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By Shannon LaSpaluto, Deputy
Date 05/10/2013 Time 12:24:08

Description	Amount
---------- CASE# CV2013-007124 ----------	
CIVIL NEW COMPLAINT	309.00
TOTAL AMOUNT	309.00

Receipt# 22975895

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IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF MARICOPA

Plexus Holding, Inc., an Arizona corporation,

Plaintiff,

v.

Gregory William Spencer, a single man,

Defendant.

Case No. CV2013-007124

COMPLAINT FOR DECLARATORY JUDGMENT

For its Complaint against Defendant Gregory William Spencer ("Spencer"), Plaintiff Plexus Holdings, Inc., doing business as Plexus Worldwide, Inc., ("Plaintiff" or "Plexus"), alleges as follows:

1. Plaintiff is an Arizona corporation doing business in Maricopa County, Arizona.

2. Defendant Spencer has done business with Plaintiff in Arizona and has caused events to occur in Arizona out of which the claims that are the subject of this litigation arise.

3. Plaintiff brings this action pursuant to the Uniform Declaratory Judgments Act, as adopted in Arizona, A.R.S. §12-1831 et seq. This Court has jurisdiction because the amount in controversy exceeds the jurisdictional limit of this

Court and because the parties to this action are persons or entities whose rights and obligations are at issue as set forth herein.

4. A dispute exists between Plaintiff and Defendant concerning whether Defendant is a shareholder of Plaintiff. Plaintiff denies that Defendant is a shareholder and asserts that Defendant has specifically disclaimed any ownership interest in Plaintiff.

5. Defendant, on the other hand, contends that he is entitled to an ownership interest in Plaintiff. Defendant also has demanded that Plaintiff pay him certain amounts and Plaintiff denies that it owes Defendant any such amounts.

6. Pursuant to A.R.S. §12-1831, et seq., Plaintiff is entitled to a declaratory judgment by this Court as to whether Defendant is a shareholder of Plaintiff. Plaintiff is also entitled to a determination as to whether it owes Defendant any amounts as asserted by Defendant.

WHEREFORE, Plaintiff requests judgment against Defendant as follows:

A. For a declaratory judgment by the Court as to whether Defendant is a shareholder of Plaintiff.

B. For a declaratory judgment by the Court as to whether Plaintiff owes Defendant any money.

C. For an award to Plaintiff of its costs and reasonable attorneys' fees incurred in connection with this action, to the extent allowed by law; and

D. For such other and further relief as the Court deems proper.

DATED this 10th day of May, 2013.

OSBORN MALEDON, P.A.

By ______________________
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Attorneys for Defendant/Counterclaimant Gregory Spencer.

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF MARICOPA

PLEXUS HOLDING, INC. an Arizona Corporation,

Plaintiff,

v.

GREGORY WILLIAM SPENCER, a single man,

Defendant.

GREGORY WILLIAM SPENCER, a single man,

Counterclaimant

v.

PLEXUS HOLDING, INC. an Arizona Corporation,

Counterdefendant.

Case No.: CV2013-007124

ANSWER TO THE COMPLAINT FOR DECLARATORY JUDGMENT and COUNTERCLAIMS AND THIRD-PARTY COMPLAINT

(Assigned to the Hon. Mark Brain)

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GREGORY WILLIAM SPENCER, a single man,

Third-Party Plaintiff,

v.

TARL ROBINSON, a single man,

Third-Party Defendant.

Defendant and Counterclaimant Gregory William Spencer ("**Dr. Spencer**" or "**Counterclaimant**"), for his Answer to the Complaint for Declaratory Judgment ("**Complaint**") filed by Plexus Holding, Inc. ("**Plexus**"), admits, denies, and alleges as follows:

1. Dr. Spencer admits paragraph 1 of the Complaint.

2. Dr. Spencer admits that he has engaged in a number of transactions with Plexus, including but not limited to providing his expertise in developing nutraceutical products in return for a thirty-percent interest in Plexus. To the extent that paragraph 2 of the Complaint indicates that Dr. Spencer is entitled to a smaller interest in Plexus (or no interest at all), the allegations in paragraph 2 of the Complaint are denied.

3. As to the allegations in paragraph 3, they recite a legal conclusion, and therefore do not require a response. To the extent that paragraph 3 does require a response, the allegations in paragraph 3 are denied.

4. Dr. Spencer denies the allegations in paragraph 4 of the Complaint.

5. Dr. Spencer admits that he has continually claimed an ownership interest in Plexus. Dr. Spencer also admits that, consistent with his role as a shareholder, he has made demands for any distributions the other owners have received from Plexus.

6. As to the allegations in paragraph 6, they recite a legal conclusion, and therefore do not require a response. To the extent that paragraph 6 does require a response, the allegations in paragraph 6 are denied.

WHEREFORE, Dr. Spencer respectfully requests that the Court order:

A. Plaintiff's Complaint be dismissed;

B. The Plaintiff pays Defendant's cost in the action;

C. The Plaintiff pays Defendant's reasonable attorney fees; and

D. Provide any other additional relief as the Court appears just and equitable.

COUNTERCLAIMS AND THIRD-PARTY COMPLAINT

For his Counterclaims against Plexus, and Third-Party claims against Tarl Robinson, Dr. Spencer alleges as follows:

1. Dr. Spencer is a single man who, at all times relevant hereto, was a resident of King County, Washington.

2. Plexus is an Arizona corporation that does business in Maricopa County.

3. Tarl Robinson is a single man who, at all times relevant hereto, was a resident of Maricopa County, Arizona.

4. This Court is the proper jurisdiction and venue for these actions.

GENERAL ALLEGATIONS

A. The Making of Plexus

5. Dr. Spencer is a doctor of Podiatric medicine, but is also interested in naturopathic remedies.

6. Early in his medical career, Dr. Spencer began researching the medicinal benefits of algae.

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7. After devoting twenty-two years of his life to medical algae research, Dr. Spencer partnered with Alfred Pettersen to market "Dr. Spencer's Breast Cream."

8. Dr. Spencer's algae cream is made from a special type of Spirulina algae, cultured exclusively by Dr. Spencer, that has been shown to produce a number of important health benefits.

9. Additionally, Dr. Spencer had developed an oral application of these same special algae.

10. Dr. Spencer was working on developing a method that would allow him to grow enough of his algae to produce quantities able to support nationwide distribution of his oral product, which was called Super Hawaiian Algae ("**SHA**"), now Plexus Green.

11. In early 2008, Dr. Spencer and Mr. Pettersen discovered Plexus, a multi-level marketing ("**MLM**") company.

12. Initially, Dr. Spencer and Mr. Pettersen attempted to license Dr. Spencer's Breast Cream to Plexus.

13. Dr. Spencer's Breast Cream seemed like a perfect fit with Plexus because at that time Plexus was marketing the Breast-Chek Kit, which helps women perform regular self-examinations and detect small bumps in breast tissue more easily.

14. However, due to Plexus' financial difficulties, the company could not afford to bring another product line into the company. Plexus was on the verge of collapse.

15. Nonetheless, Plexus was amenable to a buy-out, but Dr. Spencer and Mr. Pettersen had insufficient funds to purchase and finance operations for the ailing company.

16. Mr. Pettersen brought Tarl Robinson into the deal to complete the purchase with adequate financing.

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17. In mid-2008, Dr. Spencer, Mr. Pettersen, and Mr. Robinson (the "**Shareholders**") purchased Plexus.

18. Dr. Spencer provided the medical expertise and intellectual capital. Mr. Pettersen brought years of management and new venture growth experience. Mr. Robinson provided expertise in multi-level marketing ventures and capital for the purchase of Plexus and start-up costs.

19. From the outset, the parties agreed to the following share structure: thirty percent ownership for Dr. Spencer, thirty-percent ownership for Mr. Pettersen, twenty-five percent ownership for Mr. Robinson, and fifteen percent for the prior owners of Plexus. Ex. 1, Minutes of Plexus Shareholders Meetings and attached Summary of the Share History of Plexus Worldwide ("**Corporate Minutes**").

20. Dr. Spencer's shares were provided in exchange for granting Plexus an exclusive license on the MLM distribution of Dr. Spencer's Breast Cream and a right of first refusal for the MLM distribution rights for new products.

21. Mr. Pettersen received his shares as consideration for his expertise and guidance as Plexus' Chief Executive Officer for two years.

22. Mr. Robinson's shares were consideration for his $100,000 operating capital contribution to Plexus.

23. In September 2008, Mr. Robinson purchased the remaining shares of two of the previous owners of Plexus who had maintained a fifteen percent ownership stake in Plexus as part of the original purchase agreement.

24. The remaining fifty shares belonging to Plexus' previous owners were settled and left unassigned.

25. Between 2008 and 2012, Plexus struggled financially.

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26. The partners continued to invest their own funds and significant time to pull the company through the recession. Fortunately, as the economic outlook for the United States improved, so did Plexus' prospects.

27. Due to the growth in the company, the partners decided that the earlier agreement regarding ownership should be formalized.

28. In May 2012, the three shareholders met at the law offices of Osborn Maledon and formalized the share structure that had existed since 2008: 300 shares to Dr. Spencer, 300 shares to Mr. Pettersen, 350 shares to Mr. Robinson, and 50 shares unassigned.

29. Mr. Pettersen shared the news of this dramatic growth—$7.3 million in gross sales achieved in the first quarter of 2012—with Dr. Spencer as a fellow shareholder.

30. In light of this explosive growth, Plexus could finally begin paying dividends to its shareholders.

31. Mr. Pettersen proposed to compensate all shareholders for their contributions to Plexus, by beginning to make monthly dividend payments based on the percentage of the company owned, and to repay Mr. Robinson for the capital he had contributed to Plexus to keep the doors open in the lean early years.

B. Power Struggle

32. Mr. Pettersen re-submitted his proposal to issue dividends at the beginning of May 2012 after no action was taken in response to his suggestions in April.

33. When Mr. Pettersen repeated this request, he explicitly informed his business partners that his personal cash flow problems and outstanding debt required this cash infusion.

34. At this point in time, Plexus had $4.4 million in actual cash reserves.

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35. On May 15, 2012, Mr. Pettersen again requested disbursements of dividends, and informed his partners that his cash flow problems were becoming more acute.

36. In response to this second request for dividend distributions, a request that was supported by sixty percent of Plexus shareholders, Mr. Robinson informed Dr. Spencer and Mr. Pettersen of "unresolved issues," including an alleged unfair share structure which "was agreed upon when we came into partnership and what was required to make Plexus work."

37. Mr. Robinsons' claims to an "unfair share structure" was very disturbing to the shareholders, and compelled Mr. Pettersen to write the following warning to Dr. Spencer:

> "Brace yourself. I think the portion of Tarl [Robinson's] email that I have hi-lighted means the end of you and me holding 30% of the stock. I know I am jumping to conclusions but **Tarl [Robinson] wants control of the company**." (emphasis added). Ex. 2, Email from Mr. Pettersen to Dr. Spencer, FW: Dividends and Corporate Loans (May 16, 2012).

38. Indeed, Mr. Pettersen's instinct regarding Mr. Robinson's email was correct, but he underestimated Mr. Robinson's greed.

39. On May 17, 2012, Mr. Robinson demanded that Mr. Pettersen and Dr. Spencer reduce their ownership stake in Plexus by half, and give that portion of their shares to Mr. Robinson, securing to Mr. Robinson a seventy-percent ownership stake in Plexus.

40. Mr. Pettersen responded with a defense of his own contributions to Plexus, and a defense of Dr. Spencer's contribution. Specifically, Mr. Pettersen explained that Dr. Spencer was promised that the sales of Dr. Spencer's Breast Cream would earn enough money to cover his overhead expenses, and that despite the failure of that promise, Dr. Spencer did not shop the product to a competing company, but instead continued with Plexus. Mr. Pettersen also pointed out that without Dr. Spencer's Breast Cream, the shareholders would never have been able to purchase Plexus in the first place.

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41. Mr. Robinson alleged that his problem with the share structure was that he had all the financial risk.

42. However, at all times Mr. Robinson controlled corporate funds.

43. To alleviate Mr. Robinson's alleged perceived risk, Mr. Pettersen found additional investors to shoulder some of the financial burden, but Mr. Robinson refused to entertain any idea that would dilute his ownership interest.

44. Instead, Mr. Robinson abused his power as CEO, Secretary, and Treasurer of Plexus, by withholding dividends from Dr. Spencer and Mr. Pettersen while simultaneously diverting Plexus revenue into Mr. Robinson's personal accounts without consulting his business partners.

45. In an effort to secure permanent control of Plexus for himself, Mr. Robinson refused to provide disbursements to Dr. Spencer or Mr. Pettersen.

46. Mr. Pettersen's deteriorating financial position, combined with Mr. Robinson's coercive actions, made Mr. Pettersen feel like he had "a gun pointed at my head" by his business partner, Mr. Robinson.

47. Aside from Mr. Robinson's share-grab, he had been busy changing Plexus policy without receiving input, or even informing, his the shareholders who together owned sixty percent of the company.

48. Mr. Robinson also bound Plexus to a $1.5 million, five-year long lease for new premises that were likely to be outgrown in only two years.

49. In keeping with Mr. Robinsons' new preferred ownership structure for Plexus, he repeatedly acted as though he was the sole owner and decision-maker, and failed to provide his business partners even after-the-fact knowledge of some of the company's most important business.

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50. More than two months after Mr. Pettersen had first made the request to have cash-rich Plexus make a small shareholder distribution to alleviate the cash flows problems of the shareholders, Mr. Robinson still refused to issue the dividends. Ex. 3, Email from Mr. Pettersen to Caroline Williamson, RE: your weekend (Jun 18, 20120) ("[Mr. Robinson] is now withholding the dividends until we agree to give him control of the company. The last time I looked that up in the dictionary, it was called coercion. . . . But, because [Mr. Robinson] knows Greg and I need the money and because he doesn't, he is bullying us into giving up control of the company before he will willingly release the dividends.").

51. As of June 20, 2012, Plexus had $4.3 million in actual cash reserves.

C. Mr. Pettersen Surrenders to Mr. Robinson

52. As time dragged on without a dividend disbursement, Mr. Pettersen began to concede to appease Mr. Robinson.

53. On July 8, 2012, Mr. Pettersen proposed giving Mr. Robinson the unissued shares constituting five percent of the company and creating a new class of shares to secure Mr. Robinson's position in decision making.

54. Over the next two weeks, Mr. Pettersen repeatedly refers to the on-going, and ever-increasing, financial pressure he is feeling.

55. When Mr. Robinson agrees to pay a one-time consulting fee of $30,000 to the other shareholders, Mr. Pettersen jumps at the offer.

56. Dr. Spencer, however, decided he could not take a consulting fee as an owner, and could not properly accept distributions before the ownership issue raised by Mr. Robinson was fully resolved and properly documented.

57. After the one-time cash infusion, Mr. Pettersen's desperation temporarily disappears.

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58. Once again, Mr. Pettersen is adamant that each of the three partners made critical contributions, and notes that if any of them were lacking Plexus would have failed.

59. Mr. Pettersen also appropriately decries Mr. Robinson's double-dipping, pointing out that Mr. Robinson is arguing that he simultaneously secured a "cash call," or the issuance of additional shares to cover an investor's infusion of additional capital, and a shareholder's loan, whereby a shareholder loans money that is repaid with interest for the same funds.

60. On July 23, 2012, the shareholders held a conference call.

61. As a result of this shareholder's meeting, all the shareholders agreed that Dr. Spencer and Mr. Pettersen each owned thirty percent of Plexus, and Mr. Robinson now owned forty percent of Plexus.

62. This official corporate record received unanimous approval by all the shareholders.

63. Nevertheless, Mr. Robinson continued to insist that the share structure needed to change.

64. After Mr. Robinson's forced ownership dispute dragged on for months, Mr. Pettersen finally buckled to Mr. Robinson's bullying and accepted a reduced ownership stake in Plexus.

D. Dr. Spencer is Squeezed Out of Plexus

65. Dr. Spencer still refused Mr. Robinson's attempt to force him to take an eleven percent reduction in ownership in exchange for an up-front cash payment.

66. Despite his limited ability to control what was happening at Plexus, Dr. Spencer continued to faithfully perform as an owner of Plexus by investing his personal

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funds to develop a method that would allow him to produce Plexus Green on the scale necessary to provide adequate supply to Plexus and provide Dr. Spencer's Breast Cream.

67. Mr. Robinson used the development of Plexus Green as another opportunity to force Dr. Spencer to reduce his ownership in Plexus—this time offering to slash Dr. Spencer's thirty-percent ownership interest to **zero** with the possibility that Dr. Spencer could recover some of his original ownership, but only up to nineteen percent.

68. After Dr. Spencer did not agree to the "R&D proposal," Mr. Pettersen joined Mr. Robinson and pinned the entire problem on Dr. Spencer.

69. Mr. Pettersen is clear that Dr. Spencer is being ousted from Plexus because Dr. Spencer refused to bow to Mr. Robinson's demands to take a smaller ownership stake in the company.

70. Mr. Robinson's refusal to provide the other shareholders with any of the financial support they were entitled to harmed not only Dr. Spencer, but also Plexus, by delaying (and possibly forever preventing) Plexus Green's production for MLM distribution.

71. Plexus is the exclusive MLM retailer of Dr. Spencer's Breast Cream.

72. Plexus cancelled its last order of Dr. Spencer's Breast Cream after it was already produced, and has failed to make any additional orders, cutting off another income stream for Dr. Spencer.

73. Plexus' cancellation of this order is another example of Mr. Robinson utilizing his control of Plexus to exert economic pressure on his business partners to force them to settle for terms that benefit only Mr. Robinson.

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COUNT I
(Declaratory Judgment)

74. Dr. Spencer hereby repeats and realleges the allegations set forth in the preceding paragraphs as though fully set forth herein and incorporates the same herein by this reference.

75. Dr. Spencer brings this action pursuant to the Uniform Declaratory Judgments Act, as adopted in Arizona at A.R.S. § 12-1831 *et seq*.

76. Dr. Spencer asserts that he is a shareholder of Plexus.

77. The Corporate Minutes, adopted by all shareholders, confirms that Dr. Spencer owns thirty percent of Plexus. Ex. 1, *supra*.

78. Now that Plexus has become a valuable company, Plexus claims that Dr. Spencer is not a shareholder.

79. Upon information and belief, Plexus has also withheld Dr. Spencer's share of distributions made to Mr. Pettersen and Mr. Robinson.

80. Pursuant to A.R.S. § 12-1831, *et seq*., Dr. Spencer is entitled to a declaratory judgment by this Court as to whether Dr. Spencer is a shareholder and a determination as to whether Dr. Spencer is owed a portion of the distributions made to the other shareholders.

81. Dr. Spencer seeks a declaratory judgment confirming his status as shareholder, awarding him an appropriate percentage of the distributions made to the other shareholders, and costs pursuant to A.R.S. § 12-1840.

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COUNT II

(Shareholder Oppression—Plexus, Robinson)

82. Dr. Spencer hereby repeats and realleges the allegations set forth in the preceding paragraphs as though fully set forth herein and incorporates the same herein by this reference

83. Arizona law recognizes the inherent authority of a Court to grant broad equitable relief in response to fraudulent, illegal, or oppressive conduct toward shareholders by those in control of corporations.

84. This includes forcing a buyout of the complaining shareholder, overseeing valuation disputes when one shareholder elects to buy out the complaining shareholder, or dissolving the company entirely. *See* A.R.S. § 10-1430, "Grounds for judicial dissolution or equitable relief," A.R.S. § 10-1434.

85. Oppression is an expansive term that includes improper conduct which is neither fraudulent nor illegal; the term oppression is best understood as occurring when those with controlling interests deprive or interfere with the minority shareholder's reasonable expectations in management or a share of the company earnings. *See Balvik v. Sylvester*, 411 N.W. 2d 383 (N.D. 1987).

86. Plexus and Mr. Robinson have acted to defeat Dr. Spencer's expectations and interest in Plexu.

87. Specifically, Dr. Spencer joined Plexus as a means to secure marketing for Dr. Spencer's Breast Cream and the funding to bring Plexus Green to the market.

88. Until recently, Plexus has not been able to provide that bargained-for support; nonetheless, Dr. Spencer continued supporting Plexus with his products instead of selling to a competitor because he had a vested interest in seeing the company he owned succeed.

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89. Additionally, Dr. Spencer believed that Plexus would become a marketable corporation, and he wanted a share of that growth.

90. Those in control of the corporation have acted, are acting, and will continue to act in a manner that is illegal, oppressive, or fraudulent by "squeezing out" Dr. Spencer.

91. Plexus' oppressive and fraudulent conduct includes refusing to recognize Dr. Spencer's ownership stake, refusing to distribute dividends to Dr. Spencer, and refusing to provide Dr. Spencer access to the company books to prevent Dr. Spencer from learning the true value of his share of Plexus.

92. Mr. Robinson is personally liable for shareholder oppression because he used his position in the company and his control of the financial assets of the corporation to exert financial pressure on the other shareholders to force Dr. Spencer to reduce his ownership stake in the business.

93. Despite the fact that the shareholders with sixty percent control of Plexus authorized a distribution, Mr. Robinson refused to make the distributions.

94. At the same time that Mr. Robinson was arguing that his capital contributions justified his after-the-fact transformation of ownership structure, he was repaying his capital contributions with interest.

95. Mr. Robinson engaged in oppressive and fraudulent conduct when he, as CEO, Treasurer, and Secretary began converting corporate funds to his own use, failed to issue distributions when authorized by the majority of the company, and exercising his superior financial position to coerce his business partners to reduce their ownership share in Plexus.

96. As a result of these activities, both Plexus and Mr. Robinson are liable for shareholder oppression.

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97. As a result of this oppression, Dr. Spencer seeks damages in an amount to be determined at trial, but in no event less than thirty percent of the value of the company at the time judgment is rendered and thirty percent of any distributions made to shareholders.

COUNT III

(Conversion—Plexus, Robinson)

98. Dr. Spencer hereby repeats and realleges the allegations set forth in the preceding paragraphs as though fully set forth herein and incorporates the same herein by this reference

99. Conversion is the intentional exercise of control over chattel that so seriously interferes with the true owner's right to control it that the wrongful actor may be required to pay the full value. *Focal Point, Inc. v. U-Haul Co. of Ariz.*, 155 Ariz. 318, 319, 746 P.2d 488, 489 (Ariz. Ct. App. 1986).

100. Corporate directors are personally liable for conversion committed in the name of the corporation. *Jabczenski v. So. Pac. Mem. Hosp.*, 119 Ariz. 15, 20, 579 P.2d 53, 58 (Ariz. Ct. App. 1978).

101. The Parties all agreed that Dr. Spencer is an owner of Plexus, and affirmed that belief in the corporate minutes, as recently as July 23, 2012.

102. In January 2013, Dr. Spencer attempted to exercise his rights as a shareholder, including asking for the dividend payments and requesting access to the corporate records.

103. This request was denied by Plexus and Mr. Robinson.

104. Plexus, through Mr. Robinson, now claims that Dr. Spencer never owned any shares in Plexus, a claim directly contradicted by the unanimous acceptance of the Meeting Minutes in July 2012.

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105. Plexus is liable for the conversion of Dr. Spencer's shares for, among other things, refusing to recognize Dr. Spencer as an owner of any shares on January 30, 2013, refusing access to corporate records, and refusing to distribute dividends to Dr. Spencer as it did to the other shareholders.

106. Mr. Robinson is personally liable for the conversion of Dr. Spencer's ownership interest.

107. Beginning in the middle of May 2012, Mr. Robinson began a campaign of financial coercion to break the resolve of the other shareholders and force them to accept a fifteen percent reduction in ownership.

108. Recently, Mr. Robinson cancelled orders for Dr. Spencer's Breast Cream to add another layer of financial pressure to Dr. Spencer.

109. Mr. Robinson's financial warfare eventually worked on Mr. Pettersen, but has failed to work on Dr. Spencer.

110. In response, Mr. Robinson now refuses to acknowledge Dr. Spencer's ownership interest.

111. Additionally, Mr. Robinson instructed counsel to seek an order from this Court to strip Dr. Spencer of his ownership in Plexus.

112. The aforementioned acts of Plexus and Mr. Robinson were willful, wanton, malicious, and oppressive, undertaken with the intent to defraud Plaintiff, and therefore exemplary and punitive damages are warranted.

113. As a result of this conversion, Dr. Spencer seeks an amount to be determined at trial, but in no event less than thirty percent of the value of the company at the time of the conversion, Dr. Spencer's share of shareholder distributions, and punitive damages.

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COUNT IV

(Breach of Standard of Care in Discharging Duties of Director—Robinson)

114. Dr. Spencer hereby repeats and realleges the allegations set forth in the preceding paragraphs as though fully set forth herein and incorporates the same herein by this reference.

115. A director must discharge his duties in good faith, with the care an ordinarily prudent person, and in a manner the director reasonably believes to be in the best interests of the corporation. A.R.S. § 10-830.

116. Mr. Robinson acted in bad faith and in pursuit of his own self-interest, not the best interests of the corporation.

117. For example, Mr. Robinson objected the share structure in May 2012, claiming that he felt that he had done more for Plexus and was exposed to more risk.

118. This alleged exposure risk was a pretext for Mr. Robinson's proposal to change the share structure where he would receive seventy-percent ownership of Plexus by taking away fifteen percent of each of the other shareholder's interests.

119. Dr. Spencer and Mr. Pettersen both objected to the proposal that would transfer a significant part of their shares to Mr. Robinson.

120. Mr. Robinson also took actions without informing the other shareholders, including, for example, obligating Plexus to a $1.5 million five year lease on a new building Plexus was likely to outgrow within two years, and convening a shareholder's meeting without informing Dr. Spencer.

121. Mr. Robinson refused to issue dividends that were approved by sixty percent of Plexus' owners at a time that Plexus had more than enough actual cash reserves to justify the issuance of dividends.

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122. Initially Mr. Robinson attempted to use his superior financial position to force the other shareholders, Dr. Spencer and Mr. Pettersen, to each cut their ownership stake in half.

123. Mr. Pettersen finally broke under Mr. Robinson's pressure and took Mr. Robinson's proposed reduced ownership stake in December 2012 or Januray 2013.

124. Dr. Spencer remains a thirty percent owner in Plexus.

125. In response to Dr. Spencer's continued adherence to the original agreement negotiated by the parties, Mr. Robinson retaliated by refusing to recognize that Dr. Spencer has any interest in Plexus, despite the substantial record to the contrary.

126. Additionally, Mr. Robinson cancelled the order of Dr. Spencer's Breast Cream, and has refused to order more to exert additional pressure on Dr. Spencer.

127. Punitive damages are appropriate because Mr. Robinson pursued a course of fraudulent conduct knowing that it created a substantial risk of harm to others, and this conduct was guided by self-serving motives. *See, e.g., Medasys Acquisition Corp. v. SDMS, PC*, 55 P.3d 763, 767 (Ariz. 2002).

128. Specifically, Mr. Robinson stands to dramatically increase his ownership in a fast-growing, multi-million dollar company by converting Dr. Spencer's thirty percent interest as his own.

129. As a result of Mr. Robinson's breach of the standard of care of discharging the duties of a director, Dr. Spencer seeks an amount to be determined at trial, but in no event less than thirty percent of the value of the company at the time of judgment, Dr. Spencer's share of shareholder distributions, and punitive damages.

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COUNT V

(Breach of Fiduciary Duty—Robinson)

130. Dr. Spencer hereby repeats and realleges the allegations set forth in the preceding paragraphs as though fully set forth herein and incorporates the same herein by this reference.

131. A director of a corporation owes a fiduciary duty to the corporation and its stockholders. *Atkins v. Marquart*, 112 Ariz. 304, 306, 541 P.2d 556, 558 (1975).

132. Mr. Robinson breached his duty to act in good faith with Dr. Spencer by his unrelenting financial coercion campaign against his business partners to force them to each cut their ownership interests in half.

133. This campaign includes Mr. Robinson's refusal to issue dividends as authorized by sixty percent of the shareholders and his attempt to use this superior economic position to force Dr. Spencer and Mr. Pettersen to accept reduced ownership.

134. Mr. Robinson asserted that his business partners were entitled to only fifteen percent ownership each in Plexus, and that Mr. Robinson was entitled to the shares his they lost.

135. This breach is particularly egregious given that Mr. Robinson had only a few months earlier agreed that Dr. Spencer and Mr. Robinson each owned three hundred shares of Plexus.

136. By withholding dividends and threatening to convert a large percentage of his ownership interest, Mr. Robinson succeeded in forcing Mr. Pettersen to reduce his ownership position.

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137. When this tactic failed to work on Dr. Spencer, Mr. Robinson refused to acknowledge that Dr. Spencer owned any interest in Plexus and recommended that Dr. Spencer "earn" his holdings back.

138. Not only did Mr. Robinson desire to force Dr. Spencer to "earn" what was already his, Mr. Robinson wanted to limit Dr. Spencer's ability to earn back his ownership in Plexus to nineteen percent, not the thirty percent Dr. Spencer actually owns.

139. After Dr. Spencer refused to accept this change, Mr. Robinson offered him $750,000 for his "past efforts," but was clear Dr. Spencer would have no ownership in Plexus.

140. Other breaches include Mr. Robinsons' failure to include his partners in the decision making of Plexus, failure to inform them of important corporate decisions, and at least one instance of failing to notify Dr. Spencer of an upcoming shareholder's meeting.

141. Punitive damages are appropriate in this case because Mr. Robinson's breaches were guided by a conscious pursuit for his own pecuniary benefit. *See, e.g. Rawlings v. Apodaca*, 151 Ariz. 149, 162 (1986).

142. As a result of this breach of fiduciary duty, Dr. Spencer seeks an amount to be determined at trial, but in no event less than thirty percent of the value of the company at the time of judgment and punitive damages.

143. Additionally, all distributions and other payments made to Mr. Robinson that were withheld from Dr. Spencer are subject to disgorgement.

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COUNT VI

(Breach of Contract—Plexus, Robinson)

144. Dr. Spencer hereby repeats and realleges the allegations set forth in the preceding paragraphs as though fully set forth herein and incorporates the same herein by this reference.

145. To recover for a breach of contract, the complaining party must show the existence of a contract, breach of the contract, and resulting damages. *Chartone, Inc. v. Bernini*, 207 Ariz. 162, 170, 83 P.3d 1103, 1111 (Ariz. Ct. App. 2004).

146. When the existence of an oral contract is at issue, all the acts and declarations of the parties tending to establish the existence of an oral contract are admissible. *Pre-Fit Door, Inc. v. Dor-Ways, Inc.*, 13 Ariz. App. 438, 441, 477 P.2d 557, 560 (1970).

147. The fact that one of the parties begins performance, with the knowledge and approval of the other parties, almost always demonstrates that the parties regard the contract as consummated and intend to be bound by its terms. *Schade v. Diethrich*, 158 Ariz. 1, 10, 760 P.2d 1050, 1059 (1988).

148. Dr. Spencer and Plexus entered into an oral contract whereby Dr. Spencer would provide Dr. Spencer's Breast Cream to Plexus and continue to develop the formula that was to become Plexus Green in return for thirty percent ownership of Plexus.

149. The existence of the contract is evidenced by several emails and the Corporate Minutes.

150. The parties acknowledge that Dr. Spencer performed his part of the contract for four years, from the acquisition of Plexus in 2008 through 2012.

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151. Plexus breached this agreement on January 24, 2013, the date Mr. Robinson refused to honor Dr. Spencer's ownership stake in Plexus, but purported to provide him with the chance to "earn" back what was already rightfully his.

152. On January 30, 2013, Mr. Robinson completed the conversion by denying that Dr. Spencer had any ownership stake in Plexus and instead offered payment in "full satisfaction of any and all consideration that you may be entitled to for your past efforts."

153. In Arizona, a corporate director can be held personally liable for the corporation's breach of contract if the director induced the breach unless the director acted in good faith and in the best interests of the corporation. *Ong Hing v. Arizona Harness Raceway, Inc.*, 459 P.2d 107, 115 (Ariz. Ct. App. 1969).

154. Mr. Robinson wrote the email that breached the agreement between Dr. Spencer and Plexus.

155. Mr. Robinson acted in bad faith when he engaged in a continuous, methodical campaign to reduce and finally eliminate Dr. Spencer's ownership.

156. Moreover, these actions inured to the benefit of Mr. Robinson because Dr. Spencer's shares would be given to Mr. Robinson.

157. Mr. Robinson was not acting in good faith or the best interest of the company by repudiating the official Corporate Minutes approved made a mere six months earlier.

158. Additionally, Mr. Robinson breached the agreement between Plexus and Dr. Spencer by cancelling an existing purchase order of Dr. Spencer's Breast Cream and refusing to honor Plexus' promise to fund research for the production of Plexus Green.

159. As a result of the breach of contract, Dr. Spencer seeks damages in an amount to be proven at trial, but in no event less than the fair market value of the shares at the time of conversion and fees and costs pursuant to A.R.S. § 12-341.01.

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COUNT VII

(Breach of Covenant of Good Faith and Fair Dealing—Robinson, Plexus)

160. Dr. Spencer hereby repeats and realleges the allegations set forth in the preceding paragraphs as though fully set forth herein and incorporates the same herein by this reference.

161. Implied in every contract is a covenant of good faith and fair dealing, which prohibits either contracting party from acting in a manner that would impair the other party's right to receive the benefit of the bargain. *Rawlings v. Apodaca*, 726 P.2d 565, 569 (Ariz. 1986).

162. Plexus has breached the implied covenant of good faith and fair dealing by refusing to honor Dr. Spencer's ownership interest as reflected in the Corporate Minutes.

163. Mr. Robinson personally breached the covenant of good faith and fair dealing by, among other things, refusing to recognize Dr. Spencer's ownership interest and instead unilaterally determining that $750,000 would be sufficient compensation for Dr. Spencer's past efforts.

164. Indeed, Mr. Robinson's six-month campaign to force Dr. Spencer to take a lesser ownership interest, evidenced by the withheld dividends and unilateral decision-making, demonstrates an egregious display of bad faith.

165. As a result of this breach, Dr. Spencer has been damaged in an amount to be proven at trial, but in no event less that the full fair market value of Dr. Spencer's thirty percent ownership interest at the time of conversion and the on-going costs of litigation pursuant to A.R.S. § 12-341.01.

166. Mr. Robinson acted in concert with Plexus to breach the implied covenant of good faith and fair dealing, and is jointly and severally liable with Plexus. A.R.S. § 12-2506.

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COUNT VIII

(Tortious Interference with a Contractual Relationship—Robinson)

167. Dr. Spencer hereby repeats and realleges the allegations set forth in the preceding paragraphs as though fully set forth herein and incorporates the same herein by this reference.

168. In an action for tortious interference, the claimant must demonstrate that the defendant knew there was a valid business expectancy between the claimant and a third-party, that without justification the defendant induced the third-party to terminate the relationship or expectancy, and that this improper interference resulted in claimant's damages. *Neonatology Associates, Ltd. V. Phoenix Perinatal Assoc., Inc.*, 164 P.3d 691, 693-94 (Ariz. App. 2007).

169. A claim for tortious interference with business expectancy will lie against a corporate director interfering with his corporation's contracts when such inference is in bad faith or will not benefit the corporation. *Ong Hing*, 10 Ariz. App. at 387-88.

170. Mr. Robinson has been involved with Plexus since its acquisition, and is well aware that Dr. Spencer owns thirty percent of Plexus.

171. Mr. Robinson confirmed Dr. Spencer's thirty percent ownership of Plexus and made it an official part of the corporate record in July 2012.

172. Despite this knowledge, Mr. Robinson has since caused Plexus to breach its contract with Dr. Spencer, whereby Plexus would provide Dr. Spencer a vehicle with which to market his products and an opportunity to earn profits along with the company and Dr. Spencer would provide his products and expertise.

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173. Instead, Mr. Robinson's actions have locked Dr. Spencer out of all corporate business, removed his products from the MLM market, forbidden him access to corporate records he is entitled to view, and deprived Dr. Spencer of his ownership of Plexus.

174. Mr. Robinson has no valid justification for interfering with Dr. Spencer and Plexus' valid agreement.

175. This tortious interference was pursued to benefit Mr. Robinson by providing him a means to acquire a larger percentage of a company worth tens of millions of dollars.

176. Indeed, if Mr. Robinson succeeds in this plot, he will have more than doubled his share position over a one-year period without paying the actual owners for their shares.

177. This interference has resulted in Dr. Spencer's damages, including but not limited to, the value of the shares, loss of revenues from the product Dr. Spencer was selling to Plexus before the dispute arose, losses incurred by Dr. Spencer as he developed the technology necessary to produce algae for Plexus Green, and the costs of this litigation.

178. Punitive damages are appropriate in an action for tortious interference with contract rights. *See Middleton v. Wallichs Music & Ent. Co.*, 536 P.2d 1072, 1075 (Ariz. App. 1975).

179. Punitive damages are appropriate in this case because Mr. Robinson pursued a course of tortious conduct that was guided by evil motives, specifically Mr. Robinson's own pecuniary gain. *See, e.g., Medasys Acquisition Corp. v. SDMS, PC*, 55 P.3d 763, 767 (Ariz. 2002).

180. As a result of this tortious interference with contractual relations, Dr. Spencer seeks damages against Mr. Robinson in an amount to be determined at trial, but in no event less than the fair market value of Dr. Spencer's thirty-percent share of Plexus at the time of judgment.

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DATED this 30 August, 2013.

WHEREFORE, Dr. Spencer respectfully request that the Court enter judgment against Plexus and Mr. Robinson as follows:

A. For a declaratory judgment by the Court that Dr. Spencer is a shareholder of Plexus and is owed a percentage of distributions made to the other shareholders;

B. Awarding all direct, consequential, and incidental damages, in amounts to be proven at trial, caused by Mr. Robinson's and Plexus' shareholder oppression;

C. Awarding all direct, consequential, incidental, and punitive damages, in amounts to be proven at trial, caused by Mr. Robinson's and Plexus' conversion of Dr. Spencer's shares;

D. Awarding all direct, consequential, and incidental damages, in amounts to be proven at trial, caused by Mr. Robinson's breach of the standard of care for discharging the duties of a director;

E. Awarding all direct, consequential, incidental, punitive, and equitable damages, in amounts to be proven at trial, caused by Mr. Robinson's breach of fiduciary duties;

F. Awarding all direct, consequential, and incidental damages, in amounts to be proven at trial, caused by Mr. Robinson's and Plexus' breach of contract;

G. Awarding all direct, consequential, and incidental damages, in amounts to be proven at trial, caused by Mr. Robinson's and Plexus' breach of the covenant of good faith and fair dealing;

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H. Awarding all direct, consequential, incidental, and punitive damages, in amounts to be proven at trial, caused by Mr. Robinson's tortious interference with Dr. Spencer's contractual relationship with Plexus;

I. Awarding reasonable attorneys' fees and costs incurred in connection with this action, to the extent allowed by law; and

J. Provide any other additional relief as the Court appears just and equitable.

DATED this 30 August, 2013.

ARBOLEDA BRECHNER

/s/ Carlos M. Arboleda. Esq.
Carlos M. Arboleda, Esq. #017109
4545 East Shea Blvd., Suite 120
Phoenix, Arizona 85028

Attorneys for Defendant.

ORIGINAL filed electronically with the Clerk of Superior Court and COPY transmitted via e-filing system this 27 of July, 2012, to:

Honorable Mark Brain
East Court Building-413
101 W. Jefferson
Phoenix, Arizona 85003-2243

COPIES of the foregoing emailed/mailed this 30 August, 2013, to:

Scott W. Rodgers
Joshua M. Ernst
OSBORN MALEDON, P.A.
2929 North Central Avenue, Suite 2100
Phoenix, Arizona 85012-2793

Gregory Spencer
Via email

/s/ Evelyn Aguilar

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EXHIBIT 1

From: "Alfred Pettersen" <alfred.pettersen@plexusworldwide.com>
To: "Dr. Greg Spencer" <spencergreg@comcast.net>, "Tarl Robinson" <tarl.robinson@plexusworldwide.com>
Sent: Wednesday, July 25, 2012 10:05:31 AM
Subject: Draft of Minutes of Plexus Shareholders Meeting

Gentlemen,

Please read over these minutes to see if I manage to make the minutes complete. Let me know if you see any errors or omissions. Tarl, do you have the contract that Monique and Caroline prosed to us? If so, can you send it to me so I can attach it to the final print-off of the minutes.

Cheers,

Alfred

Minutes of Plexus Worldwide Inc. Shareholders Meeting held Monday, July 23, 2012

The Meeting was held by conference call at 4:00 PM on Monday, July 23rd and was recorded.

Dr. Greg Spencer spoke from his residence in Covington, Washington; both Tarl Robinson and Alfred Pettersen spoke from the offices of Plexus Worldwide in Scottsdale.

1. The "Summary of the Share History of Plexus Worldwide," as attached to this e-mail, was accepted unanimously as a reasonable explanation of the share transactions that took place since the purchase of Plexus Worldwide Inc. in May 2008.

2. It was unanimously approved that Monique MacDonald and Caroline Williamson be hired as independent contractors engage to mediate the terms and conditions of a proposal regarding shares, dividend payments and voting control of Plexus. (Their contractual agreement with Plexus to be attached as an Appendix B.)

3. It was unanimously approved that Plexus Worldwide Inc. would make the following a

payouts on Friday, July 27th: Dr. Greg Spencer will received $30,000 for consulting services; Greg requested that the check be made payable to Spencer Laboratories Inc. and that was approved by everyone; Alfred Pettersen will receive $30,000 for consulting services; Tarl Robinson will receive $30,000 by way of a performance bonus.

4. It was proposed that Plexus Worldwide Inc. be shifted from an S Corporation to a LLC. After some discussion, it wasn't clear to the shareholders as to whether that change should be done now or whether it should be done at the end of the 2012 year. All the shareholder's agreed that, as the year was more than half over, they were content to wait until the end of the year if that proved to be in the best interests of the company. Tarl was asked to contact the company's attorney, Christopher S. Stachowiak, on this question and, if need be, get counsel from a qualified tax accountant. Tarl agree to bring his finds to the next shareholder's meeting.

5. It was proposed that shareholder's be appointed officers in the company for the position of President and Secretary. A discussion followed. There seemed to be questions concerning appointments to the Board and as officers of the company. If it was to be the board, the vote was to have Tarl appointed Chairman of the Board with Greg and Alfred being members of the board; if it was to be officers of the company, Tarl was to be President and Alfred Secretary. The question was raised whether Alfred could be the secretary prior to the company becoming an LLC. Tarl was asked to get clarification on these issues from Chris Stachowiak and bring his findings to the next shareholder's meeting.

6. It was tentatively agreed that the next shareholder's meeting would be by conference phone on Tuesday, August 7th.

Summary of the Share History of Plexus Worldwide Inc.

Notes:

1. In checking through documents on file at Plexus, it appears that we have mixed up percentages with actual shares. There were 1000 shares issued and not 100. So, the share structure should have been 300, 300 and 350 and not 30, 30 and 35. This has been corrected in the summary.
2. It also appears that Tarl was granted 400 shares, not 350. So, the shareholdings were not correct at 300, 300, and 350, for Greg, Alfred and Tarl respectively. They should have been 300, 300 and 400. Tarl is not concerned about this at this time because of the on-going negotiations to find a workable solution to the Share/Dividend/Control issue with Plexus that is currently under review.

Shareholders,

Since our purchase of Plexus Worldwide Inc., with one shareholder in Seattle, Washington, another in Victoria, British Columbia and another in Phoenix, agreements have been conducted on the basis of a "handshake" – meaning a verbal agreement – at best by means of an e-mail document.

It is no longer acceptable for the company to operate on a handshake basis and, in fact, it is important that everything related to the shares, dividends, profits and voting control of the company be clearly documented.

In order to have a starting point from which to move forward with a proper documentation, it is proposed that the summary below be voted on as a summary of what transpired regarding shares since May 2008.

Initially, when the company was formed, Greg received 300 shares primarily for providing his Breast Cream and for a commitment to give Plexus the right of first refusal for any other products he developed. Of great significance in this was his Super Hawaiian Algae which was anticipated to be a great seller under the name, "Plexus Green."

Tarl received 250 shares for putting up the $100,000 operating capital.

Alfred received 300 shares for bringing his 20 years of industry experience to the company and for acting as the CEO for the first two years.

Jim Goble, Tony Neumeyer and Bill Brookshire, the original shareholders in Plexus Worldwide, retained 150 shares.

In September 2008, there was so much ill-will between Jim Goble and the new owners of Plexus that the decision was made to try to buy back the shares held by Jim and

Tony. Bill was still working with the company and, though it was never documented, the verbal agreement was that he would retain his 50 shares.

Tarl offered to put up the money to buy back the shares owned by Jim and Tony provided he could retain the shares. In other words, though the transaction went through Plexus, Tarl basically bought the 100 shares owned by Jim and Tony. Greg and I had no objection to him doing that.

In October 2008, the shareholdings became as follows: Greg 300, Alfred 300, Tarl 350 and Bill Brooksher 50. Again, nothing was official about Bill's shares and, before the end of 2008, Greg objected to Bill having any shares or any further involvement with the company. So, the 50 shares tentatively assigned to Bill, were never acknowledge in writing.

Thus, the share distribution was Greg 300, Alfred 300 and Tarl 350 with 50 shares unassigned.

For personal reasons, Greg requested his shares be held in escrow until he notified the company as to which entity of his should hold title to the shares. The company granted his request.

Alfred had to make a similar request. According to state law, as Plexus Worldwide Inc. was listed as an S corporation, Plexus was not allowed to issue shares to a foreigner. So, until that matter could be rectified, Alfred's 300 shares were held in escrow by the company.

On October 20, 2008, Tarl and Alfred had a Joint Board meeting and Shareholders meeting and agreed to the following:

Tarl was elected as the Sole Director. Subsequently, Tarl was elected as Chief Executive Office, Secretary and Treasurer; Alfred was elected as President

The purchase agreement was ratified to give Tarl 400 shares and Alfred's 300 shares were transferred to the equity pool

To eliminate any possibility of a challenge from Bill Brookshire, Plexus made him an offer of a one-time settlement to cover any potential claims he might have against the company. Bill accepted the offer and has no further claims or interests in Plexus.

On April 16, 20011, Tarl sent Greg an email, which included in the contents, Tarl's concern that he held 100% of the shares on paper but if anything happened to any of them there may be a claim and due to Tarl's increasing risk and financial commitment he felt that he could be exposed to being outvoted when he had all the financial risk.

In May 2012, the three shareholders met at the offices of Christopher S. Stachowiak, the attorney for Plexus Worldwide Inc. It was confirmed at that meeting the following:

1. The shareholdings were; 300 to Greg Spencer, 300 to Alfred Pettersen and 350 to Tarl Robinsons with 50 shares unassigned.
2. Dr. Spencer, for both personal and business reasons, requested that his shares be shown in the name of Spencer Laboratories Inc.
3. Plexus could not legally issue shares to Alfred Pettersen because it was an S corporation but could issue the shares to Alfred if Plexus became and LLC.

Again, this summary is put forward not as a detailed documented history of the company since May 2008 but as a general summary that provides everyone with an understanding and agreement as to where things currently stand.

If we are in agreement, I propose that we vote on this as a general explanation of the company's history and submit this into the company records.

Cheers,

Alfred

EXHIBIT 2

From: "Alfred Pettersen" <alfred.pettersen@plexusworldwide.com>
To: "Dr. Greg Spencer" <spencergreg@comcast.net>
Sent: Wednesday, May 16, 2012 10:27:35 AM
Subject: FW: Dividends and Corporate loans

Greg,

Brace yourself. I think the portion of Tarl's e-mail that I have hi-lighted means the end of you and me holding 30% of the stock. I know I am jumping to conclusions but Tarl wants control of the company. You and I will give up 10% of our stock each to raise his stock position to 55% and dropping our 20%.

I have company here for dinner but, we could talk about this after they leave. Let me know if you will be up and what number I should call you at.

Alfred

From: Tarl Robinson
Sent: Tuesday, May 15, 2012 5:30 PM
To: Alfred Pettersen; Dr. Greg Spencer
Subject: RE: Dividends and Corporate loans

Guy's, I propose that we have a conference call Weds or Thurs at 2:30pm pst regarding Alfred's emails below and items left incomplete from last week's meetings.

From my perspective there is still a risk of loosing a key ingriedient in one of our lead products, we are in an at risk industry aswell. I think we need to move forward on an alternative formula and get it into testing as soon as possible.

My unresolved issues are:
-Lack of security, I have and will continue to hold most or all risk.

-We have an unfair share structure as to what was agreed upon when we came into partnership and what was required to make Plexus work.

-We also did not come to a decision as how to bring on key people moving forward stock, salary, profit incentive...

thanks, and let me know if either of those days work.
Tarl-

EXHIBIT 3

From: "Alfred Pettersen" <alfred.pettersen@plexusworldwide.com>
To: "Caroline Williamson" <carolinews@ymail.com>
Cc: "Dr. Greg Spencer" <spencergreg@comcast.net>, "Monique MacDonald" <monique@telus.net>
Sent: Monday, June 18, 2012 12:24:16 AM
Subject: RE: your weekend

Caroline,

Haven't finished reading the CEO's book on Zappos. But, should have that done this morning. Thoroughly enjoying it. Totally exploding with new ideas for Plexus.

Unfortunately, the bulk of Saturday was spent working on a solution to the on-going issue of shares. Bottom line is that Tarl now believes Plexus is HIS COMPANY, that Greg and I are nuisances and he is taking steps to diminish our position in the company to nothing. The next thing he will claim he can do is walk on water – you understand my comment.

I am not prepared to turn over control of the company to him for a number of reasons: I call it the 3 C's – competency, communication and compassion.

1. He is not competent as a CEO. His success is more by default than by design. He is micro-managing the business so intensely, he is actually slowing down our growth because decisions, projects and actions get delayed and delayed. I can give you many examples if you would like. Network marketing is a fast-paced business; Tarl is trying to run it as if it was a traditional corporate America business. It is not healthy for Plexus. Delegating is not a skill that Tarl has. My guess is that, like his mother, he doesn't trust anyone – certainly, he doesn't trust anyone to do the various jobs as well as he can do them.

2. He is the World's Worst Communicator (not so but you get my meaning). Greg and I are continuously finding out things that he has done well after the fact. Like the signing of a lease on new premises that commit the company to almost 2 million dollars. He didn't have the right to make that decision without our approval but he went ahead and did it anyway. If we out-grow the building – something that we could do in less than 3 years -- the penalty for terminating the lease is $500,000. He brushes it off like it was pocket change. Not good; very scary.

3. He has no compassion. He is all about the money. Greg and I put in a request to have the company start paying out dividends as of the end of April. If we call for a weighted vote, we could force him to do that. We haven't. We are hoping he will agree. But, no! He is now withholding the dividends until we agree to give him control of the company. The last time I looked that up in the dictionary, it was called coercion. He knows the money is there to distribute and the Lion's Share of the disbursements go to him. But, because he knows Greg and I need the money and because he doesn't, he is bullying us into giving up control of the company before he will willingly release the dividends. It is showing a very ugly side of Tarl and is clear evidence that Greg and I would be royally screwed if he ever got full control of the company.

As you can imagine, this is no way to treat partners and no way to establish a viable working relationship. And, certainly no way to convince us that we can trust him as the majority shareholder of the company.

I don't take well to bullying or coercion. So, I am busy trying to find an investor that will agree to take over Tarl's so called Personal Risk. Once I have found that person, Tarl may find that he is fired as CEO. We could make him Chairman of the Board or something like that but, at this time in our growth, we can find an experience CEO that can run circles around Tarl and one that won't sit on decisions or actions for days on end and then think he owns the company and doesn't have to listen or consult with the shareholders

So, I have been busy most of yesterday and expect to be busy today and tomorrow, trying to protect the position that Greg and I have in the company. It is clearly evident that we cannot agree to Tarl's demands. That would be like giving the fox the key to the chicken coop and then going on an extended vacation.

It is all very sad because my learning about Zappos has been an incredibly up-lifting experience. I have so many ideas about how to take Plexus to the next level, I am having trouble sleeping. But, right now, I am not going to give Tarl any of my ideas. He quickly discounts any contribution anyone makes to the company unless it is money. Through me, Arlene brought us Plexus Accelerator. Without that product, Plexus would be out of business.. With just Plexus Slim, the company was not growing and was losing money. But, I had to fight we Tarl to give her a royalty for bring that discovery to me and thus to Plexus. He just didn't see why we should give her any money for telling us about a product that literally turned the fortunes of Plexus totally around.

He is all about the money. And, as he is the only one with money, he thinks that the entire success of the company is due to him and his money. It is really so sad because we really have an incredible opportunity in front of us. It just won't work with a Money-Driven Dictator at the head of the company.

And, speaking of money, I fully intend to pay you and Monique for the consultations and coaching you have provided to me. If the opportunity presents itself, I definitely want you two to help us get Plexus Corporate running like a top!!! Right now that seems like a very ambitious wish.

Cheers,

Alfred