

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

----- X  
JOSHUA SASON, ARI SASON and MICHAEL  
ABITEBOL,

Plaintiffs/Counterclaim Defendants,

- against -

RICHARD GRANVILLE,

Defendant / Counterclaim Plaintiff /  
Third-Party Plaintiff, individually and in  
his representative capacity on behalf of  
YIPPY, INC.

- against -

HANOVER HOLDINGS I LLC, MAGNA  
GROUP LLC, LINDA BLACK,  
and JOHN DOE 1 – 100.

Third-Party Defendants.

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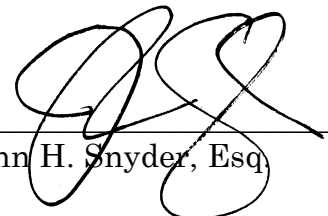
Index No. 153480/2015

**SUMMONS**

TO THE ABOVE NAMED COUNTERCLAIM AND THIRD PARTY  
DEFENDANTS:

YOU ARE HEREBY SUMMONED to answer the Counterclaims and Third  
Party Complaint in this action and to serve a copy of your answer, or, if the  
complaint is not served with this Summons, to serve a notice of appearance, on the  
undersigned attorneys for Plaintiffs within 20 days after the service of this  
summons, exclusive of the day of service (or within 30 days after the service is  
complete if this summons is not personally delivered to you within the State of New  
York); and in case of your failure to appear or answer, judgment will be taken  
against you by default for the relief demanded herein.

Dated: New York, New York  
June 16, 2015

  
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John H. Snyder, Esq.

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

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JOSHUA SASON, ARI SASON and MICHAEL  
ABITEBOL,

Plaintiffs/Counterclaim Defendants,

- against -

RICHARD GRANVILLE,

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his representative capacity on behalf of  
YIPPY, INC.

- against -

HANOVER HOLDINGS I LLC, MAGNA  
GROUP LLC, LINDA BLACK, aka LINDA  
AUMICK, aka, LINDA LOKUTA, and JOHN  
DOE 1 – 100.

Third-Party Defendants.

----- X

To: Daniel Scott Furst, Esq.  
Sichenzia Ross Friedman Ference LLP  
61 Broadway, 32nd Floor  
New York, New York 10006

*Counsel to Plaintiffs Joshua Sason,  
Ari Sason and Michael Abitebol*

Magna Group LLC  
5 Hanover Square  
New York, NY 10005

Hanover Holdings I, LLC  
5 Hanover Square  
New York, New York 10005

Linda Black  
764 Starmist Court  
Kennesaw, Georgia 30144.

RICHARD GRANVILLE (“Granville” or “Defendant”), for his Answer and Affirmative Defenses to the Complaint filed by JOSHUA SASON, ARI SASON, and MICHAEL ABITEBOL in the above-entitled action, states as follows on personal knowledge as to matters relating to him, and on information and belief as to all other matters:

## **ANSWER TO THE COMPLAINT**

### **Summary of the Action**

1. No response to Paragraph 1 is required.
2. The allegations of Paragraph 2 are denied.
3. No response to Paragraph 3 is required.

### **Preliminary Statement**

4. The allegations of Paragraph 4 are denied.

5. Defendant admits that Bloomberg published a highly negative article about Joshua Sason and others on or about March 12, 2015 (the “Bloomberg Article”). Defendant further admits that he made certain communications referring to the Bloomberg Article, and refers to those communications for their terms. The allegations of Paragraph 5 are otherwise denied.

6. Defendant admits that he sent text messages referring to the Bloomberg Article and refers to said text messages for their terms. Defendant denies the remainder of Paragraph 6.

7. The allegations of Paragraph 7 are denied.

### **Jurisdiction and Venue**

8. The allegations of Paragraph 8 are admitted.

### **Parties**

9. Defendant denies knowledge and information sufficient to respond to Paragraph 9.

10. Defendant denies knowledge and information sufficient to respond to Paragraph 10.

11. Defendant denies knowledge and information sufficient to respond to Paragraph 11.

12. The allegations of Paragraph 12 are denied.

13. The allegations of Paragraph 13 are denied.

14. The allegations of Paragraph 14 are admitted.

### **Facts Relevant to All Claims**

15. The allegations of Paragraph 15 are denied.

16. Defendant admits to posting messages containing the text quoted in Paragraph 16 and refers to the complete post for its full terms. Defendant denies Plaintiff's legal conclusions as to same.

17. The allegations of Paragraph 17 are denied.

18. Defendant admits to posting messages containing the text quoted in Paragraph 18 and refers to the complete post for its full terms. Defendant denies Plaintiff's legal conclusions as to same.

19. The allegations of Paragraph 19 are denied.

20. The allegations of Paragraph 20 are denied.

21. The allegations of Paragraph 21 are denied.

22. The allegations of Paragraph 22 are denied.

23. The allegations of Paragraph 23 are denied.

24. The allegations of Paragraph 24 are denied.

25. The allegations of Paragraph 25 are denied.

26. The allegations of Paragraph 26 are denied.

27. Defendant admits to the content of the quoted text in Paragraph 27, which Granville sent to Morton Fink. It is noted that Plaintiffs have omitted the final sentence of this text, which states: “You shouldn’t have lied to me you old bastard.” Plaintiff denies the remainder of Paragraph 27.

28. The allegations of Paragraph 28 are denied.

29. The allegations of Paragraph 29 are denied.

30. The allegations of Paragraph 30 are denied.

31. The allegations of Paragraph 31 are denied.

32. The allegations of Paragraph 32 are denied.

33. The allegations of Paragraph 33 are denied.

34. The allegations of Paragraph 34 are denied.

35. The allegations of Paragraph 35 are denied.

### **First Cause of Action**

36. The foregoing paragraphs are incorporated by reference.

37. The allegations of Paragraph 37 are denied.

38. The allegations of Paragraph 38 are denied.

39. The allegations of Paragraph 39 are denied.

40. The allegations of Paragraph 40 are denied.

41. The allegations of Paragraph 41 are denied.

42. Defendant admits to the quoted statement and otherwise denies the allegations of Paragraph 42.

43. The allegations of Paragraph 43 are denied.

44. The allegations of Paragraph 44 are denied.

45. The allegations of Paragraph 45 are denied.

46. The allegations of Paragraph 46 are denied.

47. The allegations of Paragraph 47 are denied.

### **Second Cause of Action**

48. The foregoing paragraphs are incorporated by reference.

49. The allegations of Paragraph 49 are denied.

50. The allegations of Paragraph 50 are denied.

51. The allegations of Paragraph 51 are denied.

52. The allegations of Paragraph 52 are denied.

53. Defendant admits to the quoted statement and otherwise denies the allegations of Paragraph 53.

54. The allegations of Paragraph 54 are denied.

55. The allegations of Paragraph 55 are denied.

56. The allegations of Paragraph 56 are denied.

57. The allegations of Paragraph 57 are denied.
58. The allegations of Paragraph 58 are denied.
59. The allegations of Paragraph 59 are denied.
60. The allegations of Paragraph 60 are denied.
61. The allegations of Paragraph 61 are denied.
62. The allegations of Paragraph 62 are denied.

**Third Cause of Action**

63. The foregoing paragraphs are incorporated by reference.
64. The allegations of Paragraph 64 are denied.
65. The allegations of Paragraph 65 are denied.
66. The allegations of Paragraph 66 are denied.
67. The allegations of Paragraph 67 are denied.
68. The allegations of Paragraph 68 are denied.
69. The allegations of Paragraph 69 are denied.
70. The allegations of Paragraph 70 are denied.
71. The allegations of Paragraph 71 are denied.

## AFFIRMATIVE DEFENSES

### First Affirmative Defense

Plaintiffs fail to state a cause of action.

### Second Affirmative Defense

Plaintiffs claims are barred by the truth of the challenged statements, which is an absolute defense.

### Third Affirmative Defense

Prior to the publication of the challenged statements, Plaintiffs were widely known to be engaged in “pump and dump” schemes, naked short selling, and other abusive and unethical conduct; therefore, nothing that Granville said about Plaintiffs could have diminished their already dismal reputation.

### Fourth Affirmative Defense

Any reputational harm sustained by Plaintiff, and any resulting economic loss, was a result of the Bloomberg Article published by Bloomberg, L.P. and Zeke Faux on or about March 12, 2015, and not Defendant’s subsequent reference to or commentary on said article.



## **COUNTERCLAIMS AND THIRD-PARTY COMPLAINT**

Defendant / Counterclaim Plaintiff Rich Granville (“Granville”), individually and in his capacity as representative of Yippy, for his Counterclaims against Joshua Sason, Ari Sason, and Michael Abitebol, and for his Third Party Complaint against Magna Group LLC, Hanover Holdings I, LLC, and Linda Black, alleges on personal knowledge as to matters relating to Granville, and on information and belief as to all other matters, as follows:

### **Parties, Jurisdiction and Venue**

1. Defendant / Counterclaim Plaintiff Rich Granville is the CEO and majority owner of Yippy, Inc.
2. Plaintiff / Counterclaim Defendant Joshua Sason is a principal of the Magna and Hanover.
3. Plaintiff / Counterclaim Defendant Ari Sason is a principal of the Magna and Hanover.
4. Plaintiff / Counterclaim Defendant Michael Abitebol is a principal of Magna and Hanover.
5. Third-Party Defendant Hanover Holdings I, LLC (“Hanover”) is a New York Limited Liability Company, with its principal place of business located at 5 Hanover Square, New York, New York 10004.
6. Third-Party Defendant Magna Group LLC (“Magna”) is a Texas Limited Liability Company, with its principal place of business located at 5 Hanover

Square, New York, New York 10004. Joshua Sason, Ari Sason, Michael Abitebol, Hanover, and Magna are collectively referred to as the “Magna Parties.”

7. Third-Party Defendant Linda Black (“Linda Black”) is an individual living at 764 Starmist Court, Kennesaw, Georgia 30144. Upon information and belief, Ms. Black goes by a number of aliases including Linda Aumick and Linda Lokuta.

8. Third-Party Defendants John Doe 1 through 100 (the “John Does”) are persons and entities (whose identities will be ascertained in discovery) with whom the Magna Parties’ conspired to engage in fraud and manipulation of the stock price of Yippy.

### **Factual Allegations**

#### **I. Introduction**

9. By filing a defamation Complaint, the Magna Parties have put squarely at issue their abusive and illegal business activities – activities that, according to the Bloomberg Article, have led to the destruction of many companies. Truth is an absolute defense to a defamation claim. Granville now has the right to conduct thorough and searching discovery into the business practices of the Magna Parties, who, by their own actions in filing a meritless defamation claim, have invited this intense scrutiny.

10. After the Bloomberg Article was published, Granville posted the following on an internet message board:

Now I want to touch on the recent press about Magna Group and Hanover Holdings. Yippy, Inc. is currently in litigation with

Magna, whose CEO is Joshua Sason, as disclosed in our financial statements.

Yippy did not enter into the same kind of notes that caused many of the death spiral events as disclosed on Bloomberg. The "little trick" mentioned in that article is nothing more than Magna Group aka: Josh Sason working in collusion with Transfer Agents, a couple of law firms, and a FINRA regulated Broker Dealer.

Here is how it works.

- 1) A company enters an agreement with Magna Group or Hanover Holdings.
- 2) Joshua and Ari Sason then offer the CEO a large amount of money to change transfer agents to someone friendly to their program.
- 3) Once a company changes transfer agents Magna Group's Josh Sason then reserves a large amount of shares with the TA which is the cause many of the death spiral events.

Now due to the case I will not disclose how they cause the death spiral, or the accounting for shares and value of same, but I can tell you that insider trading, wire fraud, mail fraud, bad faith, breach of contract and a substantial amount of illegal shorting are involved. The Bloomberg article also touches on the shorting aspect, but does not fully understand the depth and process.

Yippy did not change transfer agents and did not accept the bribe that came from Ari Sason and Michael Abitebol. We have hard documented proof of same. Magna then went to our Transfer Agent on their own to reserve shares and were denied.

This only scratches the surface of how deep this rabbit hole goes with Magna Group and the entities working in collusion with Joshua and Ari Sason, as well as Michael Abitebol.

I can tell you this, with absolute certainty. FINRA and the SEC are aware of our case and our discovery requests, as of 3/12, which will without question expose the underbelly of a very tight group of co-conspirators working with Magna Group's Joshua Sason to destroy companies at will.

We certainly expect this case to open up a Federal Criminal inquiry as well. So for anyone to say that illegal shorting is not happening today I say without question, you're wrong and we are going to prove it in a very grand way.

11. At or about the same time, Granville posted the following message on an internet message board:

As for Magna and Mr. Josh and Ari Sason the pain has only begun for these young men. It's almost sad how great and smart Joshua Sason thinks he is, yet nobody knows him or cares in the big business world. The "Putz on Wallstreet" as another poster put it yesterday might just fit him, who knows. Certainly "Notorious" is a keyword that may stick to Mr. Sason.

I sold out of previous business to David Einhorn, Green Light Capital, and have been succeeded in a public company by a former President of a Fortune 100, called Bell South. The Sason brothers think I don't know people at the highest level in business and government and media. So arrogantly naive and wet behind the ears.

Joshua and Ari Sason have the biggest bulls-eyes on them right now. They ran up on a CEO that does not take bribes and has no interest in funding scams. Their "secret" concept violates securities laws and destroys companies.

You can't run from your past, and that's the Sason brothers biggest problem right now. I will not let them walk away with what they have done. While I do forgive them, they must pay a price for their actions. They destroyed many companies and I can tell you for sure, they could care less about the people they dumped all those shares on.

12. A few weeks thereafter, Granville sent a private text message to a former director, Morton Fink, who is also the Sasons' grandfather. The private text message, which the Magna Parties have chosen to make public (selectively quoting it), reads as follows:

What's coming next is not personal. I am burning down your family name and putting your cunt grandsons in prison. Round 2 is about to start. How did you like Bloomberg. LOL. Only the tip of the iceberg. You shouldn't have lied to me you old bastard.

13. Granville stands by these statements because, as discussed below, they are true. Granville is fully prepared to come into court, swear an oath, and defend his words and actions.

14. As a businessman, a U.S. Navy veteran, and man of devout faith, Granville feels a moral and ethical obligation to help expose the truth of the Magna Parties' business practices. In so doing, Granville's objective is to save other entrepreneurs from the Magna Parties' vicious and immoral business practices, and to see that the Magna Parties are brought to account for the jobs, companies, and lives that they have destroyed in the name of personal enrichment. According to the Bloomberg article, Joshua Sason has used his vast, ill-gotten gains for such purposes as buying a \$200,000 Mercedes, hanging out at a bottle service club four nights a week, holding court with all the beautiful waitresses, and maintaining a lingerie model girlfriend.

15. In their promotional materials, the Magna Parties ostentatiously proclaim their sterling reputation and business ethics. Recently they stated in a press release:

Magna Group [has] quickly built a stellar reputation in the marketplace and amongst portfolio companies for its focus on building relationships and transacting ethically. Today, Magna Group is widely recognized as a global leader in small and lower-middle market structured finance and continues to expand and broaden its strategic focus.

16. As the Bloomberg Article demonstrates (and as set forth below in greater detail), the reality is the exact opposite. In truth, the Magna Parties destroy companies, careers and lives – all for their own personal and ill-gotten gain. Never forget Proverbs: “Therefore, they must eat the bitter fruit of living their own way, choking on their own schemes.” (Prov. 1:31)

## **II. The Magna Parties’ Pump and Dump Scheme**

17. Yippy is a publicly traded company, trading under the symbol YIPI. Granville is Yippy’s CEO and majority shareholder.

18. In connection with certain financing transactions, the Magna Parties came into possession of Yippy stock, which it held as collateral.

19. The Magna Parties sold approximately 247,494 shares of Yippy stock during the time period of September 11, 2013 and September 20, 2013 (the “September 2013 Sales”).

20. Immediately prior to the September 2013 Sales, two fraudulent press releases were posted on an investor website known as Newswire.

21. The first fraudulent press release, entitled “Is Yippy, Inc. the Next Tech Giant?” appeared on Newswire’s website on or about September 5, 2013 at the web address: <http://www.newswire.com/is-yippy-inc-otcqx-yipi-the-next/238007> (the “Bogus 9/5/13 Release”).

22. The second fraudulent press release, entitled “Yippy May Soon Belong to Google,” appeared on Newswire’s website on or about September 9, 2013 at the

web address: <http://www.newswire.com/yippy-inc-otcqx-yipi-may-soon-belong/238512> (the “Bogus 9/9/15 Release”).

23. In addition to the two fraudulent press releases that were published on Newswire in September 2013, a similar fraudulent press release was published by Newswire on or about June 13, 2013 entitled “The Rise of Yippy,” found at the web address: <http://www.newswire.com/the-rise-of-yippy-otcqx-yipi/226142> (the “Bogus 6/13/13 Release”).

24. None of the three above-mentioned bogus press releases were written, authorized, or approved by Granville or Yippy or any representative of Yippy, even though the bogus press releases were designed to look like an official Yippy press release.

25. These three bogus press releases had no basis in reality and were clearly designed to manipulate the market by “talking up” the price of Yippy stock.

26. Contemporaneous with the fraudulent press releases posted on Newswire in September 2013, the stock price of Yippy rose from 23 cents per share on September 5, 2013 to 48 cents per share on September 13, 2013.

27. In April 2015, Yippy contacted the principal of Newswire, Anthony Santiago, who provided proof that the individual responsible for posting the bogus press releases was Defendant Linda Black.

28. Linda Black has no affiliation with Yippy whatsoever and was not authorized to post press releases on behalf of Yippy.

29. On information and belief, Linda Black posted the bogus press releases at the behest of the Magna Parties. This belief is based upon the fact that, around the same time, Linda Black posted press releases regarding one other company, American Petro Hunter. Her posts included one on August 3, 2013 entitled “The Rise of American Petro Hunter,” which is very similar to the bogus press release she posted about Yippy entitled “The Rise of Yippy.”

30. Linda Black’s press release entitled “The Rise of American Petro Hunter” was bogus, as confirmed by the fact that this press release does not appear on the American Petro Hunter website, which contains a page listing its official press releases. <http://www.americanpetrohunter.com/news/news.aspx>.

31. Notably, both Yippy and American Petro Hunter had one thing in common: both were portfolio companies of the Magna Parties.

32. After Linda Black posted her bogus American Petro Hunter press release, the stock price of American Petro Hunter sharply increased, then plummeted. This pattern is consistent with a pump and dump scheme.

33. On information and belief, discovery will demonstrate that (i) the Magna Parties induced Linda Black to post bogus press releases about both Yippy and American Petro Hunter; (ii) Linda Black’s press releases resulted in manipulation of the securities market; (iii) after Linda Black had pumped the stock price of Yippy and American Petro Hunter by means of false, fraudulent, and misleading press releases, the Magna Parties sold into the market.



34. On information and belief, the Magna Parties' scheme was not simply to pump the price of shares that the Magna Parties actually owned. Rather, the Magna Parties' real objective was to pump the price of the stock to artificially high levels, then to "sell short" the stock at the inflated price without actually borrowing or arranging to borrow sufficient shares to cover the short sale.

35. This practice is known as naked short selling and was banned by the SEC in 2009 as an abusive practice. <http://www.sec.gov/news/press/2009/2009-172.htm>

36. In other words, the Magna Parties' objective is to manipulate the stock price upward, sell short, and then take measures to cause the stock price to crash, leading to the destruction of the companies in which the Magna Parties have invested (with the Magna Parties reaping a windfall).

37. The Magna Parties' own correspondence confirms that the Magna Parties, in making loans to small publicly traded companies, are not actually interested in having the loans repaid. Rather, as the Magna Parties have admitted, they typically exit these deals by converting their loans into equity. This is consistent with a scheme of market manipulation and naked short selling.

38. Further confirming the Magna Parties' naked short selling scheme with respect to Yippy stock is the fact that on or about October 17, 2013, Yippy wrote to Magna and asked for a payoff letter to extinguish its indebtedness to Hanover.

39. If Hanover were a legitimate lender, the response would have been to promptly send a payoff letter.

40. Instead, the Magna Parties refused to provide a payoff letter.

41. Tellingly, when Yippy offered to pay off its loan with Hanover, internal communications among the Magna Parties confirms that Yippy's announced intention to pay off its loan (and redeem all shares of Yippy that had been pledged as collateral) required the Magna Parties to "discuss the next steps."

42. If Hanover had been a legitimate lender, there would have been no "next steps" to discuss. Hanover would have happily sent a payoff letter, waited for a wire transfer, and released the Yippy shares that were held as collateral.

43. The only logical reason why the Magna Parties needed to discuss "next steps" is that the Magna Parties did not want the loan to be repaid because that would require the Magna Parties to return the shares of Yippy that had been pledged as collateral. The Magna Parties could not do that, because they (directly or through co-conspirators) had already naked shorted Yippy stock. If they had to return those Yippy shares that were held as collateral, they risked having to go into the market to get shares to cover their naked shorts.

44. In late 2013, after Yippy requested a payoff letter, Ari Sason and Michael Abitebol each separately contacted Rich Granville and offered him a substantial payment in exchange for changing transfer agents. The Magna Parties wanted Yippy to move from the Pacific Stock Exchange to V Stock Transfer. According to the Magna Parties, they wanted Yippy to move from Pacific Stock

Exchange to V Stock Transfer because they believed that V Stock Transfer would allow them to convert “restricted” Yippy stock into free trading stock in violation of SEC rules. Granville flatly refused.

45. As a further step in its scheme to manipulate the market for Yippy stock and cover its naked short sales, the Magna Parties (through counsel), in March 2014, sent a fraudulent opinion letter to the Pacific Stock Exchange in an effort to change approximately 200,000 shares of restricted Yippy stock into free trading stock. The Magna Parties did not copy Yippy on this letter, which was brought to Yippy’s attention by the Pacific Stock Exchange. On information and belief, the reason why the Magna Parties did this is because they had (directly or through co-conspirators) naked shorted substantial amounts of Yippy stock. They needed these 200,000 shares to be freely tradable in order to cover their open short positions. The Pacific Stock Exchange correctly refused to make these Yippy shares free trading.

46. Further confirming Magna’s pattern and practice of market manipulation is first-hand testimony that Rich Granville will provide in this case. In or about July 2013, Ari Sason approached Granville and asked him to issue a false letter of intent and press release saying that Yippy was entering into a deal with a company called TagLikeMe Corp. (TAGG), which, according to the Magna Parties, was another one of Magna’s portfolio companies. Ari Sason offered to pay Granville a substantial sum of money in exchange for this market manipulation. Granville flatly refused.

47. Since 2013, Granville and Yippy have been asking the Magna Parties for a full accounting of the balance of his loan (including an accounting for all sales of Yippy stock that was held as collateral). To date, no such accounting has been provided. Any legitimate lender would have a spreadsheet showing the loan balance, with all credits and adjustments. Tellingly, Magna is not able to produce a credible accounting. On information and belief, the reason for this is that the Magna Parties are not really lenders at all. They are market manipulators and abusive short sellers who use illegal and abusive tactics to put their borrowers into a “death spiral” by pumping the price of the stock, naked shorting it (which effectively floods the market with phantom shares and artificially depresses the stock price), using false and misleading statements to crash the price of the stock, and pocketing the profits.

**First Counterclaim / Third Party Claim**  
**Against the Magna Parties**  
**(Fraudulent Misrepresentation)**

48. The foregoing paragraphs are incorporated by reference.

49. The Magna Parties induced Yippy to enter into certain financing agreements, and induced Granville to enter into certain personal guarantees, upon representations by Joshua Sason, Ari Sason, Michael Abitebol that the Magna Parties were legitimate lenders.

50. This was a material misrepresentation of existing fact. In truth, as the Magna Parties have now admitted, they did not typically not “exit” these loan transactions through a repayment of the loan. Rather, directly or through co-

conspirators, they pump up the price of the stock, then they naked short the stock, which is the equivalent of printing phantom shares that flood the market and drive the stock price into what is known as a death spiral.

51. In making these misrepresentations, the Magna Parties knew that they were falsely representing their business model. The Magna Parties claimed to be a legitimate lender that was seeking to enter a mutually beneficial relationship. In reality, as with scores of its other portfolio companies, the Magna Parties' true business model was, as discussed above, to manipulate the market for Yippy stock and to ultimately profit from Yippy entering a death spiral.

52. The Magna Parties, acting through Linda Black and the John Does, further perpetrated a fraud by causing false and misleading information (including the bogus press releases) to be disseminated, which affected the market price of Yippy stock. The Magna Parties knew at all times that the press releases issued by Linda Black were false.

53. The Magna Parties intended to induce Granville and Yippy's reliance upon their representations.

54. Granville and Yippy justifiably relied upon the Magna Parties' misrepresentations by entering into certain financing transactions with the Magna Parties.

55. Granville and Yippy further relied upon the Magna Parties' misrepresentations by agreeing to put Morton Fink (the grandfather of Josh and Ari Sason) on Yippy's board of directors.

56. Granville and Yippy have suffered damages as a result of the Magna Parties' conduct, which has been consistently directed toward crashing the price of Yippy's stock and dissuading potential business partners from doing business with Yippy, resulting in great harm to the price of Yippy's stock and the loss of potential business deals.

**Second Counterclaim / Third Party Claim**  
**Against Linda Black and John Does 1-100**  
**(Aiding and Abetting Fraud)**

57. The foregoing paragraphs are incorporated by reference.

58. As set forth in the First Counterclaim / Third Party Claim, the Magna Parties engaged in a fraud, which included (i) causing Linda Black to post the bogus press releases; (ii) causing John Does 1-100 to post false and misleading information about Yippy on internet message boards and other media; and (iii) engaging in and/or orchestrating an abusive and illegal scheme of naked short selling Yippy stock, and/or hypothecating the same shares to multiple John Does for purposes of short selling, in cooperation with certain of the John Does.

59. Linda Black had knowledge of the fraud, in that she was aware that the press releases that she was posting were bogus, misleading, and not authorized by Yippy. Linda Black was further aware that her actions were part of a larger scheme to "pump" the price of Yippy stock, in order that the Magna Parties and others could profit from selling at inflated prices and/or shorting the stock in advance of the subsequent fall in Yippy's stock price.

60. The John Does also had knowledge of the fraud, in that (i) certain of the John Does posted information that they knew to be false, misleading, and designed to manipulate the price of Yippy stock; and (ii) certain of the John Does conspired with the Magna Parties to naked short Yippy stock.

61. Through the conduct set forth above, Linda Black and the John Does provided substantial assistance to advance the fraud's commission.

**Third Counterclaim / Third Party Claim**  
**Against the Magna Parties**  
**(Unjust Enrichment)**

62. The foregoing paragraphs are incorporated by reference.

63. The Magna Parties have benefitted by their abusive and illegal market manipulation by profiting from their "pump and dump" scheme (evidenced by the timing of the Linda Black posts, the rise in Yippy's stock price, and the subsequent sale by the Magna Parties of their holdings of Yippy stock).

64. This benefit has come at the great expense of Granville and Yippy, which have incurred damages including loss of goodwill, loss of reputation, and loss of potentially advantageous business deals.

65. Equity and good conscience require restitution.

**Prayer For Relief**

WHEREFORE, Granville and Yippy demand judgment as follows:

As to the First Counterclaim / Third Party Claim, judgment against the Magna Parties for an amount to be determined at trial and no less than \$50,000,000.

As to the Second Counterclaim / Third Party Claim, judgment against Linda Black and the John Does for an amount to be determined at trial and no less than \$50,000,000.

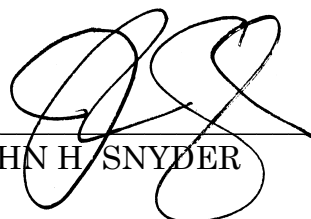
As to the Third Counterclaim / Third Party Claim, judgment against the Magna Parties for an amount to be determined at trial and no less than \$50,000,000.

As to all causes of action, a preliminary and permanent injunction barring the Magna Defendants from providing financial services / engaging in lending activities in the State of New York, and further enjoining them from engaging in further acts of market manipulation and naked short selling.

As to all causes of action, an award of Granville and Yippy's legal fees and costs.

As to all causes of action, such other and further relief as the Court may deem just and proper.

Dated: New York, New York  
June 16, 2015



JOHN H. SNYDER

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Fax: (646) 304-9230  
*john@jhsnyderlaw.com*

*Counsel to Richard Granville and Yippy, Inc.*



**VERIFICATION**

RICHARD GRANVILLE, being duly sworn, declares as follows:

I have read the foregoing Verified Answer, Affirmative Defenses, Counterclaims, and Third Party Complaint, which is true to the best of my knowledge except as to the matters therein stated to be alleged on information and belief, and as to those matters, I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct. Executed in Covington, Louisiana on June 15, 2015.



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RICHARD GRANVILLE