

EXHIBIT A

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SPEHAR CAPITAL, LLC, a California limited liability company
10

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA
12 FOR THE COUNTY OF LOS ANGELES
13 (NORTH CENTRAL DISTRICT -- BURBANK)

14 SPEHAR CAPITAL, LLC, a California
15 limited liability company,

16 Plaintiff,

17 v.

18 CMGT, INC., a Delaware corporation, and
19 DOES 1 through 100, inclusive,

20 Defendants.

CASE NO. EC 037602

**JUDGMENT AND PERMANENT INJUNCTION
AGAINST CMGT, INC.**

Dept.: NC"A"

FILED
LOS ANGELES SUPERIOR COURT

MAR 18 2004

JOHN A. CLARKE, CLERK

Jeff W. Lipp
BY JEFF W. LIPP, DEPUTY

"F.O."
PKK

21
22 This matter came before the Court on the motion of Plaintiff, Spehar Capital, LLC
23 ("Spehar") for a default judgment against defendant, CMGT, Inc. ("CMGT"). On February 26,
24 2004, at 08:30 a.m., the Court held a hearing on Spehar's motion, during which Spehar Capital's
25 President, Gerry Spehar, testified and presented evidence regarding its damages from CMGT's
26 breach of Spehar Capital's contract. Having reviewed the pleadings and heard testimony and
27 received evidence on Spehar's damages, and being sufficiently advised of their premises, the
28 Court enters the following findings of fact and conclusions of law:

1 1. CMGT was validly served with Spehar's First Amended Complaint on December
2 8, 2003.

3 2. The Court has jurisdiction over CMGT under Cal. Code Civ. P. 410.10, because
4 CMGT has purposefully availed itself of the benefits and burdens of doing business in California
5 and CMGT has sufficient minimum contacts with California to satisfy due process. CMGT has
6 directed a steady and numerous stream of business contacts and communications to California
7 during the past two years, specifically:

8 a. Spehar Capital contracted with CMGT in California.

9 b. CMGT has transacted business in California by providing services to several clients
10 that are located in California and partnering with other California businesses.

11 c. Over the course of the over 2 years preceding this action, CMGT's President, Lou
12 Franco, deliberately directed extensive daily telephone and email communications to Spehar
13 Capital in California, and CMGT's President has traveled to California to meet with CMGT's
14 clients, and Spehar Capital.

15 d. CMGT attempted to raise capital from at least one investor, the Washoe tribe,
16 which is located in California.

17 3. CMGT has not answered Spehar's First Amended Complaint, entered an
18 appearance or responded in any way to any pleading in this case.

19 4. The clerk entered a default against CMGT on January 12, 2004.

20 5. Because CMGT has not answered Spehar's First Amended Complaint, all
21 allegations in the First Amended Complaint are deemed to have been confessed. Johnson v.
22 Stanhiser, 72 Cal.App.4th 357, 361 (1999). The Court incorporates these deemed admissions by
23 reference herein as findings of fact.

24 6. Spehar has proven damages in the following amounts for the following items for
25 which Spehar's contract with CMGT entitles Spehar to compensation:

- 26 a. Legal Expenses 58,863.00
- 27 b. Cash Success Fee 150,000.00
- 28 c. Management Consulting Fee 100,000.00

1	d.	Stock Compensation	11,253,627.00
2	e.	<u>Investment Banking Rights</u>	<u>5,483,290.00</u>
3		Total	17,045,780.00

4 7. Spehar's damages are: (a) based on either specific dollar amounts that are set forth
5 in its contract with CMGT, or on facts, figures, projections and assumptions that are either the
6 same as, or not materially different from, the facts, figures, projections and assumptions that
7 CMGT presented to and that were relied on by both CMGT and potential investors; and (b)
8 otherwise supported by the evidence that Spehar presented.

9 8. Spehar Capital's damages are reasonably certain to have been realized but for
10 CMGT's wrongful acts.

11 THEREFORE, the Court:

12 1. Enters judgment IN FAVOR of Spehar Capital, LLC and AGAINST CMGT, Inc.
13 in the total amount of \$17,045,780;

14 2. Imposes a constructive trust in favor of Spehar Capital, LLC on all assets of any
15 type whatsoever of CMGT and Newco that either CMGT or Newco have transferred: (a) between
16 themselves; (b) to Newco or CMGT shareholders or any other financiers of CMGT or Newco
17 (including persons who have loaned or contributed money or other capital to CMGT); or (c) to
18 another person or entity other than in the ordinary course of CMGT's business, as CMGT's
19 business existed and operated at the commencement of this action;

20 3. Permanently ENJOINS AND RESTRAINS CMGT, Inc. and its officers, agents,
21 servants, employees, representatives, and all persons acting in concert or participating with them,
22 from engaging in, committing, or performing, directly or indirectly, any and all of the following
23 acts:

24 (a) proceeding with the asset sale transaction between CMGT and Newco;

25 (b) proceeding with an asset purchase, business or asset sale, or any other financing
26 arrangement of any type whatsoever between CMGT and any other person or entity without the
27 express written consent of Spehar Capital, LLC;

28

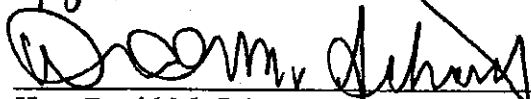
1 (c) consummating or taking any further steps toward consummating, the asset purchase
2 transaction or any other financing, capital-raising, purchase, sale or other transaction between
3 CMGT and Newco, or any other transaction of any type by CMGT whose terms do not expressly
4 acknowledge, incorporate and comply with all terms of the CMGT-Spehar agreement and this
5 judgment;

6 (d) selling, transferring, pledging or encumbering any of CMGT's assets or property, other
7 than in the ordinary course of ordinary course of CMGT's business, as CMGT's business existed
8 and operated at the commencement of this action; and

9 (e) licensing, selling, disposing of, or otherwise authorizing the use any of CMGT's
10 software by a person or entity other than CMGT, taking any action or acting in any way that
11 would diminish the value to CMGT of CMGT's software.

12 4. Releases the \$25,000 bond that Spehar Capital posted in connection with the
13 preliminary injunction that the Court entered on October 3, 2003. To allow Spehar to domesticate
14 this judgment in any other jurisdiction, the Court's preliminary injunction shall remain in full
15 force and effect until midnight on the 20th day after this judgment enters.

16 ENTERED AND ORDERED this 18 day of March, 2004.

17 

18 Hon. David M. Schacter
19 Superior Court Judge, Los Angeles County

EXHIBIT B

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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

DEPARTMENT NCA

HON. D. M. SCHACTER, JUDGE

SPEHAR CAPITAL, LLC,)
)
 Plaintiff(s),)
)
 vs.)
)
 CMGT, INC.,)
)
 Defendant(s).)
)

No. EC037602

REPORTER'S TRANSCRIPT OF PROCEEDINGS

February 26, 2004

APPEARANCES

For the Plaintiff: STEVEN KLENDIA, ESQ.

JEANETTE G. SOTO, CSR #8733
Official Reporter

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DAY	DATE	SESSION	PAGE
Thursday	February 26, 2004	A.M.	1

PROCEEDINGS

Default prove up hearing

1 BURBANK, CALIFORNIA; THURSDAY, FEBRUARY 26, 2004;

2 A. M. SESSION

3 DEPARTMENT NCA

HON. D. M. SCHACTER, JUDGE

4 (Appearances as heretofore noted.)

5 (Jeanette G. Soto, Official Reporter.)

6

7 THE COURT: Spehar Capital.

8 Swear in the witness, please.

9 THE CLERK: You do solemnly swear the testimony
10 you may give in the cause now pending before this court
11 shall be the truth, the whole truth, and nothing but the
12 truth, so help you God?

13 THE WITNESS: I do.

14 MR. KLEND: Steven Klenda on behalf of Spehar
15 Capital. Present is Gerry Spehar, president.

16

17 GERRY SPEHAR,

18 called as a witness on behalf of the Plaintiff, was sworn
19 and testified as follows:

20

21 DIRECT EXAMINATION

22 BY MR. KLEND:

23 Q Please state and spell your full name for
24 the record.

25 A Gerry Spehar, that's what I go by. My first
26 name is actually Robert.

27 THE COURT: What would you like to go by today?

28 THE WITNESS: Gerry.

1 THE COURT: Why don't you sit down and relax.
2 Please go ahead.

3 MR. KLEND: Your Honor, if you recall, this case
4 involved Spehar Capital. It's a Glendale business who
5 contracted to raise money for a start up company called
6 CMGT, Inc.

7 They succeeded. Two entities signed a
8 letter of intent to provide capital to CMGT. This
9 acceptance of the letter of intent triggered certain
10 provisions in Mr. Spehar's capital contract, excluding
11 investment banking rights, a percentage of stock
12 compensation and a success fee which was 6 percent of
13 \$2.5 million.

14 In addition, the capital -- the capital
15 required Mr. Spehar to be paid \$100,000 for providing
16 management consulting services, and it contained a fee
17 shifting provision.

18 Those provisions of the contract are
19 detailed in paragraphs 13 to 17 of our complaint.

20 THE COURT: This was the finder's fee, wasn't it?

21 MR. KLEND: Yes.

22 THE COURT: Go ahead. You got to have him say
23 something.

24 THE WITNESS: Dangerous territory, Your Honor. I
25 say a lot.

26 THE COURT: So you had a document, which the
27 documents we're going to put into evidence shows that
28 you had it set up into a finder's fee is \$100,000, and

1 they bilked on it?

2 THE WITNESS: The \$100,000 is a management
3 consulting fee. The finder's fee was \$150,000.

4 THE COURT: So what are we after today?

5 THE WITNESS: Much more than that. We're also
6 after evaluation of the stock compensation that I was
7 owed which was 6 percent of CMGT and evaluation of the
8 investment banking rights which accrued to be when they
9 accepted the letter of intent.

10 THE COURT: So what are the damages that are
11 reflected in the documents of counsel?

12 Sit down, counsel, and relax.

13 What are the documents -- what are the
14 damages in the documents that are -- what documents?
15 Number what? A through what?

16 MR. KLEND: Numbers 1 through 15, Your Honor.

17 THE COURT: 1 though what?

18 MR. KLEND: 15.

19 THE COURT: What kind of damages are they for
20 what? Each one?

21 MR. KLEND: For legal expenses \$5,863 for the
22 cash.

23 THE COURT: Now is there something that allows for
24 legal expenses?

25 MR. KLEND: Yes, there is.

26 THE COURT: And the document says attorney's fees?

27 THE WITNESS: Yes, there's a fee shifting
28 provision in the document.

1 THE COURT: What's the next one?

2 THE WITNESS: Cash success fee which is what you
3 were calling the finder's fee, and that's \$150,000.
4 That's 6 percent of the \$2.5 million capital rates.

5 THE COURT: And the next one?

6 THE WITNESS: I have to write down the manager's
7 fee. In the contract the words were cash success fee,
8 but it is a finder's fee, as you refer to it.

9 THE COURT: Well, one I understand.

10 Go ahead.

11 THE WITNESS: There was a management consulting
12 fee put in the contract on the second revision of the
13 contract because I was doing much more than I was
14 originally called for to do in consulting management,
15 and that was \$100,000.

16 THE COURT: Okay. What else?

17 THE WITNESS: Stock compensation, I was also when
18 the contract, when the letter of intent was subpoenaed,
19 I was owed 6 percent of the CMGT as common stock. The
20 valuation of that CMGT relied on and investors relied on
21 was a IPO to be done in 2006.

22 Current valuation of my 6 percent would be
23 \$11,253,627.

24 THE COURT: What's it worth now?

25 THE WITNESS: That's it. 11 million.

26 THE COURT: Is CMGT in existence?

27 THE WITNESS: Yes, it is. Because I have called
28 as late as last week in their call center operations,

1 and they are answering the phones. Beyond that, I can
2 get no information out of CMGT.

3 THE COURT: Once you have the judgment, they're
4 going to come in and set aside the judgment, and the
5 dance starts all over again.

6 THE WITNESS: I stand by my representations.

7 THE COURT: I'm just saying this is what usually
8 happens. It's like the first dance one person forgot to
9 get up, and the second dance, everybody gets up.

10 THE WITNESS: Okay.

11 THE COURT: Okay. That's fine.

12 THE WITNESS: And there's one more provision.
13 They, because I was the party who helped them raise the
14 initial capital, I was given what were called investment
15 banking rights for future deals. So I would be the
16 party if they raised capital for any purposes --
17 financial billing through the IPO -- I would be the
18 party as a investment banker that would be allowed to do
19 that.

20 There's a fee attached to that, of course.
21 I valued the IPO fee in 2006. My portion of that would
22 be worth today 5,400,000.

23 THE COURT: But that one is pretty hard because
24 nothing has happened on that yet. You could have it in
25 your judgment that you had the right to the fee, if it
26 ever occurs, but this may never occur.

27 THE WITNESS: The investors at CMGT in all of
28 their presentations to investors relied upon an IPO as

1 an extra strategy in 2006. They relied on that.

2 THE COURT: Okay.

3 THE WITNESS: And I had a right to do that.

4 THE COURT: Okay.

5 THE WITNESS: So my value of that fee today would
6 be \$5,438,290.00.

7 THE COURT: What does CMGT do?

8 THE WITNESS: Own a business called absence
9 management. And just to give you a perspective on what
10 companies, how they value this service, 51 percent of
11 the human resource directors in the United States
12 according to a magazine by the name of HR Next that they
13 subscribe to have said it's their biggest headache,
14 absence management, under the family leave act under
15 which a lot of the employees go out, and they have a
16 call center operation.

17 When a client employs them, a client has
18 told all of the employees, "You will now when you're
19 going to be absent call CMGT's call center." They have
20 a piece of proprietary software that integrates. CMGT
21 has a proprietary piece of software they wrote which
22 allows for the call center to over the internet
23 integrate all of the employers' data bases on their
24 employees and all of the disability carrier's data bases
25 on that company with a call center. So that whenever
26 anybody calls in that's sick, that's the funnel. That's
27 the tip of the funnel from which all information flows
28 out to all of those people.

1 THE COURT: All right. Do you have the judgment
2 ready?

3 MR. KLEND: Unfortunately, Your Honor, I do not.

4 THE COURT: Then you can prepare it up. Okay so
5 probably one of two things will happen. They will set
6 it aside, walk away from the company or they will go
7 bankrupt. It's one of those three things will happen.

8 MR. KLEND: That is likely, Your Honor.

9 THE COURT: Oh, yeah. Okay. Thank you very much.

10 MR. KLEND: Can I tender the exhibits to the
11 court?

12 THE COURT: Yes, please. And we'll put them in
13 the file. So the exhibits are to be in the file.

14
15 (The proceedings in the above-entitled
16 matter were concluded.)
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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

DEPARTMENT NCA

HON. D. M. SCHACTER, JUDGE

SPEHAR CAPITAL, LLC,)
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Plaintiff(s),)
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vs.)
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CMGT, INC.,)
)
Defendant(s).)
)

No. EC037602

STATE OF CALIFORNIA)
) SS
COUNTY OF LOS ANGELES)

I, JEANETTE G. SOTO, Official Reporter of the Superior Court of the State of California, for the County of Los Angeles, do hereby certify that the foregoing pages 1 through 7 comprise a full, true, and correct transcript of the proceedings held in the above-entitled matter on February 26, 2004.

Dated this 25th day of September, 2006.

Jeanette G. Soto CSR #8733
Official Reporter