

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

MY WAY PRODUCTIONS 2, LTD,)
individually and as a member)
of Z & M MEDIA, LLC and HIP)
HOP GLOBAL MEDIA, LLC)
)
Plaintiff,)
)
vs.)
)
Z & M MEDIA, LLC; HIP HOP)
GLOBAL MEDIA, LLC;)
RAYMOND SCOTT; and)
DAVID MAYS,)
)
Defendants.)
_____)

VERIFIED AMENDED COMPLAINT

CIVIL ACTION
FILE NO. 2:09-CV-1643

NOW COMES Plaintiff My Way Productions 2, LTD ("My Way"), individually and as a member of Defendants Z & M Media, LLC d/b/a "Hip Hop Weekly" ("Z & M") and Hip Hop Global Media, LLC d/b/a "Hip Hop Global" ("HHG") and files its Action for Injunctive Relief and Amended Complaint for Damages (the "Complaint") against Z & M, HHG, Defendant Raymond Scott ("Scott") and Defendant David Mays ("Mays") and states as follows:

INTRODUCTION

1.

This action responds to Mays and Scott's wrongful conduct in abusing and exploiting My Way, Z & M and HHG by (i) failing

to comply with the agreements that govern the management of Z & M and HHG, (ii) fraudulently receiving unauthorized distributions from HHG and Z & M and using the assets of HHG and Z & M to satisfy Scott and Mays' personal expenses and (iii) abusing and mismanaging HHG and Z & M. Mays and Scott's outrageous conduct has damaged Z & M and HHG irreparably and has left My Way with no choice but to seek affirmative judicial action and relief, including damages; preliminary and permanent injunctive relief to enjoin Mays and Scott from their ongoing violations; and such additional relief as this Court deems appropriate.

PARTIES TO THE ACTION

2.

- a. My Way is a limited liability company organized and existing under the laws of Turks and Caicos. My way has a certificate of authority to do business in the state of New Jersey.

- b. Z & M is a limited liability company organized and existing under the laws of the state of New Jersey. Z & M's original primary business address was located in the state of New Jersey. Z & M's current primary business address is located at 2561 NE 184th Terrace, Miami, Florida 33160. Z & M may be served with process through service on its registered, David J. Finkler P.C., 266 Harristown Road, Suite 203, Glen Rock,

New Jersey 07452.

- c. HHG is a limited liability company organized and existing under the laws of the state of New Jersey. HHG's original primary business address was located in the state of New Jersey. HHG's current primary business address is located at 2561 NE 184th Terrace, Miami, Florida 33160. HHG may be served with process through service on its registered, David J. Finkler P.C., 266 Harristown Road, Suite 203, Glen Rock, NJ 07452.
- d. Upon information and belief, Scott is a resident of the state of Florida who may be personally served with process at his last known home address at 17100 North Bay Road, Sunny Isles, Florida 33160.
- e. Upon information and belief, Mays is a resident of the state of New Jersey who may be personally served with process at his last known home address at 4 Constellation Place, #201, Jersey City, New Jersey 07305.

JURISDICTION AND VENUE

3.

This Court has jurisdiction over the subject matter of this lawsuit pursuant to 28 U.S.C. § 1332(a).

4.

Venue is proper in this Court pursuant to 28 U.S.C. § 1391(a) because a substantial part of the events or omissions giving rise to My Way's claim occurred in New Jersey.

FACTUAL BACKGROUND

Creation of Z & M

5.

Z & M was created for the purpose of conducting business as a publisher of print media under the trade name "Hip Hop Weekly."

6.

My Way, Scott and Mays entered into a March 30, 2007 Second Amended and Restated Operating Agreement of Z & M Media, LLC (the "Z & M Operating Agreement") which sets forth the terms and conditions under which Z & M is to be managed and operated, in accordance with the New Jersey Business Corporations Act, N.J. Stat. Ann § 14A:1 et seq. A true and correct copy of the Z & M Operating Agreement is attached hereto as Exhibit "A" and is incorporated herein by reference. The Z & M Operating Agreement supersedes and replaces Z & M's original and first amended and restated operating agreements.

7.

My Way made a \$798,647.57 capital contribution into Z & M and received a 25% membership and ownership interest in Z & M.

8.

Under the Z & M Operating Agreement, Scott has a 40.5% membership and ownership interest in Z & M and Mays has a 25% membership and ownership interest in Z & M.

9.

Wendy Williams ("Williams"), Mark Kochan ("Kochan") and Andre Burt ("Burt") (Williams, Kochan and Burt hereinafter sometime referred to collectively as the "Investors") are investors in Z & M. Williams has a 8% non-voting economic interest in Z & M. Kochan and Burt each have a 0.75% non-voting economic interest in Z & M.

10.

Pursuant to Section 3.14 of the Z & M Operating Agreement, the Investors are entitled to " share in the Company's Profits, Losses, Net Cash Flow, and other distributions of the Company's assets pursuant to this Agreement and the Act, but shall not include any right to participate in the management or affairs of the Company, including, without limitation, the right to vote on, consent to, or otherwise participate in any decision of the Members, all as provided in Section 6.2."

11.

Scott and Mays entered into August 11, 2006 employment agreements with Z & M (the "Employment Agreements") for Scott

and Mays to manage Z & M. True and correct copies of the Employment Agreements are attached hereto as Exhibit "B" and are incorporated herein by reference. Pursuant to the terms of the Employment Agreements, Scott and Mays were each entitled to receive a \$124,999.92 annual salary, benefits, expenses and a company car.

12.

Under the Employment Agreements, Scott was hired to serve as the Chief Brand Executive for Z & M, and Mays was hired to serve as the Chief Executive Officer for Z & M.

13.

The Employment Agreements expired by their terms on December 31, 2008. Pursuant to Section 6.2(b)(viii) of the Z & M Operating Agreement, any renewal of the Employment Agreements required an affirmative vote of those holding a total of 80% of the voting units in Z & M.

14.

The affirmative vote of those holding a total of 80% of the voting units in Z & M which was required to renew the Employment Agreements was never obtained.

15.

Section 6.2(f) of the Z & M Operating Agreement provides that the "Company shall maintain permanent records of all

actions taken by the Members pursuant to any provision of this Agreement, including the minutes of all Company meetings, copies of all actions taken by consent of the Members, and copies of all proxies pursuant to which one Member votes or executes a consent on behalf of another."

16.

An affirmative vote of those holding a total of 80% of the voting units in Z & M can not take place without an affirmative vote by My Way. Because My Way has not participated in any vote regarding the Employment Agreements, and has not received notice of any such vote, the Employment Agreements could not and have not been renewed.

17.

On February 23, 2009 and March 10, 2009, My Way requested copies of all of Z & M's bank statements, Z & M's federal and local tax returns and Z & M's company minutes in an effort to evaluate Z & M's financial status and to determine whether there was an unauthorized company meeting by which the Employment Agreements were improperly renewed. True and correct copies of My Way's request are attached hereto as Exhibit "C" and are incorporated herein by reference.

18.

The powers and duties of Scott and Mays, as managers, are defined in Section 6.4 of the Z & M Operating Agreement and

include a duty "[t]o do that which is in the best interest of the Company in order for the Company to properly, legally and ethically perform the business of the Company."

19.

Pursuant to Section 6.6 of the Z & M Operating Agreement, "[t]he Managers shall perform management duties in good faith and in the best interest of the Company."

20.

Pursuant to Section 4.11 of the Z & M Operating Agreement, "[n]o Member or Economic Interest Owner may withdraw capital from the Company, except as permitted by this Agreement or the confidential contractual terms agreed to by the Company..."

21.

Scott and Mays have withdrawn capital from Z & M in a manner prohibited by the Z & M Operating Agreement.

22.

Pursuant to Section 5.2 of the Z & M Operating Agreement, "[t]he Company shall keep accounting records using the accrual basis method of accounting in accordance with GAAP and shall file its income tax returns on the cash basis."

23.

Scott and Mays have not maintained GAAP accounting records.

24.

Pursuant to Section 5.6 of the Z & M Operating Agreement,

Scott and Mays "shall timely prepare, or cause to be prepared, Federal income tax returns for the Company..."

25.

On or about March 9, 2009, Mays sent unexecuted Federal Income Tax returns, Balance Sheets and Schedule K-1s for 2006 and 2007. Upon information and belief, Z & M did not prepare its 2006 and 2007 tax returns until December 2008. Upon information and belief, the Federal Income Tax Returns have not been filed with the Internal Revenue Service.

26.

The 2006 and 2007 Balance Sheets (or financial statements) are dated July 29, 2008. They show that Mays and Scott received unauthorized returns of capitals which were identified as "partner draws". The balance sheets do not accurately reflect the financial condition of Z & M.

27.

The 2007 tax returns allocate distributions to all of Z & M's members, although Scott and Mays appear to be the only members that actually received distributions from Z & M.

28.

My Way has not received any distributions. Additionally, the Schedule K-1 does not reflect the appropriate membership interest percentages for Scott and My Way.

29.

Pursuant to Section 5.7 of the Z & M Operating Agreement, Scott and Mays agreed that "[b]y the first of March of each calendar year of the Company the Managers shall cause to be delivered to the Members and EI Owners such information as shall be necessary for the preparation by the Members of their Federal, state and local income tax returns. The Managers shall also furnish such other information to the Members as, in the judgment of the Managers, shall be reasonably necessary for the Members to be advised of the financial status and results of the operations of the Company."

30.

Scott and Mays failed to provide My Way with verifiable information necessary for the preparation of its Federal, state and local income tax returns or verifiable information necessary for My Way to be advised of the financial status and results of the operations of Z & M.

31.

Pursuant to Section 5.10 of the Z & M Operating Agreement, Scott and Mays "shall open and maintain (in the name of the Company) such bank accounts in which shall be deposited all funds of the Company. The Managers shall deliver monthly bank statements to [My Way] no later than fifteen (15) days following the Company's receipt thereof. Withdrawals from such account or

accounts shall be made upon the signature or signatures of such person(s) as the Managers and Members holding at least 80% of the voting Units of Participation in the Company shall designate. No withdrawal exceeding \$15,000.00 from any such bank accounts shall be made by any Manager, EI Owner or Member without the prior written approval of Members holding at least 80% of the voting Units of Participation."

32.

Scott and Mays failed to deliver monthly bank statements to My Way.

33.

In December of 2006, Mays provided My Way with copies of a few of Z & M's bank statements.

34.

The bank statements which Mays did provide revealed multiple charges and withdrawals from Z & M's bank account which show that Mays and Scott are using Z & M's bank accounts in a manner prohibited by the Z & M Operating Agreement.

35.

On or about March 19, My Way received additional copies of some, but not all, of Z & M's bank statements. More specifically, My Way received the following:

- a) September 2006 and October 2006 statements for a Bank of America account ("BOA Account 1");

- b) November 2006, December 2006 and January 2007 statements for a second Bank of American account ("BOA Account 2");
- c) February 2007, March 2007, April 2007, June 2007, July 2007, August 2007, September 2007 and October 2007 statements for a HSBC account ("HSBC Account");
- d) October 2007 through April 2008 statements for a Wachovia account ("Wachovia Account 1"); and
- e) November 2007 through April 2008 statements for a second Wachovia account ("Wachovia Account 2") (collective referred to as the "Bank Statements").

36.

A review of the Bank Statements revealed numerous suspicious transactions. True and correct copies of charts representing those transactions are attached hereto as Exhibit "D".

37.

The statements for BOA Account 1 reveal the following questionable activity:

- a) \$26,100.00 in cash withdrawals in September 2006;
- b) \$26,449.00 in cash withdrawals in October 2006;
- c) \$95,258.00 in transfers to a Bank of America account which does not belong to Z & M;
- d) \$17,458.00 in transfers to a second Bank of America account which does not belong to Z & M.

38.

The statements for BOA Account 2 reveal the following questionable activity:

- a) \$10,250.00 in cash withdrawals in November 2006;
- b) \$13,000.00 in cash withdrawals in December 2006;
- c) \$14,000.00 in cash withdrawals in January 2007;
- d) \$25,600.00 in transfers to a Bank of America account which does not belong to Z & M;
- e) \$19,600.00 in transfers to a second Bank of America account which does not belong to Z & M.

39.

The statements for the HBSC Account reveal the following questionable activity:

- a) \$905.00 in cash withdrawals on the statement ending in February 2007;
- b) \$3,324.00 in cash withdrawals on the statement ending in March 2007;
- c) \$3,500.00 in cash withdrawals on the statement ending in April 2007;
- d) \$5,047.00 in cash withdrawals on the statement ending in June 2007;
- e) \$4,968.00 in cash withdrawals, \$28,833.34 in payments to Mays, \$11,713.34 in payments to Scott, and \$1,500.00 in payments to Jeff Neal on the statement ending in July 2007;

- f) \$5,457.85 in cash withdrawals, \$19,566.67 in payments to Mays; \$5,916.67 in payments to Scott and \$4,250.00 in payments to Jeff Neal on the statement ending in August 2007;
- g) \$10,127.88 in cash withdrawals; \$5,453.56 in payments to Mays, and \$12,733.34 in payments to 7th Floor Music and Jeff Neal on the statement ending in September 2007;
- h) \$10,235.00 in cash withdrawals, \$15,500.00 in payments to Mays and \$4,000.00 to 7th Floor Music on the statement ending October 2007.

40.

The statements for Wachovia Account 1 reveal the following questionable activity:

- a) \$12,323.00 in cash withdrawals, \$21,850.00 in payments to Mays and \$1,500.00 in questionable payments to Jeff Neal on the statement ending in October 2007;
- b) \$2,309.00 in cash withdrawals, \$41,000.00 in payments to Mays, and \$2,500.00 in payments to Standup Entertainment on the statement ending in November 2007;
- c) \$2,508.00 in cash withdrawals, \$43,025.00 in payments to Mays and \$2,350.00 in payments to Standup Entertainment and Jeff Neal on the statement ending in December 2007;

- d) \$2,116.00 in cash withdrawals, \$20,422.95 in payments to Mays and \$4,200.00 in payments to Jeff Neal and Standup Entertainment on the statement ending in January 2008;
- e) \$1,708.00 in cash withdrawals, \$19,700.00 in payments to Mays and \$1,750.00 in payments to Standup Entertainment and Jeff Neal on the statement ending in February 2008;
- f) \$3,606.50 in cash withdrawals, \$32,358.05 in payments to Mays and \$2,550.00 in payments to Standup Entertainment and Jeff Neal on the statement ending in March 2008;
- g) \$5,544.05 in cash withdrawals, \$7,750.00 in payments to Mays, and \$34,050.00 in payments to Standup Entertainment, Jeff Neal and 7th Floor Music on the statement ending in April 2008.

41.

Equally disturbing is the fact the check copies that were provided with the statements for Wachovia Account 1 show that numerous checks were written out to "David Mays or 7th Floor Music", "Jeff Neal or David Mays", and "David Mays or Upperhand Marketing". Mays has failed to explain his relationship with 7th Floor Music, Jeff Neal or Upperhand Marketing or to adequately explain why he was listed as an additional payee on the checks.

42.

The statements for Wachovia Account 2 reveal the following questionable activity:

- a) \$2,486.00 in cash withdrawals on the statement ending December 2007;
- b) \$2,354.00 in cash withdrawals on the statement ending January 2008;
- c) \$811.99 in cash withdrawals on the statement ending February 2008;
- d) \$1,943.00 in cash withdrawals on the statement ending March 2008;
- e) \$927.25 in cash withdrawals on the statement ending April 2008.

43.

The Bank Statements also show \$12,277.96 in charges made at the following retail establishments: Nnt Jewels by, Walgreens Company, Active Warehouse, Master Carwash, Cheeseburger Baby, City Streets, Chahine Sports Wear II, Urban Fit, Zamir Furs, The Home Depo, U-Haul Center, 1-800-Flowers.com, Western Union, Pool Service America, Public Storage, Foot Locker, Footmart USA, Cactus Car Wash, Mercedes Benz of Buckhead, Mashikos Sportswear, Comcast Cable, Walmart, Marshalls, Publix, SY8 Liquor Plus, Total Wine, Winn Dixie.

44.

Since My Way has not been provided full access to Z & M's financial records, My Way is unable to verify that these transactions are legitimate business expenses. However, the nature of the products provided by these retailers suggest that the purchases were made for personal items that are unrelated to My Way's publishing business.

45.

The Bank Statement reveal that massive amounts of cash withdrawals, transfers and checks written from the accounts are intentionally structured in a way that circumvents the \$15,000.00 limit provided for in Z & M Operating Agreement.

46.

In this respect, multiple cash withdraws or transfers occur on the same day or within a two to three day time period, and certain vendors were cut multiple checks on the same day or within a two to three day time period.

47.

With respect to the payments made to Mays and Scott, My Way is unable to determine the amount of compensation which they have received since the payment amounts are inconsistent and the time periods for the payments are sporadic.

48.

Furthermore, it does not appear that any deductions for taxes or social security have been withheld from the

compensation given to any employee or that such amounts have been paid to the government entities entitled thereto.

49.

The opening and closing balance for BOA Account 1, BOA Account 2 and Wachovia Account 1 suggest that additional statements for these account were not produced. The May 2007 and November 2007 statements were not produced for the HSBC Account. Furthermore, account reconciliations were only provided for bank account activities commencing on July 15, 2007.

50.

Mays and Scott have failed to provide My Way with any bank account statements for the period beginning May 2008 to the present.

51.

Scott and Mays have made withdrawals exceeding \$15,000.00 from Z & M's bank accounts without the required affirmative vote of those holding a total of 80% of the voting units in Z & M and have otherwise violated the financial covenants of the Z & M Operating Agreement.

52.

On or about March 30, 2009, My Way requested additional data relating to the financial information which was provided by

Mays and Scott. A true and correct copy of the Request is attached hereto as Exhibit "E".

53.

As of the date of this Complaint, Mays and Scott have not provided the additional information to My Way.

54.

Scott and Mays have committed multiple violations of the terms of the Z & M Operating Agreement.

Creation of HHG

55.

HHG was created for the purpose of managing the intellectual property of Z & M.

56.

My Way, Scott, Mays and David J. Finkler, Esq. (Scott and Mays' attorney) entered into a March 30, 2007 Second Amended and Restated Operating Agreement of Hip Hop Global Media, LLC (the "HHG Operating Agreement") which sets forth the terms and conditions under which HHG is to be managed and operated. A true and correct copy of the HHG Operating Agreement is attached hereto as Exhibit "F" and is incorporated herein by reference. The HHG Operating Agreement supersedes and replaces HHG's original and first amended and restated operating agreements.

57.

My Way made a \$10,000.00 capital contribution into HHG and

received a 25% membership and ownership interest in HHG.

58.

Under the HHG Operating Agreement, Scott has a 40% membership and ownership interest in HHG, Mays has a 25% membership and ownership interest in HHG and Finkler has a 10% membership and ownership interest in HHG.

59.

Pursuant to Section 6.3 of the HHG Operating Agreement, "[t]he Company shall initially have one (1) Manager. The number of Managers of the Company shall be fixed from time to time by the affirmative vote of Members holding at least 80% of the voting membership interests in the Company..."

60.

Scott and Mays are both acting as managers of HHG in the absence of an "affirmative vote of Members holding at least 80% of the voting membership interests" in HHG.

61.

The powers and duties of the Managers are defined in Section 6.4 of the HHG Operating Agreement and include a duty "[t]o do that which is in the best interest of the Company in order for the Company to properly, legally and ethically perform the business of the Company."

62.

Pursuant to Section 6.6 of the HHG Operating Agreement,

"[t]he Managers shall perform management duties in good faith and in the best interest of the Company."

63.

Pursuant to Section 4.11 of the HHG Operating Agreement, "[n]o Member or Economic Interest Owner may withdraw capital from the Company, except as permitted by this Agreement or the confidential contractual terms agreed to by the Company..."

64.

Scott and Mays have withdrawn capital from HHG in a manner prohibited by the HHG Operating Agreement.

65.

Pursuant to Section 5.2 of the HHG Operating Agreement, "[t]he Company shall keep accounting records using the accrual basis method of accounting in accordance with GAAP and shall file its income tax returns on the cash basis."

66.

Upon information and belief, Scott and Mays have not maintained GAAP accounting records.

67.

Pursuant to Section 5.6 of the HHG Operating Agreement, HHG's managers "shall timely prepare, or cause to be prepared, Federal income tax returns for the Company..."

68.

Scott and Mays have not prepared or filed income tax returns for HHG.

69.

Pursuant to Section 5.7 of the HHG Operating Agreement, HHG's managers agreed that "[b]y the first of March of each calendar year of the Company the Managers shall cause to be delivered to the Members and EI Owners such information as shall be necessary for the preparation by the Members of their Federal, state and local income tax returns. The Managers shall also furnish such other information to the Members as, in the judgment of the Managers, shall be reasonably necessary for the Members to be advised of the financial status and results of the operations of the Company."

70.

Scott and Mays failed to provide My Way with information necessary for the preparation of its Federal, state and local income tax returns and information necessary for My Way to be advised of the financial status and results of the operations of HHG.

71.

Pursuant to Section 5.8 of the HHG Operating Agreement, HHG's managers "shall open and maintain (in the name of the Company) such bank accounts in which shall be deposited all

funds of the Company. The Mangers shall deliver monthly bank statements to [My Way] no later than fifteen (15) days following the Company's receipt thereof. Withdrawals from such account or accounts shall be made upon the signature or signatures of such person(s) as the Managers and Members holding at least 80% of the voting Units of Participation in the Company shall designate. No withdrawal exceeding \$7,500.00 from any such bank accounts shall be made by any Manager, EI Owner or Member without the prior written approval of Members holding at least 80% of the voting Units of Participation in the Company."

72.

Scott and Mays failed to deliver monthly bank statements to My Way.

73.

Scott and Mays have made withdrawals exceeding \$7,500.00 from HHG's bank account(s) without the required affirmative vote of those holding a total of 80% of the voting units in HHG.

74.

Scott and Mays have committed multiple additional violations of the terms of the HHG Operating Agreement.

The HHG and Z & M Investment Agreement

75.

My Way's capital contribution into HHG and Z & M are memorialized by an August 11, 2006 confidential investment agreement (the "Investment Agreement") between My Way, HHG, Z & M, Scott and Mays.¹ Pursuant to the Investment Agreement, My Way agreed to make a \$833,334.00 capital contribution as follows: (a) \$240,000.00 upon execution of the HHG and Z & M Operating Agreements² (collectively referred to as the "Operating Agreements"); (b) \$250,000.00 on or before September 15, 2006; and (c) \$333,334.00 on or before March 15, 2007.

76.

The Investment Agreement further provides that Z & M will repay My Way's capital contribution as follows: (a) \$250,000.00 no later than twenty-four (24) months (or March 30, 2009) following the date of the Z & M Operating Agreement; (b) \$250,000.00 no later than thirty-six (36) months (or March 30, 2010) following the date of the Z & M Operating Agreement; and (c) \$333,334.00 no later than forty-eight months (or March 30, 2011) following the date of the Z & M Operating Agreement.

¹ The Investment Agreement will be tendered into the record once an appropriate confidentially agreement and order sealing the record in this matter are in place.

² The initial \$240,000.00 payment satisfied the \$10,000.00 capital contribution for HHG, a portion of the capital contribution in Z & M and \$24,686.43 in attorneys' fees paid to My Way's law firm of Lord, Bissell & Brook LLP.

77.

Pursuant to Section 2(d) of the Investment Agreement, "[n]o other distributions, return of capital or similar payments will be made to any Members or EI Owners other than [My Way] prior to the total investment being repaid to [My Way] by Z & M, the repayment of which shall be personally guaranteed by Scott and Mays." (emphasis added).

78.

My Way tendered its \$240,000.00 and \$250,000.00 payments in accordance with the terms of the Investment Agreement. My Way, HHG, Z & M, Scott and Mays subsequently entered into a December 22, 2006 second amendment to the Investment Agreement (the "Second Amended Investment Agreement") whereby the parties agreed to accelerate My Way's \$333,334.00 payment (due March 15, 2007) under the Investment Agreement. As consideration for My Way's willingness to accelerate the March 15, 2007 payment, Scott assigned five (5) of his ownership units in HHG and five (5) of his ownership units in Z & M to My Way. A true and correct copy of the Second Amended Investment Agreement is attached hereto as Exhibit "G" and is incorporated herein by reference.

79.

As a result of the Second Amended Investment Agreement, My Way owns thirty (30) units in Z & M; Defendant Scott owns

thirty-five and one-half (35.5) units in Z & M; and Defendant Mays owns twenty-five (25) units in Z & M.

The Scott and Mays promissory notes

80.

On or about March 30, 2007, Z & M adopted a resolution (the "Resolution") for a capital call which required that all voting members make additional capital contributions totaling \$260,000.00. Pursuant to the Resolution, members who did not have capital available to satisfy the capital call could borrow funds from other members. A true and correct copy of the Resolution is attached hereto as Exhibit "H" and is incorporated herein by reference.

81.

On or about March 30, 2007, Scott and Mays each borrowed \$86,667.00 from My Way to satisfy the capital call required under the Resolution. Scott, as a maker, executed a \$86,667.00 promissory note (the "Scott Promissory Note") in favor of My Way, and Mays, as a maker, executed a \$86,667.00 promissory note (the "Mays Promissory Note") (collectively referred to as the "Promissory Notes") in favor of My Way. True and correct copies of the Promissory Notes are attached hereto as Exhibit "I" and are incorporated herein by reference.

82.

As security for the Mays Promissory Note, Mays granted My Way a security interest in (a) 5% of his membership and ownership interest in Z & M; (b) 5% of his membership and ownership interest in HHG; and (c) 15% of his membership and ownership interest in a company to be formed by the parties with the primary purpose of using the Internet to market magazines. As security for the Scott Promissory Note, Scott granted My Way a security interest in (a) 10% of his membership and ownership interest in Z & M; (b) 10% of his membership and ownership interest in HHG; and (c) 15% of his membership and ownership interest a company to be formed by the parties with the primary purpose of using the Internet to market magazines.

83.

The interest rate on the Promissory Notes is 8% per annum, and the default interest rate is the interest rate plus 2% per annum. All principal and accrued interest under the Promissory Notes were due and payable on June 1, 2007.

84.

Neither Scott nor Mays paid the principal and interest on the Promissory Notes and the Promissory Notes are currently past due.

85.

On March 12, 2009, My Way demanded payment of the Promissory Notes. A true and correct copy of My Way's demand for payment is attached hereto as Exhibit "J" and is incorporated herein by reference. Despite the Promissory Notes being in default and My Way's demand for payment, Scott and Mays have failed to pay the principal and accrued interest due under the Promissory Notes to date.

86.

Scott owes My Way \$103,250.09 as principal and accrued interest due under the Scott Promissory Note. Mays owes My Way \$103,250.09 as principal and accrued interest due under the Mays Promissory Note.

-COUNT I-
ACTION FOR INJUNCTIVE RELIEF

87.

My Way realleges and incorporates by reference the statements set forth in paragraphs 1 through 86 of the Complaint as if fully set forth herein.

88.

HHG, Z & M, Scott and Mays have breached the Operating Agreements and the Investment Agreement by, among other things,

(a) failing to comply with the financial covenants of the Operating Agreement, (b) failing to comply with the disclosure provisions of the Operating Agreements, (c) Scott and Mays receiving distributions from HHG and Z & M and using the assets of HHG and Z & M to satisfy their personal expenses, (d) abusing and mismanaging HHG and Z & M and (e) continuing to employ Scott and Mays as Z & M's managers.

89.

As a result of HHG, Z & M, Scott and Mays' actions, My Way has suffered and will continue to suffer irreparable injury absent a grant of equitable relief.

90.

May Way has a protectable interest deserving of injunctive protection and has a substantial likelihood of success on the merits hereof.

91.

The public interest will be furthered by enforcing the terms of the Operating Agreements and Investment Agreement.

92.

HHG, Z & M, Scott and Mays should be immediately enjoined from (a) failing to comply with financial covenants of the Operating Agreements, (b) failing to comply with the disclosure

provisions of the Operating Agreements, (c) receiving distributions from HHG and Z & M and using the assets of HHG and Z & M to satisfy Scott and Mays' personal expenses, (d) abusing and mismanaging HHG and Z & M, (e) continuing to employ Scott and Mays as Z & M's managers, (f) further violating the terms of the Operating Agreements and the Investment Agreement in any way and (g) from making any withdrawals, transfers or writing any checks from the accounts of Z & M or HHG without obtaining prior written approval from My Way.

93.

Without such relief, My Way will continue to suffer immediate and irreparable injury, loss, and damage for which there is no adequate remedy at law.

-COUNT II-
BREACH OF FIDUCIARY DUTY

94.

My Way realleges and incorporates by reference the statements set forth in paragraphs 1 through 93 of the Complaint as if fully set forth herein.

95.

As members and managers of HHG and Z & M, Scott and Mays have a special relationship with Z & M, its members and its economic interest owners.

96.

This special relationship creates a fiduciary duty which requires that Scott and Mays act primarily for the benefit of HHG and Z & M and in the best interest of HHG and Z & M.

97.

My Way relied upon and trusted Scott and Mays to act primarily for the benefit of HHG and Z & M and to act in the best interests of HHG and Z & M.

98.

For the reasons set forth herein, Scott and Mays have breached their fiduciary duty to My Way by failing to act primarily for the benefit of HHG and Z & M and by failing to act in the best interest of HHG and Z & M.

99.

My Way has been harmed by Scott and Mays' failure to act primarily for the benefit of HHG and Z & M and by their failure to act in the best interest of HHG and Z & M, in an amount to be determined a trial, plus interests.

-COUNT III-
CONVERSION

100.

My Way realleges and incorporates by reference the statements set forth in paragraphs 1 through 99 of the Complaint as if fully set forth herein.

101.

Scott and Mays manage HHG and Z & M, have sole access to HHG and Z & M's bank accounts, and thus sole access to the funds, profits and distributions of HHG and Z & M.

102.

Scott and Mays have misappropriated HHG and Z & M's funds and have abused the corporate structure of HHG and Z & M for their own personal gain.

103.

Scott and Mays used HHG and Z & M's funds as their own and for their personal benefit without regard to HHG and Z & M's obligations to its members and economic interest owners.

104.

Through their actions, Scott and Mays have denied and continue to deny My Way its interest in the income, profits and distributions of HHG and Z & M.

105.

My Way has been harmed by Scott and Mays' conversion of HHG and Z & M's funds and contributions, in an amount to be determined a trial, plus interests.

-COUNT IV-
BREACH OF DUTY OF GOOD FAITH AND FAIR DEALING

106.

My Way realleges and incorporates by reference the statements set forth in paragraphs 1 through 105 of the Complaint as if fully set forth herein.

107.

Scott and Mays failed to act in good faith in their performance of the Operating Agreements and the Investment Agreement as set forth herein.

108.

Scott and Mays failed to deal fairly with My Way in their performance of the Operating Agreements and the Investment Agreement as set forth herein.

109.

My Way has been harmed by Scott and Mays' failure to fulfill their duty of good faith and fair dealing in their performance of the Operating Agreements and Investment Agreement in an amount to be determined a trial, but in any event not less than \$823,344.00, plus interests.

-COUNT V-
CIVIL CONSPIRACY

110.

My Way realleges and incorporates by reference the statements set forth in paragraphs 1 through 109 of the Complaint as if fully set forth herein.

111.

Scott and Mays acted in concert to misappropriate and convert the funds of HHG and Z & M and to deny HHG and Z & M's members the rights granted under the Operating Agreements.

112.

Scott and Mays acted in concert to deny My Way the return of its capital contribution.

113.

Scott and Mays acted in concert to breach their fiduciary duty to Z & M.

114.

Scott and Mays are each liable for the other's actions as set forth herein, all of which were taken in furtherance of their conspiracy.

115.

My Way has been harmed by Scott and Mays' conspiracy, in an amount to be determined a trial, plus interests.

-COUNT VI-
ACTION FOR AN ACCOUNTING

116.

My Way realleges and incorporates by reference the statements set forth in paragraphs 1 through 115 of the Complaint as if fully set forth herein.

117.

My Way has been harmed as a result of the conduct of Scott and Mays for the reasons set forth herein.

118.

Pursuant to its rights as a member of HHG and Z & M, My Way has made multiple demands for HHG, Z & M, Scott and Mays to provide My Way with access to HHG and Z & M's books and records.

119.

HHG, Z & M, Scott and Mays have failed and refused, and continue to fail and refuse, to provide an accounting of HHG and Z & M's books and records.

120.

As a result of Z & M, Scott and Mays' ongoing failure to provide an accounting, My Way is incapable of determining the expenditures, investments, profits and losses of HHG and Z & M.

121.

My Way is entitled to an accounting of HHG and Z & M's books and business records from 2006 to the present so that My Way may be able to ascertain HHG and Z & M's current financial condition.

122.

My Way has been harmed by HHG, Z & M, Scott and Mays' refusal to provide an accounting of HHG and Z & M's books and records, in an amount to be determined at trial, plus interests.

-COUNT VII-
ACTION FOR A CONSTRUCTIVE TRUST

123.

My Way realleges and incorporates by reference the statements set forth in paragraphs 1 through 122 of the Complaint as if fully set forth herein.

124.

At all times herein mentioned, Scott and Mays were the agents and/or employees of HHG and Z & M.

125.

At all times herein mentioned, Mays and Scott owed a fiduciary duty to My Way, HHG and Z & M.

126.

Scott and Mays have abused the confidence which HHG, Z & M, My Way and the economic interest holders gave them as members, managers and employees of HHG an Z & M.

127.

Scott and Mays will be unjustly enriched if they are permitted to retain the money which they wrongfully obtained by way of their position and interest in HHG and Z & M.

128.

As a proximate result of Scott and Mays' conduct as set forth herein, My Way, HHG and Z & M have been harmed by reason of the fraudulent and otherwise wrongful manner in which Scott and Mays obtained their alleged right, claim or interest in and to any the property, funds or distributions which belong to My Way, HHG or Z & M.

129.

Scott and Mays have no legal or equitable right, claim or interest therein, but instead, Scott and Mays are involuntary trustees holding said property and profits therefrom in constructive trust for My Way, HHG and Z & M with the duty to convey the same to My Way, HHG and Z & M.

-COUNT VIII-
ACTION PURSUANT TO N.J.STAT. ANN. § 42:2b-24(b)(3) FOR
JUDICIAL EXPULSION OF SCOTT AND MAYS FROM Z & M

130.

My Way realleges and incorporates by reference the statements set forth in paragraphs 1 through 129 of the Complaint as if fully set forth herein.

131.

Scott and Mays have engaged in wrongful conduct which adversely and materially affected HHG and Z & M's business as set forth herein.

132.

Scott and Mays have willfully and persistently committed material breaches of the Operating Agreements as set forth herein.

133.

Scott and Mays have engaged in conduct relating to HHG and Z & M which make it impractical and impossible for My Way to carry on the business of HHG and Z & M with Scott and Mays as participating members of Z & M.

134.

My Way has been harmed by Scott and Mays' actions, as set forth herein, and Scott and Mays should be judicially expelled from being participating members of HHG and Z & M.

-COUNT IX-
BREACH OF THE OPERATING AGREEMENTS

135.

My Way realleges and incorporates by reference the statements set forth in paragraphs 1 through 134 of the Complaint as if fully set forth herein.

136.

Scott and Mays have repeatedly failed and refused to comply with the terms of the Operating Agreements and have otherwise violated and breached the Operating Agreements.

137.

Scott and Mays have denied My Way the right to participate in the management of the business affairs of HHG and Z & M including, without limitation, the right to vote on, consent to, or otherwise participate in any decision or action effecting HHG and Z & M.

138.

Scott and Mays are receiving distributions from HHG and Z & M and using the assets of HHG and Z & M to satisfy their personal expenses in breach of the Operating Agreements.

139.

Scott and Mays are abusing and mismanaging HHG and Z & M.

140.

Scott and Mays have obligated HHG and Z & M to pay third-parties for supplies and services used to operate HHG and Z & M. Upon information and belief HHG and Z & M are currently past due on said third party obligations.

141.

Despite My Way's request that Scott and Mays provide My Way with access to the financial and business records of HHG and Z & M, Scott and Mays have refused to do so.

142.

As a result of Scott and Mays' breach of the Operating Agreements, My Way has incurred attorneys' fees, costs and related expenses.

143.

My Way has been harmed by Scott and Mays' failure to abide by the terms of the Operating Agreements in an amount to be determined a trial, but in any event not less than \$823,344.00, plus interests.

-COUNT X-

BREACH OF THE INVESTMENT AGREEMENT

144.

My Way realleges and incorporates by reference the statements set forth in paragraphs 1 through 143 of the Complaint as if fully set forth herein.

145.

Under the terms of the Investment Agreement, Z & M agreed to repay My Way its capital contribution in three installments.

146.

The first installment in the amount of \$250,000.00 was due on or before March 30, 2009; the second installment in the amount of \$250,000.00 is due on or before March 30, 2010; and the third installment in the amount of \$333,334.00 is due on or before March 30, 2011.

147.

The March 30, 2009 installment in the amount of \$250,000.00 is past due and has not been paid to date.

148.

Based on the material breaches committed by Z & M (under the direction and control of Scott and Mays), Scott and Mays, My Way anticipates that Z & M does not intend to repay any portion of My Way's capital contribution as provided for in the Investment Agreement.

149.

My Way has been harmed by Z & M's failure to repay My Way's capital contribution, in an amount to be determined a trial, but in any event not less than \$833,334.00, plus interests.

-COUNT XI-
SUIT ON PERSONAL GUARANTY OF REPAYMENT OF MY WAY'S CAPITAL CONTRIBUTION

150.

My Way realleges and incorporates by reference the statements set forth in paragraphs 1 through 149 of the Complaint as if fully set forth herein.

151.

Scott and Mays personally guaranteed the repayment of My Way's capital contribution under the Investment Agreement.

152.

Pursuant to the guaranty, Scott and Mays are primarily liable for all sums due and owing to My Way under the Investment Agreement.

153.

Z & M is in default under the terms of the Investment Agreement for the reasons set forth herein.

154.

Pursuant to the guaranty, Scott and Mays are jointly and severally liable and indebted to My Way for all sums due and owing under the Investment Agreement.

155.

My Way has been harmed by Mays and Scott's failure to repay My Way's capital contribution in an amount to be determined at trial, but in any event not less than \$833,344.00, plus interests.

-COUNT XII-
BREACH OF PROMISSORY NOTE

156.

My Way realleges and incorporates by reference the statements set forth in paragraphs 1 through 155 of the Complaint as if fully set forth herein.

157.

Scott and Mays, as makers, executed the Promissory Notes in favor of My Way.

158.

The Promissory Notes were due and payable on June 1, 2007.

159.

Despite My Way's demand for payment, neither Scott nor Mays have paid the principal and interest owed under the Promissory Notes to date.

160.

Scott and Mays have breached the Promissory Notes and Scott and Mays each owe My Way \$103,250.09 as principal and accrued interest due under the Promissory Notes through March 11, 2009.

-COUNT XIII-
FRAUD/EMBEZZLEMENT

161.

My Way realleges and incorporates by reference the statements set forth in paragraphs 1 through 160 of the Complaint as if fully set forth herein.

162.

Scott and Mays knowingly and intentionally engaged in wrongful, fraudulent and otherwise illegal schemes to embezzle and steal monies from My Way, and to otherwise defraud My Way, as described above.

163.

My Way believed and relied upon the express and material representations of Mays and Scott, as described above, and was induced to expend monies for the benefit of Z & M which Mays and Scott used for their own personal benefit.

164.

By reason of the foregoing fraudulent representations, My Way has been damaged by Mays and Scott's fraud and embezzlement in an amount to be determined at trial, but in any event not less than \$1,039,844.00, plus interests.

-COUNT XIV-
CORPORATE WASTE

165.

My Way realleges and incorporates by reference the statements set forth in paragraphs 1 through 164 of the Complaint as if fully set forth herein.

166.

It was the duty of Mays and Scott to skillfully, diligently, carefully and honestly administer the affairs of Z & M; to act in the interests of Z & M and its members and not to act in their own personal interest; to safeguard and protect the property and assets of Z & M, not to acquire for themselves or waste any of the assets of Z & M and not to improperly or illegally favor their own interests; not to act in such manner as to deliberately injure Z & M; to keep honest, accurate and correct accounts of all affairs, business and transactions of Z & M and to faithfully and diligently perform all the duties devolving upon them as members and managers of Z & M.

167.

Mays and Scott wrongfully and fraudulently planned to waste, and did waste and otherwise expend the assets of Z & M by diverting its assets and transferring Z & M's money and property for their own use and profit in direct violation of their fiduciary duties to Z & M.

168.

The foregoing misappropriations and waste of corporate assets occurred without the knowledge or consent of Z & M and My Way.

169.

Z & M and My Way have been injured by reason of this intentional or grossly negligent waste and/or misappropriation of corporate assets in an amount to be determined at trial, but in any event not less than \$1,039,844.00, plus interests.

PRAYERS FOR RELIEF

WHEREFORE, My Way prays that judgment be entered in its favor as follows:

- (a) injunctive relief in the form of an Order that will: (i) preliminarily disassociate Mays and Scott as members of Z & M and HHG; (ii) grant My Way the exclusive right, until the dispute is resolved, to assume complete control for the operation of Z & M and HHG (including but not limited to the right to hire or otherwise contract with qualified individuals to act as the Editor and Chief of "Hip Hop Weekly"); (iii) requiring Mays and Scott to cooperate with My Way and its designees, who will be running the magazine pending the outcome of this dispute;

(iv) requiring Mays and Scott to provide My Way with access to all of Z & M and HHG's bank accounts, files, notes, and other business records related to the magazine; (v) prohibiting Mays and Scott from further violating the express terms of the Operating Agreements and Investment Agreement; (vi) prohibiting Mays and Scott from receiving any distributions or payments from Z & M and HHG; (vii) prohibiting Mays and Scott from making any withdrawals, transfers or writing any checks from the accounts of Z & M or HHG and (viii) prohibiting Mays and Scott from appearing at the premises of any Z & M office (unless invited by My Way).

- (b) imposing a constructive trust on the assets of HHG and Z & M and any improper payments and contributions which Scott and Mays have received from HHG and Z & M;
- (c) granting My Way such distributions which are found to be appropriate as a result of the accounting;
- (d) jointly and severally against Z & M, Scott and Mays in the principal amount of \$833,334.00 for

- sums due and owing under the Operating Agreements and the Investment Agreement, plus interest;
- (e) against Mays in the principal amount of \$103,250.09 for sums due and owing under the Mays Promissory Note, plus interest;
 - (f) against Scott in the principal amount of \$103,250.09 for sums due and owing under the Scott Promissory Note, plus interest;
 - (g) jointly and severally against Scott and Mays for all costs of this action, including attorneys' fees under N.J.S.A. 14A:12-7;
 - (h) jointly and severally against Scott and Mays for punitive damages under N.J.S.A. 2A:15-5.9 et seq.; and
 - (i) for such other and further relief as this Court deems just and proper.

Respectfully submitted, this 12 th day of May, 2009.

/s/ Jana L. Taylor
Jana L. Taylor

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Counsel for Plaintiff My Way
Productions 2, LTD.

VERIFICATION OF MICHAEL E. MISICK

I, Michael E. Misick, pursuant to 28 U.S.C. § 1746, hereby verify and certify, as follows:

1. I am a member of the corporate plaintiff, My Way Productions 2, LTD, and I am sui juris.
2. I have read the foregoing Verified Action for Injunctive Relief and Amended Complaint for Damages and am familiar with the matters and things herein alleged, and verify, on the basis of my personal knowledge, that the facts stated in the allegations herein are true.

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on this 12th day of May, 2009.



Michael E. Misick