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7 A Colorado Corporation

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CENTRAL DISTRICT OF CALIFORNIA
BY

8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA

10
11 STAN LEE MEDIA, INC., a Colorado
Corporation,
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13 Plaintiff,
14
15 v.
16 STAN LEE, an individual, QED
PRODUCTIONS, LLC, a Delaware
limited liability company, and POW!
ENTERTAINMENT, INC., a
17 Delaware corporation,
18 Defendants.

Cv 07 4438 SJO (EX)
CASE NO.

COMPLAINT FOR
DECLARATORY RELIEF;
MISAPPROPRIATION OF
CORPORATE OPPORTUNITY;
BREACH OF FIDUCIARY DUTY;
BREACH OF CONTRACT; CIVIL
CONSPIRACY; ACCOUNTING FOR
PROFITS; CONSTRUCTIVE
TRUST; VIOLATION OF SECTION
43(A) OF THE LANHAM ACT;
COPYRIGHT INFRINGEMENT;
CYBERSQUATTING IN
VIOLATION OF 15 U.S.C. §1125(D);
VIOLATION OF COMMON LAW
RIGHT OF PUBLICITY;
CANCELLATION OF
ASSIGNMENT OF COPYRIGHTS;
UNFAIR BUSINESS PRACTICES
PURSUANT TO CAL. BUS. & PROF.
CODE §§ 17200 ET SEQ.; ACTION
FOR WILLFUL VIOLATION OF
AUTOMATIC STAY PURSUANT
TO 11 U.S.C. § 362(H)
[DEMAND FOR JURY TRIAL]

COPY

1 COMES NOW, Plaintiff STAN LEE MEDIA, INC., a corporation organized
2 and existing under the laws of the State of Colorado, and hereby brings this action
3 against Defendants STAN LEE, an individual; QED PRODUCTIONS, LLC, a
4 Delaware limited liability company; and POW! ENTERTAINMENT, INC., a
5 Delaware corporation. Plaintiff, by its undersigned counsel, alleges as follows:

6 **JURISDICTION AND VENUE**

7 1. This Court has jurisdiction over the copyright infringement claims
8 alleged in this action under the Copyright Act of 1976, 17 U.S.C. §§ 101 *et seq.*,
9 the Lanham Act claims alleged under 15 U.S.C. § 1121, under this Court's Federal
10 question jurisdiction, 28 U.S.C. § 1331, and under 28 U.S.C. § 1338(a). This
11 Court has jurisdiction over the declaratory relief claim stemming from certain acts
12 which occurred during a then-pending bankruptcy pursuant to 11 U.S.C. § 362,
13 and all other claims by virtue of 28 U.S.C. § 1338(b), 28 U.S.C. § 1332, and this
14 Court's pendent jurisdiction.

15 2. At all times material hereto, the defendants knew that their wrongful
16 actions would cause the damages claimed herein within the Central District of
17 California and other locations, such that it would comport with principles of
18 fairness for this Court to exercise jurisdiction over the named defendants.

19 3. Venue for this action is proper in this District pursuant to 28 U.S.C.
20 §§1391(b) and (c) because a substantial part of the activities and events alleged
21 herein occurred within this district, and the defendants are conducting business,
22 have principal office locations and/or are residents within this district.

23 **PARTIES**

24 4. Plaintiff STAN LEE MEDIA, INC. (hereinafter referred to as
25 "plaintiff" or "SLMI"), is a corporation organized and existing under the laws of
26 the State of Colorado, and was formerly known by name of Boulder Capital
27 Opportunities, Inc., a Colorado corporation; which is the successor in interest to
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1 Stan Lee Media, Inc., a Delaware Corporation, which in turn was the successor in
2 interest to Stan Lee Entertainment, Inc., a Delaware Corporation.

3 5. Defendant STAN LEE is an individual residing in the State of
4 California.

5 6. Defendant QED PRODUCTIONS, LLC (hereinafter referred to as
6 "QED"), is a limited liability company organized and existing pursuant to the laws
7 of the State of Delaware, and has regularly and continually conducted business and
8 had a principal office located within the Central District of California.

9 7. Defendant POW! ENTERTAINMENT, INC. (hereinafter referred to
10 as "POW!"), is a corporation organized and existing under the laws of the State of
11 Delaware, and has conducted business and had a principal office located within the
12 Central District of California.

13 **THE NATURE OF THIS ACTION**

14 8. This action concerns certain properties and rights of plaintiff, and
15 seeks (a) an accounting and award of damages for the defendants' fraudulent,
16 unlawful and unauthorized use of plaintiff's properties and rights as described
17 below; (b) injunctive relief against any further attempts by defendants to use
18 plaintiff's properties and rights; and (c) to obtain a judgment for damages against
19 defendant Stan Lee for breach of contract, breach of fiduciary obligations and
20 other bases. As alleged more fully below, since before June of 2001, the
21 defendants have conspired to commit and have otherwise engaged in acts of fraud
22 upon plaintiff, plaintiff's shareholders, plaintiff's creditors, and the United States
23 Bankruptcy Court for the Central District of California. In conspiring to commit
24 and committing these wrongful actions, defendant Stan Lee, among other
25 fiduciaries of plaintiff, breached his fiduciary and contractual obligations as
26 chairman, officer, director and supposed representative of plaintiff both during and
27 after the completion of the plaintiff's bankruptcy proceedings. Furthermore, the
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1 individual defendants have all received direct and substantial financial benefit from
2 their acts of conspiracy and fraud.

3 9. At all times material to this case, defendant Stan Lee, as well as other
4 principals of POW! and QED, have been insiders of the plaintiff entity and privy to
5 all of the factual allegations set forth below. These insiders looted plaintiff's
6 valuable assets and then deliberately abandoned plaintiff, as well as plaintiff's
7 shareholders and creditors. In furtherance of this conspiracy, defendant Stan Lee
8 with the help of other insiders founded two new companies named POW! and
9 QED in or about November 2001. Thereafter, Stan Lee proceeded illegally to
10 transfer substantial assets of plaintiff into QED and POW!, all while plaintiff was
11 in bankruptcy and while Stan Lee should have been protecting plaintiff's assets
12 from misappropriation. The acts of Stan Lee and his newly formed companies
13 were perpetrated with the specific intent to (a) mislead the Bankruptcy Court, (b)
14 violate express orders of the Bankruptcy court, and (c) loot and defraud plaintiff,
15 and plaintiff's shareholders and creditors for defendants' personal financial gain.

16 **FACTS COMMON TO ALL CAUSES OF ACTION**

17 10. Stan Lee Entertainment, Inc., a Delaware corporation was established
18 on or about October 13, 1998.

19 11. Stan Lee Entertainment, Inc., a Delaware corporation, is the ultimate
20 predecessor in interest to the plaintiff.

21 12. On or about October 15, 1998 Stan Lee executed an "Employment
22 Agreement/Rights Assignment," which was expressly understood and stated to be
23 for a term to end upon the death of defendant, Stan Lee. A copy of the October 15,
24 1998 Employment Agreement/Rights Assignment is attached hereto as Exhibit
25 "A" to this Complaint. Said agreement shall hereinafter be referred to simply as
26 the "October 15, 1998 Agreement".

27 13. The October 15, 1998 Agreement expressly required that the
28 defendant's, Stan Lee's, services be exclusive to the plaintiff with only one stated

1 exception; those services provided under a lifetime agreement with Marvel
2 Enterprises, Inc., which shall require no more than an average of 10-15 hours per
3 week on its behalf.

4 14. The October 15, 1998 Agreement expressly provided that plaintiff
5 was entitled to the benefits and proceeds of all other services performed and
6 intellectual property created by defendant, Stan Lee, both directly for plaintiff and
7 for any other entity.

8 15. The October 15, 1998 Agreement expressly required that defendant,
9 Stan Lee, obtain the written consent of the plaintiff prior to performing any
10 services of any kind for any other entity.

11 16. At no point in time has defendant, Stan Lee, ever provided any written
12 notification of any kind to plaintiff regarding his intent to perform any services of
13 any kind for any other entity.

14 17. At no point in time has plaintiff ever provided to defendant, Stan Lee,
15 any form of written consent for defendant, Stan Lee, to perform any services of
16 any kind for any other entity.

17 18. The October 15, 1998 Agreement also included an assignment in
18 favor of Stan Lee Entertainment, Inc., which states, in pertinent part, as follows:

19 "I [Stan Lee] assign, convey and grant to [Stan Lee
20 Entertainment, Inc.] forever, all right, title and interest I
21 may have or control, now or in the future, in the
22 following: Any and all ideas, names, titles, characters,
23 symbols, logos, designs, likenesses, visual
24 representations, artwork, stories, plots, scripts, episodes,
25 literary property, and the conceptual universe related
26 thereto, including my name and likeness (the 'Property')
27 which will or have been in whole or part disclosed in
28 writing to, published, merchandised, advertised, and/or

1 licensed by [Stan Lee Entertainment, Inc.], its affiliates
2 and successors in interest and licensees (which by
3 agreement inures to [Stan Lee Entertainment, Inc.'s]
4 benefit) or any of them and any copyrights, trademarks,
5 statutory rights, common law, goodwill, moral rights and
6 any other rights whatsoever in the Property in any and all
7 media and/or fields, including all rights to renewal or
8 extensions of copyright and make applications or
9 institute suits therefore (the 'Rights')."

10 19. In return for Stan Lee's assignment of all of his rights of any kind to
11 his creative universe as of October 15, 1998 and into the future, Stan Lee
12 Entertainment, Inc. and its successors in interest conveyed to Stan Lee shares in
13 the companies, agreed to pay and did, in fact, pay to Stan Lee approximately
14 \$250,000.00 per year in salary, bonuses, stock options, expenses, fringe benefits,
15 insurance and other consideration as set forth therein, including over 3.5 million
16 shares in plaintiff's stock, which had a market value of over \$100 million in
17 February of 2000, in addition to more than \$750,000 in additional compensation
18 paid on behalf of the company by other shareholders.

19 20. The defendant, Stan Lee, continues to own and retain all of the shares
20 that were issued to him and has never tendered them back to the plaintiff.

21 21. The October 15, 1998 Agreement was also ratified by Stan Lee over a
22 year later on or about October 19, 1999, in an Amendment to Employment
23 Agreement/Assignment Agreement. Said Amendment to Employment Agreement/
24 Assignment Agreement contained express representations by Stan Lee that the
25 Amendment was being signed after consultation with his financial consultants and
26 legal counsel. A copy of said amendment is attached hereto as Exhibit "B" to this
27 Complaint.
28

1 22. At the time the October 15, 1998 Agreement was executed, Stan Lee
2 was not under contract with any other person or entity with regard to any of his
3 intellectual property rights.

4 23. At the time the October 15, 1998 Agreement was executed, the
5 defendant, Stan Lee, had full authority and rights to convey all of his rights to Stan
6 Lee Entertainment, Inc.

7 24. Plaintiff is currently the rightful owner and holder of all rights and
8 assets set forth in the October 15, 1998 Agreement, as plaintiff is the ultimate
9 successor in interest to Stan Lee Entertainment, Inc., a Delaware corporation.

10 25. Since October 15, 1998, the October 15, 1998 Agreement has never
11 been terminated and remains in full force and effect.

12 26. The October 15, 1998 Agreement was recorded by plaintiff on or
13 about November 28, 2006 with the United States Copyright Office.

14 27. Between October 15, 1998 and on or about February 16, 2001, the
15 defendant, Stan Lee, while employed by plaintiff, created certain intellectual
16 properties and/or negotiated certain deals, contracts, partnerships, licensing
17 agreements and/or other agreements, which, by the express terms of the October
18 15, 1998 Agreement, inured to the benefit and ownership of plaintiff. All of said
19 intellectual properties and/or negotiated deals, contracts, partnerships, licensing
20 agreements and/or other agreements of any kind were entirely owned by plaintiff
21 as of February 16, 2001, and included but were not limited to, the following:

- 22 a) Stanlee.NET web site and portal—a wholly owned plaintiff
23 production, stanlee.net was positioned as a portal that showcases
24 interactive entertainment through a variety of web based
25 technologies. It functions as an online entertainment destination
26 targeting a global community of 6 to 20 year olds comprising the
27 three generations of fans in his 60-year career. The elements of
28 the website were webisodes –3 –6 min flash animations based on

1 wholly-owned or co-branded characters, games, community
2 engines, activities, comics composer, print engines, Stanzine, news
3 and updates on the world of Stan Lee, comic books and animation.

4 b) The Accuser—a wholly owned plaintiff production, involves a
5 fictional character by the name of Dan Mason, a criminal defense
6 lawyer who could outmaneuver any prosecutor, helping some of
7 the city’s most heinous criminals walk with barely more than a
8 slap on the wrist. But when an attack by a disgruntled former
9 client leaves his wife dead and Mason paralyzed, he desperately
10 wishes for a chance to redeem himself. Pulled from the brink of
11 death by a mysterious stranger, he is given an amazing wheelchair,
12 which transforms into a suit of futuristic armor – not only allowing
13 Mason to walk again, but dramatically multiplying his strength and
14 providing him an arsenal of exotic weapons. Mason takes to the
15 streets, vowing to bring the criminals he once set free to justice.
16 This project included 22 webisodes which were originally
17 distributed by Shockwave.com. Shockwave.com maintains a
18 limited back end in property until recoupment of licensing fees.
19 The project also included the production of games, both flash
20 based and interactive, as well as “The Accuser’s Revenge”.
21 Furthermore, the project included the development of a series of
22 print engines capable of allowing users the ability to print a
23 number of fun and different paper-based activities, such as
24 calendars, trading cards, envelopes and greeting cards.

25 c) The Drifter—a wholly owned plaintiff production, involves a
26 fictional character by the name of Matthew Zane, code name
27 “Drifter” who is a man from nightmare future 2074 who has
28 survived “The Crash,” a worldwide computer meltdown that has

1 killed 423 million people worldwide and caused another two
2 billion to go insane within twenty-four hours. Using untested time
3 travel research, Zane arrives in present day 2000. His mission is to
4 prevent key developing technologies from dominating mankind's
5 descendants' lives and crushing the human spirit. As the "Drifter"
6 pursues his goal, he must evade security agents, also from the
7 future, intent on his death. This project included 12 webisodes
8 ordered from SciFi.com. Eight of the twelve webisodes were
9 completed in macromedia flash. The deal with SciFi Channel
10 includes payments of ½ of the production costs for all 12
11 webisodes up to \$12,500.00 per webisode, with SciFi Channel
12 receiving a 14-week exclusive distribution period. SciFi Channel
13 and plaintiff were also to share revenues generated from
14 syndication equally. This project also involved the production of
15 games, both flash based and interactive, including the "Drifter
16 Racer".

17 d) Stan's Evil Clone—a wholly owned plaintiff production, involves
18 a premise that Stan Lee clones himself, but something horribly
19 wrong occurs producing an evil and highly opinionated version of
20 Stan Lee. This project involved the production of 20 comic shorts
21 produced in macromedia flash. This project also involved the
22 creation of an "Evil Clone ScreenFriend" that talks back to users in
23 a humorous rant from the real Stan Lee.

24 e) Chrysallis—a wholly owned plaintiff production, involves a
25 fictional character by the name of Chrysallis. In the far future, in a
26 barbaric world of sorcery and swords, a sonically gifted woman
27 searches for a cure for her tribe and discovers there is a mystery to
28 her origins.

- 1 f) The Stone Giant—a wholly owned plaintiff project, involves a
2 fictional character by the name of the Stone Giant. An LAPD
3 detective left to die in a toxic dump, gains the power to
4 temporarily transform into a colossal crime-fighting creature of
5 stone, tattooed with mysterious rune-like symbols of unknown
6 origin.
- 7 g) Battle School Tranquility—a wholly owned plaintiff developed
8 property. With an impending alien invasion, Earth’s last hope is a
9 group of telekinetically gifted teenagers training to use alien battle
10 suits at a special academy on the moon.
- 11 h) Lee Schultz Partnership—a wholly owned plaintiff project and
12 asset. Plaintiff and Lee Schultz are partners in a joint venture
13 relating to the production and distribution of a number of
14 properties, including Guardians, Haywire (aka Fixers), War is
15 Heck, Braindead, Fissure, Op: Alien, Planet, Captain Super,
16 Bots/The Retrievers, Adjuster, Con Man and the Cop, Micro-
17 Man/Micro-Team, Missing Link, Pandora’s Box, The Power,
18 Tomorrow Man, Triple Helix, Tomorrow, Demolisher, Death
19 Hunt, Talon, Raiders of Space, The Visitor (Quarantine),
20 Chairman, Cougar, Femizons, Hobson’s Choice, The Un-Humans,
21 Diabella, Tarantula, I-Werewolf, X-Isles, The Terminal,
22 Vindicator, Decoy, The Lighthouse, Disaster Blasters, Stronghold,
23 Mumbo Jumbo, and Rocker. Many of the listed properties are
24 significantly developed and ready to be pitched to television and
25 motion picture studios, if they have not already.
- 26 i) DC Comics/Stan Lee Project—plaintiff and/or Stan Lee in his
27 capacity as agent for plaintiff entered into an agreement with DC
28 Comics, whereby Stan Lee agreed to create “alternate versions” of

1 the major DC Comics characters (Superman, Batman, Wonder
2 Woman, The Flash, and others) which were published in a special
3 edition series, currently entitled “What If Stan Lee Had Created
4 The DC Universe?” Under the terms of the deal, plaintiff was to
5 receive a royalty of approximately 5.0% of the cover price on net
6 sales of the first 200,000 copies of such issue and 6.0% of the
7 cover price on net sales of such issue in excess of 200,000 copies.

8 j) Scuzzle Project and Scuzzle Design Project—projects involving
9 the idea of an agency of members committed to searching
10 cyberspace for undiscovered aliens. The concept behind the
11 project was to create a club and following of participants whose
12 responsibility is to make sure the Earth is safe from attack from
13 aliens in cyberspace.

14 (All of the aforescribed properties, any artwork, webisodes, production material,
15 trademarks, copyrights, promotional material, and other materials related thereto,
16 as well as the revenues and income derived by them, shall hereinafter be
17 collectively referred to as the “Assets”).

18 28. In addition to the Assets, there were several other properties and
19 rights thereto, to which plaintiff is entitled pursuant to the express provisions of the
20 October 15, 1998 Agreement, which include, but are not limited to, the following:

21 a) Stan Lee’s Name and Likeness—The October 15, 1998 Agreement
22 expressly assigned, conveyed and granted to plaintiff, Stan Lee’s
23 name and likeness in perpetuity.

24 b) Spider-Man Comic Strip—In 1977, the defendant, Stan Lee,
25 introduced Spider-Man as a syndicated newspaper strip that went
26 on to become the most successful of all syndicated adventure
27 strips. The Spider-Man comic strip appears in more than 500
28 newspapers worldwide – making it the longest running of all

1 superhero strips. All of defendant's, Stan Lee's, creations with
2 regard to the stories, artwork, names, titles, ideas, designs, visual
3 representations and plots from 1977 to the present are the
4 properties of PLAINTIFF. In addition, all revenues obtained by
5 defendant, Stan Lee, from October 15, 1998 through the present
6 from the Spider-Man Comic Strip property belong to plaintiff
7 pursuant to the express terms of the October 15, 1998 Agreement.

8 c) Excelsior, by Stan Lee & George Mair [A Fireside Book] ISBN: 0-
9 684-87305-2; Publication Date: May 2002—a partially
10 autobiographical book, written and created by Stan Lee with
11 George Mair, was first published in May of 2002, but was in
12 production for the years leading up to May of 2002.

13 d) Marvel Income/Revenues/Compensation Outside of Compensation
14 for 10-15 hours of weekly work for Marvel Enterprises, Inc.—
15 Pursuant to the express terms of the October 15, 1998 Agreement,
16 plaintiff was entitled to all assets and revenues from all services
17 performed by defendant, Stan Lee, with the exception only of
18 compensation by Marvel Enterprises, Inc. to defendant, Stan Lee,
19 for those services of 10-15 hours per week, from November of
20 1998 forward. To the extent that defendant, Stan Lee, obtained
21 any other compensation for any services or other things beyond the
22 10-15 hours per week of work for Marvel Enterprises, Inc.,
23 plaintiff was entitled to 100% of such income and assets pursuant
24 to the express provisions of the October 15, 1998 Agreement.
25 Upon information and belief, the defendant, Stan Lee, has
26 performed work for a company by the name of Marvel Characters,
27 Inc. and other Marvel companies, and has obtained payment for
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1 services and the use of his name, likeness and slogans and other
2 things to which plaintiff is entitled.

- 3 e) The Alien Factor—a novel, written and created by Stan Lee with
4 Stan Timmons, was first published in October 2001, but was in
5 production for the years leading up to October 2001.
- 6 f) Cougar—although the intellectual property generally referred to by
7 defendant, Stan Lee, as “Cougar” is listed as one which was
8 supposed to be part of the EXHIBIT 1.1.4.1, Lee-Schultz Property
9 Schedule, to the April 11, 2002 Order, the defendants have also
10 listed “Cougar” on their official website located at stanleeweb.com
11 as a “Live Action Television” property. None of the defendants
12 has any rights to the Cougar property.
- 13 g) Femizons—although the intellectual property generally referred to
14 by defendant, Stan Lee, as “Femizons” is listed as one which was
15 supposed to be part of the EXHIBIT 1.1.4.1, Lee-Schultz Property
16 Schedule, to the April 11, 2002 Order, the defendants have also
17 attempted to take the property. None of the defendants has any
18 rights to the Femizons property, as it was listed as an asset within
19 the Lee-Schultz Property Schedule.
- 20 h) Stan 2.0—although this property was an asset of plaintiff, the
21 defendants have attempted to take the property.
- 22 i) Gentle Percy—although this property was an asset of plaintiff, the
23 defendants have attempted to take the property. In fact, Gill
24 Champion, who signed the trademark application for “Gentle
25 Percy” as Chief Operating Officer of plaintiff’s predecessor in
26 interest, Stan Lee Media, Inc., a Delaware corporation, on or about
27 February 4, 2000, also signed the trademark application for the
28 same property as President of defendant, POW!, on or about

1 March 14, 2003, declaring under penalty of fine and/or
2 imprisonment pursuant to Section 1001, of Title 18, United States
3 Code, that “to the best of his knowledge and belief no other . . .
4 corporation has the right to use said mark in commerce.” Gill
5 Champion was aware, as of the date and time that he signed the
6 March 14, 2003 declaration on behalf of defendant, POW!, that
7 “Gentle Percy” was an asset of plaintiff, that plaintiff was still in
8 bankruptcy and under the protections of the bankruptcy code, and
9 that he had no order or other authority of any kind to attempt to
10 take such asset or assert ownership, on behalf of defendant, POW!,
11 over such asset.

12 j) All other publications written, produced and/or otherwise
13 participated in by defendant, Stan Lee—the defendant, Stan Lee,
14 receives royalties directly from publishers and others on a variety
15 of projects and publications, for which he has participated as a
16 writer, producer and/or in some other capacity or affiliation. The
17 October 15, 1998 Agreement assigned all such rights in such
18 properties and the royalties generated by such properties to the
19 plaintiff.

20 k) Any and all future creations of Stan Lee—The defendant, Stan
21 Lee, also assigned, conveyed and granted to Stan Lee
22 Entertainment, Inc. forever, all right, title and interest . . . , now or
23 in the future, in the following: Any and all ideas, names, titles,
24 characters, symbols, logos, designs, likenesses, visual
25 representations, artwork, stories, plots, scripts, episodes, literary
26 property, and the conceptual universe related thereto . . . and any
27 copyrights, trademarks, statutory rights, common law, goodwill,
28 moral rights and any other rights whatsoever in the [foregoing] in

1 any and all media and/or fields, including all rights to renewal or
2 extensions of copyright and make applications or institute suits
3 therefore. . . .” Such creations would include any and all assets,
4 ideas, names, titles, characters, symbols, logos, designs, likenesses,
5 visual representations, artwork, stories, plots, scripts, episodes,
6 literary property, copyrights, trademarks, statutory rights, common
7 law, goodwill, and moral rights in all of his work since the
8 plaintiff’s bankruptcy proceedings were commenced, including but
9 not limited to everything he has worked on while affiliated with
10 defendants, POW! and QED.

11 (All of the aforescribed properties, any artwork, production material,
12 trademarks, copyrights, interests in copyrights filed by others on defendant’s, Stan
13 Lee’s, behalf as co-creator or otherwise, promotional material, and other materials
14 related thereto, as well as the revenues and income derived from them, with the
15 exception only of the “Assets” as previously defined herein shall hereinafter be
16 collectively referred to as the “Properties”).

17 29. At all times material hereto, the defendants, as well as all of the
18 officers, executives, directors and principal shareholders of the defendant entities,
19 had actual and/or constructive knowledge of the continuing existence and validity
20 of the October 15, 1998 Agreement.

21 30. At all times material hereto, plaintiff, as well as its predecessors in
22 interest, did all things required of them pursuant to the October 15, 1998
23 Agreement in order to retain exclusive ownership and rights to all of the Assets
24 and Properties.

25 31. On or about October 1999, the defendant, Stan Lee, acknowledged the
26 continuing validity of the October 15, 1998 Agreement by executing a document
27 entitled “Amended to Employment Agreement/Rights Agreement” which
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1 relinquished defendant's, Stan Lee's, right, title and interest to receive ten per cent
2 (10%) of all net profits of plaintiff.

3 32. On or about February 16, 2001, plaintiff filed for bankruptcy
4 protection pursuant to Chapter 11 in the Central District of California, which
5 appeared as Case Number: SV-01-11329-KL, and which was jointly administered
6 with Case Number: SV-01-11331-KL (hereinafter referred to simply as the
7 "plaintiff's bankruptcy" or as the "bankruptcy proceedings").

8 33. At all times during the pendency of the bankruptcy proceedings,
9 plaintiff entity remained a debtor-in-possession.

10 34. On February 16, 2001, plaintiff was afforded the entirety of those
11 protections afforded by 11 U.S.C. § 362, the provisions regarding the automatic
12 stay against all persons and/or entities attempting to collect or take assets from an
13 entity in bankruptcy.

14 35. On February 16, 2001 and through the date of dismissal of the
15 bankruptcy proceedings on November 14, 2006, the plaintiff was fully protected
16 by the provisions of 11 U.S.C. § 362, which states, in part, that the filing of
17 plaintiff's then bankruptcy petition "operate[d] as a stay, applicable to all entities,
18 of-- . . . [(a)(3)]"any act to obtain possession of property of the estate or of
19 property from the estate or to exercise control over property of the estate."

20 36. On February 16, 2001 and through the date of dismissal of the
21 bankruptcy proceedings on November 14, 2006, Stan Lee had a duty, among other
22 duties described herein, to (a) truthfully, completely and accurately disclose to the
23 bankruptcy court, any and all potential assets of the plaintiff that might be subject
24 to administration by the bankruptcy court; (b) provide fair and accurate
25 representations as to the market value of any and all potential assets of the plaintiff
26 that might be subject to administration by the bankruptcy court; (c) during the
27 entirety of the bankruptcy proceedings, to correct any inaccuracies in any previous
28 filings and/or disclosures immediately upon becoming aware of such inaccuracies;

1 (d) to protect the assets of the plaintiff for the protection of the creditors and
2 remaining shareholders of the plaintiff; (e) to act with candor at all times when
3 making submissions to the bankruptcy court and creditors of the debtor-in-
4 possession; and (f) seek approval and authorization of all activities of the plaintiff
5 during the bankruptcy proceedings.

6 37. With regard to each and every one of the allegations contained in this
7 Complaint regarding the actions of Kenneth S. Williams, Junko Kobayashi, Gill
8 Champion, and/or any attorneys purportedly acting on behalf of plaintiff during the
9 plaintiff's bankruptcy, the defendant, Stan Lee, had knowledge of such actions,
10 had directed such actions, had participated, by his acquiescence and otherwise in
11 such actions, and had authorized such actions.

12 38. During the majority of the plaintiff's bankruptcy, the defendant, Stan
13 Lee, was purportedly acting CCO, Chairman of the Board of Directors and
14 shareholder of plaintiff.

15 39. At the outset of the plaintiff's bankruptcy, Kenneth S. Williams, who
16 was then the acting President of plaintiff, was purportedly appointed by the board
17 of directors to act as agent for plaintiff in filing the necessary bankruptcy
18 paperwork with the bankruptcy court.

19 40. There was no itemization of any assets or market value of such assets
20 at the time the bankruptcy petition was originally filed.

21 41. On or about February 26, 2001, Kenneth S. Williams prepared a letter
22 to potential purchasers of the assets of plaintiff, along with certain exhibits
23 identifying the assets. The identification of assets did not include any reference to
24 the Properties.

25 42. On or about March 16, 2001, Kenneth S. Williams caused a personal
26 property schedule to be filed with the bankruptcy court listing "Trademarks,
27 copyrights, licensing rights and other intangibles" as a category of assets for which
28 the then current market value was indicated as "unknown".

1 43. At no time during the bankruptcy proceedings did the defendant, Stan
2 Lee, ever disclose to the bankruptcy court the fact that plaintiff had contractual
3 rights to the Properties.

4 44. All of the Properties should have been disclosed to the bankruptcy
5 court, as they are all rightfully the property of plaintiff.

6 45. For the majority of the plaintiff's bankruptcy proceedings, plaintiff
7 was purportedly represented by only the defendant, Stan Lee, and the former
8 controller, secretary and treasurer for plaintiff, Junko Kobayashi, who was
9 appointed by the defendant, Stan Lee, to act in the purported capacity as authorized
10 agent for the debtor-in-possession.

11 46. The plaintiff's bankruptcy was pending between February 16, 2001
12 and November 14, 2006, a period of almost five (5) years and nine (9) months.

13 47. Although during the bankruptcy proceedings the defendant, Stan Lee,
14 as well as Junko Kobayashi, Gill Champion and Kenneth S. Williams, put on the
15 appearance that they were attempting to market the totality of the assets of plaintiff
16 to potential bona fide third party purchasers in an effort to liquidate assets to
17 satisfy creditors, legitimate offers for the purchase of the disclosed assets were
18 intentionally ignored.

19 48. Throughout the entirety of the bankruptcy proceedings, the defendant,
20 Stan Lee, as well as Junko Kobayashi and Gill Champion, were acting toward their
21 own personal financial gain and in disregard for the best interests of plaintiff and
22 its creditors. To that end, the defendant, Stan Lee, made preparations for the
23 establishment of new companies that he would own and manage, along with Junko
24 Kobayashi, Gill Champion and others, and which would ultimately receive the
25 Assets and Properties of plaintiff.

26 49. During the plaintiff's bankruptcy, The Honorable Judge Kathleen T.
27 Lax, United States Bankruptcy Court Judge, Central District of California, San
28 Fernando Valley Division, who was the judge presiding over the Plaintiff's

1 bankruptcy, entered an order dated April 11, 2002, which incorporated by
2 reference an agreement, as amended. Said order and all documents incorporated
3 by reference and attached thereto shall hereinafter simply referred to as the "April
4 11, 2002 Order" or "Judge Lax's Order". A complete copy of the April 11, 2002
5 Order is attached hereto as Exhibit "C" to this Complaint.

6 50. The assets authorized to be sold by the April 11, 2002 Order are those
7 Assets described herein.

8 51. The April 11, 2002 Order was entered as a result of a motion, a
9 supplement to the motion and a notice of hearing. As is clear from the motion, the
10 supplement to the motion and the notice of hearing on the motion to approve the
11 sale of the Assets, all interested parties, as well as Judge Lax, were considering and
12 ultimately approved the sale of the Assets to SLC, LLC, which was to be a
13 California limited liability company.

14 52. At all times material hereto after April 11, 2002, the defendants, as
15 well as all of the officers, executives, directors and principal shareholders of the
16 defendant entities, had actual and/or constructive knowledge of the continuing
17 existence of the April 11, 2002 Order.

18 53. Among other things, the April 11, 2002 Order (a) authorized the
19 agreement between Stan Lee, on behalf of "SLC, LLC", and plaintiff, debtor-in-
20 possession (attached to the April 11, 2002 Order), to be consummated; (b)
21 authorized the sale of certain of plaintiff's assets to an entity by the name of "SLC,
22 LLC", which entity was specifically represented by defendant, Stan Lee, to be a
23 California limited liability company; (c) involved not only Stan Lee, on behalf of
24 SLC, LLC, but also involved the secured creditor by the name of Wild Brain, Inc.
25 and the Official Committee of Unsecured Creditors; (d) not only limited the type
26 of assets authorized to be sold, but also specifically designated the entity to
27 purchase the assets; that being SLC, LLC, a California limited liability company;
28 (e) required that the articles of organization reflect that SLC, LLC be a special

1 purpose entity thereby expressly restricting the business of SLC, LLC to only the
2 exploitation of the specific assets being sold and specifically prohibiting SLC,
3 LLC from conducting any other business; (f) prohibited SLC, LLC from assigning,
4 conveying, encumbering, or otherwise transferring the Assets to anyone without
5 the express written consent of plaintiff; (g) required that any purported assignment
6 or transfer of the assets at issue be approved by the bankruptcy court. It is clear
7 from the very specific instructions contained within Judge Lax's Order, that the
8 requirements of the defendant, Stan Lee, on behalf of "SLC, LLC", were not
9 optional, and that the defendant, Stan Lee, did not have any authority whatsoever
10 to unilaterally change Judge Lax's Order and substitute his own judgment based
11 upon what he believed to be more convenient or more feasible.

12 54. In convincing the bankruptcy court to allow for the sale of the Assets
13 to SLC, LLC, it was represented to the bankruptcy judge that the sum of between
14 \$1,683,000.00 and \$2,799,999.34 was anticipated to be paid back to the plaintiff
15 over the then next five years depending upon whether SLC, LLC, the company that
16 was to manage the Assets, made between \$4,000,000.00 and \$7,000,000.00 on its
17 exploitation of the Assets.

18 55. The purpose behind seeking approval and authorization to sell any
19 assets during any bankruptcy is to ensure that no insider or equity holder of the
20 debtor-in-possession wrongfully benefits from a particular transaction to the
21 detriment of the creditors and the shareholders of the debtor-in-possession. In fact,
22 in Judge Lax's Order she specifically references findings, which are required in
23 any such situation, whereby she found that (1) "the terms and conditions of the
24 Sale Agreement is in the best interest of the Debtors [plaintiff] and their estates";
25 "the terms of the sale of the Assets to Buyer [SLC, LLC] are the result of good
26 faith and arm's length negotiations between the Debtors, the Official Committee of
27 Unsecured Creditors (the "Committee"), Wild Brain, Inc. and Buyer, and the
28 Debtors have determined . . . that the Assets should be sold to Buyer [SLC, LLC]. .

1 . and that the consideration to be realized by the Debtors is fair and reasonable” (3)
2 that no insiders, other than compensation to defendant, Stan Lee, for actual
3 services, would benefit in any way from the sale; and (4) that “Buyer [SLC, LLC]
4 has acted, and is acting, in good faith, and is therefore entitled to the provisions
5 afforded to a good faith purchaser under 11 U.S.C. § 363(m).” Furthermore, it is
6 clear from Judge Lax’s Order and the agreement incorporated therein were drafted
7 with the intent of maintaining control over the manner in which these very
8 valuable assets were being managed.

9 56. Even though Judge Lax and all of the interested parties very
10 apparently went through great effort to negotiate and finalize the terms and
11 conditions of the April 11, 2002 Order, the Stan Lee unilaterally and without any
12 authority of any kind, decided not to close on the sale of the assets to SLC, LLC.

13 57. The defendant, Stan Lee, never established SLC, LLC, even though
14 for the approximately six months from November of 2001 through April 11, 2002
15 he allowed the bankruptcy judge, creditors and all interested parties believe that he
16 was doing so.

17 58. The defendant, Stan Lee, went so far as to sign a document that was
18 filed with the court in support of the proposed sale of assets, warranting and
19 representing that SLC, LLC was, at the time of that filing, an existing limited
20 liability company pursuant to the laws of the State of California.

21 59. There was never any closing and never any transfer or sale of assets to
22 SLC, LLC, as ordered.

23 60. There was never any security interest created or perfected by way of
24 closing documents by SLC, LLC or any other entity in favor of plaintiff or
25 plaintiff’s creditor, Wild Brain, Inc. to secure performance of the benchmark
26 payments of consideration that supported the purported sale agreement.

27 Furthermore, with defendant, Stan Lee, overseeing the entirety of the bankruptcy
28

1 proceedings, as “fiduciary” of the plaintiff, no reconveyance rights were ever
2 asserted when benchmark payments were not received in a timely manner.

3 61. Upon information and belief, at some point in time after April 11,
4 2002, the defendants took possession and control of the Assets, and proceeded to
5 use said Assets for their own financial benefit.

6 62. On or about July 31, 2006, Junko Kobayashi, as purported agent of
7 plaintiff, executed an “Assignment of Copyright” in favor of defendant, QED
8 (hereinafter referred to as “Assignment of Copyright”). Said Assignment of
9 Copyright was signed by Gill Champion, as agent for QED. A copy of the
10 Assignment of Copyright is attached hereto as Exhibit “D” to this Complaint.

11 63. The July 31, 2006 purported assignment was never authorized by the
12 bankruptcy court or otherwise.

13 64. The Assignment of Copyright was utilized by QED to record
14 copyrights on *The Drifter*, *The Accuser* and the *Stan’s Evil Clone a/k/a Evil Clone*
15 assets. A copy of the abstract of said copyright recordings is attached hereto as
16 Exhibit “E” to this Complaint. Upon information and belief, the defendants may
17 also be attempting to seek copyrights on other of the Assets.

18 65. The defendant, QED, has also attempted to apply for trademarks on
19 *The Drifter* and *The Accuser* assets. A copy of the abstract of said trademark
20 applications is attached hereto as Exhibit “F” to this Complaint. Upon information
21 and belief, the defendants may also be attempting to seek trademarks on other of
22 the Assets.

23 66. Upon reinstating its business activities after the dismissal of the
24 bankruptcy proceedings on or about November 14, 2006, plaintiff, by and through
25 its authorized representatives and agents, came to discover that the defendants had
26 engaged in the unauthorized and illegal conveyances of the Assets.

27
28

1 67. The only authorized conveyance of any of the Assets was to be from
2 plaintiff to "SLC, LLC" upon the terms and conditions specifically set forth in
3 Judge Lax's April 11, 2002 Order.

4 68. The terms and conditions of the April 11, 2002 Order included the
5 requirement that the conveyance take place within ten days of the date of the April
6 11, 2002 Order. No closing took place within ten days of the April 11, 2002
7 Order.

8 69. The terms and conditions of the April 11, 2002 Order included the
9 requirement that SLC, LLC be formed and operated for the exclusive and limited
10 purpose of exploiting the Assets assigned to SLC, LLC and providing the personal
11 services of Stan Lee. SLC, LLC was never formed. Furthermore, upon
12 information and belief, the defendants will contend that they simply unilaterally
13 decided to disregard Judge Lax's April 11, 2002 Order by substituting QED for
14 SLC, LLC. In any event, QED has never been operated for the exclusive and
15 limited purpose of exploiting the Assets and providing the personal services of
16 Stan Lee.

17 70. The terms and conditions of the April 11, 2002 Order included the
18 requirement that SLC, LLC's governing documents reflect the fact that the purpose
19 of the entity was expressly limited to exploiting the Assets assigned to SLC, LLC
20 and providing the personal services of Stan Lee, and that the entity was prohibited
21 from conducting any other business. SLC, LLC was never formed. Furthermore,
22 upon information and belief, the defendants will contend that they unilaterally
23 decided to disregard Judge Lax's April 11, 2002 Order by substituting QED for
24 SLC, LLC. In any event, QED's governing documents do not expressly limit the
25 purpose of the entity to the exclusive and limited purpose of exploiting the Assets
26 and providing the personal services of Stan Lee, and also do not include any
27 prohibition against QED conducting other business.

28

1 71. The terms and conditions of the April 11, 2002 Order included the
2 requirement that SLC, LLC's governing documents restrict and prohibit SLC, LLC
3 from granting any liens or security interests or encumbrances against any of the
4 Assets, with the sole and exclusive security interest being that provided for by the
5 April 11, 2002 Order. SLC, LLC was never formed. Furthermore, upon
6 information and belief, the defendants will contend that they unilaterally decided to
7 disregard Judge Lax's April 11, 2002 Order by substituting QED for SLC, LLC.
8 In any event, QED's governing documents do not expressly restrict or prohibit
9 QED from granting any liens or security interests or encumbrances against any of
10 the Assets, with the sole and exclusive security interest being that provided for by
11 the April 11, 2002 Order.

12 72. The terms and conditions of the April 11, 2002 Order included the
13 requirement that SLC, LLC's governing documents restrict and prohibit SLC, LLC
14 from borrowing and incurring any indebtedness, with the sole exception of
15 indebtedness created in the ordinary course of Purchaser's business. SLC, LLC
16 was never formed. Furthermore, upon information and belief, the defendants will
17 contend that they unilaterally decided to disregard Judge Lax's April 11, 2002
18 Order by substituting QED for SLC, LLC. In any event, QED's governing
19 documents do not expressly restrict and prohibit SLC, LLC from borrowing and
20 incurring any indebtedness, with the sole exception of indebtedness created in the
21 ordinary course of Purchaser's business.

22 73. The terms and conditions of the April 11, 2002 Order included the
23 requirement that SLC, LLC not acquire any assets other than the Assets acquired
24 pursuant to the April 11, 2002 or acquired in connection with the exploitation of
25 the Assets. SLC, LLC was never formed. Furthermore, upon information and
26 belief, the defendants will contend that they unilaterally decided to disregard
27 Judge Lax's April 11, 2002 Order by substituting QED for SLC, LLC. In any
28

1 event, QED has acquired assets other than the Assets acquired pursuant to the
2 April 11, 2002 or acquired in connection with the exploitation of the Assets.

3 74. The terms and conditions of the April 11, 2002 Order included the
4 requirement that at the closing that was to take place within ten days of the date of
5 the April 11, 2002 Order, SLC, LLC was to execute and deliver to plaintiff all
6 documents necessary to effectuate the terms and provisions of the agreement as
7 contained within the April 11, 2002 Order. SLC, LLC was never formed.
8 Furthermore, upon information and belief, the defendants will contend that they
9 unilaterally decided to disregard Judge Lax's April 11, 2002 Order by substituting
10 QED for SLC, LLC. In any event, even if it were authorized which it was not,
11 QED never prepared, executed or delivered to plaintiff a single document
12 necessary to effectuate the terms and provisions of the agreement as contained
13 within the April 11, 2002 Order.

14 75. The terms and conditions of the April 11, 2002 Order included the
15 requirement that SLC, LLC pay to plaintiff and its creditor, Wild Brain, Inc.,
16 certain royalties and other payments. SLC, LLC was never formed. Furthermore,
17 upon information and belief, the defendants will contend that they unilaterally
18 decided to disregard Judge Lax's April 11, 2002 Order by substituting QED for
19 SLC, LLC. In any event, even if it were authorized which it was not, QED has not
20 made a single payment of any kind to either plaintiff or Wild Brain, Inc.

21 76. Contrary to plaintiff's ownership rights to same, the defendants have
22 used, marketed, licensed, merchandised, promoted, advertised and otherwise
23 exploited the Assets for their own financial benefit, and without the participation,
24 authority and consent of plaintiff. Defendants have used or licensed Stan Lee's
25 name and/or likeness in conjunction with their efforts.

26 77. Contrary to plaintiff's ownership rights to same, the defendants have
27 not paid to plaintiff the income, proceeds and profits from defendants'
28 unauthorized use, marketing, licensing, merchandising, promotion, advertising and

1 exploitation of the Assets. Defendants have used or licensed Stan Lee's name
2 and/or likeness in conjunction with their efforts.

3 78. As the defendants have received income, proceeds and profits from
4 the defendants' use, marketing, licensing, merchandising, promotion, advertising
5 and exploitation of the Assets, the defendants have a duty to account to and pay to
6 plaintiff the entirety of said income, proceeds and profits.

7 79. Contrary to plaintiff's ownership rights to same, the defendant, Stan
8 Lee, has used, marketed, licensed, merchandised, promoted, advertised and
9 otherwise exploited the Properties for his own financial benefit, and without the
10 participation, authority and consent of plaintiff. Defendant, Stan Lee, has used or
11 licensed his name and/or likeness in conjunction with such efforts.

12 80. Contrary to plaintiff's ownership rights to same, the defendant, Stan
13 Lee, has not paid to plaintiff the income, proceeds and profits from said
14 defendant's use, marketing, licensing, merchandising, promotion, advertising and
15 exploitation of the Properties. Defendant, Stan Lee, has used or licensed his name
16 and/or likeness in conjunction with such efforts.

17 81. As the defendant, Stan Lee, has received income, proceeds and profits
18 from the his use, marketing, licensing, merchandising, promotion, advertising and
19 exploitation of the Properties, he has a duty to account to and pay to plaintiff the
20 entirety of said income, proceeds and profits.

21 82. On or about December 13, 2005, the defendant, POW!, issued a press
22 release containing false and misleading factual information, which clearly
23 demonstrates its intent, as well as the intent of the other defendants, to assert
24 control and ownership over the Assets and Properties, as well as the name and
25 likeness of Stan Lee, to the exclusion of the plaintiff:

26 "Los Angeles, CA December 13, 2005- POW! Entertainment (PK:
27 POWN), has announced that POW! Entertainment acquired the
28 exclusive rights and ownership in perpetuity to the name "Stan Lee",

1 his likeness, brand and signature slogans “Stan Lee Presents”,
2 Excelsior” and “Stan's Soap Box. POW! Also acquired most of the
3 intellectual properties created by Stan Lee during the period
4 beginning after his tenure as Marvel's chief creative officer, editor in
5 chief, and publisher and predate POW! Entertainment. The rights are
6 in addition to new properties that are currently being developed by
7 Stan Lee for other major entertainment conglomerates on behalf of
8 POW! Entertainment.

9
10 The agreements gave POW! Entertainment the rights to licenses and
11 receive royalties from Stan Lee's future and more recent creations that
12 have been emerging in voluminous quantities since Stan Lee's
13 negotiated release from Marvel. Marvel retains the exclusive rights to
14 his former co-creations like Spider-man ®(a), The Hulk ®(a) ,
15 Daredevil ®(a), X-men ®(a) , Fantastic Four ®(a) and other Stan Lee
16 originals while at Marvel.

17
18 Stan Lee says, "Over the years, I fortunately managed to maintain the
19 rights to my name and other signature slogans that I have developed. I
20 am ever so pleased POW! Entertainment is both the custodian and
21 manager of my current and future works. POW! Not only has a strong
22 business management team but also has maintained a creative artistic
23 element among its officers and directors.”

24
25 POW!'S president, Gill Champion, says, "Although it is impossible to
26 put a definitive number to the valuation of the “Stan Lee” brand, we
27 feel this truly is one of the most valuable assets an entertainment
28 company could have in its portfolio. I equate it to the likes of owning

1 the rights to the name and marks of Walt Disney or Warner Brothers.
2 Stan Lee has become a literary legend and his creative talents have
3 produced some of the most successful franchises of all time. His name
4 and marks are part and parcel to our culture and it is with great honor
5 that we have added this treasure of good will to our portfolio and
6 consolidated the Stan Lee Brand under POW!'S ownership. Inclusive
7 of all Stan Lee's Future Projects this acquisition includes rights to the
8 licensing royalties in Stan Lee's most current works with many of
9 them already in various stages of development. It is my opinion, from
10 what I have observed the best of Stan Lee is yet to come . It is POW!
11 Entertainment's intention in the months, years and decades to come, to
12 introduce to the world a plethora of perhaps the most unforgettable
13 Stan Lee character franchises of all time”.

14
15 Arthur M. Lieberman, Esq., Chief Business Affairs and Director of
16 POW! Entertainment. Mr. Lieberman is a seasoned entertainment
17 attorney specializing in Intellectual Properties. In his over thirty-five
18 years of experience, he has granted character rights to Universal
19 Studios, Fox Studio's, Warner Bros. , Bantam Books, Ace Books,
20 Marvel Comics, Mattel, and Hasbro among others. Arthur states,
21 “From my years advising and working with top entertainment
22 companies, I believe that the core foundation for any entertainment
23 company should be firmly grounded in the ownership or control of
24 top rate intellectual properties. The granting of the rights to the Stan
25 Lee brands to POW! Entertainment, in my opinion gives the company
26 an unprecedented foothold into the upper echelons of entertainment's
27 elite as well as a firm advantage over competitors. Stan Lee has
28 created many of the most successful contemporary intellectual

1 properties known throughout the world today and his fan base extends
2 globally and numbers the millions. We are sincerely appreciative of
3 Stan Lee's contributions to the company and the public has so much to
4 look forward to as "Stan Lee Presents" his new Superheroes and
5 heroines through POW! Entertainment.

6
7 POW! (Purveyors of Wonder) Entertainment, Inc. was founded by
8 world famous comicbook icon Stan Lee, together with Gill Champion
9 and Arthur Lieberman. POW's principals, combined, have over a
10 hundred years experience creating, producing and licensing original
11 intellectual properties. POW! will specialize in franchises for the
12 entertainment industry, including animation and live-action feature
13 films, plus television, DVDs, video games, merchandising, and
14 related ancillary markets, all of which aid in the establishment of
15 global franchises. POW! partners with studios and networks in
16 creating new and exciting characters that will perpetuate the brands of
17 both POW! and Stan Lee. In some cases, POW! creates "custom-
18 tailored" properties for a specific star or director.

19
20 Stan Lee, Chairman and Chief Creative Officer of POW!, is the
21 creator and inventor of the modern superhero. A prolific author, Lee
22 revolutionized the comic book industry by creating compelling
23 characters who, despite extraordinary powers and talents, are none the
24 less plagued by the same doubts and difficulties experienced by
25 ordinary people. Some of his most enduring characters, like Spider-
26 Man®(a), The Hulk®(a), and X-Men®(a), have been spun off into
27 television programs and feature films that have grossed hundreds of
28 millions of dollars at the box office.

1 Statements in this press release that are not statements of historical or
2 current fact constitute "forward-looking statements" within the
3 meaning of the Private Securities Litigation Reform Act of 1995.
4 Such forward-looking statements involve known and unknown risks,
5 uncertainties and other unknown factors that could cause the actual
6 results of the Company to be materially different from the historical
7 results or from any future results expressed or implied by such
8 forward-looking statements. In addition to statements which explicitly
9 describe such risks and uncertainties, readers are urged to consider
10 statements labeled with the terms "believes," "belief," "expects,"
11 "intends," "anticipates," "will," or "plans" to be uncertain and
12 forward-looking. The forward-looking statements contained herein
13 are also subject generally to other risks and uncertainties that are
14 described from time to time in the Company's reports and registration
15 statements filed with the Securities and Exchange Commission.

16
17 ® (a) These are the registered trademarks and characters of Marvel
18 Characters, Inc.

19
20 Source: POW! Entertainment, Inc.”

21 83. The foregoing press release was issued while the plaintiff’s
22 bankruptcy proceedings were still pending.

23 84. The defendant, POW!, asserts that it “acquired the exclusive rights
24 and ownership in perpetuity to the name ‘Stan Lee’, his likeness, brand and
25 signature slogans ‘Stan Lee Presents’, ‘Excelsior and ‘Stan's Soap Box.’” There is
26 no language contained within the April 11, 2002 Order which authorized the
27 conveyance away from the plaintiff of the name “Stan Lee”, his likeness, his
28 brand, or his signature slogan “Excelsior” to anyone, let alone the defendant,

1 POW!. In fact, neither the word “name” nor “likeness” appear anywhere in the
2 document from a substantive standpoint.

3 85. Although there is a provision of the April 11, 2002 Order and
4 agreement incorporated therein, authorizing the conveyance to defendant, Stan
5 Lee, of certain trademarks in the names “Stan Lee Presents”, “Stan’s Soapbox” and
6 “Stan Lee & Design” (hereinafter collectively referred to as “Trademarks”), the
7 Plaintiff contends that such provision were procured by further frauds upon the
8 bankruptcy court on the part of defendant, Stan Lee, were not supported by any
9 consideration whatsoever, and that such provision, therefore, remains void and
10 unenforceable.

11 86. The defendant, Stan Lee, also contends, in the foregoing press release
12 that “[o]ver the years, [he] fortunately managed to maintain the rights to [his] name
13 and other signature slogans that [he had] developed.” Once again, there is no
14 language contained within the April 11, 2002 Order which authorized the
15 conveyance away from the plaintiff of the name “Stan Lee”, his likeness, his
16 brand, or his signature slogan “Excelsior” to anyone, let alone the defendant,
17 POW!.

18 87. POW! then admits in the foregoing press release that, as a company,
19 they are engaging in business, which goes beyond the exploitation of those Assets
20 described in the April 11, 2002. Arthur Lieberman states, in pertinent part, as
21 follows: “POW! partners with studios and networks in creating new and exciting
22 characters that will perpetuate the brands of both POW! and Stan Lee. In some
23 cases, POW! creates “custom-tailored” properties for a specific star or director.”
24 Upon information and belief, the defendants, based upon factual allegations in
25 related matters, is going to attempt to convince this Court that their rights to the
26 Assets originate from the April 11, 2002 Order, which authorized the sale of such
27 Assets only to SLC, LLC. Upon information and belief, the defendants are going
28 to attempt to argue to this Court that the decision was made by defendant, Stan

1 Lee, to substitute POW! and/or QED for SLC, LLC. Even if this Court should find
2 that such a substitution was allowed, it is clear that POW! has admitted that its
3 business purposes extend beyond the express prohibitions contained in Judge
4 Lax's April 11, 2002 Order.

5 88. The defendants have utilized Stan Lee's name, likeness, persona, and
6 signatures slogan, none of which are theirs to utilize for any purpose. There is no
7 reference whatsoever within the April 11, 2002 authorizing any of the defendants
8 to utilize the name, likeness, persona, signature, signature slogans, or photographs
9 of Stan Lee. In fact, such rights were exclusively granted to the plaintiff by way of
10 the October 15, 1998 Agreement. The April 11, 2002 expressly provided that,
11 with the exception of the Assets specifically included within paragraph 1.1 of the
12 agreement, as amended, all other rights, assets, properties and interests of the
13 plaintiff were reserved unto plaintiff. As a result, all of the defendants have used
14 and continue to use the name, likeness, persona, signature and signature slogans of
15 the plaintiff without any authority of any kind.

16 89. On or about November 7, 2006, counsel of record for the plaintiff
17 filed a "Notice of Non-Opposition to Dismissal of Chapter 11 Bankruptcy Cases",
18 which included an allegation by such counsel that there were "no unencumbered
19 assets over and above the post-petition secured debt, which may be monetized for
20 the benefit of creditors" and requested permission to destroy all property, files and
21 records of plaintiff. It was also alleged that the plaintiff had no assets with which
22 to pay for maintenance of the files and records, and that such files and records
23 were of no further use to the plaintiff.

24 90. On or about November 14, 2006, plaintiff's bankruptcy petition was
25 dismissed by order of the bankruptcy judge.

26 91. On or about November 15, 2006, and in an emergent attempt to save
27 the property, files and records of plaintiff from imminent destruction, James
28 Nesfield, after acquiring the proxies of a majority of the eligible voting

1 shareholders of plaintiff and after obtaining the authority of said majority of
2 shareholders of plaintiff, wrote a letter to plaintiff's bankruptcy counsel on behalf
3 of the concerned shareholders he represented asking for said counsel to turn over
4 and not destroy plaintiff's property, records and files. In addition, James Nesfield,
5 also filed Amended and Restated Articles of Incorporation for plaintiff with the
6 State of Colorado Division of Corporations, as plaintiff had been dissolved since
7 August 1, 2002.

8 92. On or about November 16, 2006, bankruptcy counsel for plaintiff
9 responded to James Nesfield's letter of November 15, 2006, and confirmed that the
10 bankruptcy cases had been dismissed by verbal order of the bankruptcy judge on
11 November 14, 2006 and assured James Nesfield that steps were being taken to
12 preserve plaintiff's books and records.

13 93. On November 27, 2006, notice of a Special Meeting of Shareholders
14 of Stan lee Media, Inc. of Colorado was sent to all interested parties, with more
15 than 75% of the shareholders being notified by direct mailing and the remaining
16 shareholders being notified by publication of the meeting on Media-
17 Newswire.com.

18 94. On December 7, 2006 a special meeting of the shareholders of
19 plaintiff was held and a majority of the shareholders appeared, by proxy and/or
20 otherwise, at the meeting.

21 95. The defendant, Stan Lee, who received notice of the meeting, did not
22 attend or make an appearance of any kind.

23 96. The defendant, Stan Lee, who received notice of the meeting, did not
24 object to the meeting.

25 97. The proposed resolutions at the meetings were passed by unanimous
26 vote of a majority of the shareholders of plaintiff.

27 98. Those present at the meetings also ratified all previous actions of
28 James Nesfield, A.F. Galloway and Douglas C. Cogan. At the meetings, officers

1 and directors were properly appointed and plaintiff has been conducting business
2 ever since.

3 **FIRST CLAIM FOR RELIEF**

4 **[As Against All Defendants For Declaratory Relief**

5 **As To Ownership Of The "Assets"]**

6 99. Plaintiff repeats and realleges each and every allegation contained in
7 paragraphs one (1) through ninety-nine (98) above as if fully set forth herein.

8 100. Plaintiff seeks a declaratory judgment that plaintiff is the owner of the
9 Assets, together with a claim for damages and other injunctive relief as set forth
10 herein.

11 101. Plaintiff brings this action for a declaratory judgment that defendants
12 are not the rightful and legal owner of the Assets and that defendants are barred
13 from so contending.

14 102. Plaintiff is the rightful and legal owner of the Assets.

15 103. The defendants have asserted an actual, present, adverse and
16 antagonistic interest to some of the Assets.

17 104. As a direct and proximate result of the actions of the defendants as
18 described herein, plaintiff has also suffered damages.

19 105. With regard to those equitable aspects of this cause, plaintiff has no
20 adequate remedy at law.

21 106. Based upon the foregoing, there is a bona fide, actual, present and
22 practical need for a declaratory judgment from this Court.

23 107. Based upon the foregoing, the declaratory judgment sought deals with
24 a present, ascertained, or ascertainable state of facts and/or a present controversy as
25 to the state of facts.

26 108. Based upon the foregoing, plaintiff is insecure and uncertain with
27 respect to its rights, status and other equitable and legal relations regard the
28 October 15, 1998 Agreement, as well as the effects, if any, of the April 11, 2002

1 Order on plaintiff's rights to the Assets, and is in need of a declaratory judgment
2 from this Court affording relief from such insecurity and uncertainty.

3 109. Although plaintiff contends that the transactions authorized by the
4 April 11, 2002 Order were never consummated, should this Court determine that
5 the defendants' actions were authorized by the April 11, 2002 Order, plaintiff is in
6 need of an order and judgment of this Court awarding to plaintiff its damages for
7 defendants failure to comply with the remaining terms of the April 11, 2002 Order.

8 **SECOND CLAIM FOR RELIEF**

9 **[As Against All Defendants For Declaratory Relief**

10 **As To Ownership Of The "Properties"]**

11 110. Plaintiff repeats and realleges each and every allegation contained in
12 paragraphs one (1) through ninety-nine (109) above as if fully set forth herein.

13 111. Plaintiff seeks a declaratory judgment that plaintiff is the owner of the
14 Properties, together with a claim for damages and other injunctive relief as set
15 forth herein.

16 112. Plaintiff brings this action for a declaratory judgment that the
17 defendants are not the rightful and legal owner of the Properties and that
18 defendants are barred from so contending.

19 113. Plaintiff is the rightful and legal owner of the Properties.

20 114. The defendants have asserted an actual, present, adverse and
21 antagonistic interest to the Properties.

22 115. As a direct and proximate result of the actions of the defendants as
23 described herein, plaintiff has also suffered damages.

24 116. With regard to those equitable aspects of this cause, plaintiff has no
25 adequate remedy at law.

26 117. Based upon the foregoing, there is a bona fide, actual, present and
27 practical need for a declaratory judgment from this Court.

28

1 118. Based upon the foregoing, the declaratory judgment sought deals with
2 a present, ascertained, or ascertainable state of facts and/or a present controversy as
3 to the state of facts.

4 119. Based upon the foregoing, plaintiff is insecure and uncertain with
5 respect to its rights, status and other equitable and legal relations regard the
6 October 15, 1998 Agreement, as well as the effects, if any, of the April 11, 2002
7 Order on plaintiff's rights to the Properties, and is in need of a declaratory
8 judgment from this Court affording relief from such insecurity and uncertainty.

9 120. Although plaintiff contends that the transactions authorized by the
10 April 11, 2002 Order were never consummated, should this Court determine that
11 the defendants' actions were authorized by the April 11, 2002 Order, plaintiff is in
12 need of an order and judgment of this Court awarding to plaintiff its damages for
13 defendants' failure to comply with the remaining terms of the April 11, 2002
14 Order.

15 **THIRD CLAIM FOR RELIEF**

16 **As Against All Defendants For Declaratory Relief**

17 **As To Rights to Stan Lee's Name and Likeness**

18 121. Plaintiff repeats and realleges each and every allegation contained in
19 paragraphs one (1) through 120 above as if fully set forth herein.

20 122. Plaintiff seeks a declaratory judgment that plaintiff has the right to use
21 the name, likeness, symbols, logos, designs, and visual representations of Stan Lee.

22 123. Pursuant to the October 15, 1998 Agreement, defendant Stan Lee
23 conveyed to plaintiff the following:

24 "I [Stan Lee] assign, convey and grant to [Stan Lee Entertainment,
25 Inc.] forever, all right, title and interest I may have or control, now or
26 in the future, in the following: Any and all . . . symbols, logos,
27 designs, likenesses, visual representations . . . including my name and
28 likeness (the 'Property') . . . and any copyrights, trademarks, statutory

1 rights, common law, goodwill, moral rights and any other rights
2 whatsoever in the Property in any and all media and/or fields,
3 including all rights to renewal or extensions of copyright and make
4 applications or institute suits therefore (the 'Rights')."

5 (For purposes of this cause of action, the items described in the
6 foregoing quoted paragraph shall be referred to, for simplicity
7 purposes, as "Stan Lee's Name and Likeness").

8 124. Plaintiff seeks a declaratory judgment from this Court that defendants
9 are not the rightful and legal owner of Stan Lee's Name and Likeness and that
10 defendants are barred from so contending.

11 125. Plaintiff is the rightful and legal owner of Stan Lee's Name and
12 Likeness.

13 126. The defendants have asserted an actual, present, adverse and
14 antagonistic interest to Stan Lee's Name and Likeness.

15 127. As a direct and proximate result of the actions of the defendants as
16 described herein, plaintiff has also suffered damages.

17 128. With regard to those equitable aspects of this cause, plaintiff has no
18 adequate remedy at law.

19 129. Based upon the foregoing, there is a bona fide, actual, present and
20 practical need for a declaratory judgment from this Court.

21 130. Based upon the foregoing, the declaratory judgment sought deals with
22 a present, ascertained, or ascertainable state of facts and/or a present controversy as
23 to the state of facts.

24 131. Based upon the foregoing, plaintiff is uncertain with respect to its
25 rights, status and other equitable and legal relations regard the October 15, 1998
26 Agreement, as well as the effects, if any, of the April 11, 2002 Order on Plaintiff's
27 rights to Stan Lee's Name and Likeness, and is in need of a declaratory judgment
28 from this Court affording relief from such insecurity and uncertainty.

1 138. During the bankruptcy proceedings, defendant Stan Lee intentionally
2 misrepresented the value of the Trademarks to the bankruptcy court, the creditors,
3 and the remaining shareholders of plaintiff.

4 139. During the bankruptcy proceedings, defendant Stan Lee intentionally
5 concealed the value and description of the Trademarks from the bankruptcy court,
6 creditors, and the remaining shareholders of plaintiff.

7 140. During the bankruptcy proceedings and while engaging in such acts of
8 misrepresentation and concealment for the purposes of defrauding all interested
9 parties, defendant Stan Lee intended to secure the Trademarks for his own personal
10 financial gain and the financial gain of co-defendants QED and POW!

11 141. Defendant Stan Lee convinced the Bankruptcy Court to allow him to
12 take the Trademarks without any compensation to the plaintiff, directly attributable
13 to the fact that the Bankruptcy Court, creditors, and the remaining shareholders of
14 plaintiff were unaware of the true value of such assets.

15 142. As set forth herein, the entirety of the remainder of the provisions of
16 the April 11, 2002 Order was violated by the defendants' actions in disregarding
17 the express provisions of the April 11, 2002 Order in all regards.

18 143. Based upon the fraud, concealment, misrepresentation and lack of
19 payment of any consideration of any kind with regard to the Trademarks, as well
20 as the defendants, disregard for the entirety of the remaining provisions of the
21 April 11, 2002 Order, it is the plaintiffs' contention that the agreement, as
22 amended, and as referenced in the April 11, 2002, as well as any transactions
23 purported by defendants to have been based upon the April 11, 2002 Order should
24 be declared void and completely unenforceable.

25 144. Plaintiff contends that it remains the rightful and legal owner of the
26 Trademarks.

27 145. The defendants have asserted an actual, present, adverse and
28 antagonistic interest to the Trademarks.

1 146. As a direct and proximate result of the actions of the defendants as
2 described herein, plaintiff has also suffered damages.

3 147. With regard to those equitable aspects of this cause, plaintiff has no
4 adequate remedy at law.

5 148. Based upon the foregoing, there is a bona fide, actual, present and
6 practical need for a declaratory judgment from this Court.

7 149. Based upon the foregoing, the declaratory judgment sought deals with
8 a present, ascertained, or ascertainable state of facts and/or a present controversy as
9 to the state of facts.

10 150. Based upon the foregoing, plaintiff is insecure and uncertain with
11 respect to its rights, status and other equitable and legal relations regarding the
12 October 15, 1998 Agreement, as well as the effects, if any, of the April 11, 2002
13 Order on plaintiff's rights to the Trademarks, and is in need of a declaratory
14 judgment from this Court affording relief from such insecurity and uncertainty.

15 151. Although plaintiff contends that the transactions authorized by the
16 April 11, 2002 Order were never consummated, should this Court determine that
17 the defendants' actions were authorized by the April 11, 2002 Order, plaintiff is in
18 need of an order and judgment of this Court awarding to plaintiff its damages for
19 defendants failure to comply with the remaining terms of the April 11, 2002 Order.

20 **FIFTH CLAIM FOR RELIEF**

21 **Alternative Claim for Breach of Contract**

22 **As Against Defendants QED and POW!**

23 152. Plaintiff repeats and realleges each and every allegation contained in
24 paragraphs one (1) through 151 above as if fully set forth herein.

25 153. This cause of action is asserted in the alternative by plaintiff as
26 against defendants QED and POW! and is only brought by plaintiff to account for
27 the circumstance of this Court finding that the April 11, 2002 Order and contract
28 incorporated therein is a valid and enforceable contract even with the unauthorized

1 substitution of POW! and/or QED in place of SLC, LLC, a California limited
2 liability company.

3 154. On April 11, 2002, the bankruptcy court entered an order authorizing
4 the sale of the Assets by plaintiff to SLC, LLC, a California limited liability
5 company.

6 155. SLC, LLC was never formed by defendant Stan Lee even though he
7 represented to the bankruptcy court that SLC, LLC was an existing California
8 limited liability company.

9 156. Upon information and belief, the defendants made a unilateral
10 decision after April 11, 2002 not to form SLC, LLC and not to convey any of the
11 Assets to SLC, LLC, but instead decided to allow defendants POW! and QED to
12 take the Assets.

13 157. Upon information and belief, defendants POW! and QED have taken
14 the Assets purportedly based upon the authority of the April 11, 2002 Order, and
15 have stated in another legal proceeding before this Court that:

16 “It was subsequently decided that the company purchasing the assets
17 would not be named SLC, LLC . . . so it was decided that a different
18 name would be used, not a corporate name using Stan Lee’s name or
19 initials, such as SLC, LLC. Instead . . . QED, a wholly-owned
20 subsidiary of POW!, acquired the [Assets] from PLAINTIFF. The
21 change of the name of the company acquiring the assets did not
22 change any of the terms of the Agreement, as amended. . . . QED
23 complied with all of the terms of the Asset Purchase Agreement and
24 Bankruptcy Court order of April 2002 [April 11, 2002 Order],
25 approving the terms of the Agreement.”

26 This quote is drawn from the First Amended Complaint filed by the defendants
27 against three individually named persons in *QED Productions, LLC, et al. v.*
28

1 *Nesfield, et al.* (Case Number: CV07-225-SVW(SSx), United States District Court,
2 Central District of California.

3 158. Although the allegation was made in the related case that the
4 defendant QED has complied with all of the terms of the April 11, 2002 Order
5 incorporating the agreement to purchase assets from the then bankruptcy plaintiff,
6 defendants QED and POW! in fact have not complied with all of the terms of the
7 agreement.

8 159. Presuming this Court were to rule that QED and POW! are to be
9 considered parties to the April 11, 2002 Order and agreement in place of SLC,
10 LLC, neither QED nor POW! has ever complied with the terms of the April 11,
11 2002 Order and agreement other than to take the Assets and exploit them for their
12 own financial benefit.

13 160. Since April 11, 2002, the April 11, 2002 Order has been violated and
14 the agreement breached, in that defendants, POW! and QED: (a) failed to execute
15 and deliver to plaintiff any closing documents necessary to effectuate the terms of
16 the April 11, 2002 Order and agreement in direct violation of the terms of the April
17 11, 2002 Order and agreement; (b) failed to conduct any closing within ten (10)
18 days of the date of the April 11, 2002 Order in direct violation of the terms of the
19 April 11, 2002 Order and agreement; (c) failed to create and perfect documents
20 necessary and appropriate to create a security interest in all of the Assets and
21 proceeds thereof in favor of plaintiff and plaintiff's creditor, Wild Brain, Inc. in
22 direct violation of the terms of the April 11, 2002 Order and agreement; (d)
23 obtained various forms of financing and caused the Assets to be placed as
24 collateral to other lenders in direct violation of the terms of the April 11, 2002
25 Order; (e) failed to satisfy all conditions precedent to their taking of the Assets
26 purportedly based upon authority of the April 11, 2002 Order and agreement in
27 direct violation of the terms of the April 11, 2002 Order and agreement; (f) failed
28 to obtain approval of the bankruptcy court prior to taking the Assets; (g) failed to

1 provide plaintiff, their estates, and the creditors through the Creditors' Committee,
2 with any written accounting prepared in accordance with generally accepted
3 accounting principles, at the end of each calendar quarter of all income and
4 expenses attributable to the Assets in direct violation of the terms of the April 11,
5 2002 Order and agreement; (h) failed to disclose to plaintiff and the creditors
6 through the Creditors' Committee any contracts, joint ventures and other projects
7 with regard to any of the Assets in direct violation of the terms of the April 11,
8 2002 Order and agreement; (i) failed to provide to plaintiff and the creditors
9 through the Creditors' Committee copies of all agreements or contracts relating to
10 any of the Assets in direct violation of the terms of the April 11, 2002 Order and
11 agreement; (j) failed to limit their businesses and their operations to exclusively
12 exploit the Assets, in direct violation of the terms of the April 11, 2002 Order and
13 agreement; (k) failed to limit the management and operations of QED and POW!
14 to Stan Lee in direct violation of the terms of the April 11, 2002 Order and
15 agreement; (l) failed to cause the governing documents of QED and POW! to
16 expressly state that the limited purpose of the entities is to be formed and operated
17 for the exclusive and limited purposes of exploiting the Assets and providing the
18 personal services of Stan Lee, in direct violation of the terms of the April 11, 2002
19 Order and agreement; (m) failed to cause the governing documents of QED and
20 POW! to expressly state that QED and POW! were restricted and prohibited from
21 granting any liens or security interests or encumbrances against any of its assets,
22 including the Assets, with the sole and exclusive exception of the security interest
23 provided for under the April 11, 2002 Order and agreement in direct violation of
24 the terms of the April 11, 2002 Order and agreement; (n) failed to cause the
25 governing documents of QED and POW! to include express provisions prohibiting
26 said entities from incurring any indebtedness, with the sole exception being the
27 indebtedness created in the ordinary course of the limited business purpose of
28 exploiting these particular Assets in direct violation of the terms of the April 11,

1 2002 Order and agreement; (o) acquired other assets, unrelated to the exploitation
2 of the Assets in direct violation of the terms of the April 11, 2002 Order and
3 agreement; (p) conveyed, assigned and/or created interest in the Assets, as well as
4 the revenue and other consideration and value generated from them without the
5 express consent of plaintiff and the creditors through the Creditors' Committee in
6 direct violation of the terms of the April 11, 2002 Order and agreement; (q) failed
7 to pay the amounts set forth in the April 11, 2002 Order and agreement to plaintiff
8 in direct violation of the terms of the April 11, 2002 Order and agreement; and (r)
9 failed to pay the amounts set forth in the April 11, 2002 Order and agreement to
10 plaintiff's creditor, Wild Brain, Inc. in direct violation of the terms of the April 11,
11 2002 Order and agreement.

12 161. Based upon the foregoing, the defendants QED and POW! have
13 breached the agreement, as amended and as incorporated into the April 11, 2002
14 Order.

15 162. As a result of the defendants' breach of the agreement, plaintiff has
16 suffered damages, including but not limited to the proceeds it would have realized
17 pursuant to the terms of the agreement.

18 163. Plaintiff is entitled to an award of damages equal to the amounts it
19 would have realized pursuant to the terms of the agreement, had the defendants
20 performed their obligations properly and pursuant to the express terms of the
21 agreement.

22 164. Plaintiff is entitled to an award of prejudgment and post judgment
23 interest on all damages awarded by this Court.

24 165. Plaintiff is entitled to be awarded its costs of suit with regard to this
25 cause of action.

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SIXTH CLAIM FOR RELIEF:
MISAPPROPRIATION OF CORPORATE OPPORTUNITY
As Against Defendant Stan Lee

166. Plaintiff repeats and realleges each and every allegation contained in paragraphs one (1) through 165 above as if fully set forth herein.

167. Plaintiff brings this action against defendant Stan Lee individually.

168. At all times material to this cause of action, defendant Stan Lee was a director and officer of plaintiff.

169. At all times material to this cause of action, defendant Stan Lee owed a fiduciary duty to plaintiff, which is the highest standard of duty implied by law.

170. At all times material to this cause of action, defendant Stan Lee owed a duty to plaintiff to act in the best interests of plaintiff, while subordinating his own personal interests to that of plaintiff.

171. Defendants QED and POW! are corporations duly organized and existing under the laws of the State of Delaware.

172. At all times material to this cause of action, defendants QED and POW! have been substantially owned or controlled by defendant Stan Lee.

173. While defendant Stan Lee was purportedly acting as a director and officer of plaintiff, he intentionally failed to perform his duties as director and officer so that the Assets and Properties of plaintiff were mismanaged, wasted, and diverted to defendants.

174. Plaintiff has thereby suffered great loss, the value of plaintiff's stock and dividends has suffered great loss, and other shareholders have been similarly damaged. In addition, plaintiff seeks exemplary damages in an amount sufficient to punish defendant for his willful and wanton conduct, and to deter such conduct in the future.

175. Defendant Stan Lee intentionally failed to perform his duties as director and officer in that he permitted property, property rights, and contractual

1 rights of plaintiff to be diverted to defendants for the personal benefit of defendant
2 Stan Lee.

3 176. Defendant Stan Lee has been unjustly enriched as the result of his
4 intentional failure to perform his duties as director and officer of plaintiff.

5 177. At all times prior to the commencement of this action, defendant Stan
6 Lee simultaneously maintained control of the board of directors of plaintiff and
7 control of defendants, QED and POW!.

8 **SEVENTH CLAIM FOR RELIEF: BREACH OF FIDUCIARY DUTY**
9 **As Against Defendant Stan Lee**

10 178. Plaintiff repeats and realleges each and every allegation contained in
11 paragraphs one (1) through 177 above as if fully set forth herein.

12 179. Plaintiff brings this action against defendant Stan Lee individually.

13 180. At all times material to this cause of action, defendant Stan Lee was a
14 director and officer of plaintiff.

15 181. At all times material to this cause of action, defendant Stan Lee owed
16 a fiduciary duty to plaintiff, which is the highest standard of duty implied by law.

17 182. At all times material to this cause of action, defendant Stan Lee owed
18 a duty to plaintiff to act in the best interests of plaintiff, while subordinating his
19 own personal interests to that of plaintiff.

20 183. Defendants QED and POW! are corporations duly organized and
21 existing under the laws of the State of Delaware.

22 184. At all times material to this cause of action, the defendants QED and
23 POW! have been substantially owned or controlled by defendant Stan Lee.

24 185. At all times material hereto, defendants QED and POW! have been in
25 direct competition with the business of plaintiff.

26 186. While defendant Stan Lee was purportedly acting in his fiduciary
27 capacity as a director and officer of plaintiff, he failed to perform his fiduciary
28

1 duties as director and officer so that the Assets and Properties of plaintiff were
2 mismanaged, wasted, and diverted to defendants.

3 187. While defendant Stan Lee was purportedly acting in his fiduciary
4 capacity as a director and officer of plaintiff, he participated in, organized and/or
5 knowingly allowed former principals of plaintiff, including but not limited to
6 Junko Kobayashi and Gill Champion, to be taken from their positions at plaintiff
7 and placed in high level executive positions in defendants QED and POW! which
8 have always been in direct competition with the business of plaintiff.

9 188. While defendant Stan Lee was purportedly acting in his fiduciary
10 capacity as a director and officer of plaintiff, he participated in, organized and/or
11 knowingly allowed former principals of plaintiff, including but not limited to
12 Junko Kobayashi and Gill Champion, to cause the Assets to be assigned by
13 plaintiff to QED, a business in direct competition with plaintiff, without any legal
14 authority to do so.

15 189. While defendant Stan Lee was purportedly acting in his fiduciary
16 capacity as a director and officer of plaintiff, he participated in, organized and/or
17 knowingly allowed QED and POW! to exploit the Assets for his and the other
18 defendants financial benefit, all the while knowing (a) that neither QED nor POW!
19 had any legal authority to be in possession of such assets, (b) that the April 11,
20 2002 Order and agreement incorporated therein was not being complied with any
21 way whatsoever in order to protect the interests of plaintiff, and (c) that plaintiff
22 and its creditors would suffer great financial harm as a result.

23 190. Based upon the totality of his actions, defendant Stan Lee has
24 breached his fiduciary duty as a director and officer of plaintiff.

25 191. As a direct result of defendant Stan Lee's breach of his fiduciary
26 duties to plaintiff, plaintiff has suffered great loss, the value of plaintiff's stock and
27 dividends has suffered great loss, and other shareholders have been similarly
28 damaged.

1 192. Defendant Stan Lee has been unjustly enriched as the result of his
2 actions.

3 193. At all times prior to the commencement of this action, defendant Stan
4 Lee simultaneously maintained control of the board of directors of plaintiff and
5 control of defendants QED and POW!.

6 **EIGHTH CLAIM FOR RELIEF: BREACH OF CONTRACT**

7 **As Against Defendant Stan Lee**

8 194. Plaintiff repeats and realleges each and every allegation contained in
9 paragraphs one (1) through 193 above as if fully set forth herein.

10 195. Pursuant to the terms of the October 15, 1998 Agreement, plaintiff is
11 entitled to the possession, ownership and all revenues, profits and payments
12 realized from the Assets and Properties.

13 196. The October 15, 1998 Agreement expressly provides that, with the
14 exception of the 10-15 hours of services per week provided by defendant Stan Lee
15 to Marvel Enterprises, Inc., all other payments, revenues, profits and proceeds
16 realized as a result of defendant's, Stan Lee's, services and/or creations either for
17 plaintiff or for any other entity, are the property of plaintiff.

18 197. Defendant Stan Lee has breached his contractual obligations to
19 plaintiff by taking the Assets and Properties from plaintiff, as well as the revenues,
20 profits and payments realized from the Assets and Properties.

21 198. Defendant Stan Lee has breached his contractual obligations to
22 plaintiff by failing to pay to plaintiff the entirety of all revenues, profits, payments
23 and income realized by any of his services and/or creations above and beyond the
24 10-15 hours per week of services to Marvel Enterprises, Inc.

25 199. As a result of the defendant Stan Lee's breach of his contractual
26 obligations, plaintiff has suffered damages.

27 200. Plaintiff is entitled to an award of prejudgment and post judgment
28 interest on all damages awarded by this Court.

1 201. Plaintiff is entitled to be awarded its costs of suit with regard to this
2 cause of action.

3 **NINTH CLAIM FOR RELIEF: CIVIL CONSPIRACY**

4 **As Against All Defendants**

5 202. Plaintiff repeats and realleges each and every allegation contained in
6 paragraphs one (1) through 201 above as if fully set forth herein.

7 203. Upon information and belief, beginning on or about June of 2001 and
8 at various other times thereafter, defendants met, joined together, planned, and
9 conspired to take valuable assets of plaintiff, through the vehicle of a bankruptcy
10 proceeding, and convey such assets to defendants QED and POW! for the financial
11 benefit of all defendants, and to the detriment of plaintiff, its shareholders and
12 creditors.

13 204. All of the named defendants agreed or understood that the purpose of
14 their meetings and agreements was as described in the preceding paragraph,
15 understood that both their purpose and their methods of achieving this purpose
16 were unlawful and would result in injury to plaintiff, its shareholders and creditors,
17 and agreed and understood that each would act in concert with the others to
18 achieve this purpose.

19 205. Upon information and belief, beginning on or about June of 2001 and
20 continuing until the present time, and in furtherance of the conspiracy described
21 herein, defendant Stan Lee caused POW! and QED to be formed; convinced and
22 caused former principals of plaintiff to be placed in positions as directors and/or
23 officers of POW! and QED; offered financial incentives to said former principals
24 of plaintiff to become directors and/or officers of POW! and QED; convinced the
25 bankruptcy attorney for plaintiff to make application to the bankruptcy court to
26 allow the Assets to be sold to SLC, LLC, an entity that defendant Stan Lee;
27 represented to the bankruptcy would be managed exclusively by himself, would
28 have the very limited purpose of exploiting only the Assets, would make best and

1 diligent efforts to exploit only the Assets with regard to SLC, LLC, would act in
2 good faith in putting the Assets first with regard to engaging in any competing
3 interest business, and would pay back to the creditors and to plaintiff between
4 \$1,683,000.00 and \$2,799,999.34 over the then next five years depending upon
5 whether SLC, LLC made \$4,000,000.00 or \$7,000,000.00 on its exploitation of the
6 Assets.

7 206. The foregoing representations were made in the form of a written
8 agreement, as amended, which was approved by defendant Stan Lee on behalf of
9 SLC, LLC, plaintiff, the debtor in possession creditor, Wild Brain, Inc., and the
10 creditors, and was later incorporated into an order of the bankruptcy court dated
11 April 11, 2002.

12 207. Contrary to the false representations made by defendant Stan Lee to
13 the bankruptcy court, defendant Stan Lee along with other former principals of
14 plaintiff had already formed both QED and POW! some more than six months
15 earlier, and had already begun preparations for and the administration of
16 businesses of QED and POW!, whose purpose was to directly compete with the
17 business of plaintiff.

18 208. Defendants have transferred, concealed, and dissipated the Assets as
19 they have received them.

20 209. Defendants undertook the acts described in this cause of action with
21 malice and intent to cause damage to plaintiff, its shareholders and its creditors.

22 210. Defendants undertook the acts described herein for their own financial
23 gain.

24 211. With regard to defendant Stan Lee, he also engaged in the acts
25 described herein while purportedly acting in his capacity as agent, fiduciary,
26 officer and director of plaintiff.

27 212. The acts described herein are both unlawful and tortious, constituting
28 conversion of corporate assets and the unlawful conveyance of property.

1 220. The defendants have a duty to account to and pay to plaintiff the
2 income, proceeds and profits derived from defendants' use, marketing, licensing,
3 merchandising, promotion, advertising and exploitation of the Assets.

4 221. Equity and justice require that defendants account to plaintiff for any
5 and all income, proceeds and profits from the defendants' use, marketing,
6 licensing, merchandising, promotion, advertising and exploitation of the Assets.

7 222. Equity and justice require that defendants pay to plaintiff, and that this
8 Court enter an award of damages in favor of plaintiff, in an amount equal to any
9 and all income, proceeds and profits derived from the defendants' use, marketing,
10 licensing, merchandising, promotion, advertising and exploitation of the Assets.

11 223. With regard to those equitable aspects of this cause, plaintiff has no
12 adequate remedy at law.

13 **ELEVENTH CLAIM FOR RELIEF: CONSTRUCTIVE TRUST**

14 **As Against All Defendants**

15 224. Plaintiff repeats and realleges each and every allegation contained in
16 paragraphs one (1) through 223 above as if fully set forth herein.

17 225. Based upon the foregoing, the defendants have knowingly and
18 wrongfully used, marketed, licensed, merchandised, promoted, advertised and
19 exploited the Assets, of which plaintiff is the rightful and legal owner.

20 226. At all times material hereto, the defendants have had actual,
21 constructive and/or inquiry notice of the October 15, 1998 Agreement and
22 Plaintiff's rights to the Assets.

23 227. Equity and justice require that defendants be deemed to hold any and
24 all income, proceeds and profits from the defendants' use of, marketing of,
25 merchandising of, promoting of, advertising of and exploitation the Assets in
26 constructive trust for plaintiff.

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1 evidencing the same, without any authority by plaintiff and in violation of Section
2 43(a) of the Lanham Act.

3 236. Upon information and belief, the defendants have derived a financial
4 benefit from utilizing Stan Lee's name, likeness, signature, symbols, logos, designs
5 and visual representations, as well as trademarks including and evidencing the
6 same, in the manner described in this cause of action.

7 237. The defendants, in connection with goods and services, have used
8 false designations of origin, false or misleading descriptions of fact, false or
9 misleading representations of fact which are likely to cause confusion or mistake
10 or to deceive as to the affiliation, connection or association of Stan Lee with the
11 defendants.

12 238. The defendants, in connection with goods and services, have used
13 false designations of origin, false or misleading descriptions of fact, false or
14 misleading representations of fact which misrepresent the ownership, nature,
15 characteristics, qualities or geographic origin of the Assets.

16 239. Defendants' false claims regarding their rights in and to the Assets
17 and their use of Stan Lee's name, likeness, signature, symbols, logos, designs and
18 visual representations, as well as trademarks including and evidencing the same,
19 constitute a false or misleading description of fact or a false or misleading
20 representation of fact. Defendants' misrepresentations falsely characterize and
21 describe the ownership and control of the Assets, in violation of the Lanham Act.

22 240. By engaging in the conduct alleged herein, the defendants have
23 deprived plaintiff of its right to receive the goodwill and value that they otherwise
24 would receive as the sole and exclusive owner of the Assets and the assignee of
25 any and all rights to Stan Lee's name, likeness, signature, symbols, logos, designs
26 and visual representations, as well as trademarks including and evidencing the
27 same. Such recognition enhances plaintiff's name, reputation and goodwill and
28 creates opportunities for future business opportunities and future economic benefit.

1 Defendants have unjustly and intentionally deprived plaintiff of these rights,
2 interests and benefits for defendants' own financial gain.

3 241. As a direct and proximate result of defendants' wrongful conduct as
4 alleged herein, plaintiff has been damaged in an amount not yet ascertained but in
5 excess of the jurisdictional minimum of this Court.

6 242. Pursuant to 15 U.S.C. § 1117, plaintiff is entitled to receive a
7 judgment equal to three times the amount of defendants' profits or to recover the
8 amount of Plaintiff's actual damages, whichever is greater, plus costs of suit,
9 prejudgment and post judgment interest on all amounts awarded, and reasonable
10 attorney's fees.

11 243. The acts and omissions of the defendants were willful, malicious,
12 oppressive and despicable, and done with an intent to injure plaintiff and with full
13 knowledge of the adverse effects such acts would have on plaintiff, or with a
14 conscious disregard of plaintiff's rights and willful and deliberate disregard for the
15 consequences to plaintiff, such as to constitute oppression, fraud or malice thus
16 entitling plaintiff to exemplary or punitive damages in an amount appropriate to
17 punish or set an example of the defendants and to deter such conduct in the future.

18 244. A monetary award, alone, is not adequate to compensate plaintiff with
19 regard to this cause of action. Plaintiff, therefore, also seeks a temporary
20 restraining order and permanent injunction under 15 U.S.C. § 1125(c) and other
21 applicable law prohibiting defendants from continuing to wrongfully violate
22 plaintiff's rights as set forth herein.

23 **THIRTEENTH CLAIM FOR RELIEF: COPYRIGHT INFRINGEMENT**

24 **As Against All Defendants**

25 245. Plaintiff repeats and realleges each and every allegation contained in
26 paragraphs one (1) through 244 above as if fully set forth herein.

27 246. Plaintiff is the rightful owner of certain copyrights to the Assets.
28

1 247. Specifically, plaintiff is the rightful owner of copyrights to The
2 Accuser, The Drifter and Stan's Evil Clone a/k/a Evil Clone (hereinafter in this
3 cause of action referred to as the "Copyrights").

4 248. Plaintiff has the right to bring an action for copyright infringement
5 against the defendants by virtue of such ownership.

6 249. Defendants have willfully infringed upon plaintiff's copyrights by
7 copying, exhibiting, licensing, distributing and/or otherwise exploiting the
8 Copyrights.

9 250. Defendants' acts of copying, exhibiting, licensing, distributing and/or
10 otherwise exploiting the Copyrights of plaintiff have been performed without the
11 agreement or consent of plaintiff and otherwise without any authority of any kind.

12 251. Defendants' acts as set forth in this cause of action constitute acts of
13 copyright infringement under Title 17 of the United States Code.

14 252. As a direct and proximate result of the defendants' infringement of
15 the Copyrights and exclusive rights under the Copyright Act, plaintiff is entitled to
16 damages as well as the profits realized by the defendants from the exploitation of
17 these works according to proof, pursuant to 17 U.S.C. § 504(b).

18 253. Alternatively, plaintiff is entitled to the maximum statutory damages
19 pursuant to 17 U.S.C. § 504(c), up to One Hundred Fifty Thousand Dollars
20 (\$150,000.00) for each of the copyrights willfully infringed upon by the
21 defendants. Alternatively, plaintiff is entitled to such other amount of damages as
22 may be deemed proper pursuant to 17 U.S.C. § 504(c).

23 254. With regard to the Copyrights at issue in this cause, plaintiff was
24 registered or had applied for registration of copyrights with the United States
25 Copyright Office.

26 255. On or about August 7, 2006, defendant QED, by and through its
27 agent, Junko Kobayashi, and without any authority to do so, presented certain
28 assignments of copyrights in The Accuser and The Drifter to the United States

1 Copyright Office in an attempt to transfer and assign such copyrights to defendant
2 QED. Such attempted transfer and assignment has no legal effect on plaintiff's
3 standing and right to bring this cause of action against defendants as such
4 attempted transfer and assignment was unauthorized and illegal.

5 256. In addition to the remedies sought herein, plaintiff is also entitled to a
6 temporary restraining order and permanent injunction enjoining and restraining
7 defendants and all persons and entities acting in conjunction with it from
8 infringing plaintiff's Copyrights pursuant to 17 U.S.C. § 502.

9 257. In accordance with 17 U.S.C. § 505 and as a result of the defendants'
10 willful infringement of plaintiff's Copyrights, plaintiff is entitled to recover from
11 defendants an award of reasonable attorney's fees and costs.

12 258. Plaintiff is entitled to an award of prejudgment and post judgment
13 interest on all amounts awarded by this Court

14 **FOURTEENTH CLAIM FOR RELIEF:**

15 **CYBERSQUATTING IN VIOLATION OF 15 U.S.C. § 1125(D)**

16 **As Against All Defendants**

17 259. Plaintiff repeats and realleges each and every allegation contained in
18 paragraphs one (1) through 258 above as if fully set forth herein.

19 260. The defendants have registered and continue to use the following
20 domain names, which are likely to cause confusion among the consuming public,
21 who will be led to believe that plaintiff is affiliated with defendants, and/or has
22 approved of defendants' use and registration of those domain names and the
23 content contained on the website at those domain names or websites linked to the
24 websites:

25 <http://www.stanleepresents.com.au;>

26 <http://www.stanleeweb.com;>

27 <http://www.powentertainment.com;>

28 <http://206.112.96.146/bands/index.aspx?site=pow.>

1 261. Defendants' registration and use of the domain names dilutes the
2 distinctiveness of the name and distinctive mark "Stan Lee" and reduces the ability
3 of the name and mark "Stan Lee" to distinguish goods and services offered by
4 plaintiff from goods and services offered by others, including defendants.

5 262. Plaintiff does not have the ability to control the quality of the goods
6 and services offered and sold by defendants and cannot control the information
7 contained on the aforementioned websites and domains.

8 263. Plaintiff does not have the ability to control defendants' use of the
9 domain name or the websites associated with them.

10 264. Stan Lee's name is a distinctive and famous mark, was a distinctive
11 and famous mark at the time the domain names identified in this cause of action
12 were registered, and at all other times relevant hereto, pursuant to the
13 Anticybersquatting Consumer Protection Act of 1999, 15 U.S.C. § 1125(d).

14 265. Plaintiff is informed and believes that defendants had and continue to
15 have a bad faith intent to profit from the name "Stan Lee" which is protected as a
16 distinctive mark and personal name under § 3002(a) of the Anticybersquatting
17 Consumer Protection Act of 1999, 15 U.S.C. § 1125(d).

18 266. Defendants' acts as described herein constitute violations of § 3002(a)
19 of the Anticybersquatting Consumer Protection Act of 1999, 15 U.S.C. § 1125(d).

20 267. Plaintiff is entitled to a judgment from this Court compelling
21 defendants to transfer ownership in the domain names identified herein to plaintiff.
22 Alternatively, plaintiff is entitled an order compelling the cancellation of said
23 domain names pursuant to § 3002(a) of the Anticybersquatting Consumer
24 Protection Act of 1999, 15 U.S.C. § 1125(d).

25 268. Plaintiff is entitled to a temporary and permanent injunction enjoining
26 defendants from any use of the domain names and website content identified in
27 this cause of action pursuant to § 3003 of the Anticybersquatting Consumer
28 Protection Act of 1999, 15 U.S.C. § 1116(a).

1 269. Plaintiff is entitled to a judgment from this Court awarding to plaintiff
2 its actual damages proximately caused by the defendants, or in the alternative,
3 statutory damages in an amount up to the sum of One Hundred Thousand Dollars
4 (\$100,000.00) pursuant to § 3003(b) of the Anticybersquatting Consumer
5 Protection Act of 1999, 15 U.S.C. § 1117(a) and (d).

6 **FIFTEENTH CLAIM FOR RELIEF:**
7 **VIOLATION OF COMMON LAW RIGHT OF PUBLICITY**

8 **As Against All Defendants**

9 270. Plaintiff repeats and realleges each and every allegation contained in
10 paragraphs one (1) through 269 above as if fully set forth herein.

11 271. Pursuant to the October 15, 1998 Agreement, defendant Stan Lee
12 conveyed to plaintiff the following:

13 “I [Stan Lee] assign, convey and grant to [Stan Lee Entertainment,
14 Inc.] forever, all right, title and interest I may have or control, now or
15 in the future, in the following: Any and all . . . symbols, logos,
16 designs, likenesses, visual representations, . . . including my name and
17 likeness (the ‘Property’) . . . and any copyrights, trademarks, statutory
18 rights, common law, goodwill, moral rights and any other rights
19 whatsoever in the Property in any and all media and/or fields,
20 including all rights to renewal or extensions of copyright and make
21 applications or institute suits therefore (the ‘Rights’).”

22 For purposes of this cause of action, these items shall be referred to, for simplicity
23 purposes, as “Stan Lee’s Name and Likeness.”

24 272. Based upon the foregoing, plaintiff is the assignee of defendant Stan
25 Lee pursuant to October 15, 1998 Agreement, of any and all of the defendant Stan
26 Lee’s, name, likeness, signature and persona, among other things.

27 273. None of the defendants have any right of any kind to use the name,
28 likeness, signature, and/or persona of Stan Lee.

1 274. Stan Lee's name, likeness, signature and persona have substantial
2 commercial value.

3 275. Plaintiff has never authorized any of the defendants to use Stan Lee's
4 name, likeness, signature and/or persona for any reason.

5 276. None of the defendants has legally obtained any authorization of any
6 kind to use Stan Lee's name, likeness, signature and/or persona for any reason.

7 277. Defendants have used Stan Lee's name, likeness, signature and
8 persona for various commercial reasons, and have financially benefited from such
9 uses.

10 278. Defendants' unauthorized use of Stan Lee's name, likeness, signature
11 and persona constitute violations and misappropriations of plaintiff's common law
12 rights of publicity as assignee of Stan Lee, in that defendants have misappropriated
13 Stan Lee's name, likeness, signature, photographs and persona by engaging in such
14 acts without the consent of plaintiff.

15 279. The misappropriation was for defendants' advantage, in that Stan
16 Lee's name, likeness, signature and persona were used by defendants to create and
17 enhance defendants' future pecuniary gain and profit and to convince internet
18 users, as well as POW!'s and QED's shareholders, lenders, potential lenders, the
19 general public, and those who have done and/or may in the future do business with
20 the defendants, that defendants have the right to do so.

21 280. As a proximate result of the defendants' conduct, plaintiff has been
22 damaged and will continue to be damaged.

23 281. Plaintiff is entitled to a temporary restraining order and permanent
24 injunctive relief enjoining defendants from violating plaintiff's common law
25 publicity rights to Stan Lee's name, likeness, signature and persona.

26 282. The conduct of the defendants as alleged herein was intentional and/or
27 performed with a conscious disregard for plaintiff's rights, and with the intent to
28 vex, injure and annoy plaintiff, such as to constitute oppression, fraud and/or

1 malice, thus entitled plaintiff to an award of exemplary or punitive damages in an
2 amount sufficient to punish or make an example of defendants and to deter such
3 conduct in the future.

4 **SIXTEENTH CLAIM FOR RELIEF:**

5 **CANCELLATION OF ASSIGNMENT OF COPYRIGHTS**

6 **As Against Defendant QED**

7 283. Plaintiff repeats and realleges each and every allegation contained in
8 paragraphs one (1) through 282 above as if fully set forth herein.

9 284. On or about July 31, 2006, defendant Stan Lee authorized Junko
10 Kobayashi, then the controller of plaintiff, to execute an assignment of copyrights
11 purportedly on behalf of plaintiff to defendant, QED.

12 285. As of July 31, 2006, on information and belief, Junko Kobayashi was
13 purportedly acting in the capacity as secretary, treasurer, director, fiduciary and
14 authorized representative of plaintiff, while also acting in her capacity as Chief
15 Financial Officer and treasurer of defendant, POW!, the parent company of
16 defendant, QED.

17 286. The July 31, 2006 assignment of copyrights was executed by Gill
18 Champion, as Chief Operating Officer and President of defendant, QED.

19 287. As of July 31, 2006, on information and belief, Gill Champion was
20 acting as Chief Operating Office of plaintiff, while simultaneously acting in his
21 capacity as Chief Operating Officer of defendant, POW!, the parent company of
22 defendant, QED, while simultaneously acting in the capacity as Chief Operating
23 Officer and President of defendant, QED.

24 288. The defendant, POW!, publicize the fact that the former agent
25 framework of plaintiff is now the agent framework of POW! and QED. In fact, the
26 defendant, POW! recently published on their website the following information:
27 "Junko Kobayashi Treasurer, Chief Financial Officer, Ms. Kobayashi has a
28 background in public accounting and a number of years in the private sector.

1 Prior to joining the Company, she was controller of SLMI from January 2000 until
2 it terminated operations in June 2001 where she was in charge of preparing
3 financial information for SEC purposes and implemented a new accounting system
4 to accommodate the need for detailed financial reporting for management.”

5 289. Both Junko Kobayashi and defendant Stan Lee among many others,
6 were copied all of the bankruptcy filings.

7 290. Both Junko Kobayashi and defendant Stan Lee were fully aware of
8 the content of the April 11, 2002 Order.

9 291. Even in light of their knowledge of the content of the April 11, 2002
10 Order and agreement incorporated therein, defendant Stan Lee authorized and
11 Junko Kobayashi and Gill Champion executed the July 31, 2006 Assignment of
12 Copyrights.

13 292. At the time the July 31, 2006 Assignment of Copyrights was
14 executed, everyone participating in the preparation and execution of said
15 assignment had full knowledge that they were executing an assignment that was
16 not authorized.

17 293. At the time the July 31, 2006 Assignment of Copyrights was
18 executed, everyone participating in the preparation and execution of said
19 assignment had full knowledge that they were executing an assignment that was
20 not in the best interests of plaintiff the debtor in possession, both because it was
21 conveying away from plaintiff valuable assets, and also because all of the
22 participants were well aware of the fact that none of the defendants had paid a
23 penny to plaintiff for the assets.

24 294. The Plaintiff's bankruptcy proceedings were still pending on July 31,
25 2006 when the Assignment of Copyrights was executed by Junko Kobayashi and
26 Gill Champion.

27
28

1 investors, to competitors of plaintiff and otherwise that they own the rights, in
2 perpetuity to exclusively use the name, likeness and signature slogans of Stan Lee,
3 including but not limited to "Excelsior!"

4 302. The aforescribed information is false and misleading.

5 303. At all times material hereto, the defendants were fully aware that the
6 information was false and misleading.

7 304. The truth of the matter is that none of the defendants have any
8 authority of any kind to claim in any publication or otherwise that they own any
9 rights to the Assets, Properties, Trademarks, the name "Stan Lee," the likeness of
10 "Stan Lee" and/or the signature slogans of "Stan Lee" such as "Excelsior!".

11 305. The defendants continue to use Stan Lee's name, likeness and persona
12 to promote the entirety of their business ventures.

13 306. The defendants have profited from their unauthorized exploitation of
14 the Assets, Properties and Trademarks, as well as their use of the name "Stan Lee,"
15 the likeness of "Stan Lee" and/or the signature slogans of "Stan Lee" such as
16 "Excelsior!".

17 307. The defendants have solicited and entered into contractual relations as
18 a result of their unauthorized exploitation of the Assets, Properties and
19 Trademarks, as well as their use of the name "Stan Lee," the likeness of "Stan
20 Lee" and/or the signature slogans of "Stan Lee" such as "Excelsior!".

21 308. As a result of defendants' wrongful conduct as described herein, the
22 plaintiff is entitled to restitution, disgorgement from defendants of any income and
23 profits realized by them as a result, and damages to be proven at trial.

24 309. Plaintiff is also entitled to a temporary and permanent injunction
25 against the defendants' further attempts to utilize and exploit the Assets, Properties
26 and Trademarks, as well as the name "Stan Lee," the likeness of "Stan Lee" and/or
27 the signature slogans of "Stan Lee" such as "Excelsior!".

28

1 pursue and consider for the greater benefit of the plaintiff, its creditors and the
2 remaining shareholders, offers from third parties to purchase the Assets, Properties
3 and Trademarks of the plaintiff.

4 316. As a direct result of defendant Stan Lee's willful acts and omissions,
5 in direct violation of 11 U.S.C. § 362, the plaintiff has suffered damage.

6 317. The plaintiff has been required to retain the services of the
7 undersigned counsel, and has agreed to pay a reasonable fee, as well as all costs
8 associated with this action. Defendant Stan Lee should be required to pay any and
9 all fees and costs of plaintiff with regard to this cause of action, based upon said
10 defendant's willful violation of 11 U.S.C. § 362.

11 **PRAYER FOR RELIEF**

12 1. As to the First Claim For Relief, the plaintiff respectfully requests that
13 this Court enter a judgment declaring the rights, duties, obligations and
14 responsibilities of all parties with regard to the subject of the cause; award to the
15 plaintiff its damages, award to the plaintiff prejudgment and post judgment interest
16 on all damages awarded, award to the plaintiff its costs of suit, and grant such
17 other and further relief as this Court may deem just and proper.

18 2. As to the Second Claim For Relief, the plaintiff respectfully requests
19 that this Court enter a judgment declaring the rights, duties, obligations and
20 responsibilities of all parties with regard to the subject of the cause; award to the
21 plaintiff its damages, award to the plaintiff prejudgment and post judgment interest
22 on all damages awarded, award to the plaintiff its costs of suit, and grant such
23 other and further relief as this Court may deem just and proper.

24 3. As to Third Claim For Relief, the plaintiff respectfully requests that
25 this Court enter a judgment declaring the rights, duties, obligations and
26 responsibilities of all parties with regard to the subject of the cause; award to the
27 plaintiff its damages, award to the plaintiff prejudgment and post judgment interest
28

1 on all damages awarded, award to the plaintiff its costs of suit, and grant such
2 other and further relief as this Court may deem just and proper.

3 4. As to the Fourth Claim For Relief, the plaintiff respectfully requests
4 that this Court enter a judgment declaring the rights, duties, obligations and
5 responsibilities of all parties with regard to the subject of the cause; award to the
6 plaintiff its damages, award to the plaintiff prejudgment and post judgment interest
7 on all damages awarded, award to the plaintiff its costs of suit, and grant such
8 other and further relief as this Court may deem just and proper.

9 5. As to the Fifth Claim For Relief, the plaintiff respectfully requests
10 that this Court award to the plaintiff its damages, award to the plaintiff
11 prejudgment and post judgment interest on all damages awarded, award to the
12 plaintiff its costs of suit, and grant such other and further relief as this Court may
13 deem just and proper.

14 6. As to Sixth Claim For Relief, the plaintiff respectfully requests that
15 this Court award to the plaintiff its damages, award exemplary or punitive
16 damages, award to the plaintiff prejudgment and post judgment interest on all
17 damages awarded, award to the plaintiff its costs of suit, and grant such other and
18 further relief as this Court may deem just and proper.

19 7. As to the Seventh Claim For Relief, the plaintiff respectfully requests
20 that this Court award to the plaintiff its damages, award to the plaintiff
21 prejudgment and post judgment interest on all damages awarded, award to the
22 plaintiff its costs of suit, and grant such other and further relief as this Court may
23 deem just and proper.

24 8. As to the Eighth Claim For Relief, the plaintiff respectfully requests
25 that this Court award to the plaintiff its damages, award to the plaintiff
26 prejudgment and post judgment interest on all damages awarded, award to the
27 plaintiff its costs of suit, and grant such other and further relief as this Court may
28 deem just and proper.

1 9. As to the Ninth Claim For Relief, the plaintiff respectfully requests
2 that this Court award to the plaintiff its damages, award exemplary or punitive
3 damages, award to the plaintiff prejudgment and post judgment interest on all
4 damages awarded, award to the plaintiff its costs of suit, grant to the plaintiff the
5 injunctive relief sought with regard to future acts and grant such other and further
6 relief as this Court may deem just and proper.

7 10. As to the Tenth Claim For Relief, the plaintiff respectfully requests
8 that this Court grant the accounting sought by plaintiff, thereby requiring
9 defendants to provide a complete financial accounting to the plaintiff for any and
10 all of the Assets, Properties and Trademarks at issue, award to the plaintiff its
11 damages, award to the plaintiff prejudgment and post judgment interest on all
12 damages awarded, award to the plaintiff its costs of suit, and grant such other and
13 further relief as this Court may deem just and proper.

14 11. As to the Eleventh Claim For Relief, the plaintiff respectfully requests
15 that this Court declare the defendants to be constructive trustees of plaintiff with
16 regard to the Assets, Properties and Trademarks described herein, as well as any
17 income, proceeds and profits realized by defendants from the defendants' use,
18 marketing, licensing, merchandising, promoting, advertising, and exploitation of
19 said Assets, Properties and Trademarks, award to the plaintiff its damages, award
20 to the plaintiff prejudgment and post judgment interest on all damages awarded,
21 award to the plaintiff its costs of suit, and grant such other and further relief as this
22 Court may deem just and proper.

23 12. As to the Twelfth Claim For Relief, the plaintiff respectfully requests
24 that this Court award to the plaintiff its damages and that such damages be trebled,
25 award to the plaintiff all other available and appropriate statutory remedies, award
26 exemplary or punitive damages, award to the plaintiff prejudgment and post
27 judgment interest on all damages awarded, award to the plaintiff its costs of suit,
28 and grant such other and further relief as this Court may deem just and proper.

1 13. As to the Thirteenth Claim For Relief, the plaintiff respectfully
2 requests that this Court award to the plaintiff its damages, award to the plaintiff
3 prejudgment and post judgment interest on all damages awarded, award to the
4 plaintiff its attorney's fees with regard to this cause of action, award to the plaintiff
5 its costs of suit, grant to the plaintiff the injunctive relief sought with regard to
6 future acts and grant such other and further relief as this Court may deem just and
7 proper.

8 14. As to the Fourteenth Claim For Relief, the plaintiff respectfully
9 requests that this Court award to the plaintiff its actual damages or any available
10 statutory damages, whichever is greater, award to the plaintiff prejudgment and
11 post judgment interest on all damages awarded, award to the plaintiff its costs of
12 suit, grant to the plaintiff the injunctive relief sought with regard to future acts and
13 grant such other and further relief as this Court may deem just and proper.

14 15. As to the Fifteenth Claim For Relief, the plaintiff respectfully requests
15 that this Court award to the plaintiff its damages, award to the plaintiff
16 prejudgment and post judgment interest on all damages awarded, award to the
17 plaintiff its costs of suit, grant to the plaintiff the injunctive relief sought with
18 regard to future acts and grant such other and further relief as this Court may deem
19 just and proper.

20 16. As to Sixteenth Claim for Relief, the plaintiff respectfully requests
21 that this Court cancel the assignment of copyrights executed by Junko Kobayashi
22 and Gill Champion dated July 31, 2006, order that the assignment is void and order
23 defendant, QED, to correct any filings, publications or other acts which have been
24 taken by QED purportedly based upon said July 31, 2006 assignment, award to the
25 plaintiff its costs of suit, and grant such other and further relief as this Court may
26 deem just and proper.


27 17. As to the Seventeenth Claim For Relief, the plaintiff respectfully
28 requests that this Court award to the plaintiff its damages, award to the plaintiff

1 prejudgment and post judgment interest on all damages awarded, award to the
2 plaintiff its costs of suit, grant to the plaintiff the injunctive relief sought with
3 regard to future acts and grant such other and further relief as this Court may deem
4 just and proper.

5 18. As to the Eighteenth Claim For Relief, the plaintiff respectfully
6 requests that this Court award to the plaintiff its damages, award to the plaintiff
7 prejudgment and post judgment interest on all damages awarded, award to the
8 plaintiff its attorney's fees, award to the plaintiff its costs of suit and grant such
9 other and further relief as this Court may deem just and proper. demand for jury
10 trial.

11 DATED: July 9, 2007

O'DONNELL & ASSOCIATES PC

12
13 By: 
14 Jack Cairl
Attorneys for
15 STAN LEE MEDIA, INC.

16 Of Counsel:

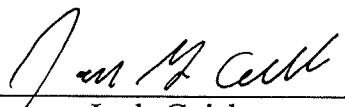
17 Sean Sheppard, Esq.
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18 St. Augustine, Florida 32080
(904) 471-5040

19
20 **DEMAND FOR JURY TRIAL**

21 Plaintiff, by and through its undersigned counsel, hereby demands a jury
22 trial on any and all issues so triable pursuant to the Federal Rules of Civil
23 Procedure, Rule 38(b) and Local Rule 38-1.

24 DATED: July 9, 2007

O'DONNELL & ASSOCIATES PC

25
26 By: 
27 Jack Cairl
Attorneys for
28 STAN LEE MEDIA, INC.