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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

EDOKEDA TRADING LTD.,	:	Civil Action No.
Plaintiff,	:	
v.	:	
MERCHANT NATIONAL, LLC,	:	COMPLAINT AND DEMAND
PAYSCOUT LTD., and	:	FOR TRIAL BY JURY
MANPREET SINGH,	:	
Defendants.	:	

Plaintiff Edokeda Trading Ltd. (“Edokeda”), through the undersigned attorney, by way of complaint against Merchant National, LLC (“MN”), PayScout Ltd. (“PS”) and Manpreet Singh (“Singh”) alleges:

PARTIES

1. Plaintiff is an alien private limited company incorporated in Mauritius and which conducts business at Suite 612, 6th Floor, St. James Court, St. Denis Street, Port Louis, Mauritius.

2. Upon information and belief, defendant MN is a limited liability company incorporated in the State of Delaware and which conducts business at 300 Lake Street, Suite H, Ramsey, New Jersey.

3. Upon Information and belief, defendant PS is a private limited company incorporated in Florida and which conducts business at 15643 Sherman Way #450, Van Nuys, California and 300 Lake Street, Suite H, Ramsey, New Jersey.

4. Upon Information and belief, defendant Singh is the founder and Chief Operating Officer of MN and PS. He maintains an office at 300 Lake Street, Suite H, Ramsey, New Jersey, and is a resident of Saddle River, New Jersey.

JURISDICTION AND VENUE

5. The Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1332, in that the plaintiff is a citizen of a foreign state and defendants are citizens of States within the United States and the amount in controversy exceeds \$75,000.00, exclusive of interest and costs.

6. The Court also has subject matter jurisdiction pursuant to 28 U.S.C. § 1331, as a federal question is present.

7. Venue in this district is proper pursuant to 28 U.S.C. § 1391(b)(2), in that a substantial part of the events or omissions giving rise to this action arose in this district.

8. Venue in this district also is proper pursuant to 28 U.S.C. § 1391(b)(1), as defendants MN, PS and Singh maintain offices in the State of New Jersey.

BACKGROUND ALLEGATIONS

9. Effective as of March 2012, Edokeda, a developer and merchant of leading-edge specialty dietary supplement, functional food and medical food ingredient products, entered into a contract with Qwipi. The contract provided that Qwipi would provide payment integration software to process credit card transactions to a merchant account controlled by MN and PS, who agreed to facilitate said transactions and remit fund to Edokeda.

10. On May 2, 2012, Edokeda received integration documentation from a representative of PS and MN so as to enable the processing of high risk credit card transactions.

11. MN, PS and Singh provided all merchant support for Edokeda, and Edokeda dealt exclusively with individuals from the aforementioned companies to facilitate the processing of high risk credit card transactions.

12. Although payment to Edokeda was made directly by MN, settlement invoices always were provided by PS.

13. On September 7, 2012, MN and PS halted the processing of transactions for Edokeda, seized all funds in Edokeda's merchant account totaling \$66,500.00, and failed to provide adequate assurances and explanations for their conduct.

14. Edokeda immediately demanded an explanation from Singh, who represented that transactions had been put on hold due to supposed chargebacks, but that payment would be made shortly.

15. Edokeda contacted customers but found no instances of chargebacks, as all products had been satisfactorily delivered.

16. Edokeda never authorized MN or PS to withhold their funds.

17. None of the seized funds have been delivered to Edokeda.

18. Defendants engaged in a scheme of fraud to obtain the funds in Edokeda's merchant account. To carry out their scheme of fraud, MN, PS and Singh engaged in criminal mail and wire fraud in violation of 18 U.S.C. §§ 1341 and 1343 by repeatedly utilizing or causing to be utilized the mails and wires to carry out their fraud.

19. MN, PS and Singh utilized or caused to be utilized the wires and mails to fraudulently convert Edokeda's merchant account funds by, *inter alia*, (i) fraudulently

misrepresenting to plaintiff at inception that funds would be processed and paid to them, when all along defendants intended to seize plaintiff's funds, (ii) fraudulently claiming non-existing chargebacks to avoid paying plaintiff, (iii) terminating Edokeda's merchant services shortly after inquiries by it into defendants' malfeasance, (iv) ignoring Edokeda's requests for information, and (v) falsely representing that funds would be released to Edokeda when defendants never had any intention of releasing the funds.

20. The goal of MN, PS and Singh's scheme of fraud was to position themselves so as to be able to fraudulently seize funds in Edokeda's merchant account without justification.

**COUNT ONE
(CONVERSION)**

21. Plaintiff repeats its prior allegations as if fully set forth herein.

22. Defendants had no lawful right to the funds in the Edokeda merchant account.

23. Defendants seized and converted the funds for their own use, while depriving plaintiff of funds rightfully belonging to it.

24. Plaintiff has been damaged by defendants' wrongful conversion of the funds.

**COUNT TWO
(FRAUD)**

25. Plaintiff repeats the foregoing allegations as if fully set forth in length herein.

26. Prior to seizing plaintiff's funds, defendants MN, PS and Singh falsely represented to plaintiff that funds remitted to the merchant account would be paid to plaintiff.

27. Defendants MN, PS and Singh never had any intention of remitting all funds to plaintiff, as they had devised a fraudulent scheme to deprive plaintiff of the funds.

28. The fraudulent representations of MN, PS and Singh were material, and defendants intended that Edokeda rely upon them. Edokeda in fact did reasonably rely upon the

representations by permitting and causing funds to be remitted to the merchant account controlled by defendants.

29. Edokeda has been damaged by the fraudulent misrepresentations of MN, PS and Singh, in that, *inter alia*, Edokeda has not received funds rightfully belonging to it.

**COUNT THREE
(BREACH OF CONTRACT)**

30. Plaintiff repeats the foregoing allegations as if fully set forth at length herein.

31. MN, PS and Singh contracted with Edokeda, and agreed to remit funds in the merchant account to Edokeda.

32. By failing and refusing to transfer to Edokeda \$66,500.00 in the merchant account, defendants breached their contract with Edokeda.

33. Defendants' breach of contract was material, and plaintiff has been damaged thereby.

**COUNT FOUR
(BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING)**

34. Plaintiff repeats the foregoing allegations as if set forth at length.

35. There is implied in every contract an obligation to act in good faith and fairly.

36. Defendants MN, PS and Singh breached the implied covenant of good faith and fair dealing by, *inter alia*, not remitting funds in the merchant account to plaintiff, by maintaining that there were chargebacks when in fact there were none, by terminating Edokeda's merchant services with no notice and shortly after Edokeda began to inquire into defendants' malfeasance, by ignoring Edokeda's requests for information, and by representing to Edokeda that funds would be released to it and then never releasing the funds.

37. Plaintiff has been damaged by defendants' breach of the implied covenant of good faith and fair dealing.

COUNT FIVE
(FEDERAL RACKETEERING—§ 1962(c) VIOLATION)

38. Plaintiff repeats the foregoing allegations as if set forth at length.

39. Defendants MN and PS are each a RICO enterprise, as defined by 18 U.S.C. § 1961(4), and MN, PS and Singh are a RICO "association-in-fact enterprise" as defined by 18 U.S.C. § 1961(4). These enterprises at all relevant times had a continuity of structure and personnel; a common or shared purpose; and an ascertainable structure distinct from that inherent in the pattern of racketeering, in that the enterprises engaged in acts separate and apart from the pattern of racketeering. The activities of the enterprises affected interstate commerce.

40. Defendant Singh is a RICO "person" as that term is defined by 18 U.S.C. § 1961(3). He is employed by or associated with the RICO enterprise, and is part of the enterprise's "upper management." Defendant Singh participates in all important decisions, and shares control of all aspects of the enterprise's affairs and the way it conducts business.

41. Defendant PS is a RICO "person" as that term is defined by 18 U.S.C. § 1961(3). It is employed by or associated with the RICO enterprise, and is part of the enterprise's "upper management." Defendant PS participates in all important decisions, and shares control of all aspects of the enterprise's affairs and the way it conducts business.

42. Defendant MN is a RICO "person" as that term is defined by 18 U.S.C. § 1961(3). It is employed by or associated with the RICO enterprise, and is part of the enterprise's "upper management." Defendant MN participates in all important decisions, and shares control of all aspects of the enterprise's affairs and the way it conducts business.

43. In violation of 18 U.S.C. § 1962(c), defendants Singh, PS and MN conducted, operated and managed the affairs of the association-in-fact enterprise, Singh and PS operated and managed the affairs of the MN enterprise, and Singh and MN operated and managed the affairs of the PS enterprise through a pattern of racketeering activity, as that term is defined by 18 U.S.C. § 1961(5). This pattern of racketeering continues to present. Indeed, the last predicate act of racketeering in furtherance of the scheme of fraud occurred just weeks ago.

44. The predicate acts were committed as part of a scheme to injure and defraud Edokeda by stripping it of the proceeds of credit card transactions. The predicate acts through which this scheme was accomplished consist of mail and wire fraud in violation of 18 U.S.C. §§ 1341 and 1343, all of which are predicate acts as defined by 18 U.S.C. § 1961(1). Defendants utilized and caused to be utilized the wires and mail to perpetrate their fraud.

45. The predicate acts described above were all related, in that they all had the same or similar purposes, results, participants, victims, or methods of commission, or otherwise were interrelated by distinguishing characteristics. The predicate acts were all designed to victimize plaintiff and wrongfully deprive it of money and property.

46. Plaintiff was injured in its property and business by reason of the operation or management of the enterprises by defendants MN, PS and Singh through a pattern of racketeering.

47. Plaintiff is entitled to recover treble damages, attorneys' fees, interest and costs pursuant to 18 U.S.C. § 1964(c).

COUNT SIX
(VIOLATION OF NEW JERSEY RICO ACT—SECTION § 2C:41-2(c))

48. Plaintiff repeats the foregoing allegations as if set forth at length.

49. Defendants MN and PS are each a RICO enterprise, as defined by N.J.S.A. § 2C:41-2(c), and defendants MN, PS and Singh are a RICO “association-in-fact enterprise” as defined by N.J.S.A. § 2C:41-2(c). These enterprises at all relevant times had a continuity of structure and personnel; a common or shared purpose; and an ascertainable structure distinct from that inherent in the pattern of racketeering, in that the enterprise engaged in acts separate and apart from the pattern of racketeering. The activities of the enterprises affected interstate commerce.

50. Defendant Singh is a RICO “person” as that term is defined by N.J.S.A. § 2C:41-1. He is employed by or associated with the RICO enterprise, and is part of the enterprise’s “upper management.” Defendant Singh participates in all important decisions, and shares control of all aspects of the enterprise’s affairs and the way it conducts business.

51. Defendant PS is a RICO “person” as that term is defined by N.J.S.A. § 2C:41-1. It is employed by or associated with the RICO enterprise, and is part of the enterprise’s “upper management.” Defendant PS participates in all important decisions, and shares control of all aspects of the enterprise’s affairs and the way it conducts business.

52. Defendant MN is a RICO “person” as that term is defined by N.J.S.A. § 2C:41-1. It is employed by or associated with the RICO enterprise, and is part of the enterprise’s “upper management.” Defendant MN participates in all important decisions, and shares control of all aspects of the enterprise’s affairs and the way it conducts business.

53. In violation of N.J.S.A. § 2C:41-2(c), defendants Singh, PS and MN conducted, operated and managed the affairs of the association-in-fact enterprise, defendants Singh and PS conducted, operated and managed the affairs of MN, and defendants Singh and MN conducted, operated and managed the affairs of PS through a pattern of racketeering activity, as that term is

defined by N.J.S.A. § 2C:41-1. This pattern of racketeering continues to present. Indeed, the last predicate act of racketeering in furtherance of the scheme of fraud occurred just weeks ago.

54. The predicate acts were committed as part of a scheme to injure and defraud Edokeda by stripping it of the proceeds of credit card transactions. The predicate acts through which this scheme was accomplished consist of mail and wire fraud in violation of 18 U.S.C. §§ 1341 and 1343, all of which are predicate acts as defined by N.J.S.A. § 2C:41-1. Defendants utilized and caused to be utilized the wires and mail to perpetrate their fraud.

55. The predicate acts described above were all related, in that they all had the same or similar purposes, results, participants, victims, or methods of commission, or otherwise were interrelated by distinguishing characteristics. The predicate acts were all designed to victimize plaintiff and wrongfully deprive it of money and property.

56. Plaintiff was injured in its property and business by reason of the operation or management of the enterprises by defendants MN, PS and Singh through a pattern of racketeering.

57. Plaintiff is entitled to recover treble damages, attorneys' fees, interest and costs pursuant to N.J.S.A. § 2C:41-4.

**COUNT SEVEN
(FEDERAL RACKETEERING CONSPIRACY—§ 1962(d) VIOLATION)**

58. Plaintiff repeats the foregoing allegations as if set forth at length.

59. Defendants MN, PS and Singh conspired amongst themselves to violate section 1962(c) of the RICO Act in violation of 18 U.S.C. § 1962(d), all in an effort to fraudulently deprive Edokeda of funds from credit card transactions.

60. In furtherance of the conspiracy to violate RICO in violation of 18 U.S.C. § 1962(d), defendants took numerous actions, as detailed above.

61. Defendants MN, PS and Singh were motivated by a desire to obtain the proceeds of Edokeda's credit card transactions.

62. Defendants took actions in furtherance of this conspiracy, as alleged above.

63. Plaintiff was injured in its business or property as a direct result of the conspiracy.

**COUNT EIGHT
(NJ CIVIL RICO CONSPIRACY—§ 2C:41-2(d) VIOLATION)**

64. Plaintiffs repeat the foregoing allegations as if set forth at length.

65. Defendants MN, PS and Singh conspired amongst themselves to violate section 2C:41-25(c) in violation of N.J.S.A. § 2C:41-25(d), all in an effort to fraudulently deprive Edokeda of funds from credit card transactions.

66. In furtherance of the conspiracy to violate N.J.S.A. § 2C:41-25(c), defendants took numerous actions, as detailed above.

67. Defendants MN, PS and Singh were motivated by a desire to obtain the proceeds of Edokeda's credit card transactions.

68. Defendants took actions in furtherance of this conspiracy, as alleged above.

69. Plaintiff was injured in its business or property as a direct result of the conspiracy.

**COUNT NINE
(VIOLATION OF CONSUMER FRAUD ACT)**

70. Plaintiff repeats its prior allegations as if fully set forth herein.

71. By inducing, directly or indirectly, plaintiff to enter into the high risk merchant account services offered by defendants, defendants engaged in a "sale" or "advertisement" as those terms are defined by NJSA § 56:8-1(a).

72. Defendants are each a "person" as that term is defined by NJSA § 56:8-1(d).

73. An “unlawful practice” is defined by NJSA § 56:8-2 as the “use or employment by any person of any unconscionable commercial practice, deception, fraud, false pretense, false promise, misrepresentation, or the knowing concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale or advertisement of any merchandise or real estate, or with the subsequent performance of such person as aforesaid, whether or not any person has in fact been misled, deceived or damaged thereby.”

74. Defendants engaged in unlawful practices, by, *inter alia*, falsely representing and knowingly concealing, suppressing and/or omitting to inform Edokeda of material facts; not remitting funds in the merchant account to plaintiff; maintaining that there were chargebacks when in fact there were none; terminating Edokeda’s merchant services with no notice and shortly after Edokeda began to inquire into defendants’ malfeasance; ignoring Edokeda’s requests for information; and representing to Edokeda that funds would be released to it and then never releasing them.

75. Pursuant to NJSA § 56:8-2.11 and 2.12, as well as NJSA § 56:8-19, defendants are liable to Edokeda for treble the amount of all damage suffered by Edokeda from the date of defendants’ unlawful practices. Pursuant to NJSA § 56:8-19 defendants are also liable for reasonable attorneys’ fees and costs.

WHEREFORE, plaintiff demands judgment against MN, PS and Singh, jointly and severally, as follows:

On Count One: For compensatory and punitive damages, plus pre- and post-judgment interest and costs of suit.

On Count Two: For compensatory and punitive damages, plus pre- and post-judgment interest and costs of suit.

On Count Three: For compensatory damages, plus pre- and post-judgment interest and costs of suit.

On Count Four: For compensatory damages, plus pre- and post-judgment interest and costs of suit.

On Count Five: For treble damages and attorneys' fees, plus pre- and post-judgment interest and costs of suit.

On Count Six: For treble damages and attorneys' fees, plus pre- and post-judgment interest and costs of suit.

On Count Seven: For treble damages and attorneys' fees, plus pre- and post-judgment interest and costs of suit.

On Count Eight: For treble damages and attorneys' fees, plus pre- and post-judgment interest and costs of suit.

On Count Nine: For treble damages and attorneys' fees, plus pre- and post-judgment interest and costs of suit.

On All Counts: For such further relief as the Court may deem appropriate to award.

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DEMAND FOR TRIAL BY JURY

Plaintiff demands a trial by jury of all issues so triable.

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