have 2 banks, redundancy, balancing volume, etc. You the Merchant commit the \$500,000 due on Jan. 5. And also the \$500,000 due on Feb. 5. These will only be commitments to escrow. 21 Debit will be responsible to pay back all \$1million before the closing date of Feb. 28. This is the best solution if we want to keep processing with both banks. If for any reason 21 Debit is unable to repay by Feb 28, or if after we thoroughly examine AAB and we decide not to purchase, do to future exposure; we do not close and all of the insured money in escrow is returned to you the merchant, we terminate with AAB at that time.

>

>

>NCB Update:

>

>We expect to be live by January the 12th. We have already begun testing. The banks technology company had a blackout for the last week in December.

>

7/9/13

CONFIDENTIAL PRIVILEGED ATTORNEY-CLIENT COMMUNICATIONS jemsai

>

>Settlements:

>

>- See Attached -

>

>Please find the settlement report thus far for your processing. The line item #28 total on hold is the amount that has not been processed through the bank. As the funds become available (latest Friday) we will remit them all to you via wire.

>

>* This is a basic accounting. Our new CFO will be providing a full account reconciliation within the week.

>* I have the cashiers check of 2 million where do I send it?

>

EXHIBIT 2

Hi Mike,

We appreciate your proposal, and we are OK to start with \$250k payments, but overall we need to have a faster repayment schedule.

Jeff will get back to Curtis on that this week.

Thanks again.

Best regards,
Isai

----- Original Message -----

From: mike.lane@trendsact.com

Sent: 2009/04/15 20:51:24

To: isai@pokerstars.com

To: ray@pocketkings.ie

Cc: curtis.pope@trendsact.com

Cc: scott@impactpayments.com

Subject: Proposed Payment Schedule

>Isai and Ray,

>

>Please allow me to introduce myself.

>My name is Mike Lane and I am the CEO of Quasar/Trendsact.

>

>Please find below the proposed payment schedule.

>We apologize as Curtis, Scott, and I wanted to get this out to you much earlier in the day.

>

>Proposed Schedule as follows:

>

>- \$250,000 for 26 weeks (Weeks 1 - 26) for a total of
\$6,500,000

>

>- \$300,000 for 26 weeks (Weeks 27 - 52) for a total of
\$7,800,000

>

>- \$322,180 for 25 weeks (Weeks 53 - 77) for a total of
\$8,054,500

>

>- Final Payment of \$322,162 (Week 78)

>

>- TOTAL Payback = \$22,676,662 over 78 weeks.

>

>In addition, Curtis and Scott mentioned that the two of you were

>interested
in the attachment that I have included in this email.
>As you will see upon reviewing page 5 of this attachment, we see
>PokerStars
and Full Tilt Poker as the priority.

>
>Thanks in advance.

>
>Mike Lane
>Chief Executive Officer
>TrendsAct.com
>Complete Payday Loan Management
>mike.lane@trendsact.com
>www.trendsact.com
>P: 702-589-8901
>F: 702-589-8916

>
>

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>
>

----- Original Message -----
<http://www.gtlaw.com/>

7/9/13 11:51 PM

From: IfrahJ@gtlaw.com
Sent: Tuesday, April 21, 2009 8:14 AM
To: Curtis Pope
Subject: Re: FW: account number NEED INFO NOW

Is there anyone who can get on the phone with National Bank and me today in advance of Chad's meeting? Has anyone dealt with these guys before at any level?

From: Curtis Pope <Curtis.Pope@trendsact.com>
To: Ifrah, Jeff (Shld-DC-LT/HC); jtnelson@impactpayments.com <jtnelson@impactpayments.com>
Cc: scott@impactpayments.com <scott@impactpayments.com>
Sent: Mon Apr 20 12:09:29 2009
Subject: RE: FW: account number NEED INFO NOW
 Jeff:

Can you please give me a call at the office?

Curtis Pope
Chief Marketing Officer & Executive Vice President
TrendsAct.com
Complete Payday Loan Management
curtis.pope@trendsact.com
www.trendsact.com
P: 702-589-8918
C: 702-354-0489
F: 702-835-8925

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From: IfrahJ@gtlaw.com [mailto:IfrahJ@gtlaw.com]
Sent: Sunday, April 19, 2009 3:12 PM
To: jtnelson@impactpayments.com; Curtis Pope
Cc: scott@impactpayments.com
Subject: Re: FW: account number NEED INFO NOW

Are you still on track to make the second payment tomorrow? Please advise.

From: Jeff Nelson <jtnelson@impactpayments.com>
To: 'Curtis Pope' <Curtis.Pope@trendsact.com>; stevek@pokerstars.com <stevek@pokerstars.com>; isai@pokerstars.com <isai@pokerstars.com>
Cc: ray@pocketkings.ie <ray@pocketkings.ie>; scott@impactpayments.com <scott@impactpayments.com>; Ifrah, Jeff (Shld-DC-LT/HC)
Sent: Tue Apr 14 17:15:57 2009
Subject: RE: FW: account number NEED INFO NOW

EXHIBIT 3

From: IfrahJ@gtlaw.com
Sent: Monday, April 20, 2009 7:28 PM
To: Curtis Pope; ian@ijilaw.com
Cc: isai@pokerstars.com; ray@pocketkings.ie;
scott@impactpayments.com;
Mike Lane; Roger@croteaulaw.com
Subject: Re: Proposed Payment Schedule

Yes, of course. Look forward to seeing you Wednesday.

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From: Curtis Pope <Curtis.Pope@trendsact.com>
To: Ifrah, Jeff (Shld-DC-LT/HC); ian@ijilaw.com <ian@ijilaw.com>
Cc: isai@pokerstars.com <isai@pokerstars.com>; ray@pocketkings.ie <ray@pocketkings.ie>; 'Scott Clark' <scott@impactpayments.com>; Mike Lane

<Mike.Lane@trendsact.com>; Roger P. Croteau <Roger@croteaulaw.com>
Sent: Mon Apr 20 21:46:37 2009
Subject: FW: Proposed Payment Schedule

Jeff, Ian:

So do we keep paying PS and FTP??

As you will see Isai I think would like us too...

Curtis

Curtis Pope
Chief Marketing Officer & Executive Vice President TrendsAct.com
Complete
Payday Loan Management curtis.pope@trendsact.com www.trendsact.com
P: 702-589-8918
C: 702-354-0489
F: 702-835-8925

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-----Original Message-----

From: isai@pokerstars.com [mailto:isai@pokerstars.com]
Sent: Monday, April 20, 2009 11:55 AM
To: ray@pocketkings.ie; Mike Lane
Cc: Curtis Pope; scott@impactpayments.com
Subject: RE: Proposed Payment Schedule

EXHIBIT 4

7/10/13 12:07 AM

IMPORTANT:

This is the group we are integrated with for doing our processing via our tribal partnership. It would very much like to introduce Jeff and Ian to Steve Valachovic (the founder) and Jane Keller of CybrCollect. Our intention would be to provide an opportunity for Jeff and Ian to actually meet the processor who will be facilitating your transactions. If Jeff and Ian choose to do this, then they will be able to convey to Ray and yourself their level of comfort. This is just another demonstration of the level of transparency which will only continue in our relationship.

PLEASE NOTE:

We absolutely can not start 'lawyering' this group in any way or it could backfire and sabotage the solution in which case we would all be 'losing'.

Thank You.

Curtis

Curtis Pope
Chief Marketing Officer & Executive Vice President
TrendsAct.com
Complete Payday Loan Management
curtis.pope@trendsact.com
www.trendsact.com
P: 702-589-8918
C: 702-354-0489
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From: Jane Keller [mailto:jkeller@pure-pay.com]
Sent: Monday, April 20, 2009 8:36 PM
To: 'Jeff Nelson'; Curtis Pope
Cc: Colby Fox (Colby.Fox@tachht.com)
Subject: Confirmation of Settlement Letter

Please find our confirmation letter attached. Feel free to call me if you have any questions.

Jane Keller

VP - Product
jkeller@pure-pay.com
Office: 515 957-9930
Cell: 515 707-3947
Fax: 515 967-6369

7/9/13 11:52 PM

From: IfrahJ@gtlaw.com
Sent: Monday, April 20, 2009 10:01 AM
To: Curtis Pope
Subject: Re: FW: account number NEED INFO NOW

Just tried you.

From: Curtis Pope <Curtis.Pope@trendsact.com>
To: Ifrah, Jeff (Shld-DC-LT/HC); jtnelson@impactpayments.com <jtnelson@impactpayments.com>
Cc: scott@impactpayments.com <scott@impactpayments.com>
Sent: Mon Apr 20 12:09:29 2009
Subject: RE: FW: account number NEED INFO NOW
Jeff;

Can you please give me a call at the office?

Curtis Pope
Chief Marketing Officer & Executive Vice President
TrendsAct.com
Complete Payday Loan Management
curtis.pope@trendsact.com
www.trendsact.com
P: 702-589-8918
C: 702-354-0489
F: 702-835-8925

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From: IfrahJ@gtlaw.com [mailto:IfrahJ@gtlaw.com]
Sent: Sunday, April 19, 2009 3:12 PM
To: jtnelson@impactpayments.com; Curtis Pope
Cc: scott@impactpayments.com
Subject: Re: FW: account number NEED INFO NOW

Are you still on track to make the second payment tomorrow? Please advise.

From: Jeff Nelson <jtnelson@impactpayments.com>
To: 'Curtis Pope' <Curtis.Pope@trendsact.com>; stevek@pokerstars.com <stevek@pokerstars.com>; isai@pokerstars.com <isai@pokerstars.com>
Cc: ray@pocketkings.ie <ray@pocketkings.ie>; scott@impactpayments.com <scott@impactpayments.com>; Ifrah, Jeff (Shld-DC-LT/HC)
Sent: Tue Apr 14 17:15:57 2009
Subject: RE: FW: account number NEED INFO NOW
Curtis,

EXHIBIT 5

7/9/13 11:52 PM

>after...
>
>Thank You.
>
>Curtis
>
>
>
>Curtis Pope
>Chief Marketing Officer & Executive Vice President
>TrendsAct.com
>Complete Payday Loan Management
>curtis.pope@trendsact.com
>www.trendsact.com
>P: 702-589-8918
>C: 702-354-0489
>F: 702-835-8925
>
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>sender about the error and permanently delete this message. Thank you for
>your cooperation.
>
>-----Original Message-----
>From: IfrahJ@gtlaw.com [mailto:IfrahJ@gtlaw.com]
>Sent: Monday, April 13, 2009 3:24 PM
>To: Curtis Pope
>Cc: isai@pokerstars.com; ray@pocketkings.ie
>Subject: Fw: account number
>
>Curtis
>
>I have provided below the account information and have copied Ray as you
>have asked.
>
>Jeff
>
>
>-----
> Tax Advice Disclosure: To ensure compliance with requirements imposed
by
>the IRS under Circular 230, we inform you that any U.S. federal tax advice
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Internal

>Revenue Code or (2) promoting, marketing or recommending to another party
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send
>an email to <mailto:postmaster@gtlaw.com>.

>-----
>

>From: isai@pokerstars.com <isai@pokerstars.com>
>To: Ifrah, Jeff (Shld-DC-LT/HC)
>Cc: stevek@pokerstars.com <stevek@pokerstars.com>
>Sent: Mon Apr 13 05:37:53 2009
>Subject: account number

>Account number 61004844 (IBAN: IE90ANGO99022061004844)

>To transfer funds into this account please use the below details:

>Intermediary bank: PNBPU33NNYC (Wachovia Bank)
>Beneficiary Bank: ANGOIE2D Anglo Irish Bank
>Stephen Court, 18/21
>St Stephen's Green
>Dublin

>Beneficiary Name: Accurate Foreign Exchange Corp
>Beneficiary Account: 61004844

>----- Original Message -----

><http://www.gtlaw.com/>

>_____ NOD32 3378 (20080822) Information _____

>This message was checked by NOD32 antivirus system.

><http://www.eset.com>

7/9/13 11:52 PM

_____ NOD32 3378 (20080822) Information _____

This message was checked by NOD32 antivirus system.

<http://www.eset.com>

EXHIBIT 6

From: Jeremy Johnson <jeremyjohnson@elitedebit.com>
Date: October 3, 2010 7:40:39 AM PDT
To: jeff ifrah <jeff@ifrahlaw.com>, Chad <chad@elitedebit.com>
Subject: Re: ATTORNEY CLIENT PRIVILEGED COMMUNICATION

I asked Sunfirst and they wont touch it.

Jeremy

On 10/2/10 10:14 AM, "jeff ifrah" <jeff@ifrahlaw.com> wrote:

You can certainly take that position. You have never done business in Washington. I don't think you want to start now that they have blocked Washington and put out that press statement. But maybe you can find a way to work with them and ensure they indemnify you against any future consequences of issuing refunds? Not sure how that would work, but would be happy to talk about it if you want.

A. Jeff Ifrah
1627 I Street, NW
Suite 1100
Washington, DC 20006-2004
(202) 286-2111 (cell)
(202) 912-4819 (office)
jeff@ifrahlaw.com

Please visit our White Collar Blog - www.crimeinthesuites.com

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attachments.

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—Original Message—

From: CHAD ELIE [mailto:chad@elitedebit.com]

Sent: Thursday, September 30, 2010 1:45 PM

To: Jeremy Johnson

Cc: jeff ifrah

Subject: ATTORNEY CLIENT PRIVILEGED COMMUNICATION

We can't transact anything in that state. Even if its refunds. Unless they want to provide us with a settlement from regulators we can't do it.

Jeff can you tell them why we cant please!

Chad

On Sep 30, 2010, at 9:13 AM, Jeremy Johnson wrote:

Prasanna,

I will check into this and get back to you.

Jeremy

On 9/30/10 8:28 AM, "prasannaam@pokerstars.com"

<prasannaam@pokerstars.com>

wrote:

Jeremy,

Could you please advise:

- For some time we have not been processing washington deposits or cashouts

for online Poker at Pokerstars.com through Elitedebit based on your request

- Now we are no longer offering real money play for Washington players and we

need to refund Washington players funds they are owed.

- As the circumstances are a bit different, would the bank be happy to process these.

Thanks

Prasannaa

----- Original Message -----

From: dj@elitedebit.com

Sent: 2010/09/30 11:11:17

To: prasannaam@pokerstars.com

Cc: jeremyjohnson@elitedebit.com

Cc: anshula@pokerstars.com

Cc: claudia@pokerstars.com

Cc: stephenf@pokerstars.com

Subject: Re: Washington state blocked on Pokerstars.com- Urgent
//Important

Unfortunately I cannot answer this question. This is a management /
legal
decision.

Thanks,
Dj

On Sep 30, 2010, at 11:00 AM, prasannaam@pokerstars.com wrote:

That's correct. And we have not been sending you any transactions from
this
state however- given this situation Would it be possible at all for you
to
temporarily process a small number (<1000) of low value (<\$25)
transactions?

Thanks
Prasannaa

----- Original Message -----

From: dj@elitedebit.com

Sent: 2010/09/30 10:56:16

To: prasannaam@pokerstars.com

Cc: jeremyjohnson@elitedebit.com

Cc: anshula@pokerstars.com

Cc: claudia@pokerstars.com

Cc: stephenf@pokerstars.com

Subject: Re: Washington state blocked on Pokerstars.com- Urgent
//Important

Hi Prasannaa,

Washington has been blocked on our gateway for some time and we do not
allow either Debit or Credit transactions to this state code.

Thanks,
Dj

On Sep 30, 2010, at 10:53 AM, prasannaam@pokerstars.com wrote:

Hi Jeremy, DJ,
Based on legal opinions received after the recent Washington Supreme Court ruling on Internet gambling, Pokerstars has blocked real money play for all players from Washington state today.

PokerStars has operated in Washington on the basis of legal opinions where the central advice was that the state could not constitutionally regulate internet poker, or at least could not discriminate in favor of local cardrooms and against online sites. Last week, however, the Washington Supreme Court for the FIRST time rejected that position and upheld the state's Internet gaming prohibition.

You can find our official statement here:
<http://www.pokerstars.com/poker/news/washington/>

Pokerstars is allowing players from Washington to cashout the funds in their balance.

Could you please advise, whether you would be able to process some of the cashouts that need to be processed for these Washington players as either ACH or paper checks.

Regards,
Prasanna Muralidharan
+44-1624-652876

EXHIBIT 7

Burns, Jade

From: Berke, Barry H.
Sent: Tuesday, May 22, 2012 1:48 PM
To: Team Elie
Subject: FW: Chad Tax Information

From: Jeff Ifrah [mailto:jeff@ifrahlaw.com]
Sent: Tuesday, May 22, 2012 1:46 PM
To: Berke, Barry H.
Subject: RE: Chad Tax Information

The first two wires – for \$250K and \$159K respectively - were sent by a company called iWorks Inc.

A. Jeff Ifrah
1717 Pennsylvania Avenue, NW
Suite 650
Washington, DC 20006-2004
(202) 286-2111 (cell)
(202)524-4140 (office)
jeff@ifrahlaw.com
www.ifrahlaw.com



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From: Berke, Barry H. [mailto:BBerke@KRAMERLEVIN.com]
Sent: Wednesday, May 16, 2012 2:57 PM
To: Jeff Ifrah
Subject: RE: Chad Tax Information

Thanks Jeff. That's great.

Barry H. Berke

Partner
Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Tel: 212-715-7560
Fax: 212-715-7660
Email: BBerke@KRAMERLEVIN.com
<http://www.kramerlevin.com>

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From: Jeff Ifrah [mailto:jeff@ifrahlaw.com]
Sent: Wednesday, May 16, 2012 2:47 PM
To: Berke, Barry H.
Subject: RE: Chad Tax Information

1. Attached is Viable billing from account opening until today.
2. You also asked about payments to PokerStars. Those payments were sent by Money Arvest and Triple Seven. We do not have the identity of the senders of the first two wires immediately available but have asked our banker for that information and will forward when it is made available.

November 2009	\$250K
January 2010	\$159K
March 2010	\$159K
March 2010	\$159K
March 2010	\$159K
June 2010	\$159K
June 2010	\$159K
June 2010	\$159K
August 2010	\$159K
Sept. 2010	\$159K
Oct 2010	\$159K
Nov 2010	\$159K

A. Jeff Ifrah
 1717 Pennsylvania Avenue, NW
 Suite 650
 Washington, DC 20006-2004
 (202) 286-2111 (cell)
 (202)524-4140 (office)
jeff@ifrahlaw.com
www.ifrahlaw.com



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From: Berke, Barry H. [mailto:BBerke@KRAMERLEVIN.com]

Sent: Tuesday, May 15, 2012 5:04 PM

To: Jeff Ifrah

Subject: Chad Tax Information

Jeff,

Hope all is well. We are trying to help Chad straighten out his taxes and are in the process of accounting for his income and expenses in 2009 and 2010. As part of that process, Chad needs to determine what legal expenses he incurred during those years. Unfortunately, Chad's record keeping was not ideal (as you know). Are you able to provide copies of your invoices that show the payments you received from Chad for 2009 and 2010. Part of the confusion in sorting through Chad's legal expenses is that Chad believes that some of the legal fees he paid your firm were remitted directly from a SunFirst Bank account associated with Elite Debit. Additionally, it appears that some of the payments to Chad's other attorneys may have been paid to you, and then passed on to the appropriate party. Any assistance you can provide in clarifying these issues would be very appreciated.

Also, Chad needs to confirm exactly how much money he actually paid to PokerStars as part of the settlement. Do you have any records documenting the payments made by Chad?

Thanks Jeff. And let me know if any of this is not clear.

Barry

Barry H. Berke

Partner
Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Tel: 212-715-7560
Fax: 212-715-7660
Email: BBerke@KRAMERLEVIN.com
<http://www.kramerlevin.com>

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EXHIBIT 8

PAYMENT PROCESSING AND REMITTANCE SERVICE AGREEMENT

This Payment Processing and Remittance Service Agreement ("Agreement") is made as of 18th November, 2010 by and between 21 DEBIT a body corporate duly incorporated pursuant to the laws of the State of Nevada and having its principal place of business at 10770 W. Independence Ave and Stelekram Limited, a body corporate duly incorporated pursuant to the laws of The Isle of Man, whose registered office is 33-37 Athol Street, Douglas, Isle of Man, IM1 1LB ("MERCHANT"), with reference to the following facts:

Checked: 7/15/13 11:21 AM
Deleted:
Checked: 7/15/13 11:26 AM
Deleted:

RECITALS

A. MERCHANT and its affiliates offer web based services and wish to subscribe for the use of the payment processing and remittance service (the "Services"), more particularly described in this Agreement.

B. 21 DEBIT wishes to provide to MERCHANT the Services which support the processing of certain payment and remittance methods over the Internet.

AGREEMENT

In consideration of their covenants and agreements contained herein, and the mutual benefit to be derived there from, the parties, intending to be legally bound, hereby covenant and agree as follows:

SECTION 1. Definitions.

The capitalized terms used in this Agreement have the following definitions.

"Agreement" means this Payment Processing and Remittance Service Agreement.

"Business Day" means every day other than Saturdays, Sundays and public holidays in the USA.

"Customer Return" means a potential or expected claim made by a Financial Institution against 21 DEBIT or MERCHANT for refunding of goods or services purchased by a Customer, including any fees and charges withheld by, or due to, the Financial Institution(s), in connection with a denial or cancellation of an order by a Customer or a claim by a Customer that MERCHANT has failed to perform its obligations towards Customer, including in connection with alleged non-conformity or non-timely delivery of specific service(s) ordered or goods purchased by Customer.

"Confidential Information" means all information which prior to or upon its disclosure is designated as such by one party (the "Disclosing Party") to the other party (the "Receiving Party"), or which should reasonably be considered as information of a confidential nature by the Receiving Party. For the avoidance of doubt, Confidential Information includes, without limitation, all and any data relating to Customers, their transactions, this Agreement, its contents and transactions processed hereunder, the MERCHANT's products, services, operations, processes, plans or intentions, product information, know-how, design rights, trade secrets, market opportunities, business affairs, and any of 21 DEBIT's correspondence that originated from or involved AAS and/or its customers.

"Customer(s)" means the natural person(s) or legal entity or entities who or which have purchased or ordered goods or service(s) from MERCHANT or an affiliated entity.

"Effective Date" means the date that this agreement takes effect and for the avoidance of all doubt shall mean 18th November, 2010.

"Financial Institution" means the entity that processes the payment instructions received from the Customer by intermediation of 21 DEBIT for the payment method selected by the Customer and that, following authorization, effects payment of the Purchase Price;

STRICTLY CONFIDENTIAL

"Purchase Price" means the price payable by the Customer(s) to MERCHANT for the goods or services ordered by the Customer(s) from MERCHANT.

"Refund" means any amount returned or paid by 21 DEBIT to a Customer's account with a Financial Institution based upon the specific instruction of MERCHANT to do so. Such refund or payment shall be deemed and treated as an ACH credit.

"Regulation" means MERCHANT's compliance with all federal and state laws, rules and regulations of the USA, or any international or other laws pertaining to MERCHANT's business, including without limitation the following: 1) FTC Act (16 U.S.C. §§ 41, et seq.); 2) TSR (16 C.F.R. 310, et seq.); 3) Electronic Fund Transfer Act (16 U.S.C. §§ 1601, et seq.) and Regulation E (12 C.F.R. 205, et seq.), if applicable; 4) Uniform Commercial Code Article 4-A, if applicable; 5) Federal Reserve Board Regulation J, if applicable; 6) the FTC Enforcement guidelines; 7) Dot Com Disclosures; 8) the CAN-SPAM Act; 9) the Telemarketing and Consumer Fraud and Abuse Prevention Act; 10) the rules and sanctions laws of the Office of Foreign Assets and Control ("OFAC"); and 11) those relating to gambling.

"Remittance" means the amount due and payable by 21 DEBIT to MERCHANT calculated in accordance with Section 5 of this Agreement;

"Settlement Period" the amount of time taken by 21 DEBIT to calculate and make payment of Remittance to MERCHANT as outlined in Schedule "A";

SECTION 2. Schedules.

The following Schedules are incorporated into and form part of this Agreement

- 2.1 Schedule "A" - Fees, Settlement Period- ACH Debits
- 2.2 Schedule "B" - Fees & Processing Cycle - ACH Credits

SECTION 3. Payment Processing.

3.1 Subject to the terms hereof, the payment instructions of the Customers shall be processed by (i) routing the credit or debit data, if accepted by 21 DEBIT, to All American Bank ("AAB") for authorization, clearing and/or settlement purposes, (ii) receiving the Purchase Price, and (iii) transferring the Remittance to MERCHANT.

3.2 For the purpose of the above, MERCHANT hereby instructs and authorizes, subject to the terms hereof, (i) 21 DEBIT to claim on behalf and for the account of MERCHANT the Purchase Price from AAB, and (ii) 21 DEBIT to receive, safeguard and to hold the Purchase Price on trust for the sole and exclusive benefit of MERCHANT in a dedicated 21 DEBIT bank account, until such time as the funds are transmitted to the MERCHANT in accordance herewith. Funds in such account shall not be co-mingled with funds belonging to 21 DEBIT or any of its other merchants, and shall not be used by 21 DEBIT except for the purposes intended herein.

3.3 For the duration of the Agreement, neither 21 DEBIT or its designees nor any of their shareholders or principals thereof shall directly or indirectly provide any payment processing or transmission services (in whole or part) to any person in respect of online gaming transactions with the exception of online poker, and 21 DEBIT shall enter into a similar covenant with its agents (if involved in the remittance process to the Merchant) with respect to the prohibition of online gaming transactions with the exception of online poker only ("Exclusivity Commitment").

SECTION 4. Payment Methods

4.1 MERCHANT has access to all payment methods which are offered through the 21 DEBIT Service. Current available payment methods are as set out in Schedule "A" & "B" - Transactions and

Fees. 21 DEBIT shall transfer all Remittances to MERCHANT as per the specific banking instructions provided by MERCHANT to 21 DEBIT from time to time at MERCHANT's sole discretion. MERCHANT shall, at the request of 21 DEBIT, provide documentation to support such instructions, all as required by AAB; for these purposes, a contract or similar documentation demonstrating a connection between MERCHANT and the bank account to which the funds are being sent should be sufficient. All such transfers shall be effected by 21 DEBIT within (2) two Business Days of receipt of written instructions from MERCHANT. Fees charged by Financial Institution(s) are deducted from these settlement payments.

SECTION 5. Risk Management and Customer Service.

5.1 MERCHANT bears the full responsibility for mitigating the Customer Return risk by analyzing their specific situation and installing the appropriate technical and procedural precautionary measures, all in accordance with the policies of the MERCHANT from time to time. 21 DEBIT shall provide MERCHANT with customer identity verification, bank account verification and other such similar services as requested by MERCHANT from time to time.

5.2 MERCHANT shall be responsible for providing competent and effective customer service in a prompt and professional manner to its customers. MERCHANT shall be responsible for its own customer service department and centers including the monitoring, operating, recording, maintaining and management of the same.

SECTION 6. Payment Obligations of 21 DEBIT to MERCHANT.

21 DEBIT will receive and transfer the Purchase Price to MERCHANT as set out below.

6.1 21 DEBIT will provide MERCHANT with detailed reports of all amounts received by 21 DEBIT from Customers on behalf of MERCHANT, all by way of a reporting platform accessible to the MERCHANT on a 24/7 basis.

6.2 21 DEBIT shall transfer the Remittance as per Schedule "A" - Processing/Settlement Cycle. Remittance transfers may increase in frequency dependent upon MERCHANT processing volumes, all as agreed upon by both 21 DEBIT and MERCHANT from time to time.

6.3 The Remittance shall consist of any MERCHANT funds held in excess of the period as per Schedule "A" - Settlement Period, plus the total outstanding settled Purchase Price received by 21 DEBIT for the account of MERCHANT after deduction of the following:

6.3.1 Refund(s);

6.3.2 Customer Return(s)

6.3.3 any additional fines, fees and charges to be paid by 21 DEBIT to Financial Institution(s) or any government agency arising as a direct result of the transactions processed hereunder;

6.3.4 Reserves; and

6.3.5 any additional charges or amounts due to 21 DEBIT from MERCHANT as per the terms of this Agreement.

6.4 Upon transmission of funds to MERCHANT, provided that funds payable to MERCHANT exceed the fees due hereunder, 21 DEBIT will immediately pay the amount due to the MERCHANT.

6.5 The Remittance shall not, under any circumstances, be used for 21 DEBIT's own corporate or other purposes. Until such time as the Remittance is transferred to an account designated by MERCHANT, the Remittance shall be held at a reputable bank agreed by MERCHANT (the "Bank")

irrevocably on trust by 21 DEBIT for the sole and exclusive benefit of MERCHANT. 21 DEBIT shall sign any account opening or trust documentation requested by MERCHANT and/or the Bank. 21 DEBIT shall, if requested by Seller, procure and provide to MERCHANT the written confirmation of the Bank acknowledging such trust. Funds in the said account shall not be pooled together with 21 DEBIT's own funds or the funds of any other person, including those of 21 DEBIT's other merchant clients, and shall not be used for 21 DEBIT's own corporate or other purposes, but shall be retained in the account until they are transferred to MERCHANT in accordance with this Agreement. Funds in the said account shall earn interest at a rate to be agreed between the parties.

6.6 In the event of any actual or anticipated delay in transferring the Remittances, 21 DEBIT shall inform the MERCHANT as soon as possible. If the event is proven to be caused by the gross negligence, breach or fraud of 21 DEBIT, 21 DEBIT from the day of the event, shall be liable to MERCHANT for the full amount of the delayed Remittances plus an interest charge of Bank of England Base Rate plus 5 % will be levied on a compound basis for each calendar day that the Settlement Amount is not received into the Merchant's nominated bank account following the Settlement Deadline. 21 DEBIT shall remain liable for any applicable penalties applied to 21 DEBIT as per this Agreement until the full amount of any applicable penalties are paid to MERCHANT.

6.7 **Processing Account:** The processing account shall be used to cover any and all costs associated with this Agreement, such as but not limited to returns, refunds, fees, processing, chargebacks, fines, and any costs that may arise out of processing for the Client, or otherwise. Any monies owed to works may be debited from the processing account or reserve balance.

Unknown
Field Code Changed

6.8 For the avoidance of doubt, all settlement to MERCHANT of the Remittances pursuant to this Agreement shall be made by 21 DEBIT in US Dollars. In the event that both parties agree that settlement should be made in a currency other than US Dollars, the parties shall from time to time agree in writing the relevant terms including, but not limited to: the identity of the financial institution carrying out the exchange; the applicable exchange rates; and the fees, mark-up or other charges to be paid by MERCHANT in respect of the exchange. Such terms as are agreed shall be binding on both parties unless and until revised by both parties in writing.

SECTION 7. Payment Obligations of MERCHANT and 21 DEBIT.

7.1 21 DEBIT will deduct its applicable fees as set out in Schedule A following receipt of the Purchase Price into 21 DEBIT'S designated processing account but prior to the settlement of the Remittances to the MERCHANT.

7.2 21 DEBIT is entitled to amend the prices of the 21 DEBIT Service which amendment shall take effect no less than thirty (30) calendar days following written notice to MERCHANT. If the prices are amended, MERCHANT is entitled to terminate this Agreement per the effective date of the amendment by sending 21 DEBIT written notice within seven (7) calendar days after receipt of the amendment notice.

7.3 MERCHANT is responsible for all Customer Return(s) arising directly as a result of transactions processed hereunder. Where the Financial Institution(s) allow a Customer Return to be disapproved, 21 DEBIT shall use its best efforts to assist MERCHANT in such disapproval but, subject to the foregoing, MERCHANT will bear the responsibility of providing any evidence required by the Financial Institution(s). For the avoidance of doubt, MERCHANT shall not be responsible for returns resulting from transactions which are processed by 21 DEBIT in a gross negligent or, not relative to industry standards.

SECTION 8. Financial Institutions Fees. MERCHANT is responsible for paying all charges and fees imposed on 21 DEBIT by Financial Institution(s), if any, which fees shall be agreed between the parties before being incurred. Any such charges are withheld from the settlement payments by the Financial Institution(s) or 21 DEBIT and shall be visible in net settlement reports provided by 21 DEBIT. Charges and

CE

commissions assessed by Financial Institution(s) are subject to change. 21 DEBIT will promptly inform MERCHANT in writing of any such changes on a best effort basis. Such changes shall not have retroactive effect and if MERCHANT in its sole discretion does not approve of the increases then it shall be entitled immediately to terminate this Agreement.

SECTION 9. Representations and Warranties.

9.1 21 DEBIT represents, warrants and covenants to MERCHANT that:

9.1.1 It respects and will respect the intellectual property rights of third parties and does not and will not infringe such rights in any way;

9.1.2 It shall not decompile, reverse engineer, disassemble, copy, reproduce, translate, adapt, vary or modify any of MERCHANT's software nor make the same available in any form to any third party; and

9.1.3 It complies and will continue for the duration hereof to comply with all applicable laws and regulations including, without limitation, the rules and regulations of any Financial Institution and personal data protection laws, and that it shall implement appropriate technical and organizational measures to obtain and maintain the requisite licenses and protect personal data.

9.1.4 It will at all times disclose the true nature of the Services it provides to the Merchant in any and all communications and/or dealings with Financial Institutions and shall maintain an accurate and transparent account of its Services to the same;

9.1.5 It will not engage in or provide any form of payment processing transmission services for any third parties other than as permitted under Clause 3.3 above;

9.1.6 It has the ability, experience, contacts, expertise and resources to provide the Services and to perform all of its obligations in line with its warranties, representations and covenants hereunder; and

9.1.7 It shall act in the utmost good faith towards the Merchant and provide the Services with the highest level of professional skill and care, and not undertake any activities which might conflict with the provision of the Services hereunder.

9.1.8 It shall indemnify MERCHANT for any losses, liabilities, costs, fines or expenses suffered or incurred (including attorneys' fees and costs) arising as a direct result of any breach of these representations, warranties and covenants.

9.2 The Services is kept up to date with on going market requirements; therefore, from time to time 21 DEBIT may adjust the content and interfaces of the Services. If such adjustments lead to a necessary change in software, interfaces or operating procedures at MERCHANT, 21 DEBIT will notify MERCHANT as soon as possible (and in any event not less than 14 calendar days) prior to the execution of such adjustments.

9.3 MERCHANT represents warrants and covenants to 21 DEBIT that MERCHANT 1) bears the final responsibility to ensure that the MERCHANT's policies and procedures meet the requirements of all applicable Regulations and that they will consult counsel regarding compliance with said Regulations whenever there is any doubt about compliance, 2) to the best of the Merchant's knowledge and belief, each customer will have authorized the debiting and/or crediting of his or her account, and that each Entry is for an amount agreed to by the customer and each Entry is in all other respects properly authorized, 3) is liable for and represents and warrants that all Entries originated by MERCHANT () that are processed by 21 DEBIT for MERCHANT. These representations and warranties by MERCHANT shall survive termination of this Agreement. Subject to Clause 9.4 below, MERCHANT shall indemnify 21 DEBIT for any losses, liabilities,

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reasonable costs, fines or expenses suffered or incurred (including attorneys' fees and costs) arising as a direct result of any breach of these representations and warranties or failure to comply with any applicable Regulation and that in no event shall 21 DEBIT be liable for any advertising and marketing efforts.

9.4 In no event shall the Merchant be liable to 21 DEBIT for any actual or alleged indirect loss or consequential loss howsoever arising suffered by 21 DEBIT, including, but not limited to, loss of profits, anticipated profits, savings, business or opportunity or loss of publicity or loss of reputation or opportunity to enhance reputation or any other sort of economic loss.

SECTION 10. Privacy.

10.1 MERCHANT is the controller of all personal data which is given to 21 DEBIT by MERCHANT and/or the Customer. 21 DEBIT is the data processor of such data only.

10.2 21 DEBIT will use and retain the personal data given to it by MERCHANT and/or the Customer only to the extent and for as long as it is required in order to perform its obligations under this Agreement.

10.3 21 DEBIT will not, unless required by applicable law or demand of a Government authority, provide any personal Customer data to third parties other than to Financial Institutions to the extent such is required in order to process the payment instructions from the Customer.

SECTION 11. Intellectual Property Rights.

11.1 All proprietary rights in the equipment, software (such as interfaces) and other materials belonging to and used by 21 DEBIT in the performance of this Agreement, whether or not supplied by MERCHANT, shall remain with 21 DEBIT or their licensors.

11.2 All software supplied by 21 DEBIT is and remains the property of 21 DEBIT. 21 DEBIT retains all intellectual property rights with respect thereto. Except to the extent required, no part of any software or accompanying documentation may be adapted, revised, copied, reproduced, varied, modified, or distributed, transmitted, transcribed, stored in a retrieval system, decompiled, reverse engineered, disassembled, rearranged, or translated into any human or computer language by MERCHANT or any other person, in any form or by any means, electronic, mechanical, magnetic, manual or otherwise, or disclosed to third parties, without the express written permission of 21 DEBIT.

SECTION 12. Confidentiality.

12.1 During the term of this Agreement and after termination or expiration of this Agreement for any reason whatsoever, the Receiving Party shall:

12.1.1 keep Confidential Information confidential;

12.1.2 not disclose Confidential Information to any person other than with the prior written consent of the other party; and

12.1.3 Not use the Confidential Information for any purpose other than the performance of its obligations under this Agreement.

12.2 During the term of this Agreement, the Receiving Party may disclose the Confidential Information to its employees and/or to Financial Institutions and/or to other third parties (the "Recipient") to the extent reasonably necessary for the purposes of this Agreement.

12.3 The Receiving Party shall procure that each Recipient is made aware of and complies with all the Receiving Party's obligations of confidentiality under this Agreement as if the Recipient were a

party to this Agreement, and any unauthorized disclosure by a recipient shall be deemed a breach hereof by the Receiving Party.

12.4 The obligations contained in Section 12.1 to 12.3 shall not apply to any Confidential Information which:

12.4.1 is in the public domain at the date of this Agreement, or at any time after the date of this Agreement comes into the public domain other than through breach of this Agreement by the Receiving Party or any Recipient;

12.4.2 is known by the Receiving Party prior to disclosure by the Disclosing Party to the Receiving Party;

12.4.3 subsequently comes lawfully into the possession of the Receiving Party from a third party; or

12.4.4 is disclosed by the Receiving Party pursuant to and in accordance with a relevant statutory obligation, an order of a court of competent jurisdiction or an order of a competent regulatory body.

12.5 The obligations contained in this Section 12 (Confidentiality) shall survive indefinitely expiration of termination of this Agreement.

SECTION 13. Duration and Termination.

13.1 This Agreement is entered into for a period of two (2) years as from the Effective Date hereof. 21 DEBIT and MERCHANT have the right to terminate this Agreement with sixty days written notice.

13.2 21 DEBIT and MERCHANT have the right to terminate this Agreement with immediate effect, if one of the parties:

13.2.1 materially breaches this Agreement and such breach is not remedied (if capable of being remedied) within 5 Business Days after having been given notice of such breach by the other party;

13.2.2 is declared bankrupt by a court of law

13.2.3 fails to pay any amount due under this agreement on the due date for payment and remains in default not less than 5 (five) Business Days after being notified in writing to make such payment; or

13.2.4 suspends, or threatens to suspend, payment of its debts or is unable to pay its debts as they fall due or admits inability to pay its debts or (being a company) is deemed unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986;

13.2.5 the other party commences negotiations with all or any class of its creditors with a view to rescheduling any of its debts, or makes a proposal for or enters into any compromise or arrangement with its creditors (other than for the sole purpose of a scheme for a solvent amalgamation of that other party with one or more other companies or the solvent reconstruction of that other party); or

13.2.6 has a petition filed, a notice is given, a resolution is passed, or an order is made, for or on connection with the winding up of that party other than for the sole purpose of a scheme for a solvent amalgamation of that party with one or more other companies or the solvent reconstruction of that party; or

13.3 Following notice of termination by way of any provisions under this Clause 13, 21 DEBIT shall pay over any amount of the Purchase Price held in the 21 DEBIT's processing account which has not

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been paid out to the MERCHANT as Remittances must be paid over by 21 DEBIT to the MERCHANT in accordance with the regular processing and settlement cycle as detailed in Schedule A attached hereto.

SECTION 14. Indemnification.

14.1 General. Each party (the "indemnifying party") agrees to indemnify, defend and hold the other, their employees, directors, and officers (the "indemnified party") harmless from and against all liability, loss, damage, costs and expenses, including all attorneys' fees and costs of the indemnified party, from any and all causes of action, suits, claims, demands, liabilities or judgments, of any nature whatsoever, arising out of or in connection with: (i) the breach by the indemnifying party, its employees or its agents, of any term or condition of this Agreement, including, but not limited to, any representation or warranty made by the indemnifying party, its employees or its agents, in violation of the terms of this Agreement, (ii) the contravention by the indemnifying party, its employees or its agents of any rule of law or mandatory instruction, condition, requirement, rule or regulation which has been communicated to the indemnifying party, (iii) the failure of the indemnifying party to make any payments or pay any costs or expenses required to be paid under this Agreement, (iv) any other conduct of the indemnifying party or any of its employees or agents which exceeds the authority of the indemnifying party as defined in this Agreement, and (v) any infringement or alleged infringement of the intellectual property rights of any third party.

14.2 Government Investigations. MERCHANT agrees to indemnify, defend and hold 21 DEBIT, its employees, directors, and officers (the "indemnified party") harmless from and against all attorneys' fees for defending 21 DEBIT from any government investigation arising out of or in connection with the Services provided under this Agreement, provided that MERCHANT shall control, in its sole discretion, the selection of counsel and legal strategy.

14.3 Survival of Obligations. The MERCHANT's obligations under section 14.2 shall survive expiration or termination of this Agreement and shall terminate five (5) years from the last day that 21 DEBIT performs any Services under this Agreement.

SECTION 15. Miscellaneous.

15.1 Agents. 21 DEBIT may appoint one or more agents to carry out certain functions as part of its provision of the Services hereunder. For the avoidance of doubt, 21 DEBIT remains primarily responsible to MERCHANT for the Services and liable to MERCHANT for the acts and omissions of the agent(s).

15.2 Exclusivity. For the duration of this Agreement, neither 21 DEBIT, All American Bank or any other bank used for the processing of these transactions nor any of their shareholders, directors or principals shall directly or indirectly provide any of the services set out herein to any person in respect of online gaming transactions with the exception of Stakekrum for online poker transactions.

15.3 Entire Agreement. This Agreement, including schedules hereto, represents the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior discussions, agreements, and understanding of every kind and nature between them. No modification to this Agreement will be effective unless in writing and signed by both parties.

15.4 Notice. All notices and other communications required or permitted to be given hereunder shall be in English and in writing and shall be deemed to have been duly given if delivered personally, sent by telecopier, electronic mail, recognized overnight delivery service or registered or certified mail, return receipt requested, postage prepaid, to the following addresses:

to 21 DEBIT

CC

to: MERCHANT:
 Yehuda Nir or Pinhas Schapira
 Douglas Bay Complex,
 King Edward Road,
 Oran,
 Isle Of Man,
 IM1 3DX,
 Facsimile No: +44.1824.632661

Notices delivered personally shall be effective upon delivery against receipt. Notices transmitted by teletype or electronic mail shall be effective when received, provided that the burden of proving when notice is transmitted shall be the responsibility of the party providing such notice. Notices delivered by overnight mail shall be effective when received. Notices delivered by registered or certified mail shall be effective on the date set forth on the receipt of registered or certified mail, or 72 hours after mailing, whichever is earlier.

15.6 Time of the Essence. Time shall be of the essence of this Agreement.

15.8 Force Majeure. Neither party shall be in default hereunder or in any way liable to the other by any reason of any failure or delay in the performance of any obligation under this Agreement where such failure or delay arises in whole or in part out of any cause beyond the reasonable control and without the fault or negligence of such parties. Such causes shall include, without limitation, storms, floods, other acts of nature, fires, explosions, riots, war or civil disturbance, strikes or other labor unrest, embargoes and other governmental actions or regulations (lawful or unlawful), including seizures, that would prohibit either party from ordering or furnishing the services from performing any other aspects of the obligations hereunder, delays in transportation, and inability to obtain necessary labor, supplies or manufacturing facilities. Notwithstanding the foregoing, in the event that the Remittances or any funds belonging or due to the MERCHANT are seized or become unavailable (for whatever reason) for transmission to the MERCHANT, 21 DEBIT shall immediately notify MERCHANT and use its reasonable commercial efforts to obtain release of the said funds. For the avoidance of doubt, such efforts on the part of 21 DEBIT shall include asserting all reasonable defenses (in consultation and agreement with MERCHANT) available to it. MERCHANT shall indemnify 21 DEBIT in respect of its reasonable costs of asserting such defenses.

15.7 Severability. The illegality or unenforceability of any provision of this Agreement shall not affect the validity and enforceability of any legal and enforceable provisions hereof. It is also understood and agreed by the parties that if any provision of this Agreement is prohibited or is unenforceable under the law of any government having jurisdiction, (i) such invalid or unenforceable provision will be modified to the extent necessary to render it valid and enforceable without altering its intent, or (ii) if such modification is not possible, this Agreement will be construed as if such invalid or unenforceable provision had never been contained in this Agreement.

15.9 Assignment. Neither party may assign this Agreement or any obligation or right under it to any third party without the prior written consent of the other party.

15.9 Language. Each of 21 DEBIT and MERCHANT has reviewed this Agreement in its original English language, and MERCHANT has had the opportunity to have a translation made into its native language, if other than English; however, it is understood and acknowledged by each of the parties that the original English language, not any translation, will govern and control should there arise any questions of interpretation.

15.10 Applicable Law. The Agreement and any matters relating hereto shall be governed by, and construed in accordance with USA law and shall be subject to the exclusive jurisdiction in the State of Utah, USA.

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15.11 **Attorneys' Fees.** In the event of any controversy or claim or dispute between the parties, the prevailing party will be entitled to recover, from the losing party, reasonable attorneys' fees, expenses and costs.

15.12 **Waiver.** MERCHANT agrees that the failure of 21 DEBIT at any time to require performance by MERCHANT of any of the provisions herein shall not operate as a waiver of the right of 21 DEBIT to request strict performance of the same or like provisions, or any other provisions hereof, at a later time.

15.13 **Headings.** Any headings used herein are for the convenience of reference only and are not part of this Agreement, nor shall they in any way affect the interpretation hereof.

15.14 **Authority.** Each individual executing this Agreement on behalf of a party hereto represents and warrants that he has been fully empowered to execute this Agreement and that all necessary action to authorize the execution of this Agreement has been taken.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their authorized signatories, as of the date and year first written.

21 DEBIT

By it's authorized signatory:

Per: _____

Full Name: _____

Title: _____

Stalokram Limited

By it's authorized signatory:

Per: _____

Full Name: Yehuda Nir

Title: Director

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SCHEDULE "A"
TRANSACTIONS & FEES
 All fees are in US Dollars.
ACH Debits

<u>Amount per day</u>	<u>MDR</u>	<u>Per Transaction Fee</u>
\$0 to \$249,999	5.5%	\$1.00
\$250,000 to \$999,999	5.5%	\$1.00
greater than \$1,000,000	4.89	\$1.00
Fraud Scrubbing Fee per transaction		\$0.35

For the avoidance of doubt, the per transaction fee will apply for all accepted transactions only, and shall be applied against the cost of associated fraud scrubbing which is ATM verify. The amount per month, MDR and per transaction fee will be renegotiated after thirty days of this agreement being signed

ACH Returns

\$6.00 for all return codes

Processing/Settlement Cycle

Settlements are to be paid daily in arrears from the original transaction date, in line with the following business day cycle:

For the first fourteen days of operation:

Business day1: Original Transaction posted by MERCHANT to 21 DEBIT; transactions submitted by 21 DEBIT to Fed on the same day at 11.00 and 17.00 if the batches are received no later than 10.00 and 16.00 EST. 21 DEBIT wire value of transaction posted minus any returns to MERCHANT
 Business day2: Funds wired to the MERCHANT less any returns

From calendar day 15 of operation:

Business day1: Original Transaction posted by MERCHANT to 21 DEBIT; transactions submitted by 21 DEBIT to Fed on the same day at 11.00 and 17.00 if the batches are received no later than 10.00 and 16.00 EST. 21 DEBIT wire value of transaction posted minus any returns to MERCHANT
 Business day3: Funds wired to the MERCHANT less any returns

One-off setup fee

\$250,000

This amount will be deducted from any settlements at the rate of \$50,000 per week

Reserve

\$250,000

STRICTLY CONFIDENTIAL
 11 of 12

LS

This amount will be deducted from any settlements at the rate of 10% of processed amount per calendar week until the \$250,000 limit is achieved

Reserve amount will be returned to MERCHANT after 60 days in the event of termination of this agreement.

Wire Remittance Fees
remittance fee \$25.00

SCHEDULE "B"
TRANSACTIONS & FEES
All fees are in US Dollars.

ACH Credits

<u>Amount</u>	<u>MDR</u>	<u>Per Transaction Fee</u>
All amounts	To be confirmed	

Processing Cycle for all credits up to \$2500 per transaction

Day 1: Batch sent to 21 DEBIT and transactions posted to the Fed

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EXHIBIT 9

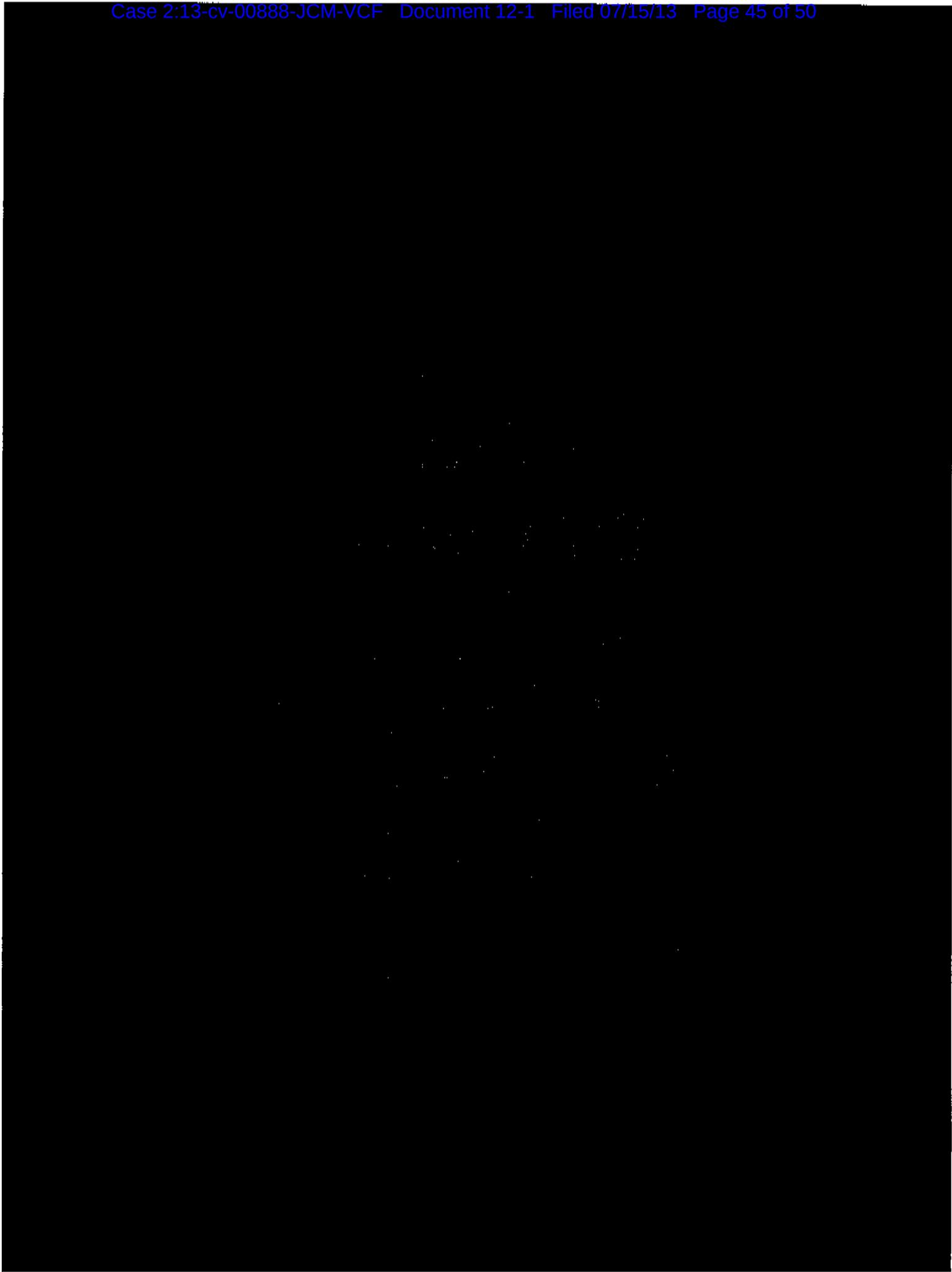
10/10/13

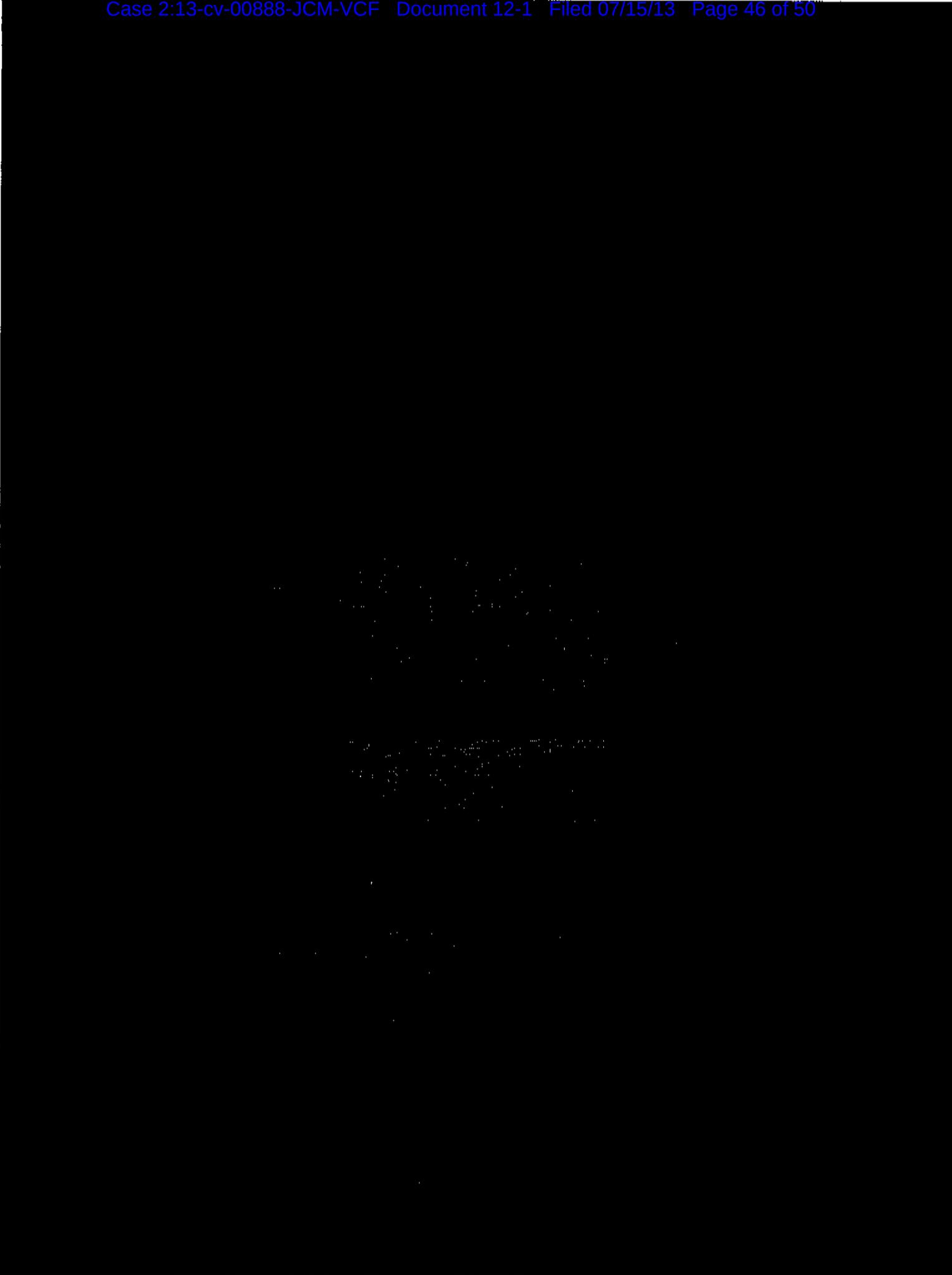
10/10/13

10/10/13

10/10/13

10/10/13





Messages

Jeff Ifrah

Edit

No clue

McCool claims he told Bill to let me handle the case because he was worried Bill was screwing it up, that is a far cry from Bill telling me McCool said I

cannot work on it. Anyway, we have someone else for you. This isn't going to work, but we can wait until after oral argument.

Honestly I like Steve. He's a badass. But you have to know what suit I need.



Text Message

Send

AT&T 3G

2:30 AM

50%

Messages

Jeff Ifrah

Edit

Nov 11, 2011 2:23 AM

Please let's change this

Can I see u in DC next week or can u please come here

Easier to come to DC because there are candidates here I want you to meet.

Anytime.

Ok I'm coming here. Don't tell anyone

Ok. And send me dates and curtis picture.



Text Message

Send



12:14 PM



Messages

Jeff Irah

Edit

Call

FaceTime

Contact >

Text Message

Dec 13, 2011 12:06 PM

For call with Paul and Gil here is what you say: I appreciate all the support from Stars. I feel Murphy is best firm. I feel most comfortable with them.

I felt more at ease with them than the others. I value Paul's input and appreciate his views as well.

Ok?



Text Message

Send

7/9/13

Case 2:13-cv-00888-JCM-VCF Document 12-1 Filed 07/15/13 Page 50 of 50

Gmail - Attorney Client Privileged



Sigal Chattah <schattahlaw@gmail.com>

Attorney Client Privileged

CE E <ceedd8@gmail.com>
To: chattahlaw@gmail.com

Tue, Jul 9, 2013 at 3:33 PM

----- Forwarded message -----

From: **Jeff Ifrah** <jeff@ifrahlaw.com>
Date: Mon, Dec 19, 2011 at 6:41 PM
Subject: Re: Attorney Client Privileged
To: CE E <ceedd8@gmail.com>

Good. I think that superceding indictment point was good. Do me a favor, put a signature line below yours that says Guarantor and put a pen and uni edit that says "Stars to sign here." And then send to them and cc me. Ok?

Jeff Ifrah
1717 Pennsylvania Ave NW
Suite 650
Washington, DC 20006
(202)524-4142
www.ifrahlaw.com

----- Reply message -----

From: "CE E" <ceedd8@gmail.com>
To: "Jeff Ifrah" <jeff@ifrahlaw.com>
Subject: Attorney Client Privileged
Date: Mon, Dec 19, 2011 9:09 pm