STUART RABNER
ATTORNEY GENERAL OF NEW JERSEY
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, New Jersey 07102
Attorney for Plaintiff

By: Christopher W. Gerold
Deputy Attorney General
(973) 648-2893

FILED & DEFAULT ENTERED
MONMOUTH COUNTY
APR 3 2006
OFFICE OF THE SUPERIOR COURT CLERK
CIVIL DIVISION

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION - COUNTY OF MONMOUTH
Docket No. C-316-06

STUART RABNER, Attorney General of New Jersey, on behalf of FRANKLIN L. WIDMANN, Chief of the New Jersey Bureau of Securities,

Plaintiffs,

v.

DIGITAL GAS INC., a Michigan Corporation; BRIAN SMITH, individually; LYNN SMITH, individually; and WILLIAM BROWN, individually,

Defendants.

Civil Action

REQUEST FOR ENTRY OF DEFAULT AS TO BRIAN SMITH AND DIGITAL GAS INC.

FILED
APR 3 -
ALEXANDER D. LEHRER, P.J. CH.

To: Chancery Division Clerk
Superior Court of New Jersey
Chancery Division - Monmouth County

Pursuant to R. 4:43-1 and the accompanying Affidavit of Christopher W. Gerold filed herewith, please enter the default of the following defendants for failure to plead or otherwise defend as provided by the Current New Jersey Court Rules:

Brian Smith, individually; and

Digital Gas, Inc.

STUART RABNER
ATTORNEY GENERAL OF NEW JERSEY

By: _____
Christopher W. Gerold
Deputy Attorney General

Dated: April 2, 2007

STUART RABNER
ATTORNEY GENERAL OF NEW JERSEY
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, New Jersey 07102
Attorney for Plaintiff

By: Christopher W. Gerold
Deputy Attorney General
(973) 648-2893

FILED
APR 3 —
ALEXANDER D. LEHRER, P.J. CH

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION - COUNTY OF MONMOUTH
Docket No. C-316-06

STUART RABNER,
Attorney General of New Jersey, on behalf of
FRANKLIN L. WIDMANN, Chief of the New Jersey Bureau of Securities,

Plaintiffs,

v.

DIGITAL GAS INC.,
a Michigan Corporation;
BRIAN SMITH, individually;
LYNN SMITH, individually; and
WILLIAM BROWN, individually,

Defendants.

Civil Action

AFFIDAVIT IN SUPPORT OF REQUEST FOR ENTRY OF DEFAULT AGAINST DEFENDANTS BRIAN SMITH AND DIGITAL GAS, INC.

STATE OF NEW JERSEY :

: ss

COUNTY OF ESSEX :

I, Christopher W. Gerold, being of full age and duly sworn, hereby deposes and states:

1. I am an attorney duly admitted to practice law in the State of New Jersey and am employed as a Deputy Attorney General with the Department of Law and Public Safety, Division of Law. I am assigned to represent the New Jersey Bureau of Securities.

2. I submit this affidavit in support of plaintiff's Request for Entry of Default against Defendants Brian Smith and Digital Gas, Inc.

3. I am fully familiar with the facts set forth herein.

4. This matter was commenced on October 10, 2006 by Order to Show Cause and Verified Complaint.

5. Defendants Brian Smith and Digital Gas, Inc. were properly served on October 11, 2006 and October 12, 2006, respectively. A copy of the filed Certification of Service by Christopher Gerold dated November 3, 2006 is attached as Exhibit 1.

6. Defendant Brian Smith was required to file an answer, a response, or other reply to the Complaint on or before November 16, 2006. To date, Brian Smith has failed to file an answer or respond to the Complaint. The time for Brian Smith to answer, move, appear, or otherwise respond to the Complaint has expired.

7. Defendant Digital Gas Inc. was required to file an answer, a response, or other reply to the Complaint on or before November 17, 2006. To date, Digital Gas, Inc. has failed to file an answer or respond to the Complaint. The time for Digital Gas, Inc. to answer, move, appear, or otherwise respond to the Complaint has expired.

8. On March 22, 2007, Joel Korin, Esq. of Ballard, Spahr, Andrews, & Ingersoll confirmed during a conversation that he had been retained but he was unsure which party he represented. This conversation was confirmed in a letter dated March 22, 2007. A copy of the letter to Joel Korin, Esq. dated March 22, 2007 is attached as Exhibit 2.

9. On March 27, 2007, Joel Korin, Esq. again confirmed during a conversation that he could not identify the party he represented. During this conversation, I informed Joel Korin, Esq. that I would be filing a Request for Entry of Default if he did not identify the party he represented by March 30, 2007. This conversation was confirmed in a letter dated March 27, 2007. In that letter, I informed Joel Korin, Esq. that I would be contacting Brian Smith and Digital Gas, Inc. directly because he could not positively identify who he represented. Therefore, Brian Smith and Digital Gas, Inc. must be considered pro se. A copy of the letter to Joel Korin, Esq. dated March 27, 2007 is attached as Exhibit 3.

10. Default should be entered against Brian Smith and Digital Gas, Inc. because they have not filed an answer or response within the time permitted by the Current New Jersey Court Rules.

Christopher W. Gerold
Deputy Attorney General
State of New Jersey

4/2/07

STATE OF NEW JERSEY:
: ss
COUNTY OF ESSEX :

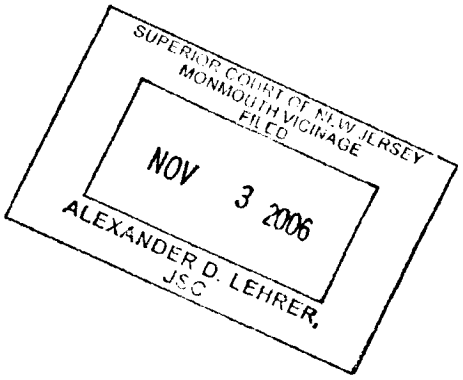
Sworn and Subscribed to
me this 2nd day of April

Carl M. Josh
Attorney at Law
State of New Jersey

EXHIBIT 1

STUART RABNER
ATTORNEY GENERAL OF NEW JERSEY
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, New Jersey 07102
Attorney for Plaintiff

By: Christopher W. Gerold
Deputy Attorney General
(973) 648-2893



SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION - COUNTY OF MONMOUTH
Docket No. C-316-06

STUART RABNER, Attorney General of New Jersey, on behalf of FRANKLIN L. WIDMANN, Chief of the New Jersey Bureau of Securities,

Plaintiffs,

v.

DIGITAL GAS INC., a Michigan Corporation; BRIAN SMITH, individually; LYNN SMITH, individually; and WILLIAM BROWN, individually,

Defendants.

Civil Action

CERTIFICATION OF SERVICE

I, Christopher W. Gerold, Deputy Attorney General, of full age, certifies that:

1. I am an attorney admitted to practice law in the State of New Jersey and employed as a Deputy Attorney General by the State of New Jersey, the Office of Stuart Rabner, Attorney General of New Jersey, Department of Law and Public Safety, Division of Law, 124 Halsey Street, Fifth Floor, Newark, New Jersey. I am appearing in this case on behalf of plaintiff, Franklin L. Widmann, Chief of the New Jersey Bureau of Securities ("Plaintiff").

2. On October 11, 2006, I caused Plaintiff's Ex Parte Order to Show Cause with Temporary Restraints Pursuant to Rule 4:52, Verified Complaint, Brief in Support of Attorney General of New Jersey and Franklin Widmann, Chief of the New Jersey Bureau of Securities, in Support of Application for Temporary Restraints and Preliminary Injunctive and Ancillary Relief, and the Certification of Supervising Investigator James Lane to be served personally on Defendant Brian Smith, while at 710 Main Street, Asbury Park, New Jersey. A copy of the Certification of Service by James Lane, dated October 10, 2006, is attached as **Exhibit 1**.

3. On October 17, 2006, I caused Plaintiff's Ex Parte Order to Show Cause with Temporary Restraints Pursuant to Rule 4:52, Verified Complaint, Brief in Support of Attorney General of New Jersey and Franklin Widmann, Chief of the New Jersey Bureau of Securities, in Support of Application for Temporary

Restraints and Preliminary Injunctive and Ancillary Relief, and the Certification of Supervising Investigator James Lane to be served personally on Defendant Lynn Smith at her home, New Jersey. A copy of the Certification of Service by Richard W. Barry, dated October 17, 2006, is attached as **Exhibit 2**.

4. In accordance with R. 4:4-3, R. 4:4-4, and R. 4:4-5, it appeared through investigation by the New Jersey Bureau of Securities that despite diligent effort and inquiry, personal service on Defendants William Brown and Digital Gas Inc. could not be made in accordance with R. 4-4-4(a).

5. In accordance with R. 4:4-4(b)(1)(a), on October 12, 2006, I caused Plaintiff's Ex Parte Order to Show Cause with Temporary Restraints Pursuant to Rule 4:52, Verified Complaint, Brief in Support of Attorney General of New Jersey and Franklin Widmann, Chief of the New Jersey Bureau of Securities, in Support of Application for Temporary Restraints and Preliminary Injunctive and Ancillary Relief, and the Certification of Supervising Investigator James Lane to be served on Defendant Digital Gas Inc. by serving Digital Gas Inc.'s registered agent, Business Filings Inc., 30600 Telegraph Road, Bingham Farms, Michigan. A copy of the Certification of Service by Roger Hiller, dated October 12, 2006, is attached as **Exhibit 3**.

6. In accordance with R. 4:4-4(b)(1)(a), on October 16, 2006, I caused Plaintiff's Ex Parte Order to Show Cause with Temporary Restraints Pursuant to Rule 4:52, Verified Complaint, Brief in Support of Attorney General of New Jersey and Franklin Widmann, Chief of the New Jersey Bureau of Securities, in Support of Application for Temporary Restraints and Preliminary Injunctive and Ancillary Relief, and the Certification of Supervising Investigator James Lane to be personally served on Defendant William Brown at his home, [redacted], Canada. A copy of the Certification of Service by Jorge Lopez, dated October 16, 2006, is attached as **Exhibit 4.**

I certify that the forgoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

STUART RABNER
ATTORNEY GENERAL OF NEW JERSEY

By: _____
Christopher W. Gerold
Deputy Attorney General

Dated: November 2, 2006

EXHIBIT 1

CERTIFICATION OF SERVICE

On October 17, 2006, I, JAMES J LANE, being duly sworn according to law, on my oath depose and say that on October 17, 2006, at approximately 2:00 ~~a.m.~~/p.m., served one copy of the following pleadings in Rabner v. Digital Gas, Inc., et al.:

1. Cover letter dated October 9, 2006 to the Clerk of the Monmouth County Court from Plaintiffs;
2. Ex Parte Order to Show Cause With Temporary Restraints Pursuant to Rule 4:52;
3. Brief in Support of the Attorney General of New Jersey and Franklin Widmann, Chief of the New Jersey Bureau of Securities, in Support of Application for Temporary Restraints and Preliminary Injunctive and Ancillary Relief;
4. Certification of Supervising Investigator James Lane; and
5. Verified Complaint.

on Brian Smith at 710 MAIN ST, Asbury Park, New Jersey 07712 [insert address], by leaving a true copy thereof with said individual.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are wilfully false, I am subject to punishment.

Signature of Person Certifying Service

Date: 10/17, 2006

Print Name: JAMES J LANE

EXHIBIT 2

CERTIFICATION OF SERVICE

On October 17th, 2006, I, Richard W. Barry, being duly sworn according to law, on my oath depose and say that on October 13th, 2006, at approximately 3 pm. I served one copy of the following pleadings in Rabner v Digital Gas, Inc., et al:

1. Cover letter dated October, 9th 2006 to the Clerk of the Monmouth county Court from Plaintiffs;
2. Ex Parte Order to Show Cause With Temporary Restraints Pursuant to Rule 4:52;
3. Brief in Support of the Attorney General of New Jersey and Franklin Widmann, Chief of the New Jersey Bureau of Securities, in Support of Application for Temporary Restraints and Preliminary Injunctive and Ancillary Relief;
4. Certification of Supervising Investigator James Lane.
5. Verified Complaint.

on Lynn Smith at [redacted] by leaving a true copy thereof with Brian Smith, husband of Lynn Smith.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are wilfully false, I am subject to punishment.

Richard W Barry

Signature of Person Certifying Services
Print Name: Richard W Barry

Date: 10/17, 2006

EXHIBIT 3

CERTIFICATION OF SERVICE

On October 12, 2006, I, Roger D. Hiller, being duly sworn according to law, on my oath depose and say that on October 12, 2006, at approximately 11:45 a.m./p.m., served one copy of the following pleadings in Rabner v. Digital Gas, Inc., et al.:

1. Cover letter dated October 9, 2006 to the Clerk of the Monmouth County Court from Plaintiffs;
2. Ex Parte Order to Show Cause With Temporary Restraints Pursuant to Rule 4:52;
3. Brief in Support of the Attorney General of New Jersey and Franklin Widmann, Chief of the New Jersey Bureau of Securities, in Support of Application for Temporary Restraints and Preliminary Injunctive and Ancillary Relief;
4. Certification of Supervising Investigator James Lane; and
5. Verified Complaint.

on Business Filings Inc., registered agent of Digital Gas,

30600 Telegraph Road, Bingham Farms, MI 48025 [insert address], by leaving a true copy thereof with Kristin Oliver.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are wilfully false, I am subject to punishment.

Roger D. Hiller
Signature of Person Certifying Service
Print Name: ROGER D. HILLER

Date: Oct. 12, 2006

EXHIBIT 4

CERTIFICATION OF SERVICE

On October 16, 2006, I, Jorge Lopez, being duly sworn according to law, on my oath depose and say that on October 13, 2006, at approximately 6:15 ~~a.m.~~/p.m., served one copy of the following pleadings in Rabner v. Digital Gas, Inc., et al.:

1. Cover letter dated October 9, 2006 to the Clerk of the Monmouth County Court from Plaintiffs;
2. Ex Parte Order to Show Cause With Temporary Restraints Pursuant to Rule 4:52;
3. Brief in Support of the Attorney General of New Jersey and Franklin Widmann, Chief of the New Jersey Bureau of Securities, in Support of Application for Temporary Restraints and Preliminary Injunctive and Ancillary Relief;
4. Certification of Supervising Investigator James Lane; and
5. Verified Complaint.

on William Brown, at [redacted] insert address], by leaving a true copy thereof with said individual.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are wilfully false, I am subject to punishment.

J. Lopez

Signature of Person Certifying Service

Print Name: Jorge Lopez

Date: October 16, 2006

Giuseppe Perrotti, a commissioner, etc., City of Toronto and Regional Municipality of York, for KAP Litigation Services and for Process Serving and Tenant Protection Act, 1997 matters only. Expires March 15, 2008.

EXHIBIT 2

JON S. CORZINE
Governor

State of New Jersey
OFFICE OF THE ATTORNEY GENERAL
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF LAW
PO Box 45029
NEWARK, NJ 07101

STUART RABNER
Attorney General

March 22, 2007

VIA REGULAR MAIL AND FACSIMILE 856-761-9011
Joel Korin, Esq.
Ballard, Spahr, Andrews & Ingersoll
Plaza 1000 - Suite 500
Main Street
Voorhees, New Jersey 08043-4636

Re: Rabner v. Digital Gas, et al.
Docket Number Mon-C-316-06
Brian Smith and Digital Gas Inc.

Dear Mr. Korin:

This letter is sent as a follow-up to our conversation of March 21, 2007. During that conversation, you informed me that you have been retained, but are unsure if it is for the purpose of representing Brian Smith and/or Digital Gas Inc. ("Digital Gas"). You represented that you would be sending the Court, as well as myself, a letter identifying exactly which parties you represent.

Also, because the assets of Brian Smith and Digital Gas have been frozen by Court Orders since October 10, 2007,[1] during our telephone conversation I requested the source of the funds that you received as a retainer. You informed me that you would not disclose this information. By this letter, for a second time, I am requesting you to identify the source of the retainer you received.

---

[1] See the October 10, 2006 Ex Parte Order to Show Cause with Temporary Restraints Pursuant to Rule 4:52, the December 1, 2006 Order for Preliminary Injunction and Asset Freeze as to Defendants Digital Gas Inc. and Brian Smith, and the March 2, 2007 Order for Preliminary Injunction and Asset Freeze as to Defendants Digital Gas Inc. and Brian Smith.

This letter is notice that if it is determined that funds have been used in any manner that violates the Court Ordered freeze, absent prior Court approval, Plaintiff will seek to recoup those funds from any third parties, including attorneys, that had notice of the freeze Orders.

In light of your recent retention as counsel, please be advised that certain discovery and pleading deficiencies exist regarding Brian Smith and Digital Gas. To date, neither Brian Smith, nor Digital Gas, has filed an Answer to the October 10, 2006 Complaint. As I am sure you are aware, this is beyond the thirty five (35) day time to respond. In order to avoid additional litigation expenses, Plaintiff will refrain from filing a Request for Entry of Default until Friday, March 30, 2007.

Furthermore, pursuant to paragraph ten (10) of the March 2, 2007 Order for Preliminary Injunction and Asset Freeze as to Defendants Digital Gas Inc. and Brian Smith, Brian Smith and Digital Gas were to provide the Bureau with an "accounting of all assets, funds, property held directly or indirectly by Defendants...." On March 13, 2007, this office received the "Brian Smith - Statement of Assets" and the "Digital Gas - Statement of Assets and Core Operating Subsidiaries" (collectively, "Defendants' Alleged Accountings"). (Enclosed is a copy of Defendants' Alleged Accountings.) Among other things, Defendants' Alleged Accountings fail to meet even minimal accounting standards and do not specifically identify or define assets, such as bank accounts, operating accounts, real property, patents, receivables, licenses, agreements, copyrights, contracts, or proprietary interests. In order to avoid judicial intervention, please produce an accounting that complies with generally accepted accounting principles and the March 2, 2007 Order by March 30, 2007.

Pursuant to the March 2, 2007 Order Compelling the Deposition of Brian Smith and Reimbursement of Expenses to Plaintiff, Brian Smith was required to appear for a deposition by March 22, 2007. In light of your recent retention in this matter and the Case Management Order, plaintiff is not seeking to enforce that Order at this time, but will be noticing Brian Smith for a deposition to occur during the week of April 16, 2007. Please contact me to confirm a date for that week.

Please be advised that the deposition of Lynn Smith is scheduled for March 29, 2007 at the offices of Robert Stevens, Esq. in Princeton, New Jersey.

If you have any questions, please contact me at (973) 648-2893.

Very truly yours,

STUART RABNER
ATTORNEY GENERAL OF NEW JERSEY

By: _____
Christopher W. Gerold
Deputy Attorney General

Enclosures
cc: Franklin L. Widmann, Chief of the Bureau of Securities (via email)
Amy Kopleton, Deputy Bureau Chief (via email)
Richard Barry, Chief Investigator (via email)
James Lane, Supervising Investigator (via email)
Anna Lascurain, Deputy Attorney General, Section Chief (via email)
Victoria Manning, Deputy Attorney General, Assistant Section Chief (via email)

Brian Smith
409 St. Clair Avenue
Spring Lake, New Jersey 07762
(732) 927-0185

March 12, 2007

Mr. Christopher W. Gerold
Deputy Attorney General
State of New Jersey
Newark, New Jersey 07101

Re: Docket No. MON-C-316-06

Dear Mr. Gerold:

Pursuant to the Order of the Hon. Alexander D. Lehrer, I am enclosing a statement that relates to my assets.

With the execution of the search warrant of my home and office at 409 St. Clair Avenue in Spring Lake, most if not all of my personal and business records, as well as the records related to Digital Gas were seized. Despite the fact that I have requested these records, they have not been made available for reviewing or copying. The three hard disks that were given to me by Ms. Zumbo after the November court hearing were damaged to the point of being unreadable. I am therefore not able to provide complete information regarding assets or more specific or detailed information about some of these items and matters noted herein, including precise amounts or dates.

There is an instance (possibly more) where I may be entitled to a significant fee and/or damages that might run into the several hundred thousand dollar figure. However, I will not note it herein until I obtain an attorney's advice in this regard. Noting it here is my attempt alert you to the possible existence of a settlement or claim in the matter that might be translated into a monetary amount as noted. The same applies to other business opportunities and interests that have been placed in jeopardy by the filing of this civil suit. None of these involve ownership of assets per se, but represent possible opportunities based on future work and success.

If and when I am able to obtain access to any or all of the seized records, I will update or modify the information provided.

Thank you.

Sincerely,

Brian Smith

Brian Smith

Statement of Assets

1. Securities

Digital Gas

Shares of Digital Gas owed for the compensation of shareholders of Wickline Energy with the shift of that business into Digital Gas. Shares issued pursuant to this were more or less 7.5 million. On the basis of pro rata ownership, I am entitled to more or less 31 millionshares. I am also entitled to cash and other remuneration. Further detail can be provided at a later date after I receive the records that have not been returned as promised and consult with an accountant and attorney.

[Note: Because the Wickline Energy business was not at the commercial stage, I did not issue the more or less 31 million shares in their entirety in fairness to the then present shareholders of Digital Gas. What share were issued were done to further the business of Digital Gas and ensure its survival.]

Wickline Energy

Shares of Wickline Energy owned by me represent approximately 81% of the company withcertain of my investors prior to July 1, 2002 owning the balance. Further detail can be provided at a later date after I receive the records that have not been returned as promised and consult with an accountant and attorney.

[Note: Because Wickline Energy still had one investor who could not make up his mind whether to accept Digital Gas shares or accept Wickline shares with the return of his money, the final disposition of the company, its business and any accounting or reporting due regulatory bodies were delayed pending that determination. When questioned by the FBI on closing the books in 2002 or 2003, I explained my approach and they had no problem with my method of handling the matter. In fact, right up until the late summer of 2006 the one investor was looking forward to the prospective gains of Digital Gas, yet still reserved the right to not make a final decision in the matter.]

2. Personal

Clothes, pictures, wedding ring, all with no substantive monetary value. A property that my mother bought on a lay-away plan in the 1950s and 1960s was assigned over to my daughter after her birth which pre-dated Digital Gas by several years. My second daughter will also share in it and hopefully pass it on to their children as I intended.

3. Business

Two computers, office furniture, phones, software et cetera.

Digital Gas

433 South Ashley Street
Ann Arbor, Michigan 48103
(732) 927-0185

March 12, 2007

Mr. Christopher W. Gerold
Deputy Attorney General
State of New Jersey
Newark, New Jersey 07101

Re: Docket No. MON-C-316-06

Dear Mr. Gerold:

Pursuant to the Order of the Hon. Alexander D. Lehrer, we are enclosing a statement that relates to our assets.

With the execution of the search warrant at 409 St. Clair Avenue in Spring Lake, records related to Digital Gas were seized. Despite the fact that the company and I have requested these records, they have not been made available for reviewing or copying. The three hard disks that were given to me by Ms. Zumbo after the November court hearing were damaged to the point of being unreadable. I am therefore not able to provide complete information regarding assets or more specific or detailed information about some of these items and matters noted herein, including precise amounts or dates.

Many of the press releases related to Digital Gas refer to business deals that the company considers active. Several of the same may be brought to a successful conclusion through negotiation or, if necessary, through litigation. A successful conclusion would entail business being transacted with the companies or persons. A less successful conclusion would be the award of cash, shares, rights to do certain business of the company or person or some other acceptable compensation, but with no agreement to do business together as might have been originally planned. An unsuccessful conclusion would be a failed negotiation or failed litigation and there either being no remuneration or none recommended to pursue by our attorney. If and when we are able to obtain access to any or all of the seized records, I will update or modify the information provided.

There is an instance (possibly more) where the company may be entitled to a significant fee and/or an award of damages that might run into the several million dollar or possibly tens of millions of dollars range. However, I will not note it herein until I obtain an attorney's advice in this regard. Noting it here is my attempt alert you to the possible existence of a settlement or claim in the matter that might be translated into a monetary amount as noted. The same applies to other business opportunities and interests that have been placed in jeopardy by the filing of this civil suit. None of these involve ownership of assets per se, but represent possible opportunities based on future work and success.

As I noted above, if and when I am able to obtain access to any or all of the seized records, I will update or modify the information provided.

Thank you.

Sincerely,

Brian Smith

Cc: Robert Davis

Digital Gas

Statement of Assets and Core Operating Subsidiaries

Digital Gas had successful funding meetings in the late summer and fall of 2006 and anticipated all of its businesses being bridge and/or senior funded by the end of the first quarter, 2007. The civil suit and the restraints have delayed these fundings and have endangered the full potential of the company that existed prior to the complaint. With the further clarification of these matters with the return of the records seized in October, 2006, the company feels that it can establish a basis for requesting that the restraints be removed and the company returned to full operation. The following is a list of assets and core operating subsidiaries.

1. Green Harbour

Three quarries sold to a subsidiary of Digital Gas in Nova Scotia. The subsidiary is Green Harbour Energy & Farming. The seller is Nova Stone Exporters. The properties are in Annapolis and Shelburne counties,

The seller has not executed the transfer of ownership on the deed to the subsidiary as required in a signed agreement dated November 2004. Under this agreement, the ownership would pass to Green Harbour and the seller would receive 25% of Green Harbour and take back a promissory note.

The proffered reason for not concluding that deal was that the seller indicated that other properties might be better to develop in the near-term. Digital Gas has pursued this avenue without giving up or compromising its rights under the 2004 agreements.

Several properties have been presented by the seller, but none have been found to be without problems. The latest appears to be highly prospective and Green Harbour has a 50% interest in one of six properties that would constitute one integrated quarry. However, the restraints imposed by the court are making it difficult for the company to maintain the above interest and purchase the quarry operation currently the subject of an agreement.

If this separate transaction fails, Digital Gas will empower its attorney to resolve the transfer of ownership issue through negotiation or litigation. Once these quarries are fully permitted and in operation, they will have a projected value of more or less $250 million on the basis of a $.50 per ton valuation for the aggregate represented.

Complicating these transactions has been the fact that persons formerly connected to the company from Florida and New Jersey have actively interacted with the seller to interfere with Digital Gas. This interference has taken several forms and has involved, over the course of the last two years, the participation of two major aggregate companies.

Any interference in these negotiations at this time could prejudice the company's legal position regarding ownership which is excellent. We are willing to clarify if asked.

2. DigitalSofcell

Manufacturing and marketing rights to several sets of products and technologies in the fuel cell area covered by patents for the following territories: North America; South America; and Central America. The civil suit and the restraints have delayed the development of this company and endangered its full potential that existed prior to the complaint. Once the restraints are removed and the company returned to full operation, Digital Gas and its shareholders may still realize the potential that was promised to shareholders and investors. If, due to the continued restraints, Digital Sofcell loses productsandtechnologiescurrentlyunderdevelopment, the company will continue with lesser products and technologies. Due to innovative sales and marketing ideas and plans, the company can still be commercial, but will be less profitable.

3. Digital Ultracap

Manufacturing and marketing rights to a set of products and technologies in the mass storage device area covered by patents for the following territories: North America; South America; and Central America. The civil suit and the restraints have delayed the development of this company and endangered its full potential that existed prior to the complaint. Once the restraints are removed and the company returned to full operation, Digital Gas and its shareholders may still realize the potential that was promised to shareholders and investors. If, due to the continued restraints, Digital Ultracap loses productsandtechnologies ready to be marketed now and others underdevelopment, the company will continue with lesser products and technologies. Due to innovative sales and marketing ideas and plans, the company can still be commercial, but will be less profitable. The loss of this relationship would be more damaging then in the fuel cell area in that the company has products ready to be marketed now that would capture a significant share of the air conditioner market.

4. Great Lakes Energy & Farming

This energy & farming subsidiary will run operations in cities, adjacent to corporate facilities and on farmland in the Great Lakes region of the United States. Similar subsidiaries and Special Purpose Corporations will be formed by region or in conjunction with strategic partners across North America, South America and Central America and in other areas, such as Vietnam, Taiwan and China. The facilities, which will benefit from products and technologies in the fuel cell and mass storage area, are largely a function of sales and marketing efforts and addressing the needs of potential clients in a way that is still several years ahead of the competition. Each facility will yield significantly profitable clean energy, food and water products, including such high profit output as hydroponics, aquaculture, pharmaceuticals, carbon-based materials processing plants (e.g. carbon nanotubes and carbon black) and others. Pending plants are in Missouri and Michigan. The civil suit and the restraints have delayed the development of this company and endangered its full potential that existed prior to the complaint. Once the restraints are removed and the company returned to full operation, Digital Gas and its shareholders may still realize the potential that was promised to shareholders and investors.

Unlike the subsidiaries that are relying on maintaining proprietary technology, such as in fuel cells and mass storage devices, Great Lakes Energy & Farming (and other regional subsidiaries) can operate and still be commercial, even with the restraints. A "top ten" international engineering firm will do the design, build, operating and maintenance of this and other region's plants under a performance. Unfortunately, the contracts and agreements that would be signed would be from a position of weakness and the company would lose significant percentage ownership and be far less profitable than it would without the restraints.

5. Digital Electric

This subsidiary will sell electricity generated from fuel cells, ultracapacitors and other systems. Digital Electric will market its so-called Distributed Generation products for residential and commercial buildings via a network of collaborative utilities, HVAC companies and industrial electrical companies. Its products will be distributed both via direct sales and under leasing agreements. In some instances, Digital Electric will even arrange for a supply of renewable fuels for the units that it markets. The potential profits within Digital Electric, including sale of electricity, steam, renewable fuels and gas, are in fact potentially greater, on a long term basis, than from the sale of the fuel cells and ultracapacitors themselves. Gas sales for Digital Electric will be much like the sale of ink for printers that has become a major profit generator for companies such as Lexmark. The viability of this subsidiary is significantly dependent upon Digital Gas maintaining the current products and technologies of Digital Sofcell and Digital Ultracap. Although the subsidiary could use third party products and technologies, its selling advantage would be greatly diminished. The company has potential contracts for facilities that can be closed within 2007 of between $1-5 billion in Michigan alone. The civil suit and the restraints have delayed the development of this company and endangered its full potential that existed prior to the complaint. Once the restraints are removed and the company returned to full operation, Digital Gas and its shareholders may still realize the potential that was promised to shareholders and investors.

6. Synfuel Corporation

Manufacturing and marketing rights to participate in the unconventional oil-source sector of the oil & gas industry. Through the application of patented breakthrough geothermic fuel cell-based in-situ production technology, the company will exploit vast tracts of oil reserves that were previously thought to be unrecoverable. If, due to the continued restraints, Synfuel loses products and technologies currently under development, the company will continue with lesser products and technologies. Due to innovative sales and marketing ideas and plans, the company can still be commercial, but will be less profitable. The civil suit and the restraints have delayed the development of this company and endangered its full potential that existed prior to the complaint. Once the restraints are removed and the company returned to full operation, Digital Gas and its shareholders may still realize the potential that was promised to shareholders and investors.

7. Other

Digital Gas has other situations that can be commercial or prospective. All press releases are relevant and have potential commercial import either through commercialization or litigation. The company has acted with restraint in these instances in the best interest of shareholders.

The civil suit and the restraints have delayed the development and funding of these situations and endangered the full potential of the company that existed prior to the complaint. With the further clarification of these matters with the return of the records seized in October, 2006, the company feels that it can establish a basis for requesting that the restraints be removed and the company returned to full operation.

Fax:9736483956

** Transmit Conf.Report **

P.1

Mar 22 2007 15:26

Fax/Phone Number	Mode	Start	Time	Page	Result	Note
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State of New Jersey

DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF LAW

FAX TRANSMITTAL SHEET

SECURITIES FRAUD PROSECUTION SECTION

FAX NUMBER: 973-648-3956 **DATE:** March 22, 2007

****

TO: Joel Korin, Esq.
FAX (856) 761-9011

FROM: Christopher W. Gerold, DAG

FAX NUMBER: (973) 648-3956

NUMBER OF PAGES INCLUDING COVER SHEET: 12

MESSAGE: Rabner v. Digital Gas, et al.
Docket No. MON-C-316-06

****

PLEASE NOTIFY SENDER IMMEDIATELY
IF ANY PAGES ARE RECEIVED IMPROPERLY

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PHONE VOICE: 973-648-4802 **FAX:** 973-648-3956

EXHIBIT 3

JON S. CORZINE
Governor

State of New Jersey
OFFICE OF THE ATTORNEY GENERAL
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF LAW
PO Box 45029
NEWARK, NJ 07101

STUART RABNER
Attorney General

March 28, 2007

VIA REGULAR MAIL AND FACSIMILE 856-761-9011
Joel Korin, Esq.
Ballard, Spahr, Andrews & Ingersoll
Plaza 1000 - Suite 500
Main Street
Voorhees, New Jersey 08043-4636

Re: Rabner v. Digital Gas, et al.
Docket Number Mon-C-316-06
Service of Defendants Brian Smith and Digital Gas Inc.

Dear Mr. Korin:

This letter is sent as a follow-up to our conversation of March 27, 2007, at which time you again informed me that you cannot identify the defendant(s) you represent in the above matter. While the New Jersey Bureau of Securities ("Bureau") is willing to extend you all professional courtesies, including an extension of time to answer the October 10, 2006 Complaint and cure certain deficiencies produced materials, it will not provide such courtesies and extensions to parties you do not represent. Thus, unless you identify the defendant(s) you represent, the Bureau will proceed as set forth in the March 21, 2007 letter, and in doing so will serve/notice both you and the defendants directly because of your inability to identify whom you represent and who is pro se.

If you have any questions, please contact me at (973) 648-2893.

Very truly yours,

STUART RABNER
ATTORNEY GENERAL OF NEW JERSEY

By _____
Christopher W. Gerold
Deputy Attorney General

cc: Robert Stevens, Esq. (Via facsimile (609) 430-2822)
Franklin L. Widmann, Chief of the Bureau of Securities (via email)
Amy Kopleton, Deputy Bureau Chief (via email)
Richard Barry, Chief Investigator (via email)
James Lane, Supervising Investigator (via email)
Anna Lascurain, Deputy Attorney General, Section Chief (via email)
Victoria Manning, Deputy Attorney General, Assistant Section Chief (via email)

Fax:9736483956

** Transmit Conf. Report **

P. 1 Mar 28 2007 11:43

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State of New Jersey

DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF LAW

FAX TRANSMITTAL SHEET

SECURITIES FRAUD PROSECUTION SECTION

FAX NUMBER: 973-648-3956 **DATE:** March 28, 2007

****

TO: Joel Korin, Esq.
FAX (856) 761-9011

FROM: Christopher W. Gerold, DAG

FAX NUMBER: (973) 648-3956

NUMBER OF PAGES INCLUDING COVER SHEET: 3

MESSAGE: Rabner v. Digital Gas, et al.
Docket No. MON-C-316-06

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