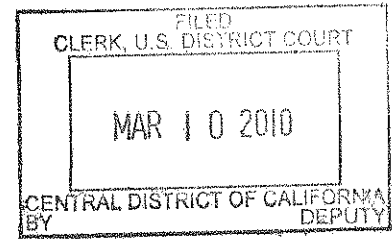


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6 Attorneys for Plaintiff VELTEX CORPORATION

7  
8 UNITED STATES DISTRICT COURT  
9 CENTRAL DISTRICT OF CALIFORNIA  
10 WESTERN DIVISION

11 **CV10 1746 MRP P/WX**

12 VELTEX CORPORATION, a Utah  
Corporation,

13 Plaintiff,

14 vs.

15 JAVEED AZZIZ MATIN, an individual;  
16 TANZILA SULTANA, an individual;  
SAASHA CAMPBELL, an individual;  
17 MAZHAR HAQUE, an individual;  
ALLEN E. BENDER, an individual;  
18 VELTEX USA, INC., a California  
corporation; VELTEX APPAREL, INC.,  
19 a California corporation; VELTEX  
INDUSTRIES, INC., a Delaware  
20 corporation; VELTEX EXPLORER,  
INC., a Canadian corporation; VELTEX  
21 CANADA, INC., a Canadian  
corporation; WILSHIRE EQUITY, INC.  
22 aka WILSHIRE EQUITIES, INC., a  
Colorado corporation; AMERICAN  
23 REGISTER & TRANSFER CO., a Utah  
corporation; PATRICK R. DAY, an  
24 individual; RICHARD M. DAY, an  
individual; MOORE & ASSOCIATES,  
25 CHARTERED, a Nevada corporation;  
MICHAEL J. MOORE, an individual;  
26 CHISHOLM, BIERWOLF, NILSON &  
MORRILL, CPA, a Utah limited liability  
27 company; BRAD B. HAYNES, an  
individual; ANNE TAHIM, an  
28 individual; JAAK U. OLESK, an

CASE NO.

COMPLAINT FOR DAMAGES AND  
EQUITABLE RELIEF FOR:

- (1) SECURITIES FRAUD;
- (2) FRAUDULENT TRANSFER  
AND CONVEYANCE;
- (3) CONSPIRACY TO BREACH  
AND BREACH OF  
FIDUCIARY DUTY;
- (4) PROFESSIONAL  
NEGLIGENCE-ATTORNEY  
MALPRACTICE;
- (5) BREACH OF FIDUCIARY  
DUTY-ATTORNEYS;
- (6) PROFESSIONAL  
NEGLIGENCE-ACCOUNTANT  
MALPRACTICE; and
- (7) BREACH OF FIDUCIARY  
DUTY- ACCOUNTANTS

[DEMAND FOR JURY TRIAL]

1 individual; and CARMINE J. BUA, an )  
2 individual, )  
3 Defendants. )

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4  
5  
6 Plaintiff VELTEX CORPORATION (“Veltex,” “Plaintiff” and “Plaintiff  
7 Veltex”) hereby complains and alleges as follows:

8 **I.**

9 **SUMMARY OF THE ACTION**

10 1. This case involves a classic "pump and dump" securities claim conceived  
11 and engaged in by, and for the primary benefit of, Defendants JAVEED AZZIZ  
12 MATIN, SAASHA CAMPBELL, MAZHAR HAQUE, TANZILA SULTANA,  
13 ALLEN E. BENDER and PATRICK R. DAY (sometimes collectively referred to  
14 herein as the “Management Defendants”), with the active and conscious support  
15 and participation by each of the other named individual and entity Defendants  
16 herein. Under the scheme, the Management Defendants pumped up the value of  
17 the stock in Veltex, a publicly traded company, with false and misleading data  
18 causing the price of the shares to rise. Then, the insiders (those doing the  
19 “pumping”) sold the inflated Veltex shares into the market (the “dumping”) to  
20 unsuspecting investors who became, along with the corporation itself, victims of  
21 the scheme. This unlawful scheme required planning and numerous participants,  
22 including lawyers, accountants and transfer agents, who are named as party-  
23 Defendants herein.

24 2. The Management Defendants, because of their positions of authority as  
25 Officers and/or Directors of Veltex, were able to, and did, control the content of  
26 press releases and other public statements pertaining to Veltex during the relevant  
27 time periods. Each of the Management Defendants participated in the preparation  
28 of and/or were provided copies of the documents alleged herein to be misleading

1 prior to or shortly after their issuance and/or had the ability and/or opportunity to  
2 prevent their issuance or cause them to be corrected. By reason of their stock  
3 ownership, positions and relations to Veltex, the Management Defendants were  
4 controlling persons of Veltex and are liable under Section 20(a) of the Securities  
5 and Exchange Act of 1934. Veltex's press releases, reports and communications to  
6 shareholders were false and misleading. As Officers, Directors and/or controlling  
7 persons of Veltex, a publicly held company, the Management Defendants had a  
8 duty to disseminate promptly, truthfully and accurately information with respect to  
9 the corporation's operations, business, products, markets, management, earnings,  
10 and present and future business prospects, and to cause Veltex's financial  
11 statements to present fairly and accurately its financial condition and results from  
12 operations in conformity with generally accepted accounting principles ("GAAP").  
13 The Management Defendants were also required to correct any previously issued  
14 statements that had become untrue and to disclose any adverse trends that would  
15 materially affect the present and future financial operating results of the  
16 corporation, so that the market prices of Veltex's stock would be based upon  
17 truthful and accurate information.

18 3. The Management Defendants owed fiduciary duties to Veltex such that  
19 they were precluded from acting in their own self-interest and to the detriment of  
20 Veltex. Their conduct directly caused and/or contributed to the artificial inflation  
21 of the value of Veltex's shares. Further, the Management Defendants created a  
22 massive web of interrelated corporate entities, some of which bore similar names  
23 to "Veltex" which aided in the fraudulent and illegal actions they undertook,  
24 and/or utilized corporate counsel and outside securities lawyers, accountants, and  
25 transfer agents, who are named as Defendants herein, as part of their scheme to  
26 perpetrate securities fraud and fraudulently transfer monies and assets of Veltex all  
27 for their own personal benefit and in derogation of the corporate entity, Veltex.  
28 These entities included Defendants VELTEX USA, INC., VELTEX APPAREL,

1 INC., VELTEX INDUSTRIES, INC., VELTEX EXPLORER, INC. and VELTEX  
2 CANADA, INC.

3 **II.**

4 **THE PARTIES**

5 4. Plaintiff Veltex is a corporation organized and existing under the laws of  
6 the State of Utah with its principal place of business in Chicago, Illinois. Veltex's  
7 stock is publicly traded on the "Pink Sheets," an over-the-counter market, under  
8 the symbol VLXC. Veltex is a non-reporting SEC company which was  
9 reorganized on or about August 2009, following dissident shareholder litigation  
10 being instituted in the State of Utah, seeking the ouster of Defendants JAVEED  
11 AZZIZ MATIN, SAASHA CAMPBELL and MAZHAR HAQUE from Veltex's  
12 management. Veltex was previously headquartered in the City of Industry,  
13 California, where it leased office space and a warehouse. It had engaged in the sale  
14 of wearing apparel in the United States and Canada. Its products had included t-  
15 shirts, jackets, sweaters, sweatshirts, and baseball caps.

16 5. Defendant JAVEED AZZIZ MATIN ("Matin") is an individual and  
17 citizen of the State of California, with his primary residence in Diamond Bar,  
18 California. Matin was the founder, largest shareholder, and until recently removed  
19 from that position, the Chief Executive Officer ("CEO") and Chairman of the  
20 Board of Veltex. During all relevant times covered by this Complaint, Matin  
21 controlled and directed Veltex's business and operations. Until he was ordered to  
22 pledge and transfer three million (3,000,000) shares of Veltex common stock that  
23 he owned to Wayne H. Hanson, by U.S. District Court Judge Florence-Marie  
24 Cooper in the action entitled "*Wayne H. Hanson vs. Veltex Corporation, etc., et*  
25 *al.*," Case No.: CV08-02149 FMC (MANx) (the "Hanson action"), Matin was the  
26 largest single shareholder in Veltex.

27 6. Defendant TANZILA SULTANA ("Sultana") is the wife of Matin. She is  
28 an individual and citizen of the State of California, with her primary residence,

1 together with her husband, in Diamond Bar, California. During all relevant times  
2 covered by this Complaint, Sultana was intimately involved in the business and  
3 operations of Veltex, and a shareholder in Veltex. The home in Diamond Bar,  
4 California in which Main and Sultana reside, was purchased, in part, with  
5 proceeds from the sale of artificially inflated Veltex shares by Sultana.

6 7. Defendant SAASHA CAMPBELL (“Campbell”) is an individual and  
7 citizen of the State of California, with her primary residence within the Central  
8 District of California. Campbell was at all relevant times covered by this  
9 Complaint, the mistress of Matin; a member of the Veltex Board of Directors; and  
10 the Secretary-Treasurer of Veltex.

11 8. Defendant MAZHAR HAQUE (“Haque”) is an individual and citizen of  
12 the State of California, with his primary residence within the Central District of  
13 California. Haque was at all relevant times covered by this Complaint, the Chief  
14 Financial Officer (“CFO”) of Veltex, and a member of the Veltex Board of  
15 Directors since at least 2007.

16 9. Defendant ALLEN E. BENDER (“Bender”) is an individual and citizen  
17 of the State of Maryland. Bender was at all relevant times covered by this  
18 Complaint, a member of the Veltex Board of Directors, and a shareholder in  
19 Veltex. He became a member of the Veltex Board on February 29, 2008 and  
20 resigned from the Board on May 11, 2008.

21 10. Defendant VELTEX USA, INC. (“Veltex USA”) is a California  
22 corporation. Matin is also the President and sole shareholder of Veltex USA,  
23 owning one hundred per cent (100%) of its stock.

24 11. Defendant VELTEX APPAREL, INC. (“Veltex Apparel”) is a  
25 California corporation. Matin is also the President and sole shareholder of Veltex  
26 USA, owning one hundred per cent (100%) of its stock. Campbell is also the  
27 Secretary thereof.

28 12. Defendant VELTEX INDUSTRIES, INC. (“Veltex Industries”) is a

1 Delaware corporation. Matin is also the President and sole shareholder of Veltex  
2 USA, owning one hundred per cent (100%) of its stock.

3 13. Defendant VELTEX EXPLORER, INC. ("Veltex Explorer") is a  
4 Canadian corporation, incorporated and doing business in Ontario, Canada.  
5 Defendant VELTEX CANADA, INC. owns one hundred per cent (100%) of its  
6 stock. Matin is also the President and sole shareholder of Veltex Explorer.

7 14. Defendant VELTEX CANADA, INC. ("Veltex Canada") is a Canadian  
8 corporation, incorporated and doing business in Ontario, Canada. Matin is also the  
9 President and sole shareholder of Veltex Canada, owning one hundred per cent  
10 (100%) of its stock.

11 15. Defendant WILSHIRE EQUITY, INC. *aka* WILSHIRE EQUITIES,  
12 INC. ("Wilshire Equity") is a Colorado corporation. Matin is also the President  
13 and sole shareholder of Wilshire Equity, owning one hundred per cent (100%) of  
14 its stock. Haque is also the Secretary and Treasurer of Wilshire Equity.

15 16. Defendant AMERICAN REGISTER & TRANSFER CO. ("American  
16 Register") is corporation organized and existing under the laws of the State of  
17 Utah with its principal place of business in Salt Lake City, Utah. American  
18 Transfer is a corporate transfer agent engaged in facilitating the registry and  
19 transfer of corporate shares. During the relevant times covered by this Complaint,  
20 American Transfer was the transfer agent for Veltex, until its services were  
21 terminated in or about the Summer of 2008, after legal proceedings were instituted  
22 in the State of Utah and in federal court in the Central District of California.

23 17. Defendant PATRICK R. DAY ("Patrick Day") is an individual and  
24 citizen of the State of Utah, with his primary residence in Utah. He was the  
25 President of American Transfer in 2008, and served in that capacity for a period of  
26 time prior thereto post-2006. He was also a member of the Veltex Board of  
27 Directors since at least 2006, until his resignation on August 27, 2007.

28 18. Defendant RICHARD M. DAY ("Richard Day") is an individual and

1 citizen of the State of Utah, with his primary residence in Utah. He is the father of  
2 Patrick Day. In 2006, and for a period of time prior thereto, Richard Day held a  
3 variety of management positions with American Transfer, including President,  
4 Vice-President and Director positions, along with other members of the Day  
5 family. Richard Day was the majority owner of American Transfer at all relevant  
6 times covered by this Complaint. In addition, Richard Day is an attorney licensed  
7 to practice law in the State of Utah, with offices located in Sandy, Utah. In 2006,  
8 he provided legal services to Veltex and acted as an outside securities attorney for  
9 Veltex.

10 19. Defendant MICHAEL J. MOORE is an individual and citizen of the  
11 State of Nevada, with his primary residence in Las Vegas, Nevada. Moore was at  
12 all relevant times covered by this Complaint, a certified public accountant  
13 (“CPA”) licensed by the States of Nevada and Texas. Moore is the President and  
14 majority owner of Defendant MOORE & ASSOCIATES CHARTERED. Moore  
15 was the only CPA of Defendant MOORE & ASSOCIATES CHARTERED from  
16 its inception through late 2008 and the auditor with final responsibility for all  
17 audits performed by that firm during such time.

18 20. Defendant MOORE & ASSOCIATES CHARTERED (“Moore &  
19 Associates”) is a Nevada corporation and public accounting firm headquartered in  
20 Las Vegas, Nevada. Moore & Associates is registered with the Public Company  
21 Accounting Oversight Board (“PCAOB”) to prepare and issue audit reports on the  
22 financial statements of public reporting companies. During the relevant times  
23 covered by the Complaint, Moore & Associates performed accounting work and  
24 services for Veltex; purportedly conducted an audit of Veltex’s books and records;  
25 and prepared audited financial statements for Veltex, and other “Veltex” named  
26 entities.

27 21. Defendant CHISHOLM, BIERWOLF, NILSON & MORRILL, CPA  
28 (“Chisholm”) is a Utah limited liability company and certified public accounting

1 firm with offices in Bountiful, Utah. During the relevant times covered by this  
2 Complaint, Chisholm performed accounting work and services for Veltex;  
3 conducted an audit of Veltex's books and records; and prepared audited financial  
4 statements for Veltex.

5 22. Defendant BRAD B. HAYNES ("Haynes") is an individual and citizen  
6 of the State of California, with his primary residence within the Central District of  
7 California. Haynes was at all relevant times covered by this Complaint, a CPA  
8 licensed by the State of California, and doing business in the County of Los  
9 Angeles. Haynes performed accounting services for Veltex since at least 2005.

10 23. Defendant ANNE TAHIM ("Tahim") is an individual and citizen of the  
11 State of California, with her primary residence in the County of Orange. Tahim  
12 was at all relevant times covered by this Complaint, a CPA licensed by the State of  
13 California, and doing business in the Counties of Los Angeles and Orange, with  
14 offices in the County of Orange. Tahim performed accounting work for Veltex  
15 since at least 2001.

16 24. Defendant JAAK U. OLESK ("Olesk") is an individual and citizen of  
17 the State of California, with his primary residence in the County of Los Angeles.  
18 He is an attorney licensed to practice law in the State of California with offices in  
19 Beverly Hills, California. Olesk is also a CPA, licensed by the State of California.  
20 Plaintiff is informed and believes, and thereon alleges, that Olesk's California  
21 CPA license is currently delinquent. During the relevant times covered by this  
22 Complaint, Olesk served as corporate counsel for Veltex, and in that capacity,  
23 performed legal services for Veltex, Matin and other of Veltex's Officers,  
24 Directors and personnel. Those services, as summarized in the written contract by  
25 Veltex to employ Olesk, included the drafting, negotiation and review of  
26 contracts; advising Matin and other of Veltex's officers and personnel "regarding  
27 conforming their conduct to act within the law"; and reviewing, recommending  
28 changes to and approving all Veltex press releases prior to issuance. A true and



1 correct copy of that letter agreement dated June 27, 2005 (together with a copy of  
2 the corresponding invoice and checks for initial payment, as found in Veltex's  
3 files), is attached hereto as Exhibit A.

4 25. Defendant CARMINE J. BUA ("Bua") is an individual and citizen of  
5 the State of California, with his primary residence, upon information and belief, in  
6 the County of San Diego. He is an attorney licensed to practice law in the State of  
7 California with offices in San Diego, California. During the relevant times  
8 covered by this Complaint, Bua served as the outside "securities attorney" for  
9 Veltex. In that capacity, he performed legal services for Veltex which included the  
10 evaluation of and rendering a legal opinion approving the issuance of legend free  
11 shares in Veltex common stock pursuant to Regulation D, Rule 504 of the  
12 Securities Act of 1933 (sometimes referred to herein as "the 1933 Act"), among  
13 other regulations and offering parameters, to Wilshire Equity, Inc., an entity  
14 owned and controlled by Matin.

15 **III.**

16 **JURISDICTION AND VENUE**

17 26. Plaintiff's claims arise under and pursuant to the Securities and  
18 Exchange Act of 1934 (sometimes referred to herein as "the 1934 Act"), Sections  
19 10(b) and 20(a), 15 U.S.C. §§ 78j(b), 78t(a), and rule 10b-5, 17 C.F.R. § 240.10b-  
20 5 promulgated thereunder by the Securities and Exchange Commission ("SEC").

21 27. This Court also has jurisdiction under 28 U.S.C. § 1331, 15 U.S.C. §  
22 77v and 15 U.S.C. 78aa, on the basis that Plaintiff alleges violations of the  
23 anti-fraud provisions of the Securities Act of 1933. Therefore, the United States  
24 District Court has exclusive jurisdiction pursuant to Section 27 of the 1934 Act, 15  
25 U.S.C. § 78aa, and 28 U.S.C. § 1331 under federal question jurisdiction. This  
26 Court also has supplemental jurisdiction over the state law claims in that the state  
27 law claims arise from the same nucleus of facts as the federal question claim.

28 28. Venue is proper in this District pursuant to 28 U.S.C. § 1391(a), 15

1 U.S.C. § 77v and 15 U.S.C. § 78aa, on the basis that the Defendants are residents,  
2 inhabitants and/or are doing business in this District. Venue is also proper in this  
3 District pursuant to 28 U.S.C. § 1391(b)(2) because during the relevant times  
4 covered by the Complaint, Veltex maintained its principal place of business in this  
5 District, currently transacts business in this District, and most of the Defendants’  
6 actions and practices, and the events, omissions and transactions giving rise to the  
7 claims in this action occurred in whole or substantial part in this District.

8 29. Venue is also proper in this District pursuant to 28 U.S.C. § 1391(b), in  
9 that the claims arose in Los Angeles, California, located in the Central District of  
10 California.

11 **IV.**

12 **FACTS COMMON TO ALL CLAIMS**

13 **A. The Management Defendants’ Wrongful Activities**

14 30. Since at least 2005, and until he was removed pursuant to Court Order  
15 issued by the Honorable Kate A. Toomey on July 21, 2008, pursuant to an action  
16 initiated by dissident Veltex shareholders in Utah State Court in the action  
17 entitled: “ *Robert Fletcher, et al. v. Veltex corporation, et al.*,” Civil Action No.  
18 080907145 (the “Utah action”), Matin functioned as the Chairman of Veltex’s  
19 Board of Directors and its CEO without any oversight by the Veltex shareholders  
20 or an independent Board of Directors. Campbell, Haque, Day and Bender have  
21 been subject to Matin’s control and have not functioned as independent Directors.  
22 Campbell and Haque were also removed from their positions as Directors and  
23 Officers of Veltex on July 21, 2008, pursuant to the Order issued by Judge  
24 Toomey on July 21, 2008.

25 31. The Management Defendants have engaged in a series of wrongful  
26 activities, including but not limited to, the issuance of false statements as to the  
27 revenues and profits of Veltex, the issuance of false statements as to the number of  
28 outstanding shares of Veltex stock, the misrepresentation of the existence of

1 Veltex's purported manufacturing facilities, the misrepresentation of the sale of  
2 Veltex's purported manufacturing facilities, and the diversion of Veltex's revenue  
3 and assets, the dissipation of Veltex's assets. This was all done in furtherance of  
4 the "pump and dump" scheme masterminded by Matin, and carried out with the  
5 intent, knowledge and assistance of the other Management Defendants; the  
6 Attorney Defendants; the Accountant Defendants; the stock transfer agents for  
7 Veltex, American Register; and Matin's web of corporate entity Defendants.

8 **B. Misrepresentation Of Veltex Revenues And Profits**

9 32. Commencing in at least 2005, and continuing through all relevant times  
10 in the Complaint, Matin and the other Management Defendants caused a series of  
11 false representations of Veltex's revenues and profits to be disseminated to  
12 Veltex's shareholders and the general investing public. These representations have  
13 included the following press releases and announcements which were  
14 disseminated by means and instrumentalities of interstate commerce, including the  
15 posting on Veltex's website:

16 (a) A public announcement on May 16, 2005, of Veltex's purported  
17 revenues and profits for the first quarter of 2005. The revenue of Veltex's  
18 consolidated operations was for the three months ending March 31, 2005, was  
19 reported as \$13,270,345 and the net profits for the period was reported as  
20 \$1,739,537 or 22 cents per share. The first quarter revenue was purported to  
21 represent a 30% increase over the comparable period in 2004. A true and correct  
22 copy of this announcement, which was linked to Veltex's website, is attached  
23 hereto as Exhibit B.

24 (b) A public announcement on September 29, 2005, of Veltex's  
25 purported revenues and profits for the six months ending June 30, 2005. This  
26 announcement stated that "sales were \$18,161,000 and pre-tax income was  
27 \$1,356,000." It also claimed, "The June 30, 2005 unaudited Consolidated Balance  
28 Sheet reflected total assets of \$41,818,000; total current assets of \$18,619,000

1 (verse total current liabilities of only \$3,871,000); as well as total shareholder  
2 equity of \$28,935,000 (Ie. net worth)." A true and correct copy of this  
3 announcement, which was linked to Veltex's website, is attached hereto as  
4 Exhibit C.

5 (c) A public announcement on October 11, 2005, of Veltex's revenues  
6 and profits for the third quarter of 2005. This announcement reported revenue of  
7 "\$16,740,888 for the third quarter and net pre tax income of \$3,318,177." It also  
8 reported:

9 First half revenue is restated at \$25,956,800 and included \$7,795,800 from  
10 Velvet Textile Mills that was omitted from previous press release solely  
11 based on the fact that those figures had not yet been finalized at the time of  
12 publication. Net income from the Mill for the same period was \$1,637,118.  
13 Revenue for the first three quarters of 2005 is \$42,697,688 and income of  
14 \$6,311,295.

15 A true and correct copy of this announcement, which was linked to Veltex's  
16 website, is attached hereto as Exhibit D.

17 (d) A public announcement on June 16, 2006, of Veltex's financial  
18 results for the first quarter of 2006. Veltex's gross revenue was reported as  
19 \$14,620,319 and its gross profit was represented to be \$2,920,828. A true and  
20 correct copy of this announcement, which was linked to Veltex's website, is  
21 attached hereto as Exhibit E.

22 (e) A public announcement on December 12, 2006 of Veltex's  
23 revenues and profits. It stated that revenues for the third quarter of 2006 were  
24 \$19,211,913 and claimed, "Revenues have topped \$19 Million for the second  
25 consecutive quarter." It was also reported: "Revenues for the nine months ended  
26 September 30, 2006, totaled \$53,155,810. Gross profit for the nine months ending  
27 September 30, 2006, were \$15,689,013 with net income totaling \$5,781,594." A  
28 true and correct copy of this announcement, which was linked to Veltex's website,

1 is attached hereto as Exhibit F.

2 (f) A public announcement on February 7, 2007, of Veltex' purported  
3 revenues and profits for 2006. Specifically, Veltex claimed to have revenues for  
4 the twelve months ending December 31, 2006, of \$70,131,941 and to have ended  
5 that period with a net income of \$5,545,246. It also claimed to had earnings for the  
6 year of twenty five cents (\$0.25) a share and to have over \$53,468,837 in assets. A  
7 true and correct copy of this announcement, which was linked to Veltex's website,  
8 is attached hereto as Exhibit G.

9 (g) An announcement of Veltex's sales and profits for the first quarter  
10 of 2007 on August 27, 2007. It stated that Veltex's "sales for the first quarter of  
11 2007 were \$18,251,239 as compared to \$14,620,491 for the first quarter of 2006  
12 for an increase of \$3,630,920 or almost 25%." It further reported that, "Net profit  
13 was \$1,930,551." A true and correct copy of this announcement, which was linked  
14 to Veltex's website, is attached hereto as Exhibit H.

15 (h) An announcement on October 18, 2007, of Veltex's financial  
16 results for the second quarter of 2007. It stated that second quarter revenue was  
17 \$17,347,598 and second quarter profit was \$1,908,128. It further reported that,  
18 "First half revenue was \$35,598,837 as compared to \$33,448,897 for the same  
19 period in 2006." A true and correct copy of this announcement, which was linked  
20 to Veltex's website, is attached as Exhibit I.

21 33. The foregoing announcements and postings on Veltex's website of  
22 Veltex's revenues and profit figures were false and known to be false by Matin,  
23 the other Management Defendants and Olesk, at the time they were made. The  
24 figures announced were achieved by a subterfuge whereby paper sales were  
25 arranged between what were misrepresented to be Veltex's subsidiaries in Canada  
26 and the United States. As alleged herein, Veltex USA, Veltex Apparel, Veltex  
27 Industries and Veltex Explorer were all separate and independent corporations  
28 established by, wholly owed by and under the exclusive control of Matin. Matin

1 utilized these "Veltex" named companies as part of the scheme. For instance,  
2 goods were bought by Veltex from suppliers outside North America and shipped  
3 to Veltex's "Canadian subsidiary" at a mark up. The purchases were recorded in  
4 Veltex's books and records as a sale for purpose of Veltex's revenue and as profit,  
5 even though there was no disposition of the goods by Veltex or its "subsidiaries"  
6 and the goods simply sat in Veltex's inventory. On other occasions, intra-company  
7 transactions between Veltex's "Canadian subsidiary", Veltex Canada, and its  
8 United States "subsidiary", Veltex Apparel, would be marked up at profit and  
9 booked as sales, even though the goods remained in the subsidiary's inventory.  
10 Then, the same goods might be sold back and forth on multiple occasions in paper  
11 transactions without ever being shipped from the warehouses of the purported  
12 Veltex "subsidiaries." Through these paper transactions back and forth between  
13 the "subsidiaries", the Management Defendants were able to report substantial  
14 sales and profits on consolidated financial statements, when no real revenue and  
15 profit was actually generated anywhere except on paper. None of these so-called  
16 "Veltex" subsidiaries were ever actually owned by or affiliated with Plaintiff  
17 Veltex.

18 34. Matin and the other Management Defendants made such false  
19 announcements with the intent of misleading the existing Veltex shareholders, as  
20 well as members of the general investing public, in order to induce them to  
21 maintain and/or purchase stock. The announcements were intended to mislead  
22 existing Veltex shareholders so that Matin would remain in control of Veltex and  
23 also intended to induce members of the general investing public to acquire and bid  
24 for Veltex's common stock, which was then sold by Matin from Veltex authorized  
25 shares for his own financial benefit.

26 **C. Misrepresentations Regarding The Outstanding Veltex Shares**

27 35. Matin and the other Management Defendants also knowingly and  
28 intentionally made inconsistent and misleading representations as to the number of

1 outstanding shares of Veltex. Such inconsistent and misleading statements have  
2 appeared as follows:

3 (a) In the announcement which was issued on December 12, 2006, with  
4 respect to Veltex's earnings through the third quarter of 2006, it was represented:  
5 "With approximately 20 million shares outstanding, Veltex is pleased to report  
6 earnings per share of \$0.29 through the first nine months of 2006." (See Exhibit F)

7 (b) In announcement on September 14, 2007, it was stated that: "The  
8 Company has about 18,000,000 shares outstanding with a \$70,000,000 gross  
9 revenue and \$7 million profit." A true and correct copy of this announcement is  
10 attached hereto as Exhibit J.

11 (c) In announcement on October 15, 2007, it was stated that: "Our  
12 outstanding share figure was misstated in the last press release and should have  
13 read 28,647,309." A true and correct copy of this announcement is attached hereto  
14 as Exhibit K.

15 36. Such inconsistent and misleading statements about the number of  
16 outstanding shares were made by Matin and the other Management Defendants  
17 with knowledge of their falsity or in reckless disregard of the truth, so as to  
18 mislead Veltex shareholders and members of the general investing public.

19 37. Such misstatements were material in that they induced shareholders to  
20 retain Matin and the other Management Defendants in control of Veltex and  
21 mislead the public to purchase Veltex common stock in the open market.

22 **D. Misrepresentations Concerning The Ownership Of**  
23 **The Bangladesh Facilities**

24 38. It was represented by Matin and the other Management Defendants that  
25 Veltex owned textile manufacturing facilities in Bangladesh. According to Matin,  
26 he acquired looms from a mill in the southern United States that was about to go  
27 out of business in 1996. He then had the equipment shipped to and installed at a  
28 mill in Camilla, Bangladesh, which became Velvet Textile Mills. Subsequently,

1 Matin claimed that Velvet Textile Mills was funded through a reverse merger in  
2 1999, and then in 2004, he acquired KCA Garment Industries in Tongi,  
3 Bangladesh, which manufactured actual garments. The Veltex “story” in which  
4 this history appears was published on <http://www.emergingissurer.com> and was  
5 linked to the Veltex website. A true and correct copy of the article is attached  
6 hereto as Exhibit L.

7 39. The truth is that no production facilities were actually owned by Veltex  
8 in Bangladesh. While Matin had acquired some textile manufacturing equipment  
9 from a velvet mill in South Carolina and had the equipment shipped to  
10 Bangladesh, the mill never became operational. A third party purchased the  
11 location for the establishment of the mill and obtained financing for the set up of  
12 the equipment for a 50% interest in the business, but Matin spent the money for  
13 the mill for his own personal expenses and a Bangladeshi bank holds a lien on the  
14 unassembled equipment and other assets of Velvet Textile Mills.

15 40. Further, although Matin announced that KCA Garment Industries  
16 purportedly employed 900 workers and produced \$29,000,000 of goods in 2004,  
17 there is no record of either Veltex’s or Matin’s ownership of such manufacturing  
18 entity in Tongi, Bangladesh.

19 **E. The Purported Sale Of The Bangladesh Facilities**

20 41. On March 4, 2008, Matin issued a press release stating that Veltex was  
21 restructuring and adopting a new business model. Among other things, it was  
22 represented that:

23 Sale of the manufacturing operations was completed as of December 31,  
24 2007 and will be shown as a discontinued operation in the 2007 financials.  
25 This sale will provide working capital for support and expansion of  
26 remaining operations. Principal terms of the sale of the remaining assets are  
27 assumption of liabilities, Credit of \$15 million to be used by Veltex as  
28 partial offset against future purchases, preferred customer prices, and



1 favorable payment terms.... A gain/loss may be realized on the sale, but the  
2 amount has yet to be determined by the audit.

3 A true and correct copy of this press release is attached hereto as Exhibit M.

4 42. Upon learning that Veltex was attempting to sell its manufacturing  
5 facilities in Bangladesh, one of the Veltex shareholders, Walter Perich ("Perich"),  
6 contacted Matin about submitting a bid for the facilities, but was informed on or  
7 about December 5, 2007, by Veltex's corporate counsel, Defendant Olesk, that the  
8 Veltex Board of Directors had already approved the sale of the factory.

9 43. Despite repeated requests for the terms and conditions of the sale,  
10 neither Matin nor Olesk would provide Perich any information until January 19,  
11 2008, when they finally advised him verbally of that the sale had been  
12 consummated on December 31, 2007. Matin and Olesk advised Perich that the  
13 consideration included \$4,000,000 in cash in addition to \$15,000,000 of product  
14 over the next few years.

15 44. Matin told Perich that Veltex had received four bids on the textile  
16 factory and promised to provide Perich with copies of the bids. Nevertheless,  
17 Matin never provided Perich the purported bids.

18 45. In a telephone conversation in February 2008, Matin confirmed again to  
19 Perich that Veltex had received \$4,000,000 in cash from the sale of the  
20 manufacturing facilities in Bangladesh. When the March 4, 2008 press release  
21 failed to disclose the receipt of the \$4,000,000 in cash from the sale, Perich  
22 confronted Matin with this fact in an e-mail asking Matin if he had "lied" about  
23 the payment. In response, Matin wrote back that he had not lied, but did not  
24 mention the cash payment because an audit was being conducted at Veltex.  
25 True and complete copies of the e-mail exchanged between Perich and Matin on  
26 March 4, 2008, are attached hereto collectively as Exhibit N.

27 46. Despite the representations made by Matin and Olesk about the receipt  
28 of the \$4,000,000 in cash, there is no record of the purported cash proceeds from

1 the sale of the Bangladesh facilities *ever* making it to the United States; no record  
2 of the transaction on Veltex's books and records; and no record of the payment  
3 *ever* being deposited into Veltex's corporate bank account.

4 47. The purported sale of the Bangladesh manufacturing facilities was a  
5 sham, and used to cover up the fact that Veltex did not own such facilities and  
6 cover up the falsity of the representations and reports by Matin and the other  
7 Management Defendants of the revenues and profits derived from the purported  
8 facilities. The controlling interest in Velvet Textile Mills, the entity which was  
9 established when the looms were purchased and transported to Bangladesh and  
10 which Veltex purportedly owned, was actually owned by someone else. The  
11 unassembled equipment and property of the corporation was also encumbered by  
12 bank loans. Thus, Veltex lacked any authority or ability to sell Velvet Textile  
13 Mills.

14 **F. The Purported Veltex Corporate Audit**

15 48. Throughout 2007, Matin represented to shareholders that Veltex was  
16 having an audit performed of its financial affairs by a Certified Public Accounting  
17 Firm. Matin reiterated this representation in the March 4, 2008 press release,  
18 stating:

19 [T]he time, cost, and effort for completing separate audits for the US  
20 Canada, and Bangladesh and then preparing consolidated financial reports  
21 have proved much greater than anticipated. We continue to work diligently  
22 with our CPA firm to complete the task. Our Independent Auditor, Mike  
23 More [sic], CPA is a member of the Public Companies Accounting  
24 Oversight Board (PCAOB).

25 (*See Exhibit M*)

26 49. The true facts, however, were that Veltex's designated auditor, Moore,  
27 and Moore & Associates, had actually resigned as of at least March 6, 2008, two  
28 days after the press release was issued. Notwithstanding their resignation, Matin

1 and the other Management Defendants never informed the shareholders and  
2 members of the investing public of this material fact and event.

3 50. Despite the false impression left by Matin's and the other Management  
4 Defendants' repeated assertions, confirmed in the March 4, 2008 press release,  
5 that Veltex was having audited financials prepared, this was blatantly untrue.  
6 These were material facts which should have been affirmatively disclosed to  
7 shareholders and the investing public, but were not.

8 **G. Conflicts Of Interest And Misappropriation Of Veltex**  
9 **Corporate Assets**

10 51. Matin and the other Management Defendants have diverted assets and  
11 revenue of Veltex, and engaged in egregious self-dealing and malfeasance as is  
12 alleged herein. Matin has admitted in judicial proceedings against him in  
13 California that he used Veltex funds to purchase three homes for himself,  
14 including a 15,000 square foot residence in Diamond Bar, California. This use of  
15 the corporate funds of Veltex was neither approved by an independent Board of  
16 Directors, nor was it ever disclosed to Veltex's shareholders or members of the  
17 general investing public.

18 52. Funds and assets belonging to Veltex were also transferred from time to  
19 time to Wilshire Equity, a company wholly owned by Matin. Wilshire Equity has  
20 neither supplied Veltex with goods nor provided it with any services. The  
21 transactions with Wilshire Equity have never been approved by an independent  
22 Board of Directors, and never disclosed to Veltex's shareholders or members of  
23 the general investing public.

24 53. Matin's wife, Sultana, has also received payments from time to time  
25 from Veltex, even though she performed no services for the corporation. Again,  
26 payments to her were never authorized or approved by an independent Board of  
27 Directors nor disclosed to shareholders or members of the general investing  
28 public.

1           54. Matin also sold off Veltex’s inventory at substantial discounts, and he,  
2 Campbell and Hague used the proceeds personally and/or funneled them into other  
3 entities or accounts over which Matin exercised control.

4           **H. The Orchestration Of The “Pump And Dump Scheme”**

5           55. The "pump and dump" scheme was operated primarily though Wilshire  
6 Equity, the Colorado corporation owned entirely by Matin. Wilshire was the  
7 vehicle that received the inflated, unrestricted and legend free Veltex common  
8 stock shares which were then sold to unsuspecting investors through several  
9 smaller, regional brokerage accounts in California and in Utah. The scheme was  
10 perpetrated from 2005 through early 2008, through the sale of millions of shares in  
11 Veltex, which at all relevant times in this Complaint was being falsely represented  
12 to the general investing public as a highly successful, financially sound and  
13 profitable company, when in fact it was financially strapped, debt-ridden and  
14 mismanaged. The Management Defendants, together with Olesk, fraudulently  
15 “pumped” the market for the sale of Veltex stock and by creating the false  
16 impression of veltex as a thriving company, thus enabling Defendants to capitalize  
17 on the ensuing market for the Veltex stock that was being sold.

18           56. Because Wilshire was wholly owned by Matin, who was also the CEO  
19 and Chairman of the Board of Veltex, he was deemed to be an "affiliate" of  
20 Veltex, and under applicable law, *i.e.*, the 1933 Act, the Veltex shares transferred  
21 to Wilshire were required to bear a restrictive legend by the transfer agent at the  
22 time the shares were issued, unless an attorney certifies that under Regulation D,  
23 Rule 504 of the 1933 Act, that the proposed shares are “legend free shares”.

24           57. For the past several years, Defendants Olesk and Bua (sometimes  
25 collectively referred to herein as “Attorney Defendants”) knowingly and falsely  
26 prepared such Rule 504 letters authorizing the issuance of legend free and  
27 unrestricted Veltex shares by American Transfer which were then placed into the  
28 accounts of Wilshire, all the time knowing of the affiliate relationship between

1 Veltex, Matin and Wilshire. Bua has recently been charged by the Securities and  
2 Exchange Commission (the "SEC") with similar activity in Florida. In this case,  
3 Bua charged Veltex and received as compensation as much as \$1,000.00 for each  
4 such false "504 D" letter he prepared. A true and correct copy of one such "504D"  
5 letter Bua prepared as the "Securities Attorney for Veltex", in January 2008, is  
6 attached hereto as Exhibit O. Once the fraudulent "504D" letter was issued,  
7 Matin, or one of other of the Management Defendants, would then send it to  
8 American Register and request that the unrestricted stock shares be issued to  
9 Wilshire Equity. A true and correct copy of the January 3, 2008 letter that Matin  
10 sent to American Register, premised upon the "legal opinion" issued by Bua  
11 above, is attached hereto as Exhibit P. Matin, or other of the Management  
12 Defendants, knew or recklessly disregarded that the factual predicates for the  
13 purported legal opinions upon which they were relying to request the share  
14 issuance, were false and/or misleading.

15 58. American Transfer, which operated as Veltex's share transfer agent,  
16 financially benefitted from each such transfer it effected. Defendant Patrick Day,  
17 who is the President of American Transfer (and whose father, Richard Day, is the  
18 majority owner of American Transfer, and had been one of Veltex's outside  
19 securities attorneys), was also a Director of Veltex at the same time American  
20 Transfer served as Veltex's share transfer agent. Upon receipt of the  
21 "authorization letter" from Matin or other of the Management Defendants,  
22 American Transfer would then issue the legend free and unrestricted shares to  
23 Wilshire Equity (*See* Exhibit Q hereto), and they would then be sold directly on  
24 the open market to unsuspecting members of the general investing public, or in  
25 turn transferred to other nominees controlled by Matin and the other Management  
26 Defendants, who then sold them to the public.

27 59. During the operation of this carefully orchestrated scheme over the past  
28 2 - 5 years, Matin, Olesk and other Officers and Directors of Veltex caused

1 numerous false and misleading press releases to be issued and posted on the  
2 internet in furtherance of the "pump and dump" scheme. For example, in a Veltex  
3 press release issued on or about February 7, 2007, prepared by or at the direction  
4 of Matin, Campbell and Haque, and with the knowledge and approval of Sultana  
5 and Olesk, Veltex's revenue for the year 2006 was falsely and fraudulently  
6 reported to be more than \$70,000,000.00 and its net income at more than  
7 \$5,000,000.00. A true and correct copy thereof is attached hereto as Exhibit R.  
8 That same press release also falsely reported that Veltex had assets in excess of  
9 \$53,000,000.00. On or about August 27, 2007, another Veltex press release  
10 falsely reported Veltex's sales for the first quarter of 2007 to be more than  
11 \$18,000,000.00 and its net profit nearly \$2,000,000.00. A true and correct copy  
12 thereof is attached hereto as Exhibit S. Matin, Campbell and Haque, with the  
13 knowledge and approval of Sultana and Olesk, also issued false press releases at to  
14 the number of outstanding Veltex shares, materially understating the true number  
15 of such outstanding shares.

16 60. Moore, Moore & Associates, Chisholm, Haynes and Tahim (sometimes  
17 collectively referred to herein as the "Accountant Defendants"), each, at varying  
18 times, expressed views as Veltex's auditors and accountants, as to the accuracy of  
19 its revenue, profit, asset and outstanding shares, knowing that Veltex's publicly  
20 stated information was false and misleading. The verification of false financial  
21 results by independent third parties is an important component of the "pump and  
22 dump" scheme because it leads unsuspecting investors to believe that false  
23 financials are, in fact, legitimate, accurate and true. Matin persistently stated  
24 publicly that audited financials were being prepared for Veltex, and despite having  
25 so stated over a number of years, no such audited statements were actually  
26 produced. In actuality, an audit was being prepared for two completely different  
27 entities – Veltex Apparel and Veltex USA – both of which are entities owned and  
28 controlled by Matin, and named as Defendants herein. In truth, no audit was being

1 prepared for Plaintiff Veltex, contrary to the materially false representations being  
2 made by Matin and the other Management Defendants, which the knowledge and  
3 approval of Olesk and others.

4 61. The March 4, 2008 press release announced that Veltex was  
5 restructuring the company and adopting a new business model. (See Exhibit M).  
6 That press release represented that, in connection with the preparation of audits  
7 and consolidated financial reports, Veltex was continuing to work diligently with  
8 its “CPA firm” – Moore & Associates, and its “Independent Auditor, Mike More  
9 [sic] CPA”, who is touted as a member of PCAOB. It also reported that Veltex’s  
10 manufacturing facilities had been sold. In that same press release, Matin is quoted  
11 as stating: “We are predicting revenues of \$10 to \$15 million in 2008.” Though  
12 not disclosed in the press release, Matin and Olesk told a major investor that  
13 Veltex had received \$4,000,000.00 in connection with the sale of that textile  
14 manufacturing facility, when in fact no such money has ever been received. It was  
15 also later discovered that the textile manufacturing facility located in Bangladesh  
16 that Veltex purportedly owned, was never in fact owned by Plaintiff Veltex.  
17 Moreover, two days after the March 4, 2008 press release was issued, Moore &  
18 Associates resigned as Veltex's auditors, a fact never disclosed by Veltex's  
19 management to its shareholders or to members of the investing public. These are  
20 material facts that should have been affirmatively disclosed, but were not, and the  
21 failure to do so by Matin, Campbell and/or Haque, misled shareholders and  
22 members of the general investing public regarding the true status of Veltex’s  
23 financial condition and stability. No effort whatsoever was made to correct the  
24 misleading and blatantly inaccurate information disseminated in the Veltex press  
25 releases. Olesk, as Veltex’s corporate counsel, was specifically charged with the  
26 responsibility of reviewing and approving all Veltex’s press releases prior to  
27 issuance. He, too, failed to assure that all material facts and the true status of  
28 Veltex’s financial condition and stability were disclosed in all of Veltex’s press

1 releases.

2           62. Matin and Haque were complicit in the perpetration of a massive, and  
3 illegal, check kiting scheme through the issuance of false and misleading bank  
4 statements for Veltex, which Matin and Haque used to "verify" the revenues of  
5 Veltex. The scheme consisted of shifting money back and forth between the two  
6 banks at which Veltex maintained its corporate accounts, on an almost daily basis,  
7 so as to create the impression that both banks had large Veltex deposits when in  
8 fact the opposite was true.

9           63. No disclosure has ever been made by the Management Defendants, or  
10 any of the other Defendants of the foregoing false and misleading facts and events  
11 to the investing public, and no effort whatsoever was ever made to correct the  
12 misleading and blatantly inaccurate information that had been provided in the  
13 Veltex press releases and other offering materials over a several year period,  
14 which was integral to the perpetration and success of the "pump and dump"  
15 scheme.

16           64. Matin has secreted and conveyed his personal assets to his wife,  
17 Sultana, and possibly others, with the intent to hinder, delay and defraud Veltex  
18 and others victimized by the "pump and dump" scheme or, alternatively, has  
19 transferred assets to Sultana without receiving reasonably equivalent value in  
20 exchange for the transfer. This included the use of such funds by Sultana to  
21 purchase a multi-million dollar home in Diamond Bar, California. Matin,  
22 Campbell and Haque also used proceeds from the illegal sales of Veltex stock to  
23 pay their personal expenses, including, among other things, travel expenses, living  
24 expenses, taxes and car payments.

25           65. Matin, Campbell and Haque have secreted and conveyed the assets of  
26 Veltex to Sultana and possibly others, with the actual intent to hinder, delay and  
27 defraud Veltex and others victimized by the "pump and dump" scheme or,  
28 alternatively, they have transferred Veltex assets to Sultana without receiving



1 reasonably equivalent value in exchange for the transfer.

2 V.

3 CLAIMS FOR RELIEF

4 FIRST CLAIM FOR RELIEF

5 Securities Fraud

6 (Against All Defendants)

7 66. Plaintiff repeats and realleges all of the allegations in paragraphs 1 - 65  
8 above, as though set forth fully herein.

9 67. Defendants, and each of them, conceived and carried out a systematic  
10 plan, scheme and course of conduct during the time periods covered by the  
11 Complaint, which was intended to and did (a) deceive the investing public,  
12 including purchasers of Veltex stock; (b) cause Veltex stock to be wrongfully  
13 issued, obtained and sold; (c) manipulate, artificially inflate and maintain the price  
14 of Veltex stock; (d) cause investors to purchase Veltex stock at such artificially  
15 inflated prices; and (e) diminish and largely eviscerate the value of Veltex's stock  
16 and Veltex as a going concern. They did so by knowingly making material  
17 misrepresentations of fact as alleged herein, with scienter, in connection with the  
18 sale of securities, causing severe economic loss and harm to Veltex and its  
19 shareholders.

20 68. During the relevant time periods covered by this Complaint, Matin,  
21 Campbell, Haque, Bender and Day, were Officers and/or Directors of Veltex, and  
22 in charge of its financial information and its communication with the public  
23 regarding the financial affairs and condition of Veltex. They acted with the advice,  
24 consent and approval of Sultana, Olesk and Bua. The Attorney Defendants, Olesk  
25 and Bua, provided legal services integral to the perpetration of the wrongful  
26 scheme, as alleged herein. The Accountant Defendants, Moore, Moore &  
27 Associates, Chisholm, Haynes and Tahim, provided accounting services integral to  
28 the perpetration of the wrongful scheme, as alleged herein. Day and American

1 Register, which operated as Veltex's share transfer agent, played integral roles in  
2 the issuance of the illegal shares, as alleged herein.

3 69. As part of the foregoing scheme, Matin, Campbell and Haque, acting  
4 with the advice, consent and approval of Sultana and Olesk, knowingly and  
5 intentionally entered into and engaged in the scheme to defraud the public by  
6 issuing materially false and misleading statements concerning the financial affairs  
7 and condition of Veltex to induce the public to buy the artificially inflated shares  
8 of Veltex. In issuing press releases with materially false revenue and profit  
9 figures, Defendants used instrumentalities of interstate commerce, including the  
10 mails, interstate telephone, wire and the internet.

11 70. The conduct described above, including without limitation, the  
12 dissemination of materially false revenue and profit figures by Matin, Campbell  
13 and Haque, with the advice, consent and approval of Sultana and Olesk, as well as  
14 the failure to disclose the true and correct sales and earnings of Veltex, constitutes  
15 a violation of Section 10b-5 of the Securities Act of 1934, 15 U.S.C. § 78j(b) and  
16 Rule 10(b)-5 promulgated thereunder, 17 C.F.R. §240, 10b-5.

17 71. The conduct described above, including without limitation, the  
18 dissemination of false revenue and profit figures by Matin, Campbell and Haque,  
19 with the advice, consent and approval of Sultana and Olesk, as well as the failure  
20 to disclose the true and correct sales and earnings of Veltex, constitutes a violation  
21 of Section 12(2) and/or 17(a) of the Securities Act of 1933, 15 U.S.C. §§ 771(2),  
22 77q(a).

23 72. Each of the Defendants herein were aware of the unlawful scheme and  
24 plan, and actively, knowingly, intentionally, consciously and with scienter  
25 participated in its accomplishment by playing a specific role in that process, as  
26 alleged herein.

27 73. As a direct and proximate result of such violations of the federal  
28 securities laws, the stock and going concern value of Veltex has been diminished

1 and eviscerated in an amount in excess of thirty-five million dollars (\$35,000,000)  
2 to be proven at trial.

3 74. By engaging in the foregoing conduct in violation of the federal  
4 securities laws, and acting for their own personal benefit and wealth enhancement,  
5 Matin, Campbell, Haque, Sultana and Olesk have acted with oppression, fraud and  
6 malice, entitling Veltex to exemplary and punitive damages, in an amount  
7 sufficient to punish and make an example of them, in an amount to be determined  
8 by the jury at the time of trial.

9 **SECOND CLAIM FOR RELIEF**

10 **Fraudulent Transfer and Conveyance**

11 **(Against Defendants Matin, Campbell, Haque and Sultana)**

12 75. Plaintiff repeats and realleges all of the allegations in paragraphs 1 - 65  
13 above, as though set forth fully herein.

14 76. Matin has secreted and conveyed his personal assets to his wife,  
15 Sultana, a Defendant herein, and possibly others, with the actual and fraudulent  
16 intent to hinder, delay and defraud Veltex and others victimized by the "pump and  
17 dump" scheme or, alternatively, has transferred assets to Sultana without receiving  
18 reasonably equivalent value in exchange for the transfer, in violation of Sections  
19 4(a) and 5(b) of the Uniform Fraudulent Transfer Act ("UFTA"), California Civil  
20 Code § 3439.04(a) and (b).

21 77. Matin, Campbell and Haque have secreted and conveyed the assets of  
22 Veltex to Sultana, and possibly others, with the actual intent to hinder, delay and  
23 defraud Veltex and others victimized by the "pump and dump" scheme or,  
24 alternatively, they have transferred Veltex assets to Sultana without receiving  
25 reasonably equivalent value in exchange for the transfer in violation of Sections  
26 4(a) and 5(b) of UFTA, California Civil Code § 3439.04(a) and (b).

27 78. Under Section 7(a)(1) of UFTA, California Civil Code § 3439.07(a)(1),  
28 the Court is authorized to void the fraudulent transfer of any assets of Veltex,

1 Matin, Campbell, Haque and Sultana. Plaintiff Veltex hereby requests that such  
2 relief be granted.

3 **THIRD CLAIM FOR RELIEF**

4 **Conspiracy to Breach and Breach of Fiduciary Duty**

5 **(Against Defendants Matin, Campbell, Haque, Bender and Day)**

6 79. Plaintiff repeats and realleges all of the allegations in paragraphs 1 - 65  
7 above, as though set forth fully herein.

8 80. In their capacity as the highest Officers and Directors of Veltex, Matin,  
9 Campbell, Haque, Bender and Day, and each of them, owed to Veltex those  
10 obligations owing in a fiduciary relationship founded on undivided loyalty,  
11 honesty, independent judgment and conduct, to best represent and enhance the  
12 interests of the corporate entity, Veltex.

13 81. As Directors, Matin, Campbell, Haque, Bender and Day stood in a  
14 fiduciary relationship of trust and confidence with the corporation, Veltex, and its  
15 shareholders. As a result, they owed fiduciary duties of diligence and fidelity in  
16 performing their duties. They were required to serve in good faith, and in the best  
17 interests of the corporation and its shareholders, and with such care, including  
18 reasonable inquiry, as an ordinarily prudent person in a like position would use  
19 under similar circumstances. They were specifically precluded from engaging in  
20 intentional misconduct or knowing inculpable violations of the law; conduct that  
21 was contrary to Veltex's or its shareholder's best interests or involved an absence  
22 of good faith; transactions in which they derived an improper personal benefit;  
23 reckless disregard for their duty to Veltex or its shareholders when they were  
24 aware or should have been aware of the wrongful conduct by other officers,  
25 directors or other professionals performing services on behalf of Veltex and the  
26 risk of serious injury to Veltex and its shareholders being caused thereby;  
27 inexcusable inattention, amounting to an abdication of duty to Veltex and its  
28 shareholders; entering into or condoning transactions in which they or other

1 corporate officers or directors have a conflict of interest; and engaging in or  
2 condoning prohibited corporate loans or distributions.

3 82. Concomitant with their fiduciary duty of care, as directors of Veltex,  
4 Matin, Campbell, Haque, Bender and Day owed a fiduciary duty of loyalty to  
5 Veltex. That meant they were obligated, among other things, to place Veltex's and  
6 its shareholders' interests ahead of any other business or personal interests; being  
7 a party to any false statement or entry in the corporate records or to any  
8 exaggerated report or other document which would tend to give Veltex greater  
9 value than it actually possesses; and knowingly and wilfully issuing shares in  
10 violation of the law with the intent to defraud future shareholders or creditors.

11 83. As Officers of Veltex, who participated in corporate management,  
12 Matin, Campbell and Haque also owed fiduciary duties of undivided care and  
13 loyalty to Veltex.

14 84. Defendants Matin, Campbell, Haque, Bender and Day breached their  
15 fiduciary duties by causing Veltex to engage in, submit to and/or approve the  
16 conduct and transactions described in this Complaint with respect to actions which  
17 caused the dilution of the stock of common shares and the value of Veltex as a  
18 going concern, all to the detriment of Veltex, and for their sole and exclusive  
19 benefit. Said Defendants, as members of the Veltex Board of Directors, and as  
20 Officers of the corporation, suffered from egregious conflicts of interests and  
21 engaged in self-dealing which prevented them from exercising independent  
22 judgment. The conduct of said Defendants also did not comply with the  
23 requirements of the business judgment rule. In diluting the value of Veltex shares,  
24 raiding corporate assets and diminishing the overall value of the corporation, said  
25 Defendant failed to act with the degree of diligence, care, loyalty and skill  
26 ordinary prudent persons would exercise under similar circumstances in like  
27 positions.

28 85. By combining and conspiring to engage in the conduct alleged herein,

1 specifically the conception and execution of the “pump and dump” scheme, and by  
2 actually engaging in and implementing such a scheme, these Defendants breached  
3 their respective fiduciary duties to Veltex and its shareholders.

4 86. The conduct of said Defendants, as alleged herein, constitutes a  
5 common law breach of fiduciary duty under the laws of the States of California  
6 and Utah. Such conduct also in violation of specific statutes of the States of  
7 California and Utah related to corporate governance and management, including  
8 but not limited to, Section 300 *et seq.* of the California Corporations Code and the  
9 Utah Revised Business Corporation Act, Utah Code Ann. §16-10a-101, *et seq.*

10 87. As a direct and proximate result of Defendants’ breaches of their  
11 fiduciary duties, Veltex has suffered a diminution in the value of its stock and  
12 going concern value, and suffered damages, in an amount in excess of thirty-five  
13 million dollars (\$35,000,000) to be proven at trial.

14 88. The acts and conduct of said Defendants as alleged herein, constitute  
15 despicable and malicious conduct, with the intention of damaging Veltex, and for  
16 their own personal benefit and wealth enhancement. Matin, Campbell, Haque and  
17 Bender have acted with oppression, fraud and malice, entitling Veltex to  
18 exemplary and punitive damages, in an amount sufficient to punish and make an  
19 example of them, in an amount to be determined by the jury at the time of trial.

20 **FOURTH CLAIM FOR RELIEF**

21 **Professional Negligence – Attorney Malpractice**

22 **(Against Defendants Olesk and Bua)**

23 89. Plaintiff repeats and realleges all of the allegations in paragraphs 1 - 65  
24 above, as though set forth fully herein.

25 90. In acting as corporate legal counsel for Veltex and outside securities  
26 counsel for Veltex, respectively, Olesk and Bua, and each of them, had an  
27 attorney-client relationship with Veltex. When Olesk and Bua handled Plaintiff’s  
28 legal matters, they had a legal duty to exercise that degree of learning, and use the

1 degree of care and skill, ordinarily possessed by a reputable attorney or law firm,  
2 practicing under similar circumstances. Said Attorney Defendants (a) had a duty  
3 to use reasonable diligence and their best judgment in the exercise of skill and the  
4 application of learning; (b) had a duty to use the skill, knowledge and care that a  
5 reasonably careful attorney or law firm would have used in similar circumstances;  
6 and (c) owed all customary professional and fiduciary duties to Plaintiff and owed  
7 a duty of loyalty to Plaintiff not to act adversely to Plaintiff's interests, and to  
8 refrain from taking any action or omitting to take any action which was likely to  
9 result in loss, injury, damage, harm or detriment to Plaintiff Veltex.

10 91. By combining and conspiring to engage in the conduct hereinbefore  
11 alleged, specifically the conception and execution of the "pump and dump"  
12 scheme, and by actually engaging in and implementing such a scheme, Olesk and  
13 Bua breached these legal duties to Veltex, including their respective duties to  
14 Veltex imposed by the attorney-client relationship and decisional law and statutes.  
15 The conduct of the Attorney Defendants fell far below the applicable standard of  
16 care.

17 92. As a result of the actions, errors and omissions, set forth above, Olesk  
18 and Bua have breached such legal duties, and have been professionally negligent.

19 93. As a direct and proximate result of such professional negligence, and by  
20 reason of these respective breaches by the Attorney Defendants, Olesk and Bua, of  
21 their duties owing to Veltex, Plaintiff Veltex has suffered a diminution in the  
22 value of its stock and going concern value in an amount in excess of thirty-five  
23 million dollars (\$35,000,000) to be proven at trial.

24 94. The acts and conduct of said Defendants as alleged herein, constitute  
25 despicable and malicious conduct, with the intention of damaging Veltex, and for  
26 their own personal gain and benefit. The Attorney Defendants, Olesk and Bua,  
27 have acted with oppression, fraud and malice, entitling Veltex to exemplary and  
28 punitive damages, in an amount sufficient to punish and make an example of them,

1 in an amount to be determined by the jury at the time of trial.

2 **FIFTH CLAIM FOR RELIEF**

3 **Breach of Fiduciary Duty – Attorneys**

4 **(Against Defendants Olesk and Bua)**

5 95. Plaintiff repeats and realleges all of the allegations in paragraphs 1 - 65  
6 above, as though set forth fully herein.

7 96. In acting as corporate counsel for Veltex and outside securities counsel  
8 for Veltex, respectively, Olesk and Bua, and each of them, owed to Veltex the  
9 obligations owing in a fiduciary relationship founded on the trust and confidence  
10 of the attorney-client relationship consisting of (a) the duty to exercise such skill,  
11 prudence and diligence as lawyers of ordinary skill and capacity commonly  
12 possess and exercise in the performance of tasks they undertake; (b) the duty to act  
13 only in the best interest of Veltex and not with self-interest or motivated in the  
14 case of conflict to represent the interests of Martin, Campbell, Haque over that of  
15 Veltex; and (c) those obligations owing in a fiduciary relationship founded on the  
16 trust and confidence necessary for an attorney-client relationship, including  
17 undivided loyalty, zealous representation and independent judgment.

18 97. Olesk and Bua, by virtue of their respective attorney-client relationships  
19 with Veltex, as alleged herein, owed Veltex a fiduciary duty, and by virtue of  
20 Veltex having reposed trust and confidence in the fidelity, integrity and  
21 competence of Olesk and Bua, a confidential relationship existed between Veltex  
22 and said Defendants.

23 98. By combining and conspiring to engage in the conduct hereinbefore  
24 alleged, specifically the conception and execution of the “pump and dump”  
25 scheme, and by actually engaging in and implementing such a scheme, Olesk and  
26 Bua breached these fiduciary duties to Veltex, including their respective duties to  
27 Veltex imposed by the attorney-client relationship and decisional law and statutes.  
28 The Attorney Defendants failed to act competently and failed diligently to



1 conform to the fiduciary obligations they owed to Veltex.

2 99. By reason of these respective breaches by Olesk and Bua of their duties  
3 owing to Veltex, Plaintiff Veltex has suffered a diminution in the value of its stock  
4 and going concern value in an amount in excess of thirty-five million dollars  
5 (\$35,000,000) to be proven at trial.

6 100. The acts and conduct of said Defendants as alleged herein, constitute  
7 despicable and malicious conduct, with the intention of damaging Veltex, and for  
8 their own personal gain and benefit. Olesk and Bua have acted with oppression,  
9 fraud and malice, entitling Veltex to exemplary and punitive damages, in an  
10 amount sufficient to punish and make an example of them, in an amount to be  
11 determined by the jury at the time of trial.

12 **SIXTH CLAIM FOR RELIEF**

13 **Professional Negligence – Accountant Malpractice**

14 **(Against Defendants Moore, Moore & Associates, Chisholm,**  
15 **Haynes and Tahim)**

16 101. Plaintiff repeats and realleges all of the allegations in paragraphs 1 -  
17 65 above, as though set forth fully herein.

18 102. In providing accounting/auditing and financial consulting services to  
19 Veltex, and acting as Veltex's auditors/CPA's, Defendants Moore, Moore &  
20 Associates, Chisholm, Haynes and Tahim owed to Veltex their undivided loyalty  
21 as well as a duty to exercise such skill, prudence and diligence as  
22 accountants/auditors of ordinary skill and capacity commonly possess and exercise  
23 in the performance of the tasks they undertake. Said Accountant Defendants were  
24 obligated to exercise their professional skill and talent on behalf of and/or for the  
25 benefit of Veltex, in rendering professional accounting, auditing and related  
26 consulting services to Veltex.

27 103. Defendants Moore, Moore & Associates, Chisholm, Haynes and  
28 Tahim breached this duty of care and undivided loyalty, and failed to provide

1 Veltex with the professional accounting services to which Veltex was entitled.  
2 Said Defendants operated for and on behalf of the interests of individual Officers  
3 and Directors, who stood to gain from their malfeasance, as well as for their own  
4 interests, which interests were contrary to and in conflict with the best interests of  
5 Veltex, and for the purpose of increasing their own compensation for services.  
6 Said Defendants breached their duties of due care and professional competence by,  
7 among other things, failing to render services in accordance with professional  
8 standards of care, including GAAS; preparing and/or approving financial  
9 statements that were not prepared in accordance with GAAP; negligently failing to  
10 disclose to Veltex material inaccuracies in its books and records and/or creating  
11 such false and inaccurate entries; failing to exercise due diligence in its  
12 examination, evaluation and verification of Veltex's assets, liabilities and financial  
13 transactions; issuing "clean" audit or other opinions or letters purporting to verify  
14 the accuracy of the financial condition and assets of Veltex; intentionally and/or  
15 negligently rendering accounting services and advice to the Managing Defendants  
16 which allowed them to perpetrate the securities fraud alleged herein and to raid  
17 and misuse corporate assets for their own personal gain and financial benefit; and  
18 by assisting the Managing Defendants in hiding the true facts as to Veltex's assets  
19 and liabilities, and its inability to proceed as a going concern.

20 104. Defendants Moore, Moore & Associates, Chisholm, Haynes and  
21 Tahim knew, or through the exercise of reasonable care, should have known, that  
22 the Managing Defendants intended to and did misuse the imprimatur of  
23 "legitimacy" of Veltex's financial statements and information created by their  
24 retention and performance as the CPA's/auditors for the corporation. Yet they  
25 failed to obtain complete and accurate information and/or failed to correct  
26 overvalued, incomplete and false information regarding Veltex, which they knew  
27 was being disseminated to the general investing public by the Managing  
28 Defendants, and being relied on by members of the general investing public to

1 purchase stock in Veltex at artificially inflated prices. The Accountant Defendants  
2 breached the duty of undivided loyalty and the duty of care they owed to Veltex.

3 105. As a result of the wrongful conduct of Defendants Moore, Moore &  
4 Associates, Chisholm, Haynes and Tahim, and the breaches of their duties owing  
5 to Veltex, Plaintiff Veltex has suffered a diminution in the value of its stock and  
6 going concern value in an amount in excess of thirty-five million dollars  
7 (\$35,000,000) to be proven at trial.

8 106. The acts and conduct of the Accountant Defendants as alleged herein,  
9 constitute despicable and malicious conduct, with the intention of damaging  
10 Veltex, and for their own personal gain and benefit. Defendants Moore, Moore &  
11 Associates, Chisholm, Haynes and Tahim have acted with oppression, fraud and  
12 malice, entitling Veltex to exemplary and punitive damages, in an amount  
13 sufficient to punish and make an example of them, in an amount to be determined  
14 by the jury at the time of trial.

15 **SEVENTH CLAIM FOR RELIEF**

16 **Breach of Fiduciary Duty – Accountants**

17 **(Against Defendants Moore, Moore & Associates, Chisholm,**  
18 **Haynes and Tahim)**

19 107. Plaintiff repeats and realleges all of the allegations in paragraphs 1 -  
20 65 above, as though set forth fully herein.

21 108. By virtue of their relationship, activities, and actions as Plaintiffs'  
22 auditors and accountants, Defendants Moore, Moore & Associates, Chisholm,  
23 Haynes and Tahim, set out to create and did in fact create a special relationship of  
24 trust and confidence, and thereby owed Plaintiff Veltex a fiduciary duty. Plaintiff  
25 placed trust undivided loyalty and confidence in the fidelity and integrity of said  
26 Defendants in entrusting them with the auditing and accounting functions for  
27 Veltex, a company whose stock is publicly traded. Defendants Moore, Moore &  
28 Associates, Chisholm, Haynes and Tahim set out to induce and did induce Plaintiff

1 to rely upon on their advice and guidance with respect to certain financial  
2 transactions; the proper accounting and auditing of Veltex's books and records;  
3 and in the preparation of financial statements. A confidential and fiduciary  
4 relationship existed at all times and the Accountant Defendants were required to  
5 exercise independent judgment and use their utmost ability to act in a fair, just and  
6 equitable manner and in furtherance of the best interests of Veltex so as to benefit  
7 Veltex, and not to further their personal interests or their affiliates, or to further the  
8 interests of individual Officers and Directors of Veltex.

9 109. By virtue of the structure and management of Veltex, their knowledge  
10 concerning the financial condition of Veltex, and their role as independent  
11 auditors/CPA's of Veltex, and their direct participation in the dissemination of  
12 information, said Defendants acted with an awareness of their primary wrongdoing  
13 and realized that their conduct would substantially assist the other Defendants,  
14 including Matin, Haque and Campbell, in the perpetration of the pump and dump  
15 scheme, and in their wrongful conduct, wrongful goals, and wrongdoing.

16 110. As a result of the actions, errors and omissions, set forth above,  
17 Defendants Moore, Moore & Associates, Chisholm, Haynes and Tahim have  
18 breached the fiduciary duties owing to Plaintiff Veltex.

19 111. As a direct and proximate result of such fiduciary breaches, and by  
20 reason of these respective breaches by Defendants Moore, Moore & Associates,  
21 Chisholm, Haynes and Tahim of their duties owing to Veltex, Plaintiff Veltex has  
22 suffered a diminution in the value of its stock and going concern value in an  
23 amount in excess of thirty-five million dollars (\$35,000,000) to be proven at trial.

24 112. The acts and conduct of said Defendants as alleged herein, constitute  
25 despicable and malicious conduct, with the intention of damaging Veltex, and for  
26 their own personal gain and benefit. Defendants Moore, Moore & Associates,  
27 Chisholm, Haynes and Tahim have acted with oppression, fraud and malice,  
28 entitling Veltex to exemplary and punitive damages, in an amount sufficient to

1 punish and make an example of them, in an amount to be determined by the jury at  
2 the time of trial.

3 **PRAYER FOR RELIEF**

4 WHEREFORE, Plaintiff prays for judgment against Defendants, as follows:

5 **On The First Claim For Relief**

- 6 1. For general damages according to proof at the time of trial in an amount  
7 in excess of \$35,000,000; and  
8 2. For punitive and exemplary damages in an amount deemed by the trier of  
9 fact to be sufficient to punish, deter and make an example of Defendants.

10 **On The Second Claim For Relief**

- 11 1. For an Order requiring restoration of the fraudulently transferred Veltex  
12 assets;  
13 2. For general damages according to proof at the time of trial in an amount  
14 in excess of \$35,000,000; and  
15 3. For punitive and exemplary damages in an amount deemed by the trier of  
16 fact to be sufficient to punish, deter and make an example of Defendants.

17 **On The Third Claim For Relief**

- 18 1. For general damages according to proof at the time of trial in an amount  
19 in excess of \$35,000,000; and  
20 2. For punitive and exemplary damages in an amount deemed by the trier of  
21 fact to be sufficient to punish, deter and make an example of Defendants.

22 **On The Fourth Claim For Relief**

- 23 1. For general damages according to proof at the time of trial in an amount  
24 in excess of \$35,000,000; and  
25 2. For punitive and exemplary damages in an amount deemed by the trier of  
26 fact to be sufficient to punish, deter and make an example of Defendants.

27 **On The Fifth Claim For Relief**

- 28 1. For general damages according to proof at the time of trial in an amount

1 in excess of \$35,000,000; and

2 2. For punitive and exemplary damages in an amount deemed by the trier of  
3 fact to be sufficient to punish, deter and make an example of Defendants.

4 **On The Sixth Claim For Relief**

5 1. For general damages according to proof at the time of trial in an amount  
6 in excess of \$35,000,000; and

7 2. For punitive and exemplary damages in an amount deemed by the trier of  
8 fact to be sufficient to punish, deter and make an example of Defendants.

9 **On The Seventh Claim For Relief**

10 1. For general damages according to proof at the time of trial in an amount  
11 in excess of \$35,000,000; and

12 2. For punitive and exemplary damages in an amount deemed by the trier of  
13 fact to be sufficient to punish, deter and make an example of Defendants.

14 **On All Claims For Relief**

15 1. For attorneys' fees, expenses and costs of suit incurred by Plaintiff in  
16 prosecuting this action;


17 2. For such other and further relief as the Court may deem just and proper.

18 Dated: March 10, 2010

BLECHER & COLLINS, P.C.  
MAXWELL M. BLECHER  
MARYANN R. MARZANO

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By:   
MARYANN R. MARZANO  
Attorneys for Plaintiff  
VELTEX CORPORATION

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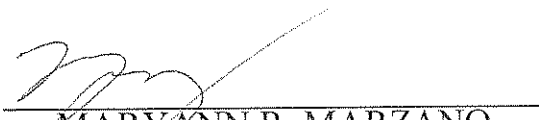
DEMAND FOR JURY TRIAL

Pursuant to the Federal Rules of Civil Procedure, Rule 38(b), Plaintiff  
VELTEX CORPORATION hereby demands a jury trial on all issues so triable.

Dated: March 10, 2010

BLECHER & COLLINS, P.C.  
MAXWELL M. BLECHER  
MARYANN R. MARZANO

By:



MARYANN R. MARZANO  
Attorneys for Plaintiff  
VELTEX CORPORATION

41462.1

BLECHER & COLLINS  
A PROFESSIONAL CORPORATION  
ATTORNEYS AT LAW

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EXHIBIT A



**JAAK (JACK) OLESK**  
Law Offices of Jaak Olesk  
468 North Camden Drive, Second Floor  
Beverly Hills, California 90210  
Telephone 310 860 4799  
Fax 310 860 4747

June 27, 2005

Mr. Javeed A. Matin, CEO  
Veltex Corporation  
19977 Harrison Avenue  
City of Industry, CA 91789

Re: Legal Services Agreement (Confidential)

Dear Mr. Matin:

The following memorializes the Agreement between Veltex Corporation and subsidiaries ("Veltex") and Jaak Olesk, Attorney at Law ("Olesk"):

Services:

- Commencing immediately, Olesk will provide legal services to Veltex, including drafting, reviewing and negotiating contracts; defending claims against Veltex; enforcing Veltex's rights; advising and counseling Mr. Matin and other Veltex officers and personnel regarding conforming their conduct to act within the law; and other related legal matters.
- Olesk will review, recommend changes to, and approve all Veltex press releases prior to issuance.

Compensation:

- Veltex will pay Olesk in advance \$5,000.00 monthly, on the first of the month, in the form of check, cash or wire transfer. Olesk is an independent contractor.
- Veltex will pay Olesk \$5,000.00 on the date of this Agreement, i.e. June 27, 2005 which payment will include July, 2005 services. The next \$5,000.00 payment is due August 1, 2005.

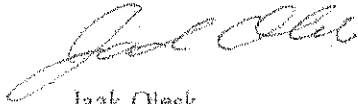
Exhibit A

Page 2  
Mr. Matin  
June 27, 2005

Other:

- As of the date of this Agreement neither Veltex nor Olesk owes monies or services to the other party.
- This Agreement is on a month-to-month basis, either Veltex or Olesk can terminate by giving thirty days written notice to the other.
- Olesk can serve other clients and pursue other professional and business relationships, provided there is no conflict with Veltex.
- In addition to the monthly compensation outlined above, Veltex will advance or reimburse Olesk's out-of-pocket expenses related to Veltex matters.
- If Olesk travels out-of-town on Veltex business, Veltex will pay all reasonable lodging and travel expenses, including business class airfare on flights longer than two hours.
- To change or modify this Agreement both parties need to agree in writing.

Sincerely,

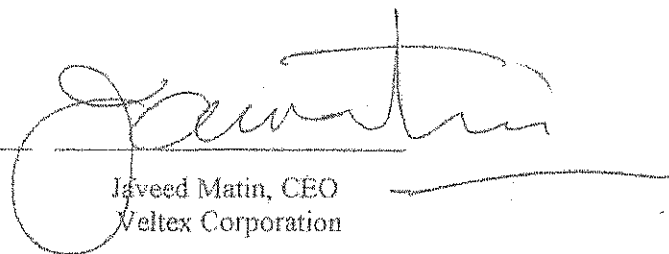


Jaak Olesk  
JO/c

Agreed:

6-27-05

Date



Javeed Matin, CEO  
Veltex Corporation

Exhibit A



VELTEX USA, INC.  
 19977 HARRISON AVE.  
 CITY OF INDUSTRY, CA 91786  
 (805) 595-1977

HABIB AMERICAN BANK  
 LOS ANGELES, CA 90079 U.S.A.  
 16-4196-1220

1041

6/28/2005

PAY TO THE  
 ORDER OF Jaak Olesk

\$ 5,000.00

Five Thousand and 00/100

DOLLARS

Jaak Olesk  
 9300 Wilshire Blvd.  
 Suite # 300  
 Beverly Hills, CA 90212

MEMO For the month of July-05

*Handwritten signature*

⑈001547⑈ ⑆22041989⑆ 0415022068⑈

ELTEX USA, INC.

1547

Jaak Olesk  
 Professional Fees: Legal Fees

Legal fee for July-05

6/28/2005

5,000.00

Habib American Bank For the month of July-05

5,000.00

ELTEX USA, INC.

1547

Jaak Olesk  
 Professional Fees: Legal Fees

Legal fee for July-05

6/28/2005

5,000.00

PAYMENT  
 RECORD

Habib American Bank For the month of July-05

5,000.00

**JAAK (JACK) OLESK**  
Law Offices of Jaak Olesk  
468 North Camden Drive, Second Floor  
Beverly Hills, California 90210  
Telephone 310 860 4799  
Fax 310 860 4747

STATEMENT

TO

[ Veltex Corporation ]  
19977 Harrison Avenue  
[ City of Industry, CA 91789 ]

DATE June 27, 2005

<u>DATE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
June 27, 2005	Legal services	\$5,000.00

This statement is payable upon receipt.

AMOUNT DUE - \$5,000.00

Exhibit A

VELTEX USA, INC.

1547

Jaak Olesk  
Professional Fees; Legal Fees

Legal fee for July-05

6/28/2005

5,000.00

Habib American Bank For the month of July-05

5,000.00

VELTEX USA, INC.

1547

Jaak Olesk  
Professional Fees; Legal Fees

Legal fee for July-05

6/28/2005

5,000.00

Habib American Bank For the month of July-05

5,000.00

GEARUP BUSINESS FORMS 1-800-353-0204 www.gearupforms.com

8

Exhibit A



Print This Story



www.fibre2fashion.com  
World of Garment - Textile - Fashion

Print This Story

United States Of America : Veltex Corporation net revenues rise 30% in Q1 2005  
May 16, 2005

us based a vertical manufacturer, importer and distributor of apparel & accessory company veltex corporation announces consolidated financial results for the first quarter ending march 31, 2005.

veltex corporation first quarter consolidated revenues totaled a record \$13,270,345, while net profit was \$1,739,537 or 22 cents per share. this first quarter of 2005 was an increase in gross revenue of over 30% compared to the same time last year with gross revenue of (approx) \$10,249,000, or about 17 cents per share in the previous year of q'1, 2004.

finn waistad, ceo of otcgrowth.com, commented, "i am very pleased with the first quarter results and feel confident that veltex will reach its projected goal of \$55 million in sales for this year, up from about \$41 million in 2004. frankly, we believe that the stock, currently trading around \$1.00, is extremely undervalued at this time, based on its strong fundamentals. in my opinion, this is a well-managed, quality company that has major appreciation potential."

veltex corporation clearly has enormous appreciation potential based on its realistic revenues and net profits projections. it is very rare to discover a company whose stock is so undervalued and yet has everything in place for a dynamic near-term upward move to significantly higher prices. veltex is a well managed company, with a strong vertical infrastructure in place that expects to generate revenues in excess of \$55 million in 2005 with net profits of over \$11 million or approximately \$1.38+/- net earnings per share (eps), a 35% increase from 2004.

- 2005 projected revenue \$55mm
- 2005 projected profit \$11mm
- 2005 projected net earnings \$1.38 per share a 35% increase from 2004

javeed matin, ceo of veltex corporation, stated, "we are proud of our strong growth progress and clearly feel that 2005 will be another year of record profitability. veltex is providing high quality apparel and accessories in a timely manner to an ever-growing list of clients and customers.

"we expect that our recent entry into the canadian marketplace will be very positive to our overall revenue growth. furthermore, we are looking forward to making a major acquisition shortly that will give us an even stronger foothold in our target markets."

veltex corporation is a vertical manufacturing, import and distribution company composed of three divisions: veltex apparel, specializing in caps, apparel and apparel accessories for the promotional products industry and distribution of merchandise; velvet textile mills, specializing in the manufacture of high quality fabrics including velvets, 100% cotton twill, denim, sheeting for consumer and industrial products; and kca garment industries, specializing in the manufacture of garments.

Print This Story

Exhibit B







[www.fibre2fashion.com](http://www.fibre2fashion.com)  
World of Garment - Textile - Fashion



United States Of America : Veltex foresees strong growth in all divisions in six month  
September 29, 2005

Apparel store Veltex Corporation released corporate worldwide unaudited operating results for the six months ended June 30, 2005. Sales were \$18,161,000 and net pre-tax income was \$1,356,000. The June 30, 2005 unaudited Consolidated Balance Sheet reflected total assets of \$41,818,000; total current assets of \$18,619,000 (versus total current liabilities of only \$3,871,000); as well as total shareholders' equity of \$28,935,000 (i.e. net worth).

Javeed Matin, CEO of Veltex Corporation stated, "Veltex Corporation are proud of financial achievements and record growth in revenues and profits for 2005 fiscal year. They continue to add more distributors, secure new licensing agreements and expand marketing reach throughout the world."

"They have an excellent quality product line that is well accepted, as demonstrated by the fact that all of divisions continue to show strong sales increases. They clearly feel that stock price is much undervalued and is certainly not reflective of their record growth progress or strong balance sheet."

"Finally, they wish to thank all of their customers, suppliers, and employees for their commitment and contributions to growth. Furthermore, they are extremely appreciative of their loyal shareholders and will continue to work hard to justify their faith in their vision."

Apparel & textile products provider Veltex Corporation has four divisions: Veltex Apparel, specializing in caps, apparel and apparel accessories for the Promotional Products Industry and distribution of merchandise in the US market.

Veltex Explorer Inc (Explorer Headgear), a manufacturing, import and distribution company for the Promotional Products Industry in Canada; Velvet Textile Mills, specializing in the manufacture of high quality fabrics including velvets, 100 percent cotton twill, denim, and sheeting for consumer and industrial products; and KCA Garment Industries, specializing in the manufacture of garments

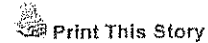






[www.fibre2fashion.com](http://www.fibre2fashion.com)

World of Garment - Textile - Fashion



**United States Of America : Veltex Corporation announces robust Q3 results**  
October 11, 2005

Apparel store Veltex Corporation reported (unaudited) revenue of \$16,740,888 for the third quarter of 2005 and net pre-tax income of \$3,318,177. First half revenue is restated at \$25,956,800 and includes \$7,795,800 from Velvet Textile Mills that was omitted from the previous press release solely based on the fact that those figures had not yet been finalized at the time of publication. Net income from the Mill for the same period was \$1,637,118. Revenue for the first three quarters of 2005 is \$42,697,688 and income is \$6,311,295.

Javeed Matin, CEO of Veltex Corporation stated: "They are excited with progress in expanding business and continued strong revenue stream. Their tradeshow attendance is paying dividends as distributors are coming on-board in ever increasing numbers. Veltex-Explorer is fully integrated and making significant contributions to our bottom line and licensing agreements are proving fruitful. They feel certain that they will meet revenue goal of \$60 million for 2005 with a net income of between \$9 and \$10 million. As they look forward to annual increases in revenue and net income, they obviously feel that stock is considerably undervalued. They are confident that company efforts will remedy this situation in due course."

There are 9,732,087 shares currently outstanding with expected 2005 earnings of \$.92 - \$1.02 per share.

Apparel & textile products provider Veltex Corporation has four divisions: Veltex Apparel, specializing in caps, apparel and apparel accessories for the Promotional Products Industry and distribution of merchandise in the US market.

Veltex Explorer Inc (Explorer Headgear), a manufacturing, import and distribution company for the Promotional Products Industry in Canada; Velvet Textile Mills, specializing in the manufacture of high quality fabrics including velvets, 100 percent cotton twill, denim, and sheeting for consumer and industrial products; and KCA Garment Industries, specializing in the manufacture of garments.

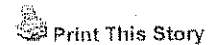
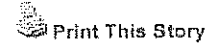


Exhibit D





[www.fibre2fashion.com](http://www.fibre2fashion.com)  
World of Garment - Textile - Fashion



**United States Of America : Veltex Corporation Q1 '06 earnings soar**  
June 16, 2006

Apparel and accessories maker Veltex Corporation has reported their financial results for the first quarter of 2006.

- Gross revenue: \$14,620,319.00
- Cost of revenue: \$11,699,491.00
- Gross profit: \$2,920,828.00

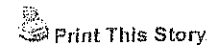
Javeed Matin, CEO of Veltex Corporation stated: "We are on pace to achieve our goal of \$85m in revenue and more than \$13m in profit for this year as we anticipate continued growth and stronger sales for the remaining three quarters of 2006. We continue to expand our market penetration through new licensing agreements and through our emergence into the retail supply business as well.

"We believe that Veltex-Canada will introduce our products to a broader market, resulting in international retailers adding our high quality merchandise in their stores both Canada and beyond. We are working with our new licensees to bring new and exciting merchandise to market.

"We expect our new high-end line of garments to be a major success and lead to new orders and greater licensing opportunities with new as well as existing brands. Growth has been exponential and we see it continuing as we focus the majority of our efforts into this aspect of the business. We are confident that our hard work will result in a significant reward for all of our patient and loyal shareholders."

He added, "We are on track, we are focused and we are driven to succeed."

Veltex Corporation is a vertical manufacturing import and distribution company composed of five divisions: Veltex Apparel, Veltex Explorer Inc, Veltex-Canada and Velvet Textile Mills.

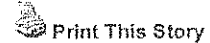






[www.fibre2fashion.com](http://www.fibre2fashion.com)

World of Garment - Textile - Fashion



**United States Of America : Brand named caps maker Veltex reports strong Q3 earnings**  
December 12, 2006

Veltex Corporation announced revenues for the third quarter of 2006 of \$19,211,913. Revenues have now topped \$19 Million for the second consecutive quarter.

Revenues for the nine months ended September 30, 2006, totaled \$53,155,810. Gross Profit for the nine months ending September 30, 2006 were \$15,689,013 with net income totaling \$5,781,594.

Veltex is expecting to reach approximately \$70,000,000 total revenue in 2006 with over \$7,000,000 net profit.

Earnings per share for the twelve months ending December 31, 2006 will reach our target of \$0.35 per common share.

With approximately 20 million shares outstanding, Veltex Corporation is pleased to report earnings per share of \$0.29 through the first nine months of 2006. A copy of the full financial report can be found on the companies website.

Javeed Matin, CEO of Veltex Corporation, stated, "I am delighted at how the company has performed during the first three quarters of 2006. The major acquisition of Veltex-Canada earlier in the year has continued to help us drive revenue and increase growth."

Matin stated further, "Our foresight in increasing our inventories during the first half of the year has proven to be of major benefit in that we were able to keep our retail customers amply supplied during the holiday shopping season."

"We continue to seek new opportunities for growth in our North American operation and we are currently engaged in seeking an additional outlet in the United States."

He added, "I want to personally thank all of our shareholders for their continued support."

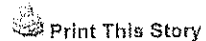


Exhibit F





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### Veltex Corporation Reports Strong Year End 2006 Earnings On Target

Full Year Revenues Exceed \$70 Million

PR Newswire - New York

Date: Feb 7, 2007  
Text Word Count: 520

Abstract (Document Summary)

CITY OF INDUSTRY, Calif., Feb. 7 /PRNewswire-FirstCall/ -- Veltex Corporation (OTC: MLXC) today announced revenues for the ending December 31, 2006 topping the \$70 million mark as expected.

Revenues for the twelve months ended December 31, 2006, totaled \$70,131,941. Gross Profits for the twelve months ending December 31, 2006 were \$15,689,013 with net income of \$5,545,246. Total assets also reached a record \$53,468,837. With approximately 1 million shares outstanding, Veltex Corporation is pleased to report earnings per share of \$0.252 for the twelve month period beginning January 01, 2006. A copy of the full financial report can be found on the company's website at [www.veltexcorporation.com](http://www.veltexcorporation.com).

Javed Matin, CEO of Veltex Corporation, stated, "The Company is very pleased to be reporting numbers that are reflective of work and efforts to bring Veltex to the next stage in our growth projections."

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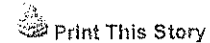
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**United States Of America : Veltex Q1 revenue up 25% recorded**  
August 27, 2007

Veltex Corporation announced that sales for the first quarter of 2007 were \$18,251,239 as compared to \$14,620,491 for the first quarter of 2006 for an increase of \$3,630,920 or almost 25%. Net profit was \$1,930,551.

Veltex Corporation CEO Javeed Malin stated, "We continue to grow our business at a record pace as evidenced by the Q1 figures presented herein. Our warehouse in Canada is now up to full speed and goods are entering and leaving even more rapidly than I had initially hoped."

"We are entering new markets almost daily. With new brands and new licensors coming on board we will continue to see our products in ever-increasing venues and enjoy ever increasing revenues. We expect second quarter figures to be released shortly."

Veltex Corporation headquartered in City of Industry, California, with distribution centers in the USA and Canada and with factories in Bangladesh, is a rapidly expanding vertical manufacturing and import/export company.

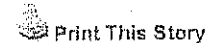


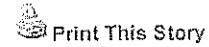
Exhibit H





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United States Of America : Veltex Corporation H1 revenues up 6%  
October 18, 2007

Veltex Corporation announces 2007 Q2 results; posts six percent first half revenue increase.

Veltex Corporation announced second quarter revenue of \$17,347,598 and net profit of \$1,908,128. First half revenue was \$35,598,837 as compared to \$33,448,897 for the same period in 2006.

Veltex Corporation CEO, Javeed Matin, commented, "We are on-track to exceed last year's record performance. A big part of that expectation is our North American entity's continued penetration of their target markets."

"We will soon be evaluating the feasibility of continuing or expanding our China enterprise. An update of this venture will be provided next month."

At present, the Auditor, our Attorney and Comptroller are in our office making a concerted effort to finish the audit as soon as possible. Their present expectation of completion is the end of this month.

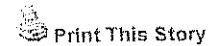


Exhibit I



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## Veltex Apparel Headlines at Surf Expo in Orlando This Weekend

PRNewsWire News Releases

Published: 09/14/07 09:00 AM EDT

CITY OF INDUSTRY, Calif., Sept. 14 /PRNewswire-FirstCall/ -- Veltex Corporation VLXC today announced that it is making its debut at the surf Expo this weekend at the Orange County Convention Center in Orlando Florida, running from September 14-16. Veltex Apparel can be found in booth # 2294.

Veltex Corporation CEO, Javeed Matin, said: "This is a unique opportunity for us to expand our customer base in the high value surf apparel market. We have an extensive line of merchandise aimed at what is one of the fastest growing segments of the apparel market."

He continued by saying: "Regardless of the state of today's economy, teenagers will continue to buy the latest fashions and we intend to be front and center when they hit the malls and surf shops."

Veltex Corporation announced sales for the first quarter of 2007 were \$18,251,239 as compared to \$14,620,491 for the first quarter of 2006 for an increase of \$3,630,920, or almost 25%. Net profit was \$1,930,551. The Company has about 18,000,000 shares outstanding with \$70 million gross revenue and \$7 million profit.

Veltex apparel is showing their new line of products, "Ring Spun Tee shirts," in the surf expo-Orlando. Veltex is distributing thousands of FREE tee shirts in the show. It is 100% combed Cotton, super quality, with reactive dye.

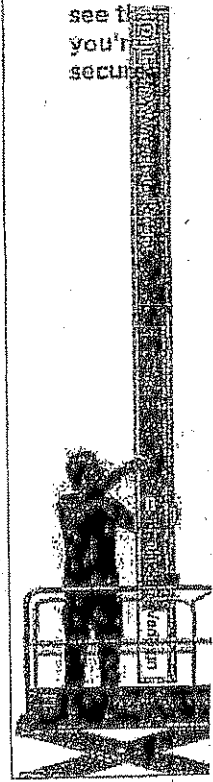
This trade only, bi-annual show attracts more than 15,000 attendees including retailers, exhibitors and media for each show. With over 2,400 booths of apparel and hard-goods the Surf Expo draws buyers representing everything from boutique shops to department stores and sporting goods mega stores throughout the U.S., Caribbean and Central and South America. Swimwear is featured as well as sporting equipment. The Surf Industry Manufacturers Association (SIMA), the Board Retailers Association (BRA), the Water Sports Industry Association (WSIA) and the Association of Wind Sports Industries (AWSI) endorse surf Expo.

### ABOUT VELTEX CORPORATION

Veltex Corporation, headquartered in City of Industry, California, with distribution centers in the USA and Canada and with factories in Bangladesh, is a rapidly expanding vertical manufacturing and import/export company. It designs and manufactures Brand named apparel and caps for the promotional products industry as well as the retail trade. It manufactures high quality custom Headwear for a variety of labels and specialized textiles primarily for use by manufacturers of automobile interiors, upholstery for furniture manufacturers, and ready to wear garments. It

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you'll see it you're secure



Released By: Veltex Corporation

Rating: ★★★★★

Related Stocks: VLXC

- 
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Exhibit J





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**Investing Mistakes You Should Avoid This Year**  
 Don't wait to find out you're making costly investment mistakes. Lead & download the latest report by Goldman Sachs and money manager Ken Fisher, titled "The Eight Biggest Mistakes Investors Make and How to Avoid Them." Even if you avoid just one of these mistakes, you'll be glad you acted now. [Click Here to Download Your Report](#)

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**Veltex Corporation Announces 2007 Q2 Results; Posts Six Percent First Half Revenue Increase**

Published: 10/16/07 12:06 PM EDT

PRNewswire News Releases

CITY OF INDUSTRY, Calif., Oct. 16 /PRNewswire-FirstCall/ - Veltex Corporation VLXC today announced second quarter revenue of \$17,347,598 and net profit of \$1,908,126. First half revenue was \$35,598,837 as compared to \$33,448,897 for the same period in 2006.

Veltex Corporation CEO, Javeed Matin, commented, "We are on-track to exceed last year's record performance. A big part of that expectation is our North American entity's continued penetration of their target markets. We will soon be evaluating the feasibility of continuing or expanding our China enterprise. An update of this venture will be provided next month."

At present, the Auditor, our Attorney and Comptroller are in our office making a concerted effort to finish the audit as soon as possible. Their present expectation of completion is the end of this month. The outstanding share figure was misstated in the last press release and should have read 28,647,309.

**ABOUT VELTEX CORPORATION**

Veltex Corporation, headquartered in City of Industry, California, with distribution centers in the USA and Canada and with factories in Bangladesh, is a rapidly expanding vertical manufacturing and import/export company. It designs and manufactures Brand named apparel and caps for the promotional products industry as well as the retail trade. It manufactures high quality custom Headwear for a variety of labels and specialized textiles primarily for use by manufacturers of automobile interiors, upholstery for furniture manufacturers, and ready to wear garments. It specializes in denim, microfilament, velvet, twill, canvas, duck and pinpoint oxford fabrics and a recently added organic cotton line of clothing. (See recent press release)

Veltex Corporation is committed to providing superior apparel and textile products to the world at the lowest possible price and with delivery times superior to any in the industry. It is equally committed to always exceeding customer expectations and to increasing shareholder value.

**FORWARD-LOOKING STATEMENTS**

Safe Harbor: Except for historical information contained herein, the statements in this Press Release are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties, which may cause the Company's actual results in future periods to differ materially from forecasted results. These risks and uncertainties include, among other things, volatility

Released By:  
Veltex Corporation

Rating:  
★★★★★

Related Stocks:  
VLXC

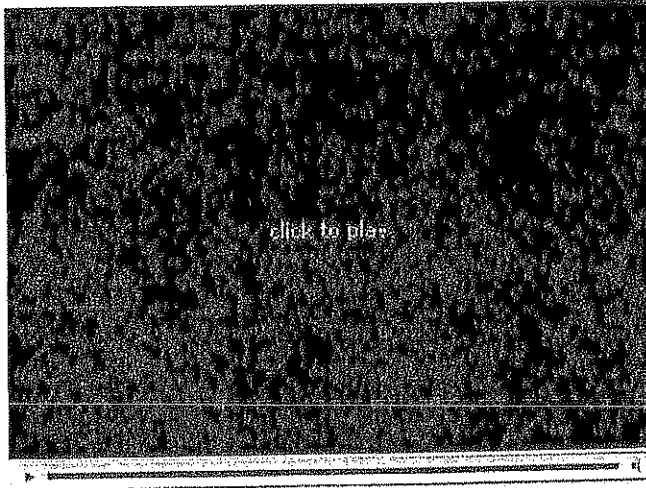
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SYMBOL: (OTC: VLXC)



Interview with Veltex Corporation's President and CEO, Mr. Javeed Matin.

**Veltex Corporate Headquarters**  
 19977 Harrison Avenue  
 City of Industry, CA 91789

Phone: (909) 595-1977  
 Fax: (909) 595-1969

<http://www.veltexcorporation.com>

**MANAGEMENT TEAM**

**Javeed Matin**  
 President/CEO

The management team is headed up Javeed Matin, who parlayed his experience in the trade finance business to acquiring a mill in the Southern U.S. that was ready to go under. In 1996, Matin purchased the looms and installed them in an ancient mill in Comilla, Bangladesh, where Velvet Textile Mills would first fly its flag. Three years later, Matin funded the growth of Velvet Textile through a reverse merger into a publicly trading shell in 1999.

In 2004, Matin and Veltex again went trolling for acquisitions, picking up KCA Garment near the end of the year. KCA's facilities employ 900 workers, churning out about \$29-million worth of products during 2004 (all figures in U.S. dollars unless specified otherwise), a figure expected to rise by 20% during 2005.

**COMPANY OVERVIEW**

**Veltex Corporation (OTC: VLXC)** headquartered in City of Industry, California, with distribution center in USA, Canada and factories in Bangladesh, is a vertical manufacturing and import/export company with five subsidiaries. It designs and manufactures caps and apparel for the promotional products industry. Also, it manufactures high quality, specialized textiles, primarily for use by manufacturers of automobile interiors, upholstery for furniture manufacturers, and ready to wear garments. It specializes in denim, microfilament, velvet, twill, canvas, duck and pinpoints oxford fabrics.

**CORPORATE STRATEGY**

Veltex is successful and growing rapidly, because it can custom manufacture for mass merchandisers, wholesalers, and can produce consumer brands. Factories in Bangladesh, including its large shirt manufacturer KCA Garment Industries, and Velvet Textile Mills, allow the Company to be extraordinarily competitive, offering its quality products at the lowest price of any major provider to the U.S. market. Labor costs in Bangladesh are 95 percent lower than the U.S., even though Veltex pays generous salaries by Bangladesh standards. Veltex now can produce the volume needed to sell to major warehouse club stores in the U.S. Also, Veltex does not use middlemen, dealing directly with its markets, which is key to profitability. Many of the materials are imported quota free into the U.S. Combine these advantages with a strong, experienced management team, excellent profit margins, and sales growth year-in, year-out.

**THREE VELTEX SUBSIDIARIES**

**Velvet Textile Mills**  
 Founded by Javeed Matin in 1994, Velvet Textile offers a complete line of textile products for virtually every use in industry and commerce. From first quality fabrics to irregulars, from mill ends to reclaimed rags, all Velvet Textile fabrics are prepared and shipped from convenient

**STOCK FACTS**

Authorized Shares: 200 million  
Shares Outstanding: 18,141,309 (as of Sept. 21, 2006)  
Active Float: 10,104,695  
Revenues: \$19.9 million in 2003, \$40 million in 2004, \$68 million in 2005 & \$70 million in 2006 (projected)  
52 Week High/Low: \$3.90/\$.625

quality-controlled manufacturing facility.

**KCA Garments Industries**  
KCA Garments Industries has grown into a conglomerate involved in textiles, garments, and wholesale trading. A subsidiary of the group, Veltex Corporation, KCA is an export oriented Knitting, Dyeing -Finishing and Garments manufacturing company located in BSCIC Industrial Estate, Tongi, Bangladesh. KCA's vertically integrated factory is equipped with the most modern machineries from Europe, Japan, and Korea.

**Veltex Apparel**  
Established in 1960, Veltex Apparel is an award-winning supplier and manufacturer of finely tailored apparel in today's contemporary fabrics and styles. It has distribution and manufacturing centers in Los Angeles California and Toronto Canada, which allow same day shipment on all orders.

**Veltex Canada**

**Veltex-Explorer Inc.**

CLOSE WINDOW

Exhibit L



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United States Of America : Veltex expects to hire additional sales representatives  
March 5, 2008

Veltex Corporation is pleased to announce adoption of a new strategic direction for the Company which has resulted in a restructuring of the Company and the adoption of a new business model.

These changes resulted from completion of a comprehensive review of its operations, assets, liabilities, markets, and opportunities which review occurred over the past year.

Four factors emerged as critical determinants of the Company's future growth and profitability:

- the costs, investment, and problems of operating the manufacturing facilities were increasing while profitability was decreasing;
- the efficiency of the North American operations was increasing;
- the amount of cash to support investment and working capital needs was substantial;
- problems of accounting and disclosure from international facilities were burdensome

After carefully weighing these various factors, the Board of Directors concluded that the best course of action was to eliminate manufacturing and divest the manufacturing operations, and to emphasize importation and distribution in the US and Canadian markets. Additionally, the Company will reduce its product line and concentrate on more popular items such as denim, fleece, and tee apparel.

As part of the management restructuring, the Company seeks to enlarge its Board to include members with US public company experience. It also intends to enlarge its advisory board to add expertise in fashion, fabrics, distribution, and similar apparel specialties.

The time, cost, and effort for completing separate audits for the US, Canada, and Bangladesh and then preparing consolidated financial reports have proved much greater than anticipated. We continue to work diligently with our CPA firm to complete the task. Our Independent Auditor, Mike More, CPA is a member of the Public Companies Accounting Oversight Board (PCAOB).

Sale of the manufacturing operations was completed as of December 31, 2007 and will be shown as a discontinued operation in the 2007 financials.

This sale will provide working capital for support and expansion of the remaining operations. Principal terms of sale of the remaining assets are assumption of liabilities, Credit of \$15 million to be used by Veltex as partial offsets against future purchases, preferred customer prices, and favorable payment terms.

Specific factors influencing sale of the manufacturing operations include substantial machinery repair and replacement costs, expiring tax incentives, exchange fluctuations, and costly travel and communications requirements. A gain/loss may be realized on the sale, but the amount has not yet been determined by the audit firm.

Mr. Matin, Company CEO expressed great satisfaction with the restructuring and redirection of the Company. "This has been a long and arduous process, and at times frustrating and painful," he said.

"But it was essential," he added, "to make these hard assessments and adjustments to ensure that Veltex could compete profitably in a global economy which is becoming increasingly changing and demanding."

He noted that the streamlined business model with its emphasis on distribution would enable the Company to better respond to fashion changes, reduce delivery times, provide improved customer service, and attract new customers. It will also allow the Company to produce timely audits and become fully reporting.

Mr. Matin also reported that the new Veltex was expected to achieve the same level of profitability as the previous integrated Veltex in future. "We are predicting revenues of \$10 to \$15 million in 2008," he said, "and expect to achieve customary industry level of profitability." He noted that the current inventory is adequate for the expected summer sales.

Print This Story

Exhibit M



**Fwd:**

From: walterperich@netscape.net  
To: royce4law@earthlink.net, islandcreek@gmail.com  
Subject: Fwd:  
Date: Mar 20, 2008 12:35 PM

-----Original Message-----  
From: walterperich@netscape.net  
To: ceo@veltex.com  
Sent: Wed, 5 Mar 2008 7:20 am  
Subject: Re:

So does that mean that you have the 4 million in cash? walterPerich

-----Original Message-----  
From: Javeed Mattin <ceo@veltex.com>  
To: walterperich@netscape.net  
Sent: Tue, 4 Mar 2008 6:01 pm  
Subject: RE:

I was not lying to you. We did not mentioned in PR.

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Exhibit N



d:

n: walterperich@netscape.net  
royce4law@earthlink.net  
ject: Fwd:  
a: Mar 20, 2008 12:16 PM

Original Message-----

From: walterperich@netscape.net  
To: bob@veltexcorporation.com  
Date: Tue, 4 Mar 2008 5:28 pm

ed,  
ou told Steve and I that you recieved 4 million in cash for the bangladesh subsidiaries. I saw the press release today and there was no mention of the 4  
in cash payment. Were you lying to us? Walter Perich

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Exhibit N



LAW OFFICES OF  
CARMINE J. BUA

SUITE 207  
1660 HOTEL CIRCLE NORTH  
SAN DIEGO, CALIFORNIA 92108-2808  
TELEPHONE (619) 280-8000  
FACSIMILE (619) 280-8001  
E-MAIL: bua@law@aol.com

REPLY TO FILE NO.

377BS

Ms. Linda Noru  
American Registrar and Transfer Co.  
342 East 900 South  
P.O. Box 179B  
Salt Lake City, UT 84110

Re: Request to Issue 1,000,000 Free Trading Shares to Texas Resident Pursuant to Regulation D, Rule 504 by Veltex Corporation and Supporting Legal Opinion

Dear Linda:

The undersigned is the Securities Attorney for Veltex Corporation ("VC").

Please let this letter serve as a request on behalf of VC for the issuance of a total of 1,000,000 legend free shares of VC common stock.

1. Share Issuance Request: More specifically, will you please issue a total of 1,000,000 legend free shares (collectively the "Shares") to the party as specifically set forth in the attached Schedule "A" (the "Shareholder").

2. Basis for Supporting Legal Opinion: The following is the basis for my supporting legal opinion for the requested issuance of the 1,000,000 legend free shares.

1. My review and analysis of the VC Board of Directors resolution authorizing the issuance of the Shares.
2. My review and analysis of Regulation D, Rule 504 of the Securities Act of 1933 (the "Act"), Section 4(2) of the Act and the Texas Securities Act as amended effective as of September 1, 1999 (the "Texas Statutes") as they apply to the proposed issuance of the Legend Free Shares.

Exhibit O

Ms. Linda Nonu

Page 2

3. My review and analysis of the written representations from a VC officer that VC (1) was not a "reporting company," at the time the Shares were purchased, (2) it is an operating company with a specific business plan, (3) it has utilized Rule 504 within the last twelve (12) calendar months and such sale of securities including the sale that is the subject of this legal opinion has not exceeded the sum of \$1,000,000, (4) the dollar amount of the present contemplated offering and (5) the subject investors qualify as "accredited investors" as the term is defined in Regulation D, Rule 501.

3. New Rule 504: On April 7, 1999, revisions to Rule 504 went into effect which established the general rule that securities issued under the Rule 504 exemption will be restricted and prohibits general solicitation and general advertising by an Issuer, unless the specified conditions permitting a public offering are met. These conditions are: (i) the transactions are registered under a state law requiring public filing and delivery of a disclosure document prior to sale (for sales to occur in a state without such a state law, the transactions must be registered in a state with such a law and the disclosure document filed in that state must be delivered to all purchasers before sale in both states) OR (ii) the securities are issued under a state law exemption that permits general solicitation and general advertising so long as sales are made only to "accredited investors" as that term is defined in Regulation D.

4. Application of Texas Statutes: Rule 109.3(c) of the Texas Rules specifically exempts from the securities registration requirements of Section 7 of the Texas Act, the offer and sale of securities to an "accredited investor" as the term is defined in Regulation D, Rule 501(a)(1)-(4), (7) and (8) of the Securities Act. Still further, Texas Rule 109.3(c) has no prohibition against general solicitation or advertising with respect to sales made to accredited investors.

5. Supporting Legal Opinion: Accordingly, based upon the above, I am of the opinion as follows with respect to the subject stock issuance:

Exhibit O

Ms. Linda Nonu

Page 3

1. The issuance of Shares will be undertaken in accordance with Texas, Utah and U.S. Securities Laws.
2. The action of VC with respect to the Shares has been approved, authorized and ratified by the Board of Directors of VC.
3. The issuance of the Shares is exempt from registration under the Securities Act pursuant to Regulation D, Rule 504 and the Texas Statutes.
4. That with respect to the governing provisions of Rule 504, that the sale of the Shares does not exceed the aggregate amount of \$1,000,000, that VC is an "eligible issuer," and that the offer and sale of the Shares has satisfied the applicable terms and conditions of Rules 501 and 502.
5. Accordingly, pursuant to Rule 504 and the Texas Statutes, VC may issue the Shares without a restrictive legend and that the Shares are available for immediate resale by non-affiliates of VC.
6. Share Issuance Authorization Documentation: Per your procedure, enclosed please find copies of the following:
  1. VC share issuance instruction letter to American Registrar & Transfer Agent of August 3, 2007 requesting issuance of 1,000,000 legend free shares to Wilshire Equity, Inc. pursuant to Regulation D, Rule 504.
  2. SEC Form D dated October 7, 2005 filed with the SEC.
7. Compliance With Rule 504 Offering Financial Parameters: Rule 504 permits the offer and sale of securities of a non-reporting company not exceeding \$1,000,000 within the twelve (12) months before the start of and during the offering of

Exhibit O

Ms. Linda Nonu

Page 4

the securities. To insure compliance with this \$1,000,000 dollar amount condition, I have personally reviewed the accounting of all such Rule 504 sales undertaken by VC during the last such twelve (12) months. Accordingly, please be advised that such sales of securities including the sale that is the subject of this legal opinion have not exceeded \$1,000,000 and are in compliance with this dollar amount limitation or condition.

8. Delivery of Shares: Will you please expedite this request and send the legend free share certificate via Federal Express to the following address:

Wilshire Equity, Inc.  
c/o CIT Consultant  
314 E. Highlandmall Blvd.  
Suite #498  
Austin, TX 78762

You are further authorized to charge an expediting fee, if necessary, to accelerate compliance with this request.

Thank you for your immediate attention to this request.

Very truly yours,



CARMINE J. BUA, III

CJB:dmj  
Enclosures

cc: Veltex Corporation (via fax)

Exhibit O

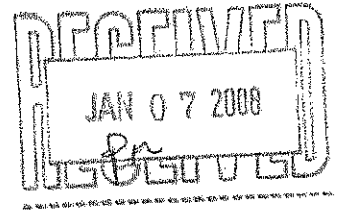
Carmen J. Bua

Date	Co.'s name	# of Shares	Amount	
1/6/2005	Max Capital	39,000	50,000.00	
1/2/2005	Max Capital	35,700	50,000.00	
2/15/2006	Max Capital	2,500	250.00	Subscription missing
3/1/2005	Max Capital	90,000	9,000.00	
3/21/2005	Max Capital	70,000	7,000.00	Page missing
7/25/2005	Max Capital	174,000	26,000.00	
3/8/2005	Wilshire Equity	500,000	5,000.00	
6/2/2005	Wilshire Equity	500,000	25,000.00	
7/22/2005	Wilshire Equity	350,000	3,500.00	
9/18/2005	Wilshire Equity	500,000	50,000.00	Openion Missing
2/28/2006	Wilshire Equity	500,000	50,000.00	
4/13/2006	Wilshire Equity	500,000	50,000.00	
5/31/2006	Wilshire Equity	500,000	50,000.00	
6/28/2006	Wilshire Equity	500,000	50,000.00	
7/25/2005	OTC Expert	300,000	3,000.00	
1/31/2006	Wantsing	64,935	50,000.00	
		4,626,135	478,750.00	

Exhibit O







January 3rd 2008

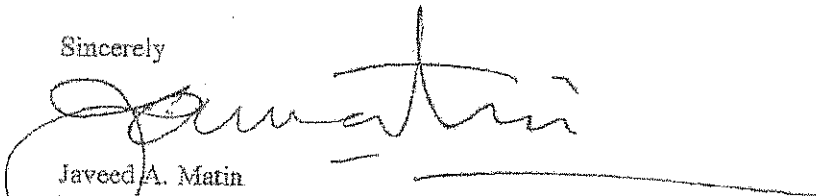
Richard Day  
American Registrar & Transfer Agent  
342 E.900 South Street  
Salt Lake City, UT 84111

Dear Mr. Day,

Please Issue 1,000,000 shares to Wilshire Equity Inc. under the rule 504D without any legend.

The Board of Directors of the Company has approved and authorized on february28,2007 That up to 5,000,000 shares can be issued without further meeting.

Sincerely

  
Javeed A. Matin  
President

NI IN  
1 OUT NO LEGEND (504)  
# 87121

Exhibit P

Veltex Corporation • Veltex Apparel

19977 Harrison Avenue • City of Industry, CA 91789 • Telephone (909) 595-1977 • Fax (909) 595-1969  
www.veltexcorporation.com • www.veltexapparel.com

EXHIBIT Q

**American Registrar & Transfer Co.**

342 East 900 South

P.O. Box 1798

Salt Lake City, Utah 84110

www.americanregistrar.net

Tel:  
(801) 363-9065

Item: 87121  
January 8, 2008

VELTEX CORPORATION  
COMMON  
Cusip: 922576 20 2

Transmittal for:

JAVEED MATIN, PRESIDENT  
VELTEX CORPORATION  
19977 HARRISON AVENUE  
CITY OF INDUSTRY, CA 91789

Deliver To:

R/O VIA ARTCO FEDEX BLD  
C/O CIT CONSULTANT  
314 E HIGHLANDMALL BLVD  
STE #498  
AUSTIN, TX 78752

IN ACCORDANCE WITH YOUR REQUEST, WE HAND YOU HERewith THE FOLLOWING CERTIFICATES:

<u>Certificate:</u>	<u>Name:</u>	<u>No. of Shares:</u>
1 4664	WILSHIRE EQUITY INC	1,000,000.
TOTAL SHARES DELIVERED		1,000,000.

ABOVE SECURITY IS ORIGINAL ISSUE WITHOUT LEGEND BASED ON CARMINE J  
BUA OPINION RE COMPLIANCE OF RULE 504

BALANCE DUE BILLED TO:  
VELTEX CORPORATION  
C/O JAVEED A MATIN  
19977 HARRISON AVENUE  
CITY OF INDUSTRY, CA 91789

CHARGES FOR THE ABOVE LISTED SERVICES ARE AS FOLLOWS-  
PLEASE REMIT ANY BALANCE DUE:



ISSUING CHARGE FOR 1 CERTS AT \$20.00:	\$20.00
FEDEX:	\$30.00
LESS AMOUNT PAID WITH ORDER:	\$0.00
BALANCE REMAINING DUE:	\$50.00

PRINCIPAL

Exhibit Q



## Document

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*Full Year Revenues Exceed \$70 Million*

PR Newswire - New York

Date: Feb 7, 2007

Text Word Count: 520



## Abstract (Document Summary)

CITY OF INDUSTRY, Calif., Feb. 7 /PRNewswire-FirstCall/ -- Veltex Corporation (OTC: VLXC) today announced revenues for the ending December 31, 2006 topping the \$70 million mark as expected.

Revenues for the twelve months ended December 31, 2006, totaled \$70,131,941. Gross Profits for the twelve months ending December 31, 2006 were \$15,689,013 with net income of \$5,545,246. Total assets also reached a record \$53,468,837. With approximately 10 million shares outstanding, Veltex Corporation is pleased to report earnings per share of \$0.252 for the twelve month period beginning January 01, 2006. A copy of the full financial report can be found on the company's website at [www.veltexcorporation.com](http://www.veltexcorporation.com).

Javeed Matin, CEO of Veltex Corporation, stated, "The Company is very pleased to be reporting numbers that are reflective of our work and efforts to bring Veltex to the next stage in our growth projections."

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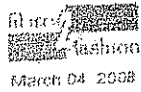
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Exhibit R



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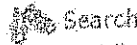


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**USA : Veltex Q1 revenue up 25% recorded**  
August 27, 2007

Veltex Corporation announced that sales for the first quarter of 2007 were \$18,251,239 as compared to \$14,620,491 for the first quarter of 2006 for an increase of \$3,630,920 or almost 25%. Net profit was \$1,930,551.

Veltex Corporation CEO Javed Malin stated, "We continue to grow our business at a record pace as evidenced by the Q1 figures presented herein. Our warehouse in Canada is now up to full speed and goods are entering and leaving even more rapidly than I had initially hoped."

"We are entering new markets almost daily. With new brands and new licensors coming on board we will continue to see our products in ever-increasing venues and enjoy ever increasing revenues. We expect second quarter figures to be released shortly."

Veltex Corporation headquartered in City of Industry, California, with distribution centers in the USA and Canada and with factories in Bangladesh, is a rapidly expanding vertical manufacturing and import/export company.

Veltex Corporation

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Mr Daniel Harari  
CEO  
L. 2007

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