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6  
7 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
8 **FOR THE COUNTY OF SAN DIEGO**

9 MEHRAK HAMZEH, an individual,	)	CASE NO.
	)	
10 Plaintiffs,	)	<b>COMPLAINT FOR:</b>
	)	
11 vs.	)	<b>(1) BREACH OF CONTRACT;</b>
	)	<b>(2) MISREPRESENTATION UNDER</b>
12	)	<b>CORPORATIONS CODE §25401;</b>
13 LUKE D'ANGELO, an individual; APPTECH	)	<b>(3) FRAUD;</b>
CORP, a Wyoming corporation; and DOES 1-	)	<b>(4) NEGLIGENT</b>
14 25,	)	<b>MISREPRESENTATION; and</b>
	)	<b>(5) BREACH OF FIDUCIARY DUTY;</b>
15 Defendants	)	
	)	
	)	

16  
17 Plaintiff Mehrak Hamzeh (“Mr. Hamzeh”) alleges the following:

18 **I. PARTIES AND VENUE**

- 19 1. At all times mentioned herein, Defendant AppTech Corp. (“AppTech”) conducted  
20 business in the County of San Diego and within the jurisdiction of this Court. It is a Wyoming  
21 corporation, registered in California as a foreign corporation doing business as “AppTech Corp.  
22 Services”.
- 23 2. At all times mentioned herein, Defendant Luke Mr. D’Angelo (“Mr. D’Angelo”) is  
24 and was a resident of the County of San Diego and within the jurisdiction of this Court.
- 25 3. At all times mentioned herein, Mr. D’Angelo was an officer, director and shareholder  
26 of AppTech. Specifically, Mr. D’Angelo has been the Chairman of the Board of Directors.
- 27 4. Mr. Hamzeh was, and at all times herein mentioned is, a beneficial shareholder of  
28 AppTech, and a resident of the County of San Diego, State of California.

1 5. The events leading to this action occurred within the County of San Diego and within the  
2 jurisdiction of this Court.

3 6. Plaintiff is ignorant of the true names and capacities of the defendants sued herein under  
4 the fictitious names DOES 1 through 25, inclusive. Plaintiff will amend this Complaint to allege  
5 the true names and capacities of such defendants as soon as such information is ascertained

6 7. Plaintiff is informed and believes and thereon alleges that each of the defendants sued  
7 herein under the fictitious names DOES 1 through 25, inclusive, is responsible in some manner for  
8 the occurrences herein alleged, and that Plaintiff's damages as herein alleged were proximately  
9 caused by these defendants. Each reference in this Complaint to "defendant," "Defendant,"  
10 "defendants," "Defendants," or any specially named defendant, refers also to all defendants sued  
11 herein under such fictitious names.

12 8. Plaintiff is informed and believes and thereon alleges that, at all times herein mentioned,  
13 each defendant, including Defendants Mr. D'Angelo and AppTech, and all defendants sued herein  
14 under the fictitious names of DOES 1 through 25, inclusive, was the agent and/or employee of each  
15 of the remaining defendants, and in doing the things hereinafter alleged, was acting within the  
16 course and scope of this agency and/or employment.

17 **II. GENERAL ALLEGATIONS**

18 9. Mr. Hamzeh owns 7,950,000 shares of common stock of AppTech. He has been a  
19 minority shareholder since about 2006 when AppTech's wholly owned subsidiary, AppTech  
20 Merger Corp., merged with Transcendent One, Inc., with AppTech Merger Corp. being the  
21 surviving entity. Mr. D'Angelo spearheaded that transaction.

22 10. Since that time, Mr. D'Angelo served as an officer and director of AppTech and  
23 controlled its management.

24 11. In or about 2013, Mr. D'Angelo informed Mr. Hamzeh that AppTech needed additional  
25 funding of at least \$125,000. Mr. D'Angelo represented to him that the funds were needed in order  
26 to pay for the costs of auditing AppTech's financial statements and for the filing of an S-4  
27 registration statement with the Securities & Exchange Commission ("SEC") for AppTech's shares.  
28 This supposedly would have brought AppTech current on its SEC reporting obligations as a

1 publicly traded company. Also, it would have resulted in AppTech’s shares being registered so that  
2 they can be “free trading” and provide liquidity to shareholders, including Mr. Hamzeh himself.  
3 Mr. D’Angelo emphasized to Mr. Hamzeh that obtaining free trading status was going to be simple.  
4 All AppTech had to do was finish the audit and then file the Form S-4. He told Mr. Hamzeh that it  
5 would take only 3-4 months to complete those tasks.

6 12. Mr. D’Angelo then requested that Mr. Hamzeh assign to certain shares of free trading  
7 stock in another publicly traded company, so that AppTech can utilize the sale proceeds for the  
8 costs of the audit and registration statement. In exchange, Mr. D’Angelo offered him an additional  
9 1,000,000 shares of AppTech stock, to be received immediately. In addition, Mr. D’Angelo  
10 verbally agreed to cause AppTech to issue Mr. Hamzeh the share “float” in AppTech of  
11 approximately 600,000 shares at a later point, emphasizing to Mr. Hamzeh that he (i.e, Mr.  
12 Hamzeh) would eventually be in control of the company. This sounded very attractive to Mr.  
13 Hamzeh, so he agreed to assign the shares. AppTech hastily presented Mr. Hamzeh a one-page  
14 agreement to memorialize some of the terms.

15 13. Relying on Mr. D’Angelo’s representations and promises, Mr. Hamzeh signed a Stock  
16 Purchase Agreement dated July 31, 2013 and assigned the shares in the other company to AppTech.  
17 AppTech then proceeded to sell the shares and received over \$130,000 in funding. The agreement  
18 contained only some of the terms discussed between Messrs. D’Angelo and Hamzeh.

19 14. Mr. Hamzeh later learned that AppTech did not complete the audits until 2015 and  
20 AppTech failed to file any registration statement. This was a surprise to Mr. Hamzeh because Mr.  
21 D’Angelo assured him that the funds were needed to timely complete the audit and file the  
22 registration statement, and that it would only take 3-4 months to complete those.

23 15. In addition, Mr. Hamzeh inquired about when he would receive the “float” shares in  
24 AppTech, but never received any response. However, Mr. Hamzeh learned that Mr. D’Angelo and  
25 AppTech’s President, Mr. Steve Cox, increased their stock holdings in AppTech. The company  
26 also raised additional capital from other investors, further diluting Mr. Hamzeh.

27 16. Furthermore, Mr. Hamzeh subsequently learned that the Depository Trust Company  
28 (DTC) put a “freeze” or “global lock” on it services for AppTech due to prior securities violations.

1 On information and belief, the DTC began its investigation before Mr. Hamzeh entered into the  
2 stock purchase agreement and has been working with AppTech’s management. Mr. Hamzeh had  
3 not been aware of this investigation.

4 17. Sometime in or about March 2014, AppTech requested Mr. Hamzeh’s business  
5 development and advisory services, through his company Lab Stream Partners, LLC. Instead of  
6 compensating his company in cash, it agreed to issue Mr. Hamzeh an additional 2.5 million shares  
7 of stock in AppTech. The parties signed a consulting services agreement dated March 14, 2014.

8 18. Just one month after the consulting services agreement was signed, the DTC put the  
9 “global lock” on its services for AppTech shares. At the time of signing the consulting services  
10 agreement, Mr. Hamzeh was not aware that the freeze would occur. DTC issued a notice of the  
11 “global lock” on or about April 14, 2014. On information and belief, AppTech’s management knew  
12 or should have known that the global lock was about to be imposed at the time Mr. Hamzeh and  
13 AppTech entered into both the stock purchase and consulting agreement in 2013 and 2014.

14 **III. FIRST CAUSE OF ACTION**

15 **BREACH OF CONTRACT**

16 **(AGAINST APPTECH AND DOES 1-25)**

17 19. Plaintiff re-alleges each and every allegation contained in Paragraphs 1 through 18 of  
18 this Complaint, inclusive, as though set forth word for word herein

19 20. Plaintiff and AppTech entered into an agreement on or about July 31, 2013, both verbal  
20 and written (together, the “July 2013 Agreement”), relating to Plaintiff’s additional investment in  
21 AppTech.

22 21. Plaintiff performed its duties pursuant to July 2013 Agreement and has not breached it.

23 22. AppTech breached the July 2013 Agreement by: (a) failing to utilize the proceeds of the  
24 investment for the agreed upon purposes, namely to timely complete AppTech’s audit and to  
25 register shares within 3-4 months; and (b) failing to issue the “float” shares of AppTech to Mr.  
26 Hamzeh, as promised.

27 23. AppTech’s breach proximately caused compensatory, consequential, and incidental  
28 damages to Plaintiff, which amount is estimated to be \$130,000, to be proven at trial.

1 **IV. SECOND CAUSE OF ACTION**

2 **MISREPRESENTATION UNDER CORPORATIONS CODE §25401**

3 **(AGAINST ALL DEFENDANTS)**

4 24. Plaintiff re-alleges each and every allegation contained in Paragraphs 1 through 18 of  
5 this Complaint, inclusive, as though set forth word for word here.

6 25. Defendants sold securities to Plaintiff in the State of California. The sale of securities  
7 included the 1,000,000 shares issued under the July 2013 Agreement and the 2,500,000 shares  
8 issued under the 2014 consulting agreement.

9 26. Defendants sold the securities to Plaintiff by means of written or oral communication  
10 that includes an untrue statement of a material fact or omits to state a material fact necessary to  
11 make the statements made, in the light of the circumstances under which the statements were made,  
12 not misleading.

13 27. These untrue statement of material facts or omitted material facts included: (a) that the  
14 proceeds from Mr. Hamzeh would be used to pay for and timely complete AppTech's audits; (b)  
15 that the proceeds from Mr. Hamzeh would be used to pay for the filing of a registration statement  
16 for the shares of the company within 3-4 months; (c) AppTech would issue approximately 600,000  
17 "float" shares to Mr. Hamzeh. On information and belief, the proceeds from Mr. Hamzeh were  
18 used for other purposes. The audit was not completed until 2015, and the registration statement was  
19 never filed. Furthermore, the company issued shares to other investors, including the Chair and  
20 President, but Mr. Hamzeh never received his float shares.

21 28. While in the process of selling both the 1,000,000 shares and the 2,500,000 shares, the  
22 Defendants concealed that AppTech's security services with DTC had been placed on, or was in the  
23 process of being placed on, a "freeze" and/or a "global lock" by the DTC such that AppTech's  
24 shares became virtually unmarketable.

25 29. At the time he agreed to the July 2013 Agreement and the 2014 consulting agreement,  
26 Plaintiff did not know that the statements of material facts were untrue or of the omitted statements  
27 of material facts. The Defendants knew of them or should have known about them had they  
28 exercised reasonable care. Mr. D'Angelo is the Chairman of the Board and effectively controlled

1 AppTech. On information and belief, Mr. D'Angelo controlled how the money was spent, so he  
2 controlled how the proceeds were to be spent. He also knew or should have known about the freeze  
3 and global lock.

4 30. Under California's securities laws, Plaintiff is entitled to rescission in the approximate  
5 amount of \$130,000, plus interest, less any amounts received as income on the security, or damages  
6 in an amount to be proven at trial. The Defendants are jointly and severally liable under  
7 Corporations Code section 25504.

8 **V. THIRD CAUSE OF ACTION**

9 **FRAUD**

10 **(AGAINST ALL DEFENDANTS)**

11 31. Plaintiff re-alleges each and every allegation contained in Paragraphs 1 through 18 of  
12 this Complaint, inclusive, as though set forth word for word here.

13 32. In order to induce Plaintiff to enter into the July 2013 Agreement and the consulting  
14 agreement, Defendants AppTech and Mr. D'Angelo made representations to Plaintiff that were  
15 untrue, and they concealed material facts from Plaintiff. These representations included: (a) that  
16 the proceeds from Mr. Hamzeh would be used to pay for and timely complete AppTech's audits; (b)  
17 that the proceeds would be used to pay for the filing of a registration statement for the shares of the  
18 company; (c) that AppTech could very easily obtain free-trading shares within 3-4 months; and (d)  
19 AppTech would issue approximately 600,000 "float" shares to Mr. Hamzeh.

20 33. The above representations were in fact false. Instead, the funds were used for other  
21 purposes besides the audit and registration statement. The audits were not completed until 2015.  
22 The registration statement was never filed. The funds infused by Mr. Hamzeh were used for other  
23 purposes because AppTech ultimately had to raise more capital from other investors. In addition  
24 AppTech did not issue the float shares to Mr. Hamzeh, but instead to other persons, including Mr.  
25 D'Angelo and Steve Cox.

26 34. In addition, at the time the parties entered into both agreements, the Defendants failed to  
27 disclose the material facts that AppTech had been placed on, or was in the process of being placed  
28 on, a "freeze" and "global lock" such that its shares could not be traded. The Defendants had a

1 fiduciary duty to Mr. Hamzeh, who was a minority shareholder on the verge of investing more into  
2 the company. The Defendants had a duty of full disclosure to Mr. Hamzeh, which they failed to do  
3 in that instance.

4 35. When the Defendants made these representations or concealed material information,  
5 they knew these representations and/or concealment were false and misleading and that Plaintiff  
6 would rely on them to his detriment. They intended to defraud Plaintiff.

7 36. As a proximate and direct result of the Defendants' wrongful conduct, Plaintiff suffered  
8 damages as alleged herein.

9 39. The above described conduct of each of the Defendants was an intentional  
10 misrepresentation, deceit or concealment of a material fact known to them with the intention on  
11 their part of depriving Plaintiff of property or legal rights or otherwise causing injury. The conduct  
12 was despicable that subjected the Plaintiff to a cruel and unjust hardship in conscious disregard of  
13 his rights, so as to justify an award of exemplary and punitive damages.

14 **VI. FOURTH CAUSE OF ACTION**

15 **NEGLIGENT MISREPRESENTATION**

16 **(AGAINST ALL DEFENDANTS)**

17 37. Plaintiff re-alleges each and every allegation contained in Paragraphs 1 through 18 of  
18 this Complaint, inclusive, as though set forth word for word here.

19 38. In order to induce Plaintiff to enter into the July 2013 Agreement and the consulting  
20 agreement, Defendants AppTech and Mr. D'Angelo made representations to Plaintiff that were  
21 untrue, and they concealed material facts from Plaintiff. These representations included: (a) that  
22 the proceeds from Mr. Hamzeh would be used to pay for and complete AppTech's audits; (b) that  
23 the proceeds would be used to pay for the filing of a registration statement for the shares of the  
24 company; (c) that AppTech could very easily obtain free-trading shares within 3 months; and (d)  
25 AppTech would issue its "float" shares to Mr. Hamzeh.

26 39. The above representations were in fact false. Instead, the funds were used for other  
27 purposes besides the audit and registration statement. The audit was not completed until 2015. The  
28 registration statement was never filed. The funds infused by Mr. Hamzeh were used for other

1 purposes because AppTech ultimately had to raise more capital from other investors. In addition,  
2 AppTech did not issue the float shares to Mr. Hamzeh, but instead to other persons, including Mr.  
3 D'Angelo and Steve Cox.

4 40. In addition, at the time the parties entered into both agreements, the Defendants failed to  
5 disclose the material fact that AppTech had been placed on, or was in the process of being placed  
6 on, a "freeze" and "global lock" such that its shares could not be traded. The Defendants had a  
7 fiduciary duty to Mr. Hamzeh, who was a minority shareholder on the verge of investing more into  
8 the company.

9 41. When the Defendants made these representations or failed to disclose material  
10 information, they had no reasonable grounds to believe them to be true or they knew or should have  
11 known of the existence of the non-disclosed material facts. The Defendants controlled AppTech  
12 and had access to all of the material facts.

13 42. The Defendants intended rely on the representations and non-existence of undisclosed  
14 material facts. The Plaintiff reasonably relied on the representations and the non-existence of the  
15 undisclosed material facts.

16 43. As a proximate and direct result of the Defendants' conduct, Plaintiff suffered damages.  
17 The conduct was despicable that subjected the Plaintiff to a cruel and unjust hardship in conscious  
18 disregard of his rights, so as to justify an award of exemplary and punitive damages.

19 **VII. FIFTH CAUSE OF ACTION**

20 **BREACH OF FIDUCIARY DUTY**

21 **(AGAINST D'ANGELO AND DOES 1-25)**

22 44. Plaintiff re-alleges each and every allegation contained in Paragraphs 1 through 18 of  
23 this Complaint, inclusive, as though set forth word for word here.

24 45. Defendant D'Angelo had and has a fiduciary duty to Plaintiff as an officer and director  
25 of AppTech. He had control over the management affairs of AppTech. Plaintiff was a minority  
26 shareholder.



1 46. D'Angelo breached his fiduciary duties to Plaintiff. Among other things D'Angelo had  
2 a fiduciary duty to fully disclose all material facts to Plaintiff before requesting that Plaintiff invest  
3 more funds into and providing consulting services to AppTech.

4 47. D'Angelo failed to fully disclose all material facts to Plaintiff, including that the funds to  
5 be invested by Plaintiff were not going to be used for the purposes stated, that the funds would not  
6 be enough for those purposes, or that AppTech could not reasonably complete its audit and file a  
7 registration statement within 3-4 months as promised. Furthermore, D'Angelo also did not disclose  
8 that AppTech was being investigated for securities violations and would ultimately have a "global  
9 lock" on services imposed by DTC. Furthermore, D'Angelo did not disclose that he either did not  
10 have the capability of issuing additional AppTech shares to Plaintiff or that he had no intention of  
11 ever causing AppTech to do the same.

12 48. Instead of issuing promised float shares to Plaintiff, on information and belief,  
13 D'Angelo caused his and the President's shareholdings in AppTech to significantly increase,  
14 thereby diluting Mr. Hamzeh and other shareholders. Such increase in his holdings constituted a  
15 conflict of interest that required the approval of disinterested directors or shareholders.

16 49. As a direct legal and proximate result of D'Angelo's breach of his fiduciary duty,  
17 Plaintiff has been damaged in a sum to be proven at trial but in excess of the jurisdictional limit of  
18 \$25,000.

19 **VI. PRAYER**

20 WHEREFORE, Mehrak Hamzeh prays for relief against Defendants as follows:

21 As to the First Cause of Action:

- 22 a. Compensatory damages, including consequential and incidental, the exact amount to be  
23 proven at trial;
- 24 b. For costs of suit;
- 25 c. For attorney fees, as allowed by law; and
- 26 d. For such other and further relief as the Court may deem proper.
- 27
- 28

1 As to the Second Cause of Action:

- 2 a. For a judgment of rescission of the July 2013 Agreement and 2014 consulting  
3 agreement;  
4  
5 b. Compensatory damages, including general and special, the exact amount to be proven at  
6 trial;  
7  
8 c. For costs of suit;  
9  
10 d. For attorney fees, as allowed by law; and  
11  
12 e. For such other and further relief as the Court may deem proper.

11 As to the Third Cause of Action:

- 12 a. For a judgment of rescission of July 2013 Agreement and 2014 consulting agreement;  
13  
14 b. Compensatory damages, including general and special, the exact amount to be proven at  
15 trial;  
16  
17 c. For costs of suit;  
18  
19 d. For attorneys' fees, as allowed by law;  
20  
21 e. Punitive damages, as allowed by law; and  
22  
23 f. For such other and further relief as the Court may deem proper.

21 As to the Fourth Cause of Action:

- 22 a. For a judgment of rescission of the July 2013 Agreement and 2014 consulting  
23 agreement;  
24  
25 b. Compensatory damages, including general and special, the exact amount to be proven at  
26 trial;  
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28 c. For costs of suit;  
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30 d. For attorneys' fees, as allowed by law;

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- e. Punitive damages, as allowed by law; and
- f. For such other and further relief as the Court may deem proper.

As to the Fifth Cause of Action:

- a. Compensatory damages, including general and special, the exact amount to be proven at trial;
- b. For costs of suit;
- c. For attorney fees, as allowed by law;
- d. Punitive damages, as allowed by law;
- e. For such other and further relief as the Court may deem proper.

DE CASTRO, P.C.

Dated: March 9, 2016

By: \_\_\_\_\_

Audie J. de Castro  
Attorney for Mehrak Hamzeh