

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

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 CHARLOTTE, N.C.
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 U.S. DISTRICT COURT
 W. DIST. OF N.C.

SECURITIES AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	CIVIL ACTION FILE
v.)	
)	NO. 3:02CV128-HMU
FREDERICK J. GILLILAND,)	
)	
Defendant,)	
And)	
)	
MM ACMC BANQUE DE COMMERCE, INC.,)	
)	
Relief Defendant.)	
)	

RESPONSE TO COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

NOW COMES THE RELIEF DEFENDANT, MM ACMC BANQUE DE COMMERCE, by and through the undersigned representative for the Relief Defendant, and files this response to the plaintiff's complaint and allegation, and in support of such would respectfully show unto the Court the following:

SUMMARY OF THE BACKGROUND FACTS

1. This case involves the joint venture of numerous participants in various entities that jointly and collectively sought to invest (lend) funds in the Primary Markets (Corporate Lending against the issue of Medium Term Notes assisted by an Agent Bank of rating A+ or better). The type of venture is described, correctly or incorrectly, on the internet and through a number of prospectuses, which are a circulated by intermediaries and other hopefuls in the investment market. The Defendant Fredrik J. Gilliland has played a role as Consultant in this venture together with countless others, including De Vere Management, Attorney Johnson, Mr. Manishi Shrivastava, representing himself as Auditor for Sterling Asset Services Ltd.,

an Isle of Man registered entity. Through misrepresentation of material facts, the Defendant in co-operation with Mr. Shrivastava misled Mr. Carlo S. Firetto, manager for Stillbuild International Inc., and the management for M.M. APMC Fiduciary & Nominees BA, represented by Mr. Aug. C. W. Mohr to accept funds in the amount of USD 20.002.000,- (United States Dollars Twenty Million and Two Thousand 00/00) from Sterling Asset Services Ltd. as Investment Grade Funds and as the true and rightful property of Sterling Asset Services Ltd. M.M. APMC Fiduciary & Nominees BA named the Relief Defendant M.M. APMC Banque De Commerce, Inc. as Recipient in an Escrow Agreement and the Recipient was authorized to enter the funds in a Primary Placement Investment as further stated in an Underlying Agreement I and II with associated documents and Written Instructions from the Depositor Sterling Asset Services Ltd., represented by the Defendant Mr. Frederick J. Gilliland. No securities fraud has been attempted or effectuated as no securities has been issued or delivered, except a convertible Bond from the Relief Defendant to the Escrow Agent M.M. APMC Fiduciary & Nominee BA representing Sterling Asset Services Ltd. in the amount of USD 16.800.000,- (United States Dollars Sixteen Million Eight Hundred Thousand 00/00). The Defendant Mr. Frederick J. Gilliland has played a role as a Consultant in this matter. The Relief Defendant M.M. APMC Banque de Commerce Inc., has not been unjustly enriched by the Investment of USD 20 Million, but indeed been exposed to a legal controversy instigated by the Norwegian Authorities, represented by Økokrim who misled the FBI represented by Agent Walsh into believing that that the funds were a result of Money Laundering. Agent Walsh has testified under oath that no such crime has been detected and closed the investigation. To invest in the Primary Markets is neither fraud nor a violation of the US Securities regulations. The party representing and controlling the Relief Defendant M.M. APMC Banque De Commerce Inc. is not an acquaintance of the Defendant Frederick J. Gilliland. The parties have indeed never met each other.

2. The funds in question, relative to this motion, were raised in the period August 12th 1998 until September 17th 1998. The funds were invested by 19 investors. All parties were allegedly informed of the type of investment contemplated, and stated to be proficient in the Primary Placement Investment market. There is no proof presented that states that all the investors acted on an inducement by the Defendant Frederick J. Gilliland.

3. The Investment Schemes entered are neither fraudulent nor non-existent, but indeed actively operated through a number of European Banks, yet participation is by Invitation Only, that is; such investments are not open to the Public. As no proof has been presented as to who induced the 19 investors to invest into Sterling Asset Services in the said period above, the Relief Defendant contests the allegations presented, yet will confirm that pieces of evidence presented confirms that the Defendant has been overly optimistic about the annual profits that may be obtained and the ability to discount such profits with a payout shortly after commencement. There is further no proof presented that indicate a wilful misleading of potential investors as it cannot be determined if the opinions of the Defendant were “common market knowledge” or that “opinions voiced were similar to what was heard”. In the European realm and culture, where the transactions were carried out, there is freedom of speech and thought and ideas and common opinions may be passed on unpunished. It shall further be noted that the programs do exist and they are safe if handled according to current regulations.

4. The Relief Defendant has no knowledge of Sterling Asset Management, Inc. as this entity has no relationship to the funds that were forwarded to the Relief Defendant. In fact none of the funds received originate or come from Sterling Asset Management, Inc. Further, Sterling Asset Services, Ltd. was not formed by the Defendant. It is absolute untrue that the Defendant deposited funds raised from investors into several bank accounts he controlled in the names of Sterling Asset Services, Ltd. Evidence available shows that the 19 investors in question forwarded their funds from their own accounts into a particular account in the Allan

Dunbar Bank in the Isle of Man, an account which also had the Defendant as one of the signatories, but which was controlled by De Vere Management.

5. The Court should reject the Civil Action as the allegations presented are not based on facts but on unproven assumptions. The relief Defendant M.M. A.C.M.C. Banque de Commerce, Inc. has not obtained any ill-gotten gains as the funds are (a) regular investment capital, invested in accordance with legal agreements and (b) that the funds are no longer in the possession of the Relief Defendant. Allegations of Money Laundering have proven to be unfounded as per a FBI statement. Similarly there is no proof presented that Sterling Asset Services, Ltd., that invested the amounts in question, was engaged in a fraudulent Ponzi Scheme. Allegations of bogus and illegal transactions are also totally unfounded. That the Relief Defendant's representative "and other criminals" perpetuated fraudulent Ponzi Schemes on innocent investors is total fiction as the Relief Defendant's representative has never heard of, never spoken to and never met any of the 19 investors that invested funds into Sterling Asset Services, Ltd. On the contrary, the 19 investors and J/V partners have jointly and collectively through the Defendant sought to mislead with untrue statements and documents the Relief Defendant, thereby causing the Relief Defendant to overstep and violate financial regulations resulting in the seizure of the funds and the non-performance of its contractual undertakings, which in turn have caused the Relief Defendant to seek compensations for its losses through the courts, a suit which was won by default and which has laid the foundation for the motion to seek arrest and possession of the assets of Sterling Asset Services, Ltd as part settlement of the judgement.

6. The past actions and inactions of the Defendant are of no consequence to the rightful claim and attachment presented by the Relief Defendant against the seized funds invested by Sterling Asset Services, Ltd.

7. The Relief Defendant contests any notion of ill conduct as indeed the Relief Defendant has itself been misled, and has an equitable claim based on a default judgment.

Even without such a judgement, the seized funds, save USD 1.355.198,- per the year end 2001, would comprise the legal assets in the form Share Capital (through the conversion of the issued Bond) of the Relief Defendant.

JURISDICTION AND VENUE

8 -11. None of the transactions relative to this case took place in the Western District of North Carolina. The misleading of Stillbuild International, Inc. took place in London and manifested itself through an agreement between Stillbuild International, Inc., and Sterling Asset Services, Ltd. This Agreement became the Underlying Agreement II to the Escrow Agreement arranged by M.M. APMC Fiduciary & Nominees BA in Oslo. The funds from the J/V Partners and other Lenders to Sterling Asset Services, Ltd., was forwarded to an account in Allan Dunbar Bank in the Isle of Man. It has not been presented any evidence that points to the fact that any of the 19 participants / lenders to Sterling Asset Services, Ltd, have their domicile or any other relationship to the Western District of North Carolina. Further, it is not presented any evidence that these parties were solicited to purchase any investments, as the contractual relationship between the 19 J/V Partners / Lenders to Sterling Asset Services, Ltd., has not been disclosed. The only relationship to the Western District of North Carolina is the Relief Defendant who was named Recipient in the said Escrow Agreement and received a certain portion of the Sterling Asset Services, Ltd.'s funds (USD 20.002.000,-) in an account at NationsBank, now Bank of America in Charlotte, North Carolina. Other parts of the funds (USD 1.231.608,-) were retained in the Allan Dunbar Bank account and are presumably distributed by now. Similarly, the Relief Defendant received Written Instructions from the Defendant as Authorized Representative of Sterling Asset Services, Ltd., to return USD 2.500.000,- leaving the net balance received by the Relief Defendant of funds originating from Sterling Asset Services, Ltd. equal to USD 16.451.941,- as of December 1st. 1998, representing 87.36803% of the funds in the account

of the Relief Defendant. The other funds were from other investors amounting to USD 1.849.480,- representing 9.82387% and finally unrelated invoiced payments received to the Relief Defendant amounting to USD 528.780,- representing 2.80808% in the said account.

THE DEFENDANT

12. The transaction between Sterling Asset Services, Ltd., and M.M. APMC Fiduciary & Nominees BA was conducted between Oslo and London. Allan Dunbar Bank, Isle of Man conducted a business with NationsBank of Charlotte, N.C. No business has been conducted between the Defendant / Sterling Asset Services, Ltd., and the Relief Defendant.

THE RELIEF DEFENDANT

13. The Relief Defendant is not unjustly enriched as indeed its assets have been unjustly seized. These assets include funds that are not related to Sterling Asset Services, Ltd. Further, the Relief Defendant won the rights and title in the Court of Law on May 9th. 2000 to the assets of M.M. APMC Fiduciary & Nominees BA, including the issued shares, and the assets of Sterling Asset Services, Ltd. and the Defendant Frederick J. Gilliland, as part compensation in a suit against the named parties totalling USD 25.803.885,- as of February 20th 2002. Further the party in control of the Relief Defendant has unjustly been accused in relationship to this case. The case in Oslo against this party is pending with no legal and binding judgement passed. Much of the case is based on the same unfounded assumptions as presented in this case.

THE FACTS

14 -27. The Defendant has been active in matters not related to the Sterling Asset Services, Ltd., and its 19 J/V Participants and Lenders whose funds were forwarded to the Allan Dunbar Account in the Isle of Man, which eventually were transferred to the bank account in

Charlotte, N.C. which has given rise to the seizure and the involvement of the Relief Defendant and the venue for this case. As a consequence, the Relief Defendant motions for the dismissal, or alternatively a separation, of aspects of the case related to such “other incidents” involving the Defendant that is unrelated to the matters of concern to the Relief Defendant. These allegations relating to the Defendant is largely spurious and undocumented and singles him out from a vast market of people with similar believes and aspirations, who’s knowledge of the vast and complicated financial regulations is lacking in substance and detail leading to an overly optimistic belief in quick and easy earnings. The Programs referred to exists, but there are no unrealistic discounts. The words, allegedly used by the Defendant, are legal in as much as a publication by the Financial Times: The Banker lists the “Top 100 World Banks”. The Defendant passed on material widely publicized and available on the internet. It does not excuse that the Defendant probably knew less of Private Placement Investments than some of the 19 J/V Participants / Lenders that forwarded funds. Further all information is sensitive in the financial markets and the details of bipartisan transactions are not widely publicized; yet the type of transactions are neither secret nor unknown, as they are indeed executed daily all over the world though invitations to participate.

THE INVESTOR AGREEMENTS AND THE SOLICITATION

28 -36. The Defendant is believed to have executed at least one “Investment Agreement” with a J/V Participant related to Sterling Asset Services, Ltd., believed to be Mr. Rollar. The latter stated under oath in a deposition taken late November 2000 not to be deceived by the Defendant Mr. Fredrick J. Gilliland, but has later been induced by the FBI and others to reconsider his position. Although it is apparent that the Defendant has not stated his own position truthfully, both parties have failed to execute normal due diligence and both parties have been consumed by the popular opinions of “All you need to know about Bank

Debtenture Trading Programs” without being able to distinguish the facts from fiction including the utopia of gains and returns as a result of the overbidding in the broker market and the misguided belief in the abilities of gearing, the number of trades possible and the endless availability of Notes from rated issuers at discounted prices. Common sense should have made this J/V Participant put his brakes on. This J/V Participant, and presumably others, has hid behind the Defendant and left it up to the Defendant to represent himself without reservations, apparently taking neither a board representation nor signature rights. As such, this J/V Participant is as guilty as the Defendant in the misleading of Stillbuild International, Inc., and thereby M.M. APMC Fiduciary & Nominees BA and finally the Relief Defendant. Gross negligence by this J/V Participant does not entitle him, three years after the fact and after having stated under oath not to be deceived, to label the Relief Defendant, that has no relationship with the Defendant and his merry J/V Partners, as an “operator of a Ponzi Scheme, perpetuated on innocent investors”. No return payments out of the Principal Amount have ever been made labelled “profits” or “gains” to deceive Sterling Asset Services, Ltd. Further, neither the Relief Defendant nor M.M. APMC Fiduciary & Nominees BA have obtained the funds by fraud or deception as the parties have indeed been approached and appointed by Stillbuild International, Inc., and Sterling Asset Services, Ltd., to place a certain amounts in a Private Placement Investment, an appointment and a reciprocating agreement which was violated by Sterling Asset Services, Ltd., less than 14 days after its entry. The Defendant on the other hand appears to have shared with his J/V Partners all the information that he could muster and the parties have jointly failed to apply restraint, critique and common sense to at least consult a professional economic advisor about the transactions they were about to enter. One of the J/V participants, Mr. Rollar has further falsely attempted to inflate the amounts forwarded to Sterling Asset Services, Ltd. The records show that he forwarded funds twice to this entity totalling USD 2 Million and that he is one of the 19 J/V Partners. What he has invested, lent or forwarded elsewhere is

unknown. Mr. Rollar claims as late as January 7th 2002 that “he never received any return on his USD 12.5 Million investment and was never repaid any of his principal”. By virtue of this statement, he undermines his other statement concerning a “Ponzi Scheme” which is hallmarked by the repayment of the invested principal labelled as “dividends or gains” to encourage further investments. It is further not clear and hopefully will be uncovered in a discovery of these proceedings as to what the forwarded funds represented. It appears that the J/V Partners neither received shares in Sterling Asset Services, Ltd., (as only two shares of £ 1 each were ever issued) or certificates or other securities, which would constitute an investment. Instead it appears that the J/V Partners lent their funds to Sterling Asset Services, Ltd., as a sort of deposit without collateral or security.

INVESTORS

40 -72. It is doubtful that the 19 J/V Partners that forwarded funds to Sterling Asset Services, Ltd., can be labelled as investors. Lenders or Depositors would be a more equitable term. This has a major legal implication, which will be discussed below. It is further apparent that the referenced parties in item 40 to 66 as well as item 70 are connected to Sterling Asset Management, Inc. and their funds have no bearing and part in the funds that were forwarded to Sterling Asset Services, Ltd., in spite of the name similarity. The records further show that the funds mentioned in item 72 does not originate from Sterling Asset Management, Ltd., but indeed from another J/V Participant.

MONEY TRANSFERS

73 -76. The Relief Defendant disputes the allegations stipulated in item 73. The Relief Defendant represented the Recipient in an Escrow Agreement made by M.M. APMC Fiduciary & Nominees BA as Escrow Agent for Sterling Asset Services, Ltd. M.M. APMC Fiduciary & Nominees BA would further represent the interests of their Member and

Participant Sterling Asset Services, Ltd. The Relief Defendant received the amount for Private Placement Investment purposes and issued a Convertible Bond for the amount to the Escrow Agent. The Escrow Agreement was violated as early as 14 days after its entry with Written Instructions to return USD 2.5 Million for a Sterling Asset Services, Ltd., building project. It should be noted that the company auditor, Mr. M. Shrivastava had presented the company he worked for as an entrepreneurial entity holding taxed and duly earned funds as a result of the company's building activities over the last 15 years, signally held and owned by the Defendant, all of which turned out to be complete lies. Sterling Asset Services, Ltd. should refund the withdrawn amounts but never did. This created an unclear situation and caused the Relief Defendant to default on their entered agreements, which in itself is a cause for compensation. As of December 1st. 1998, the Relief Defendant held the amount of USD 16.451,941,- (for the credit of the Escrow Agent) out of the originally received funds from Sterling Asset Services, Ltd. The Relief Defendant held further amounts to the credit of M.M. APMC Fiduciary & Nominees BA making up the total of USD 16.981.138,- as of this date. It was due this unclear situation and other aspects of the matter including the legal evaluation of the received funds and the related tax liabilities on the part of the Relief Defendant that caused the bond to be converted to an issue of shares by the Relief Defendant to M.M. APMC Fiduciary & Nominees BA for the amount of USD 16.8 Million. The Relief Defendant is not unjustly enriched by this agreement. Further, due to the damages this matter has caused onto the Relief Defendant, a compensatory suit was brought against M.M. APMC Fiduciary & Nominees BA, Sterling Asset Services, Ltd., and its representative, the Defendant Frederick J. Gilliland. on January 10th 2000. The Relief Defendant was uncontested awarded on May 9th 2000 a compensation that with interest stands at USD 25.803.885,- as of February 20th. 2002 less USD 16.800.000,- in issued shares and USD 2.680.000,- in credits received as part settlement. The Relief Defendant is contesting the seizure referred to as Case No. 3:98MC96-MU. The Florida business man and J/V Partner

with the Defendant in Sterling Asset Services, Ltd. has failed to address his claims in the courts of the Isle of Man and has not registered his claim in the Estate of Sterling Asset Services, Ltd. within the prescribed time limits as the Isle of Man law stipulates. Only the Receiver for the estate of Sterling Asset Services, Ltd., may direct a claim towards M.M. APMC Fiduciary & Nominees BA or to the courts, which M.M. APMC Fiduciary & Nominees BA would appoint and direct to release their obligations under the Escrow Agreement. However, the Escrow Agent has been impaired to be able to fulfil this obligation by the seizure action instigated and further by the judgement by default on May 9th. 2000. The Florida business man and J/V Partners with the Defendant is free to seek compensation from the parties that caused the ultimate damages to the Relief Defendant through he unwarranted seizure.

MISREPRESENTATIONS AND OMISSIONS

77 -86. The Relief Defendant does not dispute the allegations stipulated under this heading although the Relief Defendant is not privy to the material referred to. However, the distorted and misguided mind of the Defendant and that of his J/V Partners in Sterling Asset Services, Ltd., that allegedly perpetuated the misguided advises on their friends and business partners, who also forwarded funds, would need to be examined in more detail. The Civil Action has failed to take in account the parties that have misguided the Defendant into believing in the astronomical returns and the belief in the selected few that possesses this "unique" opportunity. Supported by the internet and may "authoritative" publications, it cannot be ruled out that the Defendant himself was misguided. His negligence in seeing out the true nature of things is inexcusable, but neither is this burden any less for the J/V Participants that in their part caused this calamity for the parties named in this suit. Parties with whom the Relief Defendant works have spent 11 years studying the legal intricacy of the Private Placement Investment and it took them a further two years to have their legal documents

vetted and approved by the regulating authorities. It is conclusive that the Private Placement Investment is legal and operating, but the rules and regulations governing the type of financial transactions in question is overly complicated and to a large extent will straddle many regulations, issued by more than one regulating body, that at time is conflicting and contradictory. A non-legal mind would not fathom the extent of the existing regulations that to a large extent would limit the returns that mathematically and theoretically could be obtained. Attorney Townsend has under oath confirmed the existence and workability of the Private Placement Investment.

THE COUNTS

87 -104. The Relief Defendant dispute the allegations of the offer and sale of securities by the Defendant as inconsistent with the basis of a Private Placement Investment, which in broad terms are synonymous with Corporate Lending against the receipt of securities from the Borrower often issued by a bank on the Borrower's behalf. It is not believed that the J/V Partners should purchase such securities. Usually the lenders banker's would resell such collateral for the profit of the Lender. There is further no evidence surfaced which is consistent with an offer of securities by the Defendant vs. the 19 J/V Partners in Sterling Asset Services, Ltd. The Relief Defendant further discounts the ability of the Defendant to act with scienter, with the intent to deceive, manipulate or defraud as the Defendant apparently believed in the misguided advices on the internet and other widely distributed publications on the subject containing the same errors of judgement as presented by the Defendant. However, the Defendant must have acted with gross negligence and a degree of make believe in his statements, making both knowingly untrue statements and omitting facts well known to him. It is further not known from where the defendant operated, presumably the UK and the Isle of Man, which would constitute a non US jurisdiction competent in this matter.

THE RELIEF

I The research and discoveries conducted in this case, known to the Relief Defendant, are too inconclusive and incomplete to substantiate more than an assumption of guilt on the part of the Defendant for the counts stated.

II The parties behind Sterling Asset Services, Ltd. in addition to De Vere Management, Attorney Johnson and auditor Manishi Shrivastava, are the 19 J/V Partners acting in concert and participation with the Defendant.

III The Relief Defendant has received no ill-gotten gains and no unjust enrichment to disgorge. The Relief Defendant has instead been unjustly entangled in the affairs behind Sterling Asset Services, Ltd., has been exposed to an unjust seizure causing default of contractual obligations, loss of reputation, loss of business and exposure to extensive legal and consulting costs currently uncovered, for which tort and compensation have been sued for, which was uncontested and won in the Court of Law, currently disregarded and opposed by the very J/V Participants behind the Defendant and the Agents of the US Regulating Bodies, that presumably would respect the decisions of the Courts.

IV The Defendant must answer for his own actions.

V The Relief Defendant contest that there are any investors to protect as the parties forwarding the funds to Sterling Asset Services, Ltd., are the 19 J/V Participants and Lenders to Sterling Asset Services, Ltd., acting in concert and behind the Defendant and co-responsible for the actions of the Defendant through their gross negligence.

CONCLUSION

WHEREFORE, The Relief Defendant respectfully prays for:

I The dismissal, or alternatively a separation, of aspects of the case related to Sterling Asset Management, Inc., and any other matter that involves the Defendant that is unrelated to the matters of concern to the Relief Defendant that is limited to the 19 Lenders and J/V

Participants behind Sterling Asset Services, Ltd. and its funds that was forwarded to an account with NationsBank, now Bank of America in Charlotte, N.C.

II The discovery from the 19 J/V Participants behind Sterling Asset Services, Ltd., and evidentiary hearings thereafter at the appropriate time on their contractual relationship with Sterling Asset Services, Ltd., where it can be conclusively determined what their forwarded funds represented, and their alleged entitlement to their forwarded funds that were either lent to Sterling Asset Services, Ltd., or invested into the company without compensation, where it can be determined if each of these 19 J/V Participants were diligent in their standard due diligence of the proposition by the agents of Sterling Asset Services, Ltd., and the legal entity itself, its accounts, rating and financial ability to manage and repay the funds, where it can be determined that the 19 J/V Participants forwarded legally earned, taxed, investment grade funds and where it can be determined what legal efforts the 19 J/V Participants have executed to secure their claims against Sterling Asset Services, Ltd., in the courts of the Isle of Man and with the receiver for Sterling Asset Services, Ltd., in the Isle of Man.

III A dismissal of the Civil Action on the basis lack of evidence and the many undocumented assumptions, especially the offer for sale of securities, to be considered in this matter, as well as the co-mingling of unrelated matters that has no relevance to the case and to the funds received by the Relief Defendant.

WHERE AFTER the Relief Defendant enters the following Defence against the allegations of the Plaintiff, any US related Government Agency and any of the 19 J/V Participants in Sterling Asset Services, Ltd., that by reference is a Party to this Civil Action:

First Affirmative Defence:

As a separate and affirmative defence to the complaint of fraud and request for relief of Rollar and Vazquez and any of the other 17 J/V Participants (et al.) on file, and each and

every cause of action, the answering Relief Defendant allege that the that the said Complaints and each and every cause of action therein fails to state and prove any wrong doing of the Relief Defendant.

Second Affirmative Defence:

As a separate and affirmative defence to the complaint of fraud and request for relief of Rollar and Vazquez et al. on file, and each and every cause of action, the answering Relief Defendant allege that to the extent the referenced Complainants seek equitable relief, their inequitable conduct with the Defendant Mr. J. Gilliland as J/V partners constitute unclean hands and therefore bars the granting of relief to the referenced Complainants herein.

Third Affirmative Defence:

As a separate and affirmative defence to the complaint of fraud and request for relief of Rollar and Vazquez et al. on file, and each and every cause of action, the answering Relief Defendant denies that any duty was owed to the referenced Complainants as no agreements with them have ever been entered.

Fourth Affirmative Defence:

As a separate and affirmative defence to the complaint of fraud and request for relief of Rollar and Vazquez et al. on file, and each and every cause of action, the answering Relief Defendant allege that the referenced Complainants were engaged in conduct with Mr. Gilliland that constitutes a waiver of the Complainants' rights and claims alleged in the Complaint, thereby excusing the Relief Defendant.

Fifth Affirmative Defence:

As a separate and affirmative defence to the complaint of fraud and request for relief of Rollar and Vazquez et al. on file, and each and every cause of action, the answering Relief Defendant allege that the Complainants have failed to mitigate damages by their carelessness investing with an unregulated offshore entity totally unknown and with no known record of financial soundness.

Sixth Affirmative Defence:

As a separate and affirmative defence to the complaint of fraud and request for relief of Rollar and Vazquez et al. on file, and each and every cause of action, the answering Relief Defendant allege that the referenced Complainants' claim for compensation from the Relief Defendant cannot be sustained because the referenced Complainants did not suffer any damage caused by the Relief Defendant and funds alleged to be invested with or lent to third parties are not undisputedly received by the Relief Defendant, or part of the funds forwarded by Sterling Asset Services, Ltd., to the accounts of the Relief Defendant with NationsBank.

Seventh Affirmative Defence:

As a separate and affirmative defence to the complaint of fraud and request for relief of Rollar and Vazquez et al. on file, and each and every cause of action, the answering Relief Defendant allege that the referenced Complainants were negligent and failed to exercise sufficient care in their transactions with Sterling Asset Services, Ltd., and others, thereby causing losses to themselves they indirectly claim the Relief Defendant is responsible for.

Eighth Affirmative Defence:

As a separate and affirmative defence to the complaint of fraud and request for relief of Rollar and Vazquez et al. on file, and each and every cause of action, the answering Relief Defendant allege that all and any losses sustained by the referenced Complainants were a

result of the acts of Mr. Gililand or other third parties not associated with the Relief Defendant in any way; therefore the Relief Defendant is entitled to indemnify and offset against those third parties.

Ninth Affirmative Defence:

As a separate and affirmative defence to the complaint of fraud and request for relief of Rollar and Vazquez et al. on file, and each and every cause of action, the answering Relief Defendant allege that the referenced Complainants have separately and individually waived any complaint as they do allege under oath, not to be defrauded and therefore estopped from asserting the causes of actions against the Relief Defendant.

Tenth Affirmative Defence:

As a separate and affirmative defence to the complaint of fraud and request for relief of Rollar and Vazquez et al. on file, and each and every cause of action, the Complainants are barred from making a claim against the Relief Defendant by the appropriate statutes of limitation.

Eleventh Affirmative Defence:

As a separate and affirmative defence to the complaint of fraud and request for relief of Rollar and Vazquez et al. on file, and each and every cause of action, the answering Relief Defendant allege that it owe no duty, are not liable, and should not have been addressed in their request for relief; therefore the Relief Defendant is entitled to receive full cover for costs of the defence of the action by the Complainants, including cost of suit and attorney's fees to be incurred in this action.

Twelfth Affirmative Defence:

As a separate and affirmative defence to the complaint of fraud and request for relief of Rollar and Vazquez et al. on file, and each and every cause of action, the answering Relief Defendant allege that the losses stated to be incurred by the Complainants are unenforceable in that they are not based on any written contract, no document or agreement, no note or memorandum signed by the officers of the Relief Defendant as required by civil codes.

Thirteenth Affirmative Defence:

As a separate and affirmative defence to the complaint of fraud and request for relief of Rollar and Vazquez et al. on file, and each and every cause of action, the answering Relief Defendant allege that any agreement signed with the representative of Sterling Asset Services, Ltd., and any supporting documents to such agreement, which has had an indirect effect on the affairs of the Relief Defendant has been proven to contain false and misleading statements giving rise to the request for compensation against Sterling Asset Services, Ltd., which has been won in an uncontested judgment.

Fourteenth Affirmative Defence:

As a separate and affirmative defence to the complaint of fraud and request for relief of Rollar and Vazquez et al. on file, and each and every cause of action, the answering Relief Defendant allege that there has been a failure of consideration in supporting the requests by Sterling Asset Services, Ltd., and their J/V Partners, including the Complainants.

Fifteenth Affirmative Defence:

As a separate and affirmative defence to the complaint of fraud and request for relief of Rollar and Vazquez et al. on file, and each and every cause of action, the answering Relief Defendant allege that the tasks and duties to be executed by the Relief Defendant for the ultimate benefit of Sterling Asset Services, Ltd. And their J/V Partners, therein the

Complainants in as much as they are part of Sterling Asset Services, Ltd., have been unilaterally rescinded, cancelled and terminated by the Relief Defendant as a result of the position of the funds and the misrepresentation of Sterling Asset Services, Ltd., giving rise to due compensation in favour of the Relief Defendant equal to the funds received. As a result the Relief Defendant obligations under the Agreements have been extinguished.

Dated April 22nd. 2002.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Aug. C. W. Mohr', is written over a horizontal line.

Aug. C. W. Mohr,

Representative for the Relief Defendant

Tuengen Allé 8, Vinderen, Oslo 3

Norway.

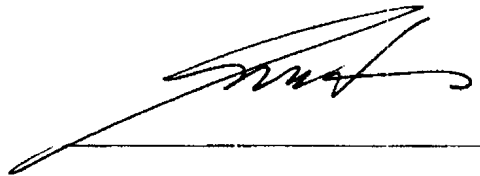
Tel.: +47.932.48.203.

CERTIFICATE OF SERVICE

I herby certify that a copy of the forgoing Relief Defendant's Response and Defence in Opposition to the Plaintiff's Civil Action for the relief and protections of the Investors rights and the proposed Order were served by depositing a copy of same in the main service, postage prepaid and addressed as follows:

Attorney Alex Rue
Counsel for the Plaintiff
Securities and Exchange Commission
3475 lenox Road, N.E., Suite 1000
Atlanta, Georgia 30326-1232

This day the 22nd day of April, 2002.

A handwritten signature in black ink, appearing to read 'Aug. C. W. Mohr', is written over a horizontal line.

Aug. C. W. Mohr