

Armen R. Vartian (State Bar No. 155766)
Email: avartian@gmail.com
LAW OFFICES OF ARMEN R. VARTIAN
1601 N. Sepulveda Blvd #581
Manhattan Beach CA 90266
Tel: (310) 372-1355
Fax: (866) 427-3820

Keith A. Attlesey (State Bar No. 168470)
Email: kattlesey@attleseystorm.com
Suzanne Shaw Storm (State Bar No. 229003)
Email: sstorm@attleseystorm.com
ATTLESEY | STORM, LLP
2552 Walnut Avenue, Suite 100
Tustin, CA 92780
Tel: (714) 508-4949
Fax: (714) 508-0015

Attorneys for Plaintiff

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

COLLECTORS UNIVERSE, INC., a
Delaware corporation,

Plaintiff,

vs.

AL ROSSMAN, an individual; RICK
WESSELINK, an individual; SILVANO
DIGENOVA, an individual; GREG
KRILL, an individual; ROBERT
LEHMANN, an individual; DOES 1-10,
individuals and/or entities whose
identities are currently unknown,

Defendants.

NO. CV10-03602 SJO(MLGX)

**[PROPOSED] SECOND
AMENDED COMPLAINT FOR
VIOLATION OF LANHAM
ACT; VIOLATION OF RICO;
COMMON LAW FRAUD;
CALIFORNIA UNFAIR
COMPETITION; BREACH OF
CONTRACT; CONSPIRACY;
DECLARATORY JUDGMENT**

DEMAND FOR JURY TRIAL

1 Plaintiff COLLECTORS UNIVERSE, INC., for its Second Amended

2 Complaint in this action, alleges upon information and belief as follows:

3 **JURISDICTION AND VENUE**

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5 1. This action arises under 18 U.S.C. §1962 and the Lanham Act, 15 U.S.C.
6 §1125, and this Court has original jurisdiction of Plaintiff's federal claims under 18
7 U.S.C. §1964(c), 15 U.S.C. §§1121 and 1125(a), 28 U.S.C. §§1338(a) and (b), and
8 28 U.S.C. §§1331, and supplemental jurisdiction over Plaintiff's California
9 statutory and common law claims pursuant to 28 U.S.C. § 1367(a), since the state
10 law claims are so related to the federal claims that they form part of the same case
11 or controversy and derive from a common nucleus of operative facts.
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14 2. Venue is proper in this Judicial District under 18 U.S.C. §1965(a) and 28
15 U.S.C. §1391(b) as Plaintiff's corporation is headquartered in California,
16 Defendants transact their affairs and do business in this District, a substantial
17 portion of the events, omissions and property which is the subject matter of this
18 action are located in this District, and defendants agreed by contract that this
19 Judicial District is a convenient forum.
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23 **PARTIES**

24 3. At all times relevant hereto, Plaintiff COLLECTORS UNIVERSE, INC.
25 ("CU") was and now is a Delaware corporation, with its principal place of business
26 in Santa Ana, California, and was and now is engaged, inter alia, in the
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1 authentication and grading of collectible coins through its Professional Coin
2 Grading Service ("PCGS") division.

3 4. Upon information and belief, Defendant Al Rossman ("Rossman") is a
4 natural person residing in Nevada, Defendant Rick Wesselink ("Wesselink") is a
5 natural person residing in Mission Viejo, California in this Judicial District,
6 Silvano DiGenova ("DiGenova") is a natural person residing in Laguna Beach,
7 California in this Judicial District, Greg Krill ("Krill") is a natural person residing
8 in St. Helena, California, Robert Lehmann ("Lehmann") is a natural person
9 residing in Cumberland, Maryland, and Defendants DOES 1-10 are parties the
10 identities of whom/which are presently unknown to Plaintiff, but who are believed
11 to be natural persons or other entities that reside and/or have a principal place of
12 business in the State of California. Rossman, Wesselink, DiGenova, Krill,
13 Lehmann and DOES 1-10 are hereinafter collectively referred to as "Defendants").
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19 5. Each defendant was, at all material times, the agent of every other
20 defendant acting within the course and scope of such agency with respect to the
21 conduct alleged in this complaint. Each defendant is, as an agent, conspirator,
22 aider and abettor or other liable person, jointly and severally liable with each other
23 defendant for the acts and conduct alleged in this complaint.
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GENERAL ALLEGATIONS

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2 6. PCGS is the leading coin authentication and grading service in the world,
3 having graded millions of coins since its inception in 1986. CU has expended
4 money, time and effort promoting PCGS's business under the PCGS name, and to
5 make PCGS's name familiar to the public at large and to coin dealers and others
6 involved in the coin industry. PCGS has built a valuable goodwill under the name
7 PCGS and has become the recognized market leader in the business of
8 authenticating and grading coins.
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12 7. PCGS authenticates and grades coins according to PCGS's standards as
13 interpreted and applied by experts employed by CU as PCGS graders. Once a coin
14 has been authenticated and graded, PCGS places the coin in a sealed, tamper-
15 evident hard plastic holder along with a paper insert which bears PCGS's name and
16 logo, a description of the coin including the grade assigned by PCGS on a 1-70
17 scale, and a unique PCGS certification number and bar code relating to the
18 particular coin. The plastic holder itself contains an embossed variation of the
19 PCGS logo, and in some cases a hologram containing either "PCGS" or "Collectors
20 Universe." CU maintains an on-line database of PCGS-certified coins classified
21 according to PCGS certification numbers, so that anyone viewing an image of a
22 PCGS-certified coin can check whether the certification number appearing on the
23 paper insert is, in fact, the correct number assigned by PCGS to that coin.
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1 8. PCGS guarantees that any coin in a PCGS holder is genuine and has been
2 properly graded, and owners of PCGS-graded coins which are found to be
3 counterfeit or overgraded may submit those coins to PCGS for reimbursement of
4 any difference in value arising from PCGS's error (the "PCGS Guarantee").
5

6 9. PCGS does not grade coins that have been "doctored", i.e., artificially
7 altered in order to diminish or conceal defects in the coins, enhance the coins'
8 appearance, and falsely obtain higher grades. Any dealer who submits coins to
9 PCGS, including Defendants herein, executes the PCGS Dealer Agreement, a
10 written agreement providing terms and conditions for submitting coins to PCGS.
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12 The Agreement includes, inter alia, the following:
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15 5. Impaired or Altered Coins. (a) Dealer acknowledges that
16 PCGS will not grade coins which, in the judgment of PCGS, bear
17 evidence of harsh cleaning, artificial toning, damaged surfaces, altered
18 surfaces or PVC damage, or other similar impairments or evidence of
19 coin "doctoring," as described below. Dealer agrees that it will not
20 knowingly submit any coins for grading which have been altered in
21 any way, and acknowledges that the determination as to whether a
22 coin should be graded shall be made by PCGS in accordance with its
23 standards. However, because the determination by PCGS to reject
24 such impaired coins will require a review by PCGS's grading experts,
25 Dealer will be required to remit, as set forth herein, the standard
26 grading fee for any such coins that are submitted to PCGS.
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28 (b) Dealer shall not "doctor" coins or knowingly submit to
PCGS coins which have been "doctored". Coin "doctoring" involves
the alteration of the appearance of a coin to attempt to increase its
value, and may involve, among other things, adding substances to
coins (such as, among other things, putty, wax, facial oils, petroleum
jelly or varnish); treating coins with chemicals (such as, among other
things, potash, sulfur, cyanide, iodine or bleach); heat treating coins in

1 any way to alter their appearance; re-matting ("skinning") proof gold;
2 "tapping" and "spooning" (i.e., physically moving surface metal to
3 hide marks); filing rim nicks; or repairing coins (re-tooling metal).
4 Dealer and PCGS agree that PCGS would suffer irreparable damages
5 if Dealer were to engage in coin "doctoring" and that PCGS shall be
6 entitled to not only compensatory damage but also preliminary and
7 final injunctive relief for any breach of Dealer's obligation not to
8 "doctor" coins or knowingly to submit "doctored" coins to PCGS.
9 Dealer agrees that in the event PCGS incurs any attorney fees and/or
10 cost and expenses as a result of said "doctoring", including but not
11 limited to investigating claims of alleged "doctoring", and engaging in
12 legal proceedings with Dealer or any third party relating to same,
13 PCGS shall be entitled to reimbursement of such fees and costs from
14 Dealer.

15 13. Legal Compliance. In all activities involving PCGS coins,
16 Dealer warrants that it is and shall remain in compliance with all
17 applicable federal and state antitrust, securities, commodities,
18 consumer protection, unfair trade practices, fraud, and tax laws, and
19 any other applicable laws or regulations. Dealer agrees that in the
20 event PCGS incurs any attorney fees and/or cost and expenses as a
21 result of Dealer's violation of this warranty, including but not limited
22 to investigating claims of alleged violations, and engaging in legal
23 proceedings with Dealer or any third party relating to same, PCGS
24 shall be entitled to reimbursement of such fees and costs from Dealer.

25 22. Governing Law, Dispute Resolution, Venue and
26 Attorney's Fees. This Agreement is delivered and accepted in the
27 State of California and it is the intention of the parties that it be
28 governed by and construed in accordance with the substantive laws of
that State, without regard to conflicts of laws principles. In the event
of any controversy, claim, or dispute between the parties hereto
arising from, under, out of, or relating to this Agreement or breach
thereof, Dealer expressly agrees to the jurisdiction of any Court within
the County of Orange, State of California, and further agrees that the
County of Orange is a convenient forum for any such disputes arising
from, under or pursuant to this Agreement. The prevailing party shall
be entitled to recover all of its reasonable attorneys' fees, expenses
and costs, including such costs that might not otherwise be
recoverable as costs in the absence of this Agreement.

1 10. “Doctoring” U.S. and foreign legal tender laws is a federal crime under
2 18 U.S.C. §331:

3 Whoever fraudulently alters, defaces, mutilates, impairs, diminishes,
4 falsifies, scales or lightens and of the coins minted at the mints of the
5 United States...; or

6 Whoever fraudulently possesses, passes, utters, publishes, or sells, or
7 attempts to pass, utter, publish, or sell...any such coin, knowing the
8 same to be altered, defaced, mutilated, impaired, diminished, falsified,
9 scaled or lightened

10 Shall be fined under this title or imprisoned not more than five years,
11 or both.

12 11. Defendants have engaged in “doctoring” United States coins for the
13 purpose of submitting the “doctored” coins to PCGS for certification and grading
14 for a period of years. Plaintiff is informed and believes and on that basis alleges
15 that the various Defendants each participated in said “doctoring” activities in
16 different ways, including but not limited to selecting coins for “doctoring,”
17 financing the purchase of said coins, performing the actual “doctoring,” submitting
18 the “doctored” coins to PCGS, and arranging for the “doctored” coins’ sale after
19 successfully obtaining PCGS certification. For example, Plaintiff is informed and
20 believes that Defendants Rossman and Lehmann¹ do not submit coins to PCGS as
21 “authorized dealers,” while DiGenova and Krill do so on behalf of the group. In
22 addition, Defendants have used another PCGS authorized dealer, Eric Steinberg
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¹ Defendant Lehmann was an authorized PCGS coin dealer until 2004.

1 (“Steinberg”) who resides in Florida, to submit coins on their behalf. Plaintiff is
2 further informed and believes and on that basis alleges that Defendants Wesselink
3 and DiGenova finance the purchase of the coins and Defendants Rossman,
4 Wesselink, Lehmann and DiGenova “doctor” coins on behalf of themselves and
5 the other Defendants. Plaintiff is informed and believes and on that basis alleges
6 that Defendants’ “doctoring” methods include, but are not limited to, lasering the
7 surfaces of extremely rare proof gold coins to remove surface imperfections.
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9 Defendants also build up commonly-worn or weakly-struck portions of coins and
10 specifically Liberty Heads and the crossbands on dimes with exotic metals such as
11 Indium, and other physical and chemical processes which are not detectable
12 without the use of spectroscopy.
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16 12. The Defendants’ “doctoring” activities involved frequent use of
17 interstate mails and wires. For example, Plaintiff is informed and believes that
18 Defendant DiGenova would contact Steinberg by telephone from California to
19 Florida to arrange the interstate transportation of coins owned by Defendants
20 DiGenova and Rossman to Steinberg for submission to PCGS. As DiGenova
21 resides and works in Orange County, California – PCGS’s location – and Rossman
22 resides and works in Nevada, the involvement of Steinberg in Florida was done
23 entirely in furtherance of the “doctoring” scheme by concealing Defendants
24 DiGenova and Rossman’s involvement with the coins and had no business
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1 justification. This was likewise the case with contacts and shipments of coins
2 among the California-based Defendants and Rossman (Nevada).

3 13. Defendants Lehmann, DiGenova, Krill and Steinberg, when submitting
4 “doctored” coins to PCGS, represented to PCGS that these coins had natural
5 surfaces, intending to deceive PCGS’s graders so that the “doctored” coins would
6 be certified by PCGS and then sold in the rare coin marketplace, where they would
7 be covered by PCGS’s cash guarantee. In other cases, after the coins were
8 “doctored” as described herein, Defendants would submit the coins to PCGS
9 through other authorized PCGS dealers as yet unidentified, but likewise without
10 any disclosure that the coins had been “doctored” prior to submission.
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14 14. Upon information and belief, Defendants have successfully obtained
15 PCGS’s certification of certain “doctored” coins, thereby selling said coins to
16 numerous coin dealers and others in California and/or by mail nationwide. In
17 every such instance, Defendants knew and intended that by having the coins
18 certified by PCGS they would thereby create a belief in the purchaser of the coin
19 that the coin was a genuine PCGS-certified coin with original surfaces and
20 protected by the PCGS guarantee. The direct and intended result of the acts
21 identified in paragraphs 11 through 13 above was to cause dealers and the public to
22 be deceived and confused concerning the condition of the coins passed off by
23 Defendants. In other words, purchasers and prospective purchasers were led to
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1 believe that the coins merited the grades printed on the PCGS insert in the holder
2 containing the coin, when in fact Defendants knew such was not the case.

3 15. Defendants' techniques are designed and intended to avoid detection by
4 CU and the coins' owners for many years, but over time the chemicals applied to
5 coins' surfaces or otherwise involved in "doctoring" create noticeable changes in
6 the coins' appearance, thereby revealing that the coins had been "doctored". At
7 that point the coins' owners may notify CU and receive compensation from CU
8 under the PCGS Guarantee.
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11 16. Plaintiff is informed and believes and based thereon alleges that among
12 the coins Defendants doctors and submitted to PCGS were the following:
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14 (a) On or about November 29, 2006, Steinberg submitted an 1801 \$10
15 gold piece to PCGS. Plaintiff is informed and believes and on that basis alleges
16 that prior to submitting the coin, Defendant DiGenova "doctored" the coin by
17 adding a foreign substance to the coin's surface to cover marks. Plaintiff
18 repurchased the coin on June 16, 2009 for \$18,000 under the PCGS Guarantee.

19 (b) On or about December 16, 2009, Steinberg submitted an 1881 \$2.5
20 gold piece belonging to Defendant Rossman on behalf of Defendant DiGenova to
21 PCGS for grading. Plaintiff is informed and believes and on that basis alleges that
22 prior to submitting the coin, Defendant DiGenova "doctored" the coin by lasering
23 off lines on the coin's surface. Upon determining the coin had been "doctored"
24 and would be part of a lawsuit, Plaintiff held the coin pending trial in this action.

25 (c) On or about December 16, 2009, Steinberg submitted an 1885 \$5 gold
26 piece belonging to Defendant Rossman on behalf of Defendant DiGenova to PCGS
27 for grading. Plaintiff is informed and believes and on that basis alleges that prior
28 to submitting the coin, Defendant DiGenova "doctored" the coin by adding
chemicals to the coin's surface. Upon determining the coin had been "doctored"
and would be part of a lawsuit, Plaintiff held the coin pending trial in this action.

1 (d) On or about May 17, 2001, Defendant DiGenova's company,
2 Tangible Assets, submitted a 1918-D Mercury 10c to PCGS for grading. Plaintiff
3 is informed and believes and on that basis alleges that prior to submitting the coin,
4 Defendant DiGenova "doctored" the coin by rebuilding the crossbands on the
5 dime. Plaintiff repurchased the coin on April 27, 2010 for \$90,000 under the
6 PCGS Guarantee.

7 (e) On August 28, 2008, Defendant DiGenova resubmitted an 1879 \$4
8 Stella gold piece valued at \$200,000 after it had been originally submitted by
9 Heritage Galleries on May 8, 2008, a couple of months earlier. Plaintiff is
10 informed and believes upon examining the coin and before and after photos and on
11 those bases alleges that prior to submitting the coin Defendant DiGenova
12 "doctored" the coin by removing lines on the reverse of the coin. PCGS refused to
13 grade the coin.

14 (f) On or about April 8, 2004, an 1833 Bust 50c was submitted by Superior
15 Galleries, Defendant DiGenova's company at the time. Plaintiff is informed and
16 believes and on that basis alleges that prior to submitting the coin, Defendant
17 DiGenova "doctored" the coin by chemically coloring it to alter the coin's
18 appearance. On or about June 22, 2008, Plaintiff repurchased the coin for \$8,500
19 under the PCGS Guarantee.

20 (g) On or about May 30, 2001, Defendant DiGenova's company, Tangible
21 Assets submitted a 1928-D Standing Liberty 25c to PCGS for grading. Plaintiff is
22 informed and believes and upon that basis alleges that prior to submitting the coin,
23 Defendant Rossman "doctored" the coin by rebuilding the Liberty's Head to make
24 it appear full. In or about March of 2005, Plaintiff repurchased the coin for \$4,650
25 under the PCGS Guarantee.

26 (h) In or about April of 1998, Defendant Krill submitted a 1904 \$20 gold
27 piece to PCGS to be graded. Plaintiff is informed and believes and on that basis
28 alleges that prior to submitting the coin Defendants Krill and/or Rossman
"doctored" the coin by applying a foreign substance to the coin. In or about
December of 2007, Plaintiff repurchased the coin for \$1,250 under the PCGS
Guarantee.

(i) In or about July of 2001, Defendant Lehmann submitted a 1926-D
Standing Liberty 25c to PCGS for grading. Plaintiff is informed and believes and
on that basis alleges that prior to submitting the coin to PCGS for grading that
Defendant Rossman "doctored" the coin prior to submission by rebuilding the

1 Liberty's Head. In or about June of 2007, Plaintiff repurchased the coin for \$7,500
2 under the PCGS Guarantee.

3 (j) On or about August 13, 2001, Defendant Lehmann submitted a 1926-S
4 Mercury dime to PCGS for grading. Plaintiff is informed and believes and on that
5 basis alleges that prior to submitting the coin, Defendant Lehmann, Rossman
6 and/or DiGenova "doctored" the coin by rebuilding the crossbands on the dime. In
7 or about September of 2009, Plaintiff repurchased the coin for \$4,887 under the
8 PCGS Guarantee.

9 (k) In or about April 2001, Dan Ratner submitted a 1918-S quarter
10 originally to PCGS for grading. Plaintiff is informed and believes and upon that
11 basis alleges that prior to submitting the coin, Defendant Rossman "doctored" the
12 coin by rebuilding the Liberty's Head to make it appear full. In or about February
13 of 2007, Plaintiff repurchased the coin for \$3,500 under the PCGS Guarantee.

14 (l) On or about June of 2004, Steinberg submitted a 1901 Proof \$20 Liberty
15 gold piece on behalf of Defendants. Plaintiff is informed and believes and on that
16 basis alleges that prior to submission of the coin, Defendant DiGenova "doctored"
17 the coin by coating the coin in a foreign substance and altering the face and
18 obverse fields. In July of 2010, Plaintiff repurchased the coin for \$40,000 under
19 the PCGS Guarantee.

20 (m) On August 28, 2008, Defendant DiGenova submitted an 1886 proof
21 \$3 gold piece valued at \$20,000 after it had been sold at auction by Heritage
22 Galleries. Plaintiff is informed and believes upon examining the coin and before
23 and after photographs that prior to submitting the coin Defendant DiGenova
24 "doctored" the coin by smoothing marks and lines in the left and right obverse
25 fields and smoothing several large marks in the hair. PCGS refused to grade the
26 coin.

27 (n) On August 28, 2008, Defendant DiGenova submitted an 1898 proof
28 \$2.5 gold piece valued at \$20,000. Plaintiff is informed and believes upon
examining the coin and before and after photographs that prior to submitting the
coin Defendant DiGenova "doctored" the coin by removing a scratch from above
the head of Ms. Liberty. PCGS refused to grade the coin.

17. Defendants continue to engage in "doctoring" activities. On July 1,
2010, well after initiation of this Lawsuit, Defendant Krill sent a package of coins

1 to Defendant Wesselink with written instructions to “doctor” those coins to achieve
2 certain changes in the coins’ appearance:

3 (a) 1861 \$5 gold piece. Defendant Krill instructed Wesselink to perform
4 a “very light clean-up” to make the coin, which no longer merited a grade of
5 “uncirculated” because of wear on its surfaces “look new” (uncirculated) thereby
6 increasing the value of the coin from \$700 to \$1,600 - \$3,300.

7 (b) 1909 \$5 gold piece. Defendant Krill initially instructed Defendant
8 Wesselink to keep the coin “fresh with just a light clean up.” However, Defendant
9 Krill was unhappy with the work performed by Defendant Wesselink and sent the
10 coin back asking Defendant Wesslink “[w]here’d the luster go? Looking flat,
reddish mono-look.”

11 (c) 1854 \$3 gold piece. Defendant Krill instructed Defendant Wesselink
12 to keep the coin “fresh” with a “light rub.”

13 (d) 1851 \$1 gold piece. Defendant Krill instructed Defendant Wesselink
14 to perform a “light clean up.”

15 One of the coins in the shipment was in a PCGS holder, and two others had
16 been removed from PCGS holders prior to shipment. Plaintiff is informed and
17 believes and based thereon alleges that Defendants’ intent was for Wesselink to
18 “doctor” the coins in accordance with Krill’s instructions, and then resubmit the
19 coins to PCGS to obtain higher grades than the coins had previously received from
20 PCGS.
21 PCGS.

22
23 18. By reason of the foregoing unlawful acts, Defendants have caused, and
24 are continuing to cause, substantial and irreparable damage and injury to CU and to
25 the public and Defendants have benefited from such unlawful conduct and will
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1 continue to carry out such unlawful conduct and to be unjustly enriched thereby
2 unless enjoined by this Court.

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4 **COUNT ONE – LANHAM ACT**

5 19. CU repeats and realleges each and every allegation contained in
6 Paragraphs 1-18 hereof as though set forth in full here.

7
8 20. Defendants' aforesaid acts constitute an actionable wrong under 15
9 U.S.C. §1125(a) in that they knowingly and willfully used in connection with their
10 goods a false designation of origin and a false description and representation as to
11 their coins, including words, symbols and numbers tending falsely to describe or
12 represent their coins as having natural surfaces and meriting the grades assigned to
13 them by PCGS, and have caused such coins to enter into, and be transported and
14 used in interstate commerce with knowledge of the falsity of such designation of
15 origin, description and representation.
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19 21. By reason of the foregoing unlawful acts, Defendants have caused, and
20 are continuing to cause, substantial and irreparable damage and injury to CU and to
21 the public and Defendants have benefited from such unlawful conduct and will
22 continue to carry out such unlawful conduct and to be unjustly enriched thereby
23 unless enjoined by this Court.
24

25
26 22. As a proximate and direct result of Defendants' acts of passing off, CU
27 has sustained damages in an as yet unascertained amount to be proven at trial.
28

COUNT TWO -- RICO

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2 23. CU repeats and realleges each and every allegation contained in
3 Paragraphs 1-22.
4

5 24. Defendants are "persons" associated with one another as an "enterprise"
6 engaged in, or the activities of which affect, interstate commerce in the meaning of
7 18 U.S.C. §1961. Defendants Rossman, Wesselink, DiGenova, Krill and Lehmann
8 associated together and with Steinberg for the common purpose of "doctoring" and
9 submitting "doctored" United States coins to PCGS for grading as described in
10 paragraph 16 herein, either directly through authorized dealers or indirectly
11 through other dealers in an effort to defraud PCGS's graders so that the "doctored"
12 coins would be certified by PCGS and then sold in the rare coin marketplace for
13 considerably in excess of their fair market value prior to the "doctoring", and many
14 multiples in excess of their actual fair market value as "doctored" coins (which, in
15 some cases, is no more than the value of the metal contained in the coins).
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20 25. Defendants engaged in a series of criminal activities, including but not
21 limited to violations of 18 U.S.C. §1341 (mail fraud), 18 U.S.C. §1343 (wire
22 fraud), and 18 U.S.C. §2320 (trafficking in counterfeit goods and services) which
23 constitutes a "pattern of racketeering activity" within the meaning of 18 U.S.C.
24 §1962. As described above, Defendants used interstate wires and mails in
25 furtherance of their scheme, and in fact those uses were essential to arranging for
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1 the “doctoring” activities themselves as well as concealing the participation of
2 certain Defendants from those activities.

3 26. Defendants invested the income, or the proceeds of income, derived
4 from their pattern of racketeering activity described herein into their ongoing
5 enterprise in violation of 18 U.S.C. §1962(a). These investments included the use
6 of profits from the scheme to purchase more coins for “doctoring”, pay the
7 expenses of the various participants and provide them with sufficient profit to
8 motivate further unlawful activity.
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11 27. Defendants acquired or maintained, directly or indirectly, an interest in
12 or control of an enterprise through their pattern of racketeering activity in violation
13 of 18 U.S.C. §1962(b). Plaintiff is informed and believes and based thereon alleges
14 that Defendants divided the enterprise’s net profits as joint venturers, perhaps
15 sharing those profits with other, as yet unnamed, parties.
16

17
18 28. As described herein, Defendants were and are employed by or
19 associated with an enterprise and conduct or participate, directly or indirectly, in
20 the conduct of the enterprise's affairs through their pattern of racketeering activity
21 in violation of 18 U.S.C. §1962(c).
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24 29. Defendants conspired to violate 18 U.S.C. §1962(a), (b), and (c). The
25 conspiracy purchased coins for “doctoring”, arranged for the coins to be
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1 “doctored”, submitted the coins to PCGS for certification, and sold the certified
2 coins for excessive amounts in the marketplace.

3 30. By reason of Defendants' unlawful acts as described above, Plaintiff has
4 been injured in its business or property within the meaning of 18 U.S.C. §1964(c).
5

6 **COUNT THREE – COMMON LAW FRAUD**

7 31. CU repeats and realleges each and every allegation contained in
8 Paragraphs 1-30 hereof as though set forth in full here.
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10 32. Defendants made representations of fact to CU concerning the coins
11 they submitted to PCGS for grading, and intended that CU rely upon those
12 representations. Defendants also omitted to disclose information to CU regarding
13 their “doctoring” activities.
14

15 33. CU did, in fact, reasonably rely upon Defendants’ statements and
16 omissions in certifying coins, to its detriment.
17

18 34. By reason of Defendants’ unlawful acts and omissions as described
19 above, Plaintiff has been damaged in an amount according to proof at trial.
20

21 35. In acting as set forth herein, Defendants acted willfully, fraudulently,
22 maliciously, and in wanton disregard of CU's rights. Therefore, CU seeks
23 exemplary damages from Defendants in an amount according to proof at trial.
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COUNT FOUR – CALIFORNIA UNFAIR COMPETITION

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2 36. CU repeats and realleges each and every allegation contained in
3 Paragraphs 1-35 hereof as though set forth in full here.
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5 37. Defendants' aforesaid acts constitute unlawful, unfair and fraudulent
6 business practices, as prohibited by the common law and by California Business &
7 Professions Code §17200 read with §§17203 and 17205. They constitute
8 violations of RICO and the federal mail and wire fraud statutes, as well as 18
9 U.S.C. §331.
10

11 38. By reason of Defendants' unlawful acts as described herein Defendants
12 have caused, and are continuing to cause, substantial and irreparable damage and
13 injury to CU and to the public and Defendants have benefited from such unlawful
14 conduct and will continue to carry out such unlawful conduct and to be unjustly
15 enriched thereby unless enjoined by this Court.
16

17 39. CU has no adequate remedy at law.
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19 40. As a proximate and direct result of Defendants' unlawful conduct and
20 acts of unfair competition, CU has sustained damages in an as yet unascertained
21 amount, but exceeding \$100,000.
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23 41. In acting as set forth herein, Defendants acted willfully, fraudulently,
24 maliciously, and in wanton disregard of CU's rights. Therefore, CU seeks
25 exemplary damages from Defendants in an amount according to proof at trial.
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COUNT FIVE – BREACH OF CONTRACT

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2 42. CU repeats and realleges each and every allegation contained in
3 Paragraphs 1-41 hereof as though set forth in full here.
4

5 43. Defendants have breached their obligations under the PCGS Dealer
6 Agreement not to submit “doctored” coins, and have also violated those portions of
7 the Agreement prohibiting unlawful conduct in connection with their PCGS
8 submissions.
9

10 44. By reason of Defendants’ unlawful acts as described herein, Plaintiff
11 has been damaged in an amount according to proof at trial.
12

COUNT SIX – CONSPIRACY

13
14 45. CU repeats and realleges each and every allegation contained in
15 Paragraphs 1-44 hereof as though set forth in full here.
16

17 44. Defendants formed an agreement to “doctor” coins and submit them to
18 PCGS for certification, in violation of the various statutory and common law rules
19 set forth above, and committed various overt acts in furtherance of this agreement.
20

21 45. By reason of Defendants’ unlawful acts as described herein Plaintiff has
22 been damaged in an amount according to proof at trial.
23

COUNT SEVEN – DECLARATORY JUDGMENT

24
25 46. CU repeats and realleges each and every allegation contained in
26 Paragraphs 1-45 hereof as though set forth in full here.
27
28

1 47. Defendant Rossman contends that certain coins, to wit an 1881 Proof
2 U.S. \$2 ½ gold piece and an 1885 Proof U.S. \$5 gold piece, belong to him and
3 should be returned to him, though the coins were submitted to PCGS for
4 certification by Steinberg on behalf of DiGenova. Defendant Rossman, through
5 counsel, has threatened to sue CU for conversion if CU retains possession of these
6 coins. Plaintiff likewise expects that Defendant Krill will demand the return of the
7 coins described in Paragraph 17 of this Complaint.
8

9
10 48. CU believes that these coins are evidence of a crime as well as of civil
11 wrongs detailed in this Complaint, and that returning them to Defendants Rossman
12 and/or Krill would result in the coins' loss and/or destruction. CU is willing to
13 submit the coins for this Court's safekeeping pending trial and/or the involvement
14 of federal enforcement authorities.
15
16

17 49. CU asks this Court to declare that CU may maintain possession of the
18 coins pending trial, or provide them to this Court for safekeeping as evidence.
19

20 **WHEREFORE**, CU prays for judgment against Defendants as follows:

21 1. That Defendants, their agents, servants, employees, successors, assigns
22 and all those controlled by them, be permanently enjoined from submitting coins to
23 PCGS for certification, either directly or through a third party, which were
24 "doctored" as defined herein;
25
26

27 ///

DEMAND FOR JURY TRIAL

1
2 Plaintiff hereby demands a jury trial as provided by Rule 38(a) of the
3 Federal Rules of Civil Procedure.
4

5 Dated: August 10, 2010

ATTLESEY | STORM, LLP

6
7 /S/ Suzanne Shaw Storm
8 Suzanne Shaw Storm
9 Attorneys for Plaintiff
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