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WEINGARTEN BROWN LLP



1 Alex M. Weingarten (SBN 204410)  
 aw@wblp.com  
 2 Eric J. Bakewell (SBN 241529)  
 ejb@wblp.com  
 3 Logan M. Elliott (SBN 268105)  
 lme@wblp.com  
 4 Vartanous Defterderian (SBN 274416)  
 vmd@wblp.com  
 5 WEINGARTEN BROWN LLP  
 10866 Wilshire Boulevard, Suite 500  
 6 Los Angeles, California 90024-4340  
 Telephone: (310) 229-9300  
 7 Facsimile: (310) 229-9380

8 Alan J. Jackson (SBN 173647)  
 ajackson@pldlawyers.com  
 9 PALMER, LOMBARDI & DONOHUE LLP  
 515 S. Flower St, Suite 2100  
 10 Los Angeles, California 90071  
 Telephone: (213) 688-0430  
 11 Facsimile: (213) 688-0440

12 *Attorneys for Plaintiff*  
 David Bergstein

13  
 14 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
 15 FOR THE COUNTY OF LOS ANGELES

16 DAVID BERGSTEIN, an individual,  
 17 PINEBOARD HOLDINGS, INC., a  
 Delaware corporation

18 Plaintiffs,

19 v.

20 PARMJIT SINGH PARMAR, an  
 21 individual, DAVID MOLNER, an  
 individual, ARAMID ENTERTAINMENT  
 22 FUND, a Cayman Islands company,  
 SCREEN CAPITAL INTERNATIONAL  
 23 CORP., a Delaware Corporation, ARAMID  
 CAPITAL PARTNERS, a United Kingdom  
 24 limited liability company and DOES 1-50,

25 Defendants.

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 SUPERIOR COURT OF CALIFORNIA  
 COUNTY OF LOS ANGELES

MAY 14 2013

John A. Clarke, Executive Officer/Clerk  
 BY Mary Flores, Deputy

Case No.:

BC 50 8916

**COMPLAINT FOR:**

- (1) Civil Extortion
- (2) Aiding and Abetting Civil Extortion
- (3) Conspiracy to Commit Civil Extortion

**DEMAND FOR JURY TRIAL**

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 28

1 Plaintiffs David Bergstein (“Bergstein”) and Pineboard Holdings, Inc.  
2 (“Pineboard”) (collectively, “Plaintiffs”), for their Complaint against Parmjit Singh  
3 “Paul” Parmar (“Parmar”), David Molner (“Molner”), Screen Capital International,  
4 Corp. (“SCI”); Aramid Capital Partners, LLP (“Aramid Capital”); and Aramid  
5 Entertainment Fund Limited (“AEF”) and DOES 1-50 (collectively, “Defendants”),  
6 hereby allege as follows:

7 **PARTIES**

8 1. Plaintiff Bergstein is an individual residing in the County of Los Angeles,  
9 State of California.

10 2. Plaintiff Pineboard Holdings, Inc. is a corporation organized under the  
11 laws of the State of New York with its principal place of business in New York.

12 3. Defendant Parmar is an individual residing in the State of New Jersey.

13 4. Defendant Molner is an individual residing in the County of Los Angeles,  
14 State of California.

15 5. SCI is a corporation organized under the laws of the State of Delaware,  
16 with its principal place of business in Los Angeles, California. Molner is the sole owner  
17 of SCI.

18 6. Aramid Capital is a United Kingdom limited liability partnership with its  
19 principal place of business in the United Kingdom. Aramid Capital holds all of the  
20 Class A shares of AEF, which are the only voting shares issued by AEF. Aramid  
21 Capital is owned by three entities, including SCI. Molner is the chairman of Aramid  
22 Capital and operates Aramid Capital out of his SCI office in Los Angeles, CA.

23 7. Aramid Entertainment Fund Limited (“AEF”) is a company organized  
24 under the laws of the Cayman Islands, with its principal place of business in the Cayman  
25 Islands.

26 8. Plaintiff does not know the true names and capacities of the defendants  
27 sued herein Does 1 through 50, inclusive, and therefore sue these defendants by their  
28 fictitious names pursuant to Section 474 of the California Civil Procedure Code.

1 Plaintiffs will seek leave to amend this Complaint to allege the true names and capacities  
2 of Does 1 through 50, inclusive, when ascertained. Plaintiff is informed and believes,  
3 and based thereon alleges, that each of the named and fictitiously named defendants,  
4 including Does 1 through 50, inclusive (collectively “Defendants”) are in some manner  
5 of law or fact responsible for the wrongs, damages and causes of action alleged herein,  
6 and that at all times referenced herein each was the successor, assign, joint venturer, co-  
7 venturer, co-conspirator, partner, agent or alter ego of the others, or was otherwise  
8 involved with the other Defendants in the wrongdoing averred herein, and by virtue of  
9 such capacity is liable and responsible on the facts alleged for some or all of the  
10 damages sought herein. Plaintiff is informed and believes, and based thereon alleges,  
11 that Defendants entered into a conspiracy with each other to plan and commit the  
12 wrongs alleged herein.

13           9. Plaintiff is informed and believes, and based thereon alleges, that at all  
14 relevant times herein, each of the Defendants was the agent, officer, manager, director,  
15 principal, partner, servant, independent contractor, and/or employee of each of his, her  
16 or its co-Defendants, and each of them, and in doing those acts herein referred to was  
17 acting within the course and scope of his, her or its authority as agent, officer, manager,  
18 director, principal, partner, servant, independent contractor and/or employee, and with  
19 the express and/or implied permission, knowledge, consent and ratification of his, her or  
20 its co-Defendants. Plaintiff is also informed and believes, and based thereon alleges,  
21 that at all relevant times herein, each of the Defendants directed, knew or reasonably  
22 should have known of the acts and behavior alleged herein and the damages caused  
23 thereby, and by their actions and/or inaction directed, ratified and encouraged such acts  
24 and behavior. Plaintiff further alleges that Defendants had a non-delegable duty to  
25 prevent such acts and the behavior described herein, which duty Defendants failed  
26 and/or refused to perform.

27  
28

## JURISDICTION AND VENUE

1  
2           10.     Jurisdiction is proper in this Court as the amount in controversy exceeds  
3 \$25,000.00. Venue is proper in this Court because the causes of action arose in the  
4 County of Los Angeles and because Bergstein and Defendants are resident therein.

## NATURE OF THE CASE

5  
6           11.     David Molner is the principal behind Aramid Entertainment Fund  
7 (“AEF”), a Cayman Islands mutual fund established in 2006. The Cayman Islands is a  
8 preferred jurisdiction for organization of funds such as AEF due to laws that permit fund  
9 management to avoid transparency and disclosure of its activities. Cayman laws also  
10 severely restrict investor rights, making it an attractive forum for persons like Molner  
11 who prefer to operate in the shadows. AEF’s business model was to make secured “hard  
12 money” extremely high interest loans to entertainment industry ventures.

13           12.     From nearly the inception of the AEF fund, Molner has deliberately hid  
14 from AEF’s auditors and investors that significant losses were occurring and that he had  
15 executed a series of *ultra vires* insider transactions designed specifically to siphon funds  
16 from AEF shareholders. In fact, from 2007 through 2009, when AEF should have been  
17 disclosing its losses, Molner was instead painting a very different picture to his investors  
18 and auditors. Moreover, Bernie Madoff style, he was seeking to raise additional money  
19 to cover for the losses.

20           13.     Molner paid himself millions of dollars in fees to do nothing more than  
21 essentially manage AEF into the ground. Moreover, Molner took millions in kickbacks  
22 as “fees” charged to borrowers when making investments and loans using from AEF  
23 funds. Molner treated the AEF fund as his personal piggybank. Molner also entered  
24 into multi-million dollar loan agreements whereby he used AEF capital for his personal  
25 benefit. In total, Molner stole or otherwise misappropriated more than \$60 million, a  
26 sum constituting a significant portion of AEF’s peak value of approximately \$300  
27 million. To date, the full extent of Molner’s looting remains unclear due to his refusal to  
28

1 allow proper transparency, his refusal to provide proper disclosures, his refusal to write  
2 off bad assets, and his active concealment of AEF's true financial condition.

3 14. Molner is currently being sued for misconduct by AEF's largest investors.  
4 Despite the investors' serious concerns about Molner's self-dealing, AEF has continued  
5 to refuse any true independent accounting of its books and records since inception.  
6 Defendants manufactured excuses to fire the fund's auditors, Ernst & Young, before the  
7 firm could complete its 2009 annual report on AEF. To date, Ernst & Young has been  
8 unable to complete its audit for 2009 or any subsequent year. Molner clearly knows that  
9 any such audit will reveal his uncontrolled self-dealing, the true diminished value of the  
10 assets, and the past misrepresentations Molner made about the fund's performance.

11 15. AEF has five classes of stock (A, B, C, D and E), but only Class A  
12 stockholders may vote. Molner, through Defendant SCI, a corporate entity he wholly  
13 owns, controls Defendant Aramid Capital, the owner of all Class A stock. As a result,  
14 Molner designates all of the directors of the AEF fund, and accordingly maintains *de*  
15 *facto* control over the fund.

16 16. By late 2008, nearly all of the AEF investors demanded that their money  
17 be returned. Had Molner's reports that the fund was profitable been legitimate, meeting  
18 the redemption calls would not have been a problem. In reality, however, Molner had  
19 stolen, misappropriated, and/or lost a majority of the fund's money. Molner was facing  
20 growing pressure from his investors and was unwilling to come clean about the  
21 insolvency of the fund. Molner, unable to return their money, needed an explanation to  
22 reconcile what had happened to \$60 million that he could not legitimately account for.  
23 In a desperate effort to divert attention away from his malfeasance, Molner created a  
24 boogeyman – a patsy that he could blame for all of AEF's woes and a distraction that  
25 would keep attention away from his own grievous misconduct. Enter David Bergstein.

26 17. Bergstein is a successful entrepreneur with business interests in a variety  
27 of industries, including entertainment. Bergstein had conducted business with AEF and  
28 Molner for several years at the point Molner put him in his sights. Molner's plan was

1 simple: blame Bergstein for what Molner had done then bury Bergstein to make it all  
2 disappear.

3 18. Molner carefully chose Bergstein as his target. Molner needed someone:  
4 (1) with whom AEF conducted significant business (enough to pin a \$60 million loss  
5 on); (2) who was already having financial difficulties; and (3) who Molner estimated  
6 would be unable to defend himself. Bergstein fit the bill.

7 a. Over the course of their short business relationship, AEF made loans to  
8 Bergstein-affiliated entities for a total of more than \$40 million across  
9 more than ten transactions. On each of these loans, AEF collected  
10 significant fees. Because Bergstein would not provide kickbacks to  
11 Molner, Bergstein's payments to AEF represented a substantial  
12 concentration of AEF's bona fide business and performance.

13 b. In early 2008, in the throes of the financial crisis, Bergstein's primary  
14 lender was put into liquidation, resulting in severe cash flow issues for  
15 Bergstein's entertainment operations.

16 c. By 2009, Bergstein's staff was reduced by 80 percent from its peak,  
17 and Bergstein was defending a number of legal actions. Only a handful  
18 of key employees remained with Bergstein's entertainment business.

19 Molner believed that were he to induce one of those employees to work  
20 for him, Bergstein would have little chance of defending Molner's  
21 attack. The plan was thus hatched.

22 19. By early 2009, Bergstein had repaid most of the loans to AEF. All that  
23 was left was \$12 million owing across three films, which had a combined collateral  
24 value of more than \$50 million. In or about December 2008, Bergstein approached  
25 Molner with an offer to repay AEF a six-month-old outstanding loan representing \$1.8  
26 million. In response, Molner demanded that Bergstein pay \$4.3 million to clear the debt,  
27 claiming that the additional \$2.5 million represented default charges and interest. The  
28 \$1.8 million loan was secured by a film asset in which more than \$25 million was

1 invested. The annualized interest rate that Molner was demanding was in excess of 200  
2 percent. Such a mafia-style interest rate is clearly usurious. It is illegal under California  
3 law to charge interest in excess of 10 percent per annum without a lender's license,  
4 which AEF did not possess.

5 20. Such insidious conduct became Molner's *modus operandi*. In his  
6 desperation, Molner was trying to develop incredible returns on any performing asset he  
7 could still muster. When Bergstein complained about this egregious demand, Molner  
8 explained that Bergstein could simply take him to court and watch the underlying assets  
9 spoil during the pendency of the litigation. Molner told Bergstein that Molner has  
10 nothing to lose personally and that even if Bergstein were proven correct, the damage  
11 will have been done. Molner punctuated his threat by saying, "Good luck collecting  
12 money from a Cayman Islands Fund." At the time, Bergstein was unaware that Molner  
13 had been looting AEF and/or lying to his investors while the Fund was hemorrhaging  
14 money.

15 21. Molner was not only demanding usurious interest payments, he further  
16 explained that he would not allow the repayment of any of the remaining loans unless  
17 and until Bergstein entered into what Molner presented to Bergstein as the "Global  
18 Deal." The "Global Deal" was an agreement whereby Bergstein would agree to pay \$75  
19 million to AEF, partially allocated to pay exorbitant interest (40 percent per annum or  
20 higher) on the remaining Bergstein loans, and partially allocated to purchase a group of  
21 non-performing loans that AEF made to third parties (unrelated to Bergstein). The  
22 "Global Deal" also required that Bergstein and Bergstein's business associate, Ronald  
23 Tutor, personally guarantee the \$75 million. When Bergstein received this proposal, he  
24 understood that Molner was attempting to use this "Global Deal" as a tool to deceive his  
25 auditors and investors into believing that the underlying loans (assets) included in the  
26 "Global Deal" were performing and valuable.

27 22. Molner explained that if Bergstein entered into the "Global Deal," Molner  
28 would make Bergstein's life easy. Molner promised that he would repurchase the \$75

1 million in loans in six months with a new company Molner was separately funding in the  
2 UK. Molner told Bergstein that Bergstein would have no exposure in the deal. Molner  
3 then threatened Bergstein that if he did not agree, that Molner would use all the  
4 resources he had at his disposal from AEF to destroy Bergstein.

5 23. Bergstein did not agree to enter into the “Global Deal.” True to his word,  
6 Molner embarked on a well-funded and carefully planned strategy to scapegoat  
7 Bergstein for Molner’s transgressions. Using AEF’s resources (and his investors’ cash),  
8 Molner put into action his plan to dismember Bergstein and render him defenseless.

9 24. Molner identified and attempted to seduce those closest to Bergstein—to  
10 turn those in Bergstein’s inner circle against him. Among the many who Molner  
11 approached was Susan Tregub. Tregub was Bergstein’s then-in-house attorney and  
12 close confidant for more than ten years. Molner successfully recruited Tregub and  
13 induced her to flagrantly breach her fiduciary duties by violating a cornucopia of ethical  
14 obligations owed by a lawyer to her client. Bergstein filed suit against Tregub, which  
15 resulted in a jury verdict of more than \$50 million in Bergstein’s favor. The trial  
16 revealed the unfathomable conduct of both Molner and Tregub in their scheme to ruin  
17 Bergstein. Molner’s plan was to leave Bergstein crippled, alienated from his associates,  
18 business partners and funding sources and generally defenseless against Molner’s plot.

19 25. For the past several years, Molner has laid siege to Bergstein on a global  
20 scale, literally attacking Bergstein and his business interests around the world. Using an  
21 estimated \$20 million—virtually all the liquidity remaining in AEF—Molner  
22 orchestrated a public relations campaign to vilify Bergstein in the press. Molner worked  
23 to destroy Bergstein’s personal and professional relationships, executing his plan with  
24 ruthless precision. Molner’s goal was to systematically undermine and malign Bergstein  
25 such that Bergstein could not credibly defend himself. Molner would then pin his  
26 failures on Bergstein and bury Bergstein so that he could not defend himself against the  
27 charges and expose the truth.

28

1           26. With Bergstein defeated, Molner believed he could simply blame  
2 Bergstein for the losses. Molner crafted his plan for nearly a year, and then publicly  
3 launched it in March 2010. In June 2010, he reported to his investors that his efforts  
4 against Bergstein were going well and that his claims against Bergstein would soon be  
5 vindicated. Molner even commissioned a report by respected firm Grant Thornton  
6 claiming that AEF stood to recover approximately \$45 million from Bergstein. To date,  
7 however, Molner has never even sought, much less established that Bergstein and his  
8 affiliated entities owe a fraction of that preposterous amount. In fact, in June 2009, AEF  
9 executed a settlement agreement pursuant to which they were paid \$3 million in  
10 exchange for a complete release all claims against the Bergstein parties.

11           27. By mid-2010, despite spending millions of dollars funding his plan,  
12 Molner realized that his shock and awe campaign was not working. Accordingly, he  
13 doubled down. He sought help, contacting dozens of Bergstein’s business relationships.  
14 Tregub guided Molner to those who would be most vulnerable. Among those was Paul  
15 Parmar.

16           28. Parmar was once a successful entrepreneur and wealthy businessman who  
17 claimed to have invested \$200 million over several years in various health care, aviation,  
18 real estate, and entertainment ventures. Parmar’s 39,000 square foot house on his 32  
19 acre compound in New Jersey had been profiled in the national media, and he held  
20 himself out as the poster-child for how the Great Recession was not having any effect on  
21 the “Super Rich.” In April 2008, Parmar was quoted as explaining how the downturn  
22 was not affecting his spending, pointing to the \$110,000 BMW he recently purchased for  
23 his girlfriend to go with the even more expensive Bentley he acquired for himself.  
24 Featured on ABC’s *Nightline* profiling “recession-proof living,” Parmar was quoted as  
25 asking, “What recession?” while being interviewed on his private jet. Parmar’s fairy  
26 tale, however, eventually came crumbling down. The cars and the jets were repossessed  
27 and his palace wound up in foreclosure. Stripped of his millions, Parmar became a  
28 desperate man. Desperate times call for desperate measures.

1           29. Bergstein and Parmar first became acquainted in late 2006 and began to do  
2 business with one another shortly thereafter, ultimately becoming friends.

3           30. By 2008, Parmar's financial situation began to change. His investments  
4 were not performing. Many investments were wiped out because he could not continue  
5 to fund them. He became the target of multiple lawsuits by his creditors. Parmar  
6 panicked and buried his head in the sand, doing nothing in response to the litigations  
7 against him. Parmar was subject to default judgments, including a \$25 million judgment  
8 against him by GE Capital. Deutsche Bank also sued Parmar and sought to foreclose on  
9 Parmar's \$22 million home.

10           31. As Parmar's financial problems began to mount, he looked to Bergstein for  
11 help. Bergstein and Parmar were in close contact and Bergstein invested significant  
12 time and money in resolving Parmar's problems. Bergstein proved to be the only true  
13 resource for Parmar after his fall

14           32. Because of the law suits against him, Parmar was in dire straits. As  
15 Parmar was growing increasingly desperate, he vacillated between profusely thanking  
16 Bergstein for his help and making aggressive demands on Bergstein. During this time,  
17 Parmar was well aware of the battle waged by Molner against Bergstein. It was heavily  
18 publicized and the subject of frequent discussion between them.

19           33. Parmar was also being aggressively courted by Molner. In October 2010,  
20 Parmar testified that he had received more than 50 telephone calls from Molner or  
21 Molner's representatives. The purpose of the calls, as described by Parmar, was to enlist  
22 Parmar in the war being waged against Bergstein. According to Parmar, "[Molner] told  
23 me that he and others are actively pursuing a criminal prosecution against Bergstein as a  
24 means of rendering him unable to defend himself and the [Bergstein Affiliated entities]  
25 in connection with the involuntary bankruptcy proceeding. Molner also stated (verbally  
26 and in an email) that he and others were continuing to organize negative press against  
27 Bergstein [and one of Bergstein's business partners]."  
28

1           34.     According to Parmar, “Molner told me that if I joined him against David  
2 Bergstein, that he would give me a role in the next [famed director Sidney] Lumet film,  
3 which Molner would green light through the Aramid Entertainment Fund that he  
4 purports to control. Mr. Molner pushed this hard, telling me that this was prestigious  
5 and would be very lucrative.”

6           35.     Molner was particularly interested in converting Parmar because of  
7 Parmar’s close personal friendship with Bergstein. Parmar sent Bergstein a variety of  
8 emails and text messages confirming his friendship with Bergstein such as: “David, I am  
9 sorry to put you in a bad spot, you are wrong when you say that I do not care, I do and  
10 you know I will do anything for you, you do not even have to second guess my loyalty,  
11 what you have done for me, no one would have, I will never be able to pay you back no  
12 matter what, as if you would not have come through for me at this time, I would be dead,  
13 I know these things David, if I get mad or angry, I never mean it from my Heart. I love  
14 you and you know that.” At other times Parmar referred to Bergstein as his “Brother”  
15 writing, “I am your guy David, and will always love you and be your guy David.” He  
16 also wrote, “you know that I never mean any harm nor will I ever damage anything  
17 David, I am the most loyal guy you will ever have with you, please help me David,  
18 please call me, you are my brother.” On another occasion he wrote, “I do not have any  
19 bad intensions about anything, you have to trust me and believe me, I love you and have  
20 always looked up to you for emotional and spiritual support. Please call me and please  
21 do not be mad at me.” At the time, these emails appeared to be genuine displays of  
22 friendship and affection by Parmar toward Bergstein. Bergstein considered Parmar a  
23 close friend and trusted confidant.

24           36.     Clearly, however, these gushing promises of loyalty and friendship have  
25 been exposed as a sham. Parmar worked to further Bergstein’s trust and confidence so  
26 he and Molner could use those confidences against Bergstein.

27           37.     In addition to their written communications, Parmar and Bergstein would  
28 frequently communicate by telephone. These telephone conversations would include

1 topics of a personal nature shared by Bergstein on a confidential basis and about which  
2 Bergstein did not expect public dissemination. Unbeknownst to Bergstein at the time,  
3 Parmar was *surreptitiously and illegally recording* all or almost all of their telephone  
4 conversations. Bergstein *never* consented to the recording of his conversations with  
5 Parmar. Aside from a small handful of instances, Bergstein was not aware of any  
6 recording of his private conversations at the time the recordings were made. In those  
7 instances, Bergstein did not consent to being recorded and, in fact, informed Parmar of  
8 his objection to being recorded. Parmar informed Bergstein that he had recorded their  
9 private telephone conversations only after the fact. Indeed, in December 2011, after  
10 Bergstein discovered that Parmar had recorded several of their conversations despite  
11 Parmar’s representations to the contrary, Bergstein sent Parmar an email in which he  
12 stated: “I am extremely upset that you continue to record our conversations. I am  
13 physically sick at the thought of it and I again tell you that I am unwilling to have our  
14 conversations recorded. It is a gross violation of our friendship.”

15 38. Any unauthorized recording of a confidential communication with an  
16 individual in California is a crime. Cal. Penal Code § 632(a). This is true regardless of  
17 whether the party secretly recording a conversation is located in California at the time of  
18 the recordings. *See Kearney v. Salomon Smith Barney*, 39 Cal. 4th 95, 119-20 (2006)  
19 (holding that California Penal Code Section 632 applies to recordings of California  
20 citizens even if the recording party is located outside of California).

21 39. Through his repeated attestations of loyalty, fidelity and affection, Parmar  
22 was able to deepen Bergstein’s trust. Through that trust he was able to receive  
23 confidential information from Bergstein, including sensitive information about  
24 Bergstein’s business interests and private personal matters. Parmar was surreptitiously  
25 and illegally recording all of it.

### 26 **PINEBOARD AND WESTON**

27 40. Through one of his entities, Pegasus Blue Star Fund (“Pegasus”), Parmar  
28 owed a number of assets in the health care services sector. These included MD Tablet (a

1 medical software company), an interest in Physician Practice Management (“PPM”) (a  
2 medical billing company), two medical services outsourcing companies in India and an  
3 interest in various cancer treatment facilities (collectively, the “Pegasus Medical  
4 Assets”). As of mid-2009, the Pegasus Medical Assets were out of cash and subject to  
5 litigation. These assets were distressed but could have significant value if the  
6 outstanding issues were resolved and the assets themselves managed properly. Parmar  
7 was working diligently to obtain financing for the Pegasus Medical Assets and despite  
8 interest, could not execute because of their distressed nature.

9 41. As part of their business dealings, Parmar relentlessly pushed Bergstein to  
10 seek funding for the Pegasus Medical Assets or find a buyer. A substantial portion of  
11 Bergstein’s business is focused on recovery and rehabilitation of distressed assets –  
12 frequently litigation distressed assets – so he has an expertise in the area. Accordingly,  
13 Parmar also turned to Bergstein to assist with resolving Parmar’s litigation issues and the  
14 two would communicate on a regular basis, often several times a day. Bergstein  
15 ultimately spent thousands of hours and hundreds of thousands of dollars on Parmar’s  
16 legal issues.

17 42. After working more than six months to find money for the Pegasus  
18 Medical Assets, in late 2011 Bergstein created a special purpose entity (“SPE”) called  
19 Pineboard Holdings, Inc. (“Pineboard”). Bergstein, Pineboard and Parmar entered into  
20 an agreement that provided that Pineboard would acquire the Pegasus Medical Assets in  
21 exchange for \$4.1 million, which was paid to Parmar as agreed. Parmar was also given  
22 a 38 percent interest in Pineboard Holdings and was to continue as the CEO of  
23 Pineboard. Pineboard was capitalized with money from third-party investors, including  
24 a group led by Weston Capital Partners (“Weston”). Weston already had an ongoing  
25 conflict with Molner due to their investment in AEF.

26 43. Because of the conflict between Weston and Molner, in addition to  
27 Bergstein’s problems with Molner, it was critical that Parmar maintain the confidences  
28 of his Pineboard business partners and not work with Molner. It was a prerequisite of

1 entering into the Pineboard agreement that Parmar not disclose the Pineboard transaction  
2 to Molner and not assist Molner in any way. Parmar understood and affirmed that he  
3 would comply. Without this agreement, Bergstein, Pineboard, and Weston would not  
4 have entered into the Pineboard agreement with Parmar

5 44. Parmar was to use a portion of the \$4.1 million from Pineboard transaction  
6 to settle the two main litigations pending against him – the \$25 million default judgment  
7 by General Electric and the \$20 million Deutsche Bank foreclosure. Separately,  
8 Bergstein was helping Parmar try to resolve these issues. During that time, Bergstein  
9 had no reason to suspect that Parmar was in fact secretly plotting with Molner.

10 45. Despite receiving the \$4.1 million paid as consideration for these assets,  
11 Parmar defaulted on his agreement to turn over the Pegasus Medical Assets to  
12 Pineboard. During this time, Bergstein and his investors continued to pour significant  
13 resources into Pineboard in order for the company to continue operations. Parmar not  
14 only refused to turn over title to the assets, but further refused to provide any backup or  
15 support for the hundreds of thousands of dollars being advanced to him for Pineboard's  
16 operations. To date, none of the Pegasus Medical Assets have been turned over.

17 46. During this time, Parmar was well aware of Bergstein's problems with  
18 Molner. In the summer of 2010, Parmar informed Bergstein that he had been contacted  
19 by the FBI as part of an investigation into Bergstein instigated by Molner. Parmar  
20 explained that he was contacted by a California based FBI agent named Ronald Wymer.  
21 Parmar claimed that Wymer told him that he was heading up the investigation and  
22 would send local agents from NJ to visit with Parmar. Parmar then reported that three  
23 local FBI agents came to his home to interview him regarding Bergstein. Parmar said  
24 that during the interview he had vouched for Bergstein and told the truth, that Bergstein  
25 was not involved in any criminal activity and that the investigation was an improper  
26 abuse of process by Molner. Bergstein asked Parmar why he thought that he, Parmar,  
27 had been singled out for interview. Parmar explained that he had been working for the  
28 Federal Department of Homeland Security and the National Security Agency ("NSA"),

1 which was why he would frequently travel overseas including to India and Pakistan as a  
2 counterterrorism asset. Parmar told Bergstein that since he was a trusted asset, they  
3 relied on him for the truth and explained to Bergstein that he had significant access to  
4 the FBI and other law enforcement and government relationships.

5 47. Parmar subsequently reminded Bergstein that Parmar's relationships could  
6 either serve to help or harm Bergstein. Parmar, pointing to the interview and his  
7 position with the government, threatened Bergstein explaining that if Bergstein did not  
8 continue his efforts to assist Parmar with the lawsuits and his financial needs, that he  
9 would start cooperating with Molner and would use his law enforcement connections to  
10 create criminal problems for Bergstein. Parmar would pull these relationships out like a  
11 bat every time he needed to force a result. Bergstein took this threat seriously.

### 12 EXTORTION

13 48. Incredibly, Parmar refused to turn over the Pegasus Medical Assets despite  
14 receiving \$4.1 million as payment in full for the assets and despite representing in  
15 writing and verbally that upon receipt of payment he would immediately turn over the  
16 assets to Pineboard free and clear. First, Parmar claimed that he was just busy and  
17 would get to the turn over soon. Next, Parmar claimed that more than \$7 million was  
18 still owed on the Pegasus Medical Assets and that he could not turn over any of the  
19 assets unless and until he was paid this additional amount. Parmar also claimed that  
20 certain of the assets he agreed to sell were not even his to sell. Parmar quickly added  
21 that he had nothing to lose and that unless his demands were met, he would work with  
22 Molner and provide him with confidential and damaging information about Bergstein.  
23 Parmar told Bergstein to use whatever justification he needed to go back to his investors  
24 and get Parmar more money – telling Bergstein that unless he did so, the best that  
25 Bergstein could hope for is that the Pegasus Medical Assets would be laid to waste.  
26 Parmar promised that he would use his relationships with Federal law enforcement  
27 officials to help Molner and punish and prosecute Bergstein and anyone else involved in  
28 Pineboard. Parmar went on to threaten that unless he was paid money that he was not

1 legitimately owed, he would seek to have Bergstein and the Pineboard investors  
2 criminally prosecuted. Parmar's threats of criminal prosecution put Bergstein in fear  
3 because of his claims of connections to and influence with Federal law enforcement  
4 officials. Bergstein feared not only the loss and destruction of the assets for which  
5 Pineboard had paid millions, but also feared the prospect of an unfounded criminal  
6 prosecution underpinned by Parmar.

7         49. Bergstein believed he had no choice but to acquiesce to Parmar's threats as  
8 Parmar had already established his bona fides as an extortioner. Part of Bergstein's  
9 efforts to mollify Parmar was his work to settle Parmar's litigation with Deutsche Bank.  
10 By now, after 18 months of herculean efforts, Bergstein resolved Parmar's matter with  
11 GE Capital for \$1.2 million (less than five percent of the judgment amount). Bergstein  
12 also had a strong relationship with Deutsche Bank through years of successful business  
13 ventures that Deutsche Bank had provided financing for. One of Bergstein's contacts at  
14 Deutsche Bank was Sean Edrington. Edrington was a private wealth manager located in  
15 the Beverly Hills office of Deutsche Bank and had been instrumental in originally  
16 obtaining the \$22 million mortgage for Parmar on his New Jersey home. Parmar told  
17 Bergstein that unless Deutsche Bank met Parmar's demands (when Parmar had  
18 borrowed tens of millions from the bank and was in default), that he would use his law  
19 enforcement connections to seek to have the bank and key personnel criminally  
20 prosecuted. Parmar explained to Bergstein that it did not matter if Deutsche Bank did  
21 anything wrong, but that the mere threat of criminal prosecution, which would garner  
22 press attention, would send Deutsche Bank running scared. Parmar knew and confirmed  
23 to Bergstein that Deutsche Bank had not committed any crime but stated nonetheless  
24 that he had the power to have the FBI interrogate Deutsche Bank employees. Parmar  
25 then actually caused an FBI agent (Ronald Wymer, the same agent that Parmar had  
26 claimed spoke to him at Molner's behest) to contact Edrington at Deutsche Bank and  
27 interrogate him. Parmar was sending Bergstein the message that he could carry through  
28 with whatever he had been telling Bergstein and that his extortionate demands were not

1 empty threats. Bergstein spoke to Edrington and confirmed that all of this had in fact  
2 occurred.

3 50. Believing that Parmar could make good on his threats, Pineboard entered  
4 into another agreement, albeit under duress, with Parmar. This agreement called for  
5 Parmar to sell his remaining minority interest in Pineboard for a total of \$6 million (plus  
6 the assumption of certain debts) to be paid in stages as Parmar turned over specific  
7 assets. This \$6 million (plus the assumption of certain debts) was an amount  
8 significantly in excess of the true value of what Parmar was selling. In addition, coming  
9 up with an extra \$6 million was not planned for in the Pineboard funding and paying this  
10 amount created significant problems for Pineboard. Parmar was very well aware of all  
11 of this, but he assured Bergstein that if the forced agreement were entered into, Parmar  
12 would never again extort Bergstein or Pineboard. Bergstein and Pineboard would not  
13 have paid this money to Parmar but for his extortionate threats.

14 51. Just as before, however, despite Pineboard performing by making the first  
15 \$500,000 payment due under the new contract, Parmar again defaulted. Parmar's excuse  
16 was that he was preoccupied with his litigation and needed the money faster than called  
17 for in the new agreement (in order to make payments in his ongoing unrelated  
18 litigations). Parmar refused to do anything unless he was paid an additional \$1.5 million  
19 ahead of schedule. For good measure, Parmar again raised the threat that he would work  
20 side-by-side with Molner in with respect to civil litigation and criminal prosecution if his  
21 demands were not met. Once again, believing he had no alternative but to acquiesce,  
22 Bergstein and Pineboard agreed to Parmar's extortionate demands and paid the  
23 additional \$1.5 million. Again, Bergstein and Pineboard would not have paid this  
24 money to Parmar but for his extortionate threats. Almost on cue, Parmar refused to  
25 perform under the contract and failed to deliver the Pegasus Medical Assets.

26 52. Additionally, Parmar took to filing a specious lawsuit against one of his  
27 former employees involved in one the assets (MD Tablet) sold to Pineboard. Parmar  
28 threatened to have her deported (the employee is a citizen of India and was in the United

1 States on a work visa sponsored by Parmar) unless she assisted him in his efforts to suck  
2 even more money out of Pineboard. That lawsuit was eventually expanded to include  
3 Pineboard and other related defendants and was ultimately dismissed with Parmar  
4 personally sanctioned approximately \$200,000 by a New Jersey state court, which  
5 determined that Parmar was guilty of a bad-faith “shakedown.”

6 53. In total, Pineboard had paid Parmar and his companies more than \$7  
7 million. Bergstein had spent thousands of hours and hundreds of thousands of dollars of  
8 his own money working to resolve the \$50 million worth of claims against Parmar.  
9 Notwithstanding, Parmar still refused to deliver the assets. Finally, by late 2012,  
10 Bergstein awakened to the realization that any further efforts to recover the assets that  
11 were properly his (or any efforts to break free from Parmar) would be futile, and he  
12 would continue to be vulnerable to further exploitation and extortion by Parmar.  
13 Bergstein, therefore, ended the relationship.

#### 14 PARMAR-MOLNER CONSPIRACY

15 54. Before the demise of the relationship, in May 2012, Parmar informed  
16 Bergstein that he had received a subpoena from Molner. The subpoena sought to  
17 compel Parmar’s testimony in one of the many law suits filed by Molner against  
18 Bergstein, but also sought the production of Parmar’s secret and illegal tape recordings  
19 of his conversations with Bergstein. Parmar feigned ignorance and denied cooperating  
20 with or even speaking to Molner. Parmar asked Bergstein for help responding to the  
21 subpoena and finding an attorney to represent him for purposes of the subpoena.  
22 Bergstein agreed. At Parmar’s request, Bergstein retained New York attorney Paul  
23 Niehaus to represent Parmar in connection with the subpoena.

24 55. Parmar, however, was not interested in having Niehaus actually represent  
25 him. Rather, Parmar used Niehaus to communicate another yet another extortionate  
26 demand to Bergstein. Through Niehaus, Parmar explained that he had a voluminous  
27 amount of “damaging” information about Bergstein and that he had been asked for that  
28 information by Molner. Accordingly, Parmar offered that if paid \$5 million, he would

1 conveniently misplace the illegally recorded telephone conversations he had secretly  
2 taped and his recollection of certain facts would be clouded such that his testimony, if  
3 offered, would not be damaging to Bergstein. Conversely, if his extortionate demands  
4 were not met, he would “bury” Bergstein with the tapes and his testimony.

5         56. Having realized that Parmar would never stop, Bergstein refused Parmar’s  
6 extortionate demands and Parmar proceeded to publicly provide Molner with the  
7 illegally recorded telephone conversations and other confidential information that  
8 Parmar had obtained through his position as Bergstein’s trusted confidant. By and  
9 through Parmar’s insidious conduct, Molner came into position of information  
10 detrimental to Bergstein to which Molner would never have has access, nor been  
11 entitled.

12         57. Not wanting to lose the opportunity to continue to extort Bergstein, even  
13 after publicly disclosing the illegal tapes and confidential information, Parmar continued  
14 to text and email Bergstein to explain that he had not yet release everything. Parmar  
15 claimed that he had still even worse dirt on Bergstein and that there was still time to  
16 prevent its release if his demands were met. Parmar blatantly threatened Bergstein,  
17 “Don’t fuck with me or you will regret it.”

18         58. Parmar’s extortionate threats regarding the \$5 million payment were being  
19 communicated in May and June 2012 and thereafter. Molner and Parmar were  
20 discussing their scheme against Bergstein during that time. In one text message Parmar  
21 wrote Molner, “[A]nd if [B]ergstein finds out we are talking he will allege I violated his  
22 friendship and shared personal and private information with you that resulted in  
23 damages.” Indeed.

24         59. Parmar and Molner have been engaged in a nefarious conspiracy to  
25 financially and personally damage Bergstein, each with their own motive, but working  
26 together to achieve their mutual objective. Although the extent of Parmar’s relationship  
27 with Molner was intended to be clandestine, as often happens Parmar slipped up. In the  
28 thousands of documents Parmar produced in the discovery served by Molner pursuant to

1 subpoena, Parmar inadvertently produced communications between himself and Molner  
2 revealing the conspiracy between them to damage and entrap Bergstein dating all the  
3 way back to 2010.

4 60. Parmar has threatened and manipulated Bergstein for money. Once a  
5 Master of the Universe with private jets and an opulent mansion, Parmar has since fallen  
6 on hard times and has, out of greed, fear and desperation done whatever he could to stay  
7 afloat. This has included, unthinkably, betraying a friend and colleague, Bergstein.

8 61. With Parmar, Molner hit the jackpot. Parmar not only had Bergstein's  
9 trust and confidence, but he had illegal recordings of telephone conversations between  
10 the two. Parmar was a treasure trove of information that Molner could use in his war  
11 against Bergstein.

12 62. For some time, Parmar has been shoveling information, recordings and  
13 documents about Bergstein to Molner. Molner was guiding Parmar regarding the  
14 content of Parmar's illegally-recorded conversations with Bergstein. Molner has been  
15 utilizing that information against Bergstein as part of his myriad efforts against him.

### **FIRST CAUSE OF ACTION**

#### **(Civil Extortion – Against Parmar)**

18 63. Plaintiff repeats and realleges the allegations contained in Paragraphs 1  
19 through 62 as if set out in full herein.

20 64. As described herein, Parmar threatened to: (a) expose secrets about  
21 Bergstein; and/or (b) expose or connect Bergstein to purportedly disgraceful or unlawful  
22 activities.

23 65. The secrets and/or activities Parmar threatened to reveal are allegations  
24 that: (a) are unknown to the general public or to individuals who might be interested in  
25 knowing the fact; and (b) would harm Bergstein's reputation or other interests so greatly  
26 that Parmar had reason to believe that Bergstein would give into Parmar's demands in  
27 order to prevent the allegations from being revealed.

28



1 acts alleged herein, Molner acted with oppression, fraud and malice, so as to entitle  
2 Bergstein to exemplary and punitive damages in an amount to be determined at trial.

### 3 THIRD CAUSE OF ACTION

#### 4 (Conspiracy To Commit Extortion – Against All Defendants)

5 76. Plaintiff repeats and realleges the allegations contained in Paragraphs 1  
6 through 75 as if set out in full herein.

7 77. As described herein, Parmar and Molner intended to agree and/or did agree  
8 with one another to commit extortion of Bergstein.

9 78. As described herein, Parmar and Molner intended at the time of the  
10 agreement that Parmar would commit extortion of Bergstein.

11 79. Parmar committed at least one of the following overt acts, *inter alia*, to  
12 accomplish the extortion: (a) secretly and unlawfully recording telephone conversations  
13 with Bergstein without Bergstein's consent, (b) threatening Bergstein with exposure of  
14 Bergstein's secrets or other damaging allegations unless he was paid millions of dollars  
15 that he was not otherwise entitled to; (c) threatening Bergstein and his business  
16 associates with criminal and administrative prosecution unless he was paid millions of  
17 dollars; (d) carrying out on said threats by utilizing his claimed contacts with law  
18 enforcement officials to attempt to have Bergstein and his business associates criminally  
19 and administratively prosecuted; (e) releasing confidential and sensitive information  
20 about Bergstein to the other Defendants once his extortionate demands were not met.

21 80. Molner committed at least one of the following overt acts, *inter alia*, to  
22 accomplish Parmar's extortion: (a) guided Parmar's actions by advising and counseling  
23 him on how to deliver his extortionate demands with the maximum effect; (b)  
24 encouraging Parmar to commit extortion by promising him money and benefits if he  
25 betrayed Bergstein's confidence and handed over the confidential information regarding  
26 Bergstein and Parmar had illegally obtained; and (c) receiving illegally obtained  
27 recordings and other confidential information with knowledge that it had been used to  
28 extort Bergstein.



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Dated: May 14, 2013

WEINGARTEN BROWN LLP  
Alex M. Weingarten  
Eric J. Bakewell  
Logan M. Elliott  
Vartanous Defterderian

PALMER, LOMBARDI & DONOHUE  
LLP  
Alan J. Jackson

By:   
\_\_\_\_\_  
Alex M. Weingarten

*Attorneys for Plaintiff*  
David Bergstein

DEADLINE.COM

WEINGARTEN BROWN LLP



DEMAND FOR JURY TRIAL

Plaintiff David Bergstein hereby demands a trial by jury.

Dated: May 14, 2013

WEINGARTEN BROWN LLP  
Alex M. Weingarten  
Eric J. Bakewell  
Logan M. Elliott  
Vartanoush Defterderian

PALMER, LOMBARDI & DONOHUE  
LLP  
Alan J. Jackson

By:   
Alex M. Weingarten

*Attorneys for Plaintiff*  
David Bergstein

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WEINGARTEN BROWN LLP



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