

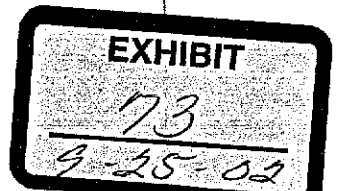
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6 UNITED STATES BANKRUPTCY COURT  
 7 CENTRAL DISTRICT OF CALIFORNIA  
 8 LOS ANGELES DIVISION  
 9

10 In re: ) Case No.: LA01-20784SB  
 11 ) Chapter 11  
 12 8335 PROPERTY INC., A CALIFORNIA )  
 CORPORATION, ) DECLARATION OF DANIEL NICHERIE  
 13 )  
 Debtor )  
 14 )  
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**DECLARATION OF DANIEL NICHERIE**

I DANIEL NICHERIE, declare as follows:

I am over eighteen years of age and I have firsthand knowledge of the facts stated herein, and if called upon as a witness could competently testify thereto.

1. I am a turn around specialist and representative of various investment companies, including SBN VENTURE CAPITAL RESOURCE PARTNERS, INC. ("SBN"), MILLENNIUM CAPITAL, INC. ("MILLENNIUM") ANKE INVESTMENTS, INC. ("ANKE") and ARCHIBALD MANAGEMENT INC. ("ARCHIBALD"). If called upon as a witness, I could and would testify to the following, all of which is in my personal knowledge.

2. MILLENNIUM is the registered owner of 9000 shares of stock of Amtec Audiotext, Inc. ("AMTEC") and is the majority shareholder of AMTEC. This fact is evidenced by Certificate No.4 of AMTEC dated July 21, 2000 ("Stock Certificate"), which Stock Certificate was executed by SARIT SHAFRIR ("Sarit"), the President and Secretary of AMTEC. A true and correct copy of the Stock Certificate is attached hereto as Exhibit 1 and incorporated by this reference.

3. On or about March 30, 2000, SBN entered into various loan agreements (the "Credit Documents") with AMTEC and SARIT. Those Credit Documents include, but are not limited to, the Credit Agreement relating to a \$1,000,000.00 Revolving Loan, which document is attached hereto as Exhibit 2. This loan was a revolving line of credit which was paid down at times and for which advances were later made.

4. In March 2000, SARIT was the President, sole officer and director of AMTEC. I was present when SARIT signed the Credit Documents on behalf of AMTEC. SARIT also executed a UCC-1 Financing Statement on Behalf of AMTEC, A copy of which is attached as Exhibit 3.

1           5.       As part of the financing arrangements between SBN and AMTEC discussed  
2 herein, SARIT provided me with a copy of the Irrevocable Proxy dated January 19, 2000,  
3 indicating that Ami Shafir ("AMI") had irrevocably appointed Sarit as his proxy. A true and  
4 correct of the proxy is attached hereto as Exhibit "4" and incorporated by this reference. The  
5 proxy was given to me in conjunction with the Notice of Resignation of AMI as Director,  
6 President and Treasurer of AMTEC, a true and correct copy of which Notice of Resignation is  
7 attached hereto as Exhibit "5" and incorporated by this reference. These documents were  
8 requested by SBN and were relied upon by SBN in advancing sums to AMTEC under the Credit  
9 Documents.  
10 Documents.

11  
12           6.       At the time of the March 30, 2000 loan 8335 Property Inc. ("8335") was a wholly  
13 owned subsidiary of AMTEC. Currently, neither AMI nor SARIT is an officer or director or  
14 shareholder of 8335. Nor do AMI or SARIT have any share certificates showing any ownership  
15 in 8335. The money used to purchase 8335 Sunset Boulevard came from AMTEC. Neither AMI  
16 nor SARIT invested any monies in 8335 Sunset Boulevard. SBN relied upon this information in  
17 advancing sums to AMTEC under the credit documents. SARIT represented that SARIT and  
18 AMI held shares in 8335 as agents and fiduciaries of AMTEC. As part of the above transaction,  
19 the certificate of shares of 8335 owned by AMI and SARIT was returned to the corporation and  
20 the shares reissued to AMTEC. In reliance upon the representation that 8335 was a wholly owned  
21 subsidiary of AMTEC, SBN only required that SARIT execute a Stock Pledge Agreement  
22 pledging their remaining collective 10% interest in AMTEC to SBN rather than requiring a  
23 separate pledge of the stock of 8335 (a copy of the Stock Pledge Agreement is attached hereto as  
24 Exhibit "6"). On March 1, 2001 8335 issued additional shares to MILLENNIUM giving control  
25 of 8335 to MILLENNIUM.  
26  
27  
28

1           7.     Richard Albertini was designated as president and secretary of 8335 by then  
2 president SARIT and has remained the only officer and director of the corporation.

3  
4           8.     On or about November 1999, AMI approached me and began discussion of  
5 employing the investment companies I represent, including SBN, MILLENNIUM, ANKE and  
6 ARCHIBALD, for consulting and advice regarding various business ventures.

7           9.     Shortly thereafter, SARIT approached, and represented to me that AMTEC was  
8 the owner of various entities, including, but not limited to:

- 9
- 10           • WorldSite, Inc. (hereinafter "WORLDSITE"),
  - 11           • NetOptions, Inc. (hereinafter "NETOPTIONS"),
  - 12           • Federal TransTel, Inc. (hereinafter "FTT"),
  - 13           • 8670 Property Partners, LTD. (hereinafter "8670 Partners"), and its general  
14 partner 8670 Wilshire Corp. (hereinafter "8670"),
  - 15           • 8335 Sunset Property Partners, LTD. (hereinafter "8335 Partners"), and its general  
16 partner 8335 Property, Inc. (hereinafter "8335")

17  
18           10.    AMTEC, WORLDSITE, NETOPTIONS, FTT, 8670 Partners, 8670, 8335  
19 Partners and 8335 are hereinafter referred to collectively as the "AMTEC ENTITIES". SARIT  
20 also indicated that she and her estranged husband AMI founded the AMTEC ENTITIES between  
21 1992 and 1999 with \$1 Million invested by Alexander T. of Germany and Eilat, Israel.

22  
23           11.    SARIT represented that various real estate investments were made through a  
24 RAFAEL COHEN, aka RAFFI COHEN (hereinafter referred to as "RAFFI") with AMTEC's  
25 money. Said real estate investments are hereinafter referred to as (the "COHEN ENTITIES").

26  
27           12.    SARIT also represented that in 1998, AMI and SARIT separated and that SARIT  
28 filed for Dissolution of their marriage in August of that year. In order to facilitate her separation

1 and unwind her and her husband's continuing involvement in the companies, SARIT represented  
2 that she and AMI were looking for investors to purchase their shares of outstanding stock in the  
3 AMTEC ENTITIES.  
4

5 13. SARIT failed to disclose numerous material facts and made material  
6 misrepresentations in order to induce me to have the investment companies I represent invest  
7 money and purchase stock and assets of the AMTEC ENTITIES. Had I known of the facts set  
8 forth herein, the investment companies that I represent never would have gotten involved with  
9 AMI and SARIT.  
10

11 14. Unbeknownst to me, AMI and SARIT had been involved in various business  
12 deals and partnerships with a certain KENNETH TAVES (hereinafter "TAVES"), A convicted  
13 felon and notorious swindler. TAVES was recently convicted of the largest scheme to  
14 perpetrate credit card fraud in United States history and is currently serving time in a federal  
15 penitentiary. At the time AMI and SARIT were involved with TAVES, TAVES had a long  
16 history of criminal behavior, including but not limited to:  
17

- 18 • PEOPLE v. TAVES The District attorney brought charges against TAVES in  
19 Los Angeles County for the 1980 murder of Jeffrey Rockman, who had  
20 allegedly tricked TAVES in a business deal. A handyman told authorities that  
21 TAVES had hired him to shoot Rockman, but the handyman died in a car  
22 accident before the trial. With no case left, prosecutors let TAVES plead guilty  
23 to accessory to murder. TAVES received a sentence of probation.  
24
- 25 • US v. TAVES CR 97-135 alleging Aiding and Abetting the Possession and  
26 Uttering of a Counterfeit and Forged Security. TAVES was placed on three  
27 years probation, ordered to comply with outpatient substance abuse treatment,  
28

1 abstain from the use of drugs or prescription medications and provide accurate  
2 financial statements. TAVES was granted permission to leave the United  
3 States for Europe and the Cayman Islands.

- 4
- 5 • TAVES violated the terms of his 1997 Probation and was indicted for further  
6 crimes; see USA v. TAVES 99-M-1060-ALL alleging, among other things,  
7 credit card fraud.
- 8 • US v. TAVES CR 00-187 alleging Criminal Contempt and False Statements.
- 9

10 15. SARIT did not disclose the nature of their association with TAVES, and SARIT  
11 also did not disclose the fact that the Federal Trade Commission ("FTC") had raided the  
12 offices of NETOPTIONS at 8670 Wilshire Blvd. just five months earlier in June of 2000, and  
13 had investigated the AMTEC ENTITIES with reference to transaction connected to TAVES.

14 16. SARIT also failed to disclose that AMI also had committed a wide range of  
15 statutory violations and exposed the AMTEC ENTITIES to massive potential civil liability,  
16 much of which had already been reduced into judgments. The following is a brief account of  
17 same:  
18

- 19 • AMI had been conducting business under various fictitious names including,  
20 but not limited to AMTEC COMMUNICATIONS and FEDERAL  
21 COLLECTION UNION. Both fictitious business names were utilized, *inter*  
22 *alia*, for collection of debt belonging to AMTEC in all fifty United States. The  
23 collection practices of both AMTEC COMMUNICATIONS and FEDERAL  
24 COLLECTION UNION may have been in violation of the Federal Debt  
25 Collection Practices Act and also may have been in violation of the Fair Debt  
26 Collection Practices Act and also may have been in violation of the Fair Debt  
27 Collection Practices Acts of the majority of the states.  
28

1           17.     SARIT did not disclose that (1) the business of AMTEC and AMTEC  
2     COMMUNICATIONS and FEDERAL COLLECTION UNION were intertwined and  
3     commingled; (2) that AMTEC COMMUNICATIONS and FEDERAL COLLECTION  
4     UNION also handled collections for TAVES and TAVES related entities, and were tainted  
5     with allegations of double and triple billing as well as other credit card fraud charges; (3) that  
6     boxes filled with volumes of un-responded to complaints from the attorneys general of  
7     various states were hidden in AMTEC offices, and that civil liability could stem from same.

8     The actions for unfair debt collection included but were not limited to the following:  
9

- 10
- 11           • SPATZ v. SHAFRIR Case No. CV C99-5334 WHA United States District  
12           Court for the Northern District of California. \$35,000.00 Judgment for  
13           violations of the Federal Fair Debt and Collection Practices Act.
  - 14           • MILLER v. FCU, SHAFRIR Case No. 99-1750 Court of Common Pleas,  
15           Montgomery County, Ohio. \$105,000 judgment for violations of the Federal  
16           Fair Debt and Collection Practices Act.
  - 17           • IN RE AMI SHAFRIR dba FCU -State of Connecticut \$7500.00 Civil penalty  
18           and a cease and desist order.  
19

20

21           18.     SARIT also failed to disclose massive potential and accruing tax liability for  
22     the AMTEC ENTITIES, including but not limited to Franchise Tax Board State of Michigan  
23     \$900,000.00 tax lien and the failure to report income for any of the AMTEC ENTITIES since  
24     1998.

25

26           19.     As I became more involved with the AMTEC ENTITIES, including review and  
27     investigation of the books, records, legal documents, correspondence, memoranda, emails,  
28     interviews of key witnesses and employees, and a review of other documents, I learned SARIT

1 and her estranged husband had funneled monies from AMTEC and other AMTEC ENTITIES  
2 by way of misrepresenting the true nature of these disbursements on the books and records of  
3 same, by purchasing the COHEN ENTITIES in their friends and business associates names,  
4 making investments in Hungarian Broadcasting Company and Digital Communications  
5 (Offshore tax avoidance shell companies), purchasing the assets of 8335 Partners and 8670  
6 Partners. This scheme to loot and embezzle monies from the AMTEC ENTITIES while at the  
7 same time making them appear as an attractive investment to investors was facilitated by the  
8 following acts:  
9

10  
11 A. Fraudulent omission of said liabilities on financial statements and loan  
12 applications, obtaining borrowed funds under false pretenses thereby  
13 creating even more liability. Said fraudulent omissions include, but are  
14 not limited to:

- 15  
16 1) Non- Disclosure of tax liabilities such as a \$1,000,000 obligation  
17 in the State of Michigan on loan applications to Wells Fargo  
18 Bank for a \$750,000 loan;
- 19 2) Non-Disclosure of said obligation to First Regional Bank on a  
20 \$3.8 million dollar loan application to secure financing for the  
21 property located at 421 South Beverly in the City of Beverly  
22 Hills;
- 23  
24 3) Non-Disclosure of said obligation to Marathon National Bank  
25 when securing a one million dollar extension of credit for  
26 AMTEC and WORLDSITE, thereby causing Marathon to  
27 require real property as collateral for renewing AMTEC and  
28



1 WORLDSITE's obligations upon discovery of this one million  
2 dollar tax liability; and

3 4) Fraudulent omission and non-Disclosure of same to Federal  
4 TransTel, Inc. and other Lenders and investors.  
5

6 B. Embezzlement of AMTEC and WORLDSITE corporate Funds;

7 C. Formation of Offshore Entities for the purpose of illegally transferring  
8 criminally deprived property to the Offshore Entities and embezzling  
9 money offshore, including Hungarian Broadcasting Corporation, Shafrir  
10 Family Trust, a Cook Islands Entity, Digital Communications, a British  
11 Virgin Islands entity, among others.  
12

13 D. Mail, Wire Fraud and Credit Card Fraud;

14 E. Securities Fraud;

15 F. Criminal Trade Secrets theft and illegal tampering with computer  
16 equipment and databases;  
17

18 G. Abuse of process and malicious prosecution against those investigating  
19 the above-mentioned crimes.  
20

21 20. Prior to AMI and SARIT approaching me, AMI and SARIT were aware of the  
22 serious problems facing the AMTEC ENTITIES, *interalia*, the receipt of numerous notices of  
23 past-due taxes, fines and penalties, as well as ongoing investigations by governmental  
24 agencies, including, but not limited to, the Internal Revenue Service (IRS), the Federal Trade  
25 Commission (FTC), Federal Bureau of Investigation (FBI) and numerous state agencies. As  
26 such SARIT and AMI sought to dump the AMTEC ENTITIES on SBN, MILLENNIUM,  
27 ANKE and ARCHIBALD.  
28

1 21. SBN, MILLENNIUM, ANKE and ARCHIBALD did fall into their trap and in  
2 reliance on SARIT and AMI's representations and omissions invested mass amounts of capital  
3 in the AMTEC ENTITIES. By way of example:  
4

- 5 • As part of AMI and SARIT's scheme to drain capital out of the AMTEC  
6 ENTITIES, AMI, SARIT and one PATRICK HEROLD ("HEROLD")  
7 withdrew more than \$5 Million from FTT's operating accounts under the  
8 pretext of "Shareholder Loans." As part of the transaction to purchase FTT,  
9 ANKE assumed the liability to FTT for the "Shareholder Loans" and purchased  
10 HEROLD's interest in FTT. To assure that FTT would be repaid the  
11 "Shareholder Loans", FTT was given liens on the property located at 8670  
12 Wilshire Boulevard in Beverly Hills, California ("8670 Wilshire") and the  
13 property located at 8335 Sunset Boulevard in Los Angeles, California ("8335  
14 Sunset").  
15
- 16 • On or about March 30, 2000, AMTEC by and through SARIT entered into a  
17 Credit Agreement, Master Note, Security Agreement, UCC-1 Financing  
18 Statement, Continuing Guarantee Agreement, Stock Pledge Agreement,  
19 whereby SBN extended to AMTEC a One Million Dollar (\$1,000,000)  
20 revolving loan. The pledge of stock, includes SARIT and AMI's stock in  
21 AMTEC. SBN did not require a separate pledge of stock for 8335 and 8670  
22 because it relied to its detriment on SARIT and AMTEC's representations that  
23 these companies were wholly owned subsidiaries of AMTEC.  
24
- 25 • At this time, in or around March 2000, due to the poor financial condition of the  
26 AMTEC ENTITIES, which resulted from the above acts, the AMTEC  
27  
28

1 ENTITIES were unable to make payroll and meet other operating expenses. In  
2 consideration for funding payroll and other operating expenses for the AMTEC  
3 ENTITIES and mortgage payments for the properties, 8335 Partners and 8670  
4 Partners by and through SARIT sold 8670 Wilshire and 8335 Sunset to  
5 ARCHIBALD. ARCHIBALD also assumed the role of management of the  
6 properties and payment of the encumbrances that went part and parcel with the  
7 properties, including a 1<sup>st</sup> trust deed on 8670 Wilshire in excess of \$5.5 Million,  
8 a 1<sup>st</sup> trust deed on 8335 Sunset in excess of \$1 Million and FTT's 2<sup>nd</sup> trust  
9 deeds in excess of \$5.15 Million.  
10  
11

- 12 • As part of the consideration for the revolving loan and to induce SBN to make  
13 payments above and beyond \$1 Million, on or about July 21, 2000, AMTEC by  
14 and through SARIT issued Nine Thousand (9,000) shares of AMTEC's capital  
15 stock to SBN's designee, MILLENNIUM and in March 2001, 8335 and 8670  
16 issued MILLENNIUM a majority interest in 8335 and 8670.  
17

18 22. After the investment of time and moneys in the AMTEC ENTITIES by SBN,  
19 MILLENNIUM, ANKE and ARCHIBALD, in an effort to stay involved in the affairs of same,  
20 and to exercise control over the direction of the investigation of the financial condition of the  
21 AMTEC ENTITIES, SARIT stayed on as a consultant to same, since she anticipated the  
22 investigation of said financial difficulties. SARIT cleverly allayed any worries SBN,  
23 MILLENNIUM, ANKE and ARCHIBALD may have had by way of creating the façade of an  
24 internal investigative audit of the books and records of the AMTEC ENTITIES under the guise  
25 of preparing an audit report of past years' activities, conducting a work-flow analysis,  
26  
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1 promulgating a system for recovery and collection of receivables, as well as implementing loss  
2 prevention measures so as to minimize loss exposure in the future.

3  
4 23. SARIT presented herself to me as a woman scorned by a heinous ex-husband.  
5 She presented her entire agenda as being that of uncovering her ex husband's sordid conduct  
6 and preparing a report of said activity for various law enforcement agencies as a preemptive  
7 plan in anticipation of prosecution by same. Pursuant to said plan, SARIT returned all the  
8 converted corporate assets to its rightful owner, AMTEC. AMI, on the other hand, refused to  
9 return the property located at 1400 Laurel Way, which he put in his own name as an unmarried  
10 man in violation of California law, including the Family Code §1101, taking the more than  
11 \$700,000 AMTEC had invested in that property.  
12

13 24. SARIT fraudulently induced SBN, MILLENNIUM, ANKE and ARCHIBALD  
14 to enter into the agreements and transactions alleged hereinabove by making many  
15 misrepresentations and material omissions of fact set forth above and by representing by way  
16 of example:  
17

- 18 • That the AMTEC ENTITIES were solvent, particularly that AMTEC and  
19 WORLDSITE were solvent when in fact WORLDSITE was losing \$250,000  
20 per month and AMTEC had ceased efforts to develop and grow the business,  
21 including reducing the advertising budget to \$0;
- 22 • That the AMTEC ENTITIES were producing a profit;
- 23 • That AMI and SARIT had withdrawn \$10 Million from AMTEC as  
24 "Shareholder Loans," that have never been returned;
- 25 • That AMI, SARIT and HEROLD had withdrawn \$5 Million from FTT as  
26 "Shareholder Loans," that have never been returned;
- 27
- 28

- 1 • That they had received loans and encumbered 8670 Wilshire and 8335 Sunset  
2 despite these properties being owned free and clear of liens and diverted the  
3 proceeds of the loans to their personal use.  
4
- 5 • Representing that the buildings were occupied by tenants paying rent when in  
6 fact SARIT had wrongfully evicted the tenants of both buildings thus incurring  
7 exposure to multiple lawsuits for wrongful eviction and breach of contract.  
8 SARIT further misrepresented that AMTEC and WORLDSITE were paying  
9 rent for the spaces leased at 8335 Sunset and 8670 Wilshire when in fact neither  
10 company was solvent or able to pay rent.  
11

12 25. At the time SBN, MILLENNIUM, ANKE and ARCHIBALD became involved  
13 with the Shafrirs 8335 Sunset and 8670 Wilshire were virtually empty. The officers of SBN,  
14 MILLENNIUM, ANKE and ARCHIBALD employed real estate agents to lease space, began  
15 negotiating a lease on the billboard space (a deal that was later taken over by the trustee  
16 herein), and leased the 8335 Sunset building to a master tenant. The efforts to turn a profit or  
17 at least make back the mortgage on 8335 Sunset and 8670 Wilshire have been continually  
18 interfered with by AMI and SARIT, by way of example:  
19

- 20
- 21 • AMI staged raids on 8335 Sunset and 8670 Wilshire where he attempted to oust  
22 the occupants and take control over the buildings, which raids are the subject of  
23 at least six lawsuits filed in the California Superior Court and a motion for  
24 sanctions for willful violation of the automatic stay filed in this Court;  
25
  - 26 • SARIT refused to execute leases for tenancies at 8335 Sunset and 8670  
27 Wilshire while still involved in the management of the properties through early  
28 2001;

- AMI commenced numerous lawsuits and filed frivolous lis pendens on the buildings designed to frustrate any attempt to sell them and satisfy the creditors;

26. AMI has actively sided with his friends and business associates in their attempts to sue the AMTEC ENTITIES and frustrated any efforts to manage the companies including, but not limited to:

A. Plan B Media Group, Inc. v. Amtec, Case No. BC 228110 (AMI is a close personal friends with Gil Traub the owner and president of Plan B and has given testimony on Plan B's behalf against Amtec);

B. Citicolor, Inc. v. Amtec (SC062607) and Jade International, Inc. v. Amtec (00C00607) (Ami Shafrir is close personal friends of Jade's owner Yoram Dahan and assisted Jade in its trial against Amtec);

C. Fieno v. Amtec (00e06951) (Ami Shafrir is close personal friends with Anthony Fieno and has assisted him with his claims against Amtec);

D. Steven v. Amtec (BC226703) (At the mediation in this action, Ami Shafrir, a defendant, appeared on Stevens' behalf to the surprise of both Amtec and the mediator. When the mediator asked why Ami was appearing on Stevens' behalf, AMI stated it was because Amtec owes Stevens the money, a claim in excess of \$450,000); and

E. Matchnet, PLC v. Worldsite, Inc. (BC232677) Matchnet based its actions for damages against the related entity of Amtec on AMI'S declaration.)

27. Despite efforts to infuse capital and turn the debtor into a profitable enterprise, the Shafrirs' efforts left the debtor with no alternative but to seek the protection of the bankruptcy court. This bankruptcy was filed in good faith to allow the debtor to market and

1 sell the 8335 Sunset property and distribute the proceeds of said sale to the creditors. AMI and  
2 SARIT have now struck a deal with the trustee in an attempt to prevent the sale of 8335 Sunset  
3 by the debtor, avoid payment of the creditors and deprive the debtor from receiving any  
4 surplus proceeds from the sale.  
5

6 28. There are, and still remain factual and legal disputes as to the validity of the  
7 claims asserted by AMI, i.e. such claims are the subject of bona fide disputes in the state and  
8 federal courts of the States of Alabama, California, Nevada and Georgia, including an adversary  
9 proceeding remanded from this Court LA-01-01565SB.  
10

11 29. Interested Parties 8335, SBN and MILLENNIUM, object to the proposed  
12 compromise on the ground it will have the effect of affording AMI and SARIT preferential  
13 payment instead of paying the creditors and the debtor in the ordinary course following a proper  
14 sale of 8335 Sunset and a claims procedure in this bankruptcy. The Chapter 11 Trustee should  
15 not be allowed to give away 8335's sole asset in exchange for a dismissal in a meritless  
16 lawsuit.  
17

18  
19 I declare under the penalties of perjury under the laws of the State of California and the  
20 United States of America that the foregoing is true and correct.  
21

22 Executed on this 21<sup>st</sup> day of December 2001, at Birmingham, Alabama.  
23

24   
25 Daniel Nicherie  
26 Declarant  
27  
28

