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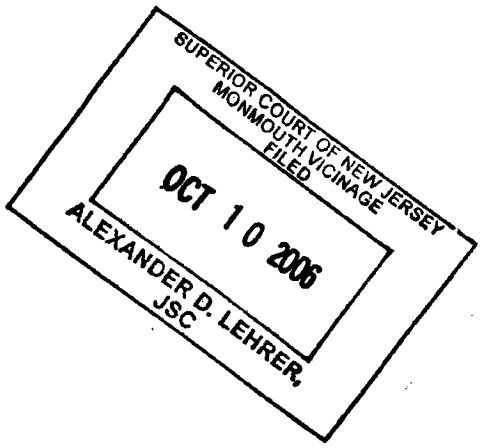

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION - COUNTY OF
MONMOUTH
DOCKET NO. C-

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

Plaintiff,

v.

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

Defendants.

Civil Action
VERIFIED COMPLAINT

Plaintiffs, Stuart Rabner, Attorney General of New Jersey with offices at 124 Halsey Street, Newark, New Jersey, on behalf of Franklin L. Widmann, Chief of the New Jersey Bureau of Securities (the "Bureau"), with offices at 153 Halsey Street,

2. Plaintiffs bring this civil action under the Securities Law for violations of: N.J.S.A. 49:3-52 (a) (employing a device, scheme or artifice to defraud); N.J.S.A. 49:3-52 (b) (making false statements of material fact or omitting to state a material fact); N.J.S.A. 49:3-52 (c) (engaging in an act, practice, or course of business which operates as a fraud or deceit upon any person); N.J.S.A. 49:3-60 (selling unregistered securities); N.J.S.A. 49:3-56(a) (acting as an agent without registration); and N.J.S.A. 49:3-56(h) (employing unregistered agents).

PARTIES

3. Digital Gas was incorporated in Michigan in 1907 as The Dromore Farm. The company has changed owners and names multiple times, and in 1998 the company changed its name to Digital Gas. Digital Gas is publicly traded under the symbol DIGG.PK.

4. Smith resides at 409 St. Clair Avenue, Spring Lake, New Jersey. From approximately February 1999, Smith has controlled all aspects of Digital Gas including, but not limited to: the issuance of new stock, issuance of press releases, and negotiating contracts with potential employees and business partners, marketers, and solicitors. Smith also used the St. Clair Smith Family Trust as an alter ego to control and conduct business on behalf of Digital Gas.

5. Lynn Smith, wife of Smith, resides at 409 St. Clair Avenue, Spring Lake, New Jersey. Lynn Smith and her children had millions of shares of Digital Gas stock issued in their names. Checks were also issued from Smith controlled bank accounts in Lynn Smith's name. Furthermore, Lynn Smith was also the benefactor of other improper uses of Digital Gas investors' funds, including renovations to her home.

6. William Brown ("Brown"), resides in Toronto, Ontario, Canada, and is a Canadian barrister and solicitor, who along with Smith, directed the transfer agent regarding the issuance of Digital Gas stock certificates.

Related Non-Defendant Persons

7. Austin Marshall ("Marshall") resides in Ann Arbor, Michigan. Since 2005, Marshall is listed on Digital Gas corporate filings as Digital Gas Treasurer. Marshall was also a close associate of Smith's and involved in the operations of Digital Gas.

8. William Lang ("Lang") of Wall, New Jersey, is a seventy-five (75) year old retiree. Unbeknownst to Lang, he was listed on Digital Gas corporate filings as Digital Gas' President and Director from 1999 through 2005, and as Secretary and Treasurer from 1999 through 2003.

9. Barry Levinson ("Levinson") of Boca Raton, Florida, was hired by Smith to be the Chief Financial Officer of

the St. Clair Smith Family Trust. As Chief Financial Officer of the St. Clair Smith Family Trust from approximately May 2004 to August 2005, Levinson was charged with searching for business opportunities on behalf of Digital Gas. In 2004, unbeknownst to Levinson, he was listed on Digital Gas corporate filings as Digital Gas's Secretary, Treasurer, Vice President, and Director.

10. Jon Steiger, Esq. ("Steiger") of Red Bank, New Jersey, is a disbarred attorney. In February 2002, Smith began using Steiger's attorney trust account to conduct Digital Gas business.

11. Interwest Transfer Company ("Interwest") of Salt Lake City, Utah is the transfer agent for Digital Gas and maintains the ownership records of Digital Gas stock.

Factual Allegations

12. Digital Gas, through Smith, holds itself out to the public as a company involved in fuel cells, ultra capacitors, natural resources, and other such businesses. In actuality, Digital Gas is a shell company with no business operations, employees, corporate offices, bank accounts, or anything else that would indicate it is involved in any of the above businesses.

13. Beginning approximately February 1999, Smith controlled Digital Gas through the use of fraudulent actions.

14. Beginning approximately February 1999, Smith solicited investors on behalf of Digital Gas.

15. Smith is not registered with the Bureau to sell securities, including stock to, from, or within New Jersey, nor is Smith exempt from registering with the Bureau.

16. Digital Gas stock is neither registered to be traded publicly with the Bureau, nor the Securities Exchange Commission, nor is the stock exempt from registration.

17. Digital Gas stock is traded "over-the-counter" by various marker makers that are broker-dealers registered with the Securities & Exchange Commission. The market makers trade independently of any exchange through price quotes that are available from the "Pink Sheet" quotation service.

18. As of May 23, 2006, Interwest records show that there were 24,940,668 shares of free trading Digital Gas stock. There are approximately fifty six (56) individuals from New Jersey that have Digital Gas stock issued in their name.

A. Fraudulent Corporate Resolutions

19. Since approximately January 2002, Smith and Brown have used Digital Gas corporate resolutions to cause Interwest

to issue and transfer shares of Digital Gas stock to themselves or their associates.

20. Without Lang or Levinson's knowledge, Smith and Brown had Lang's and Levinson's names placed on Digital Gas corporate documents. Smith and Brown then used Lang's or Levinson's name to cause Digital Gas to issue or transfer stock.

21. Smith and Brown, caused Interwest, to issue Digital Gas stock in their own names, the names of investors who had purchased Digital Gas stock, or to associates of Smith and Brown.

22. Although the shares of Digital Gas stock were in the names of other individuals, Smith and Brown would direct Interwest to send the Digital Gas stock certificates to Smith's residence. By holding the actual Digital Gas stock certificates, Smith and Brown would control when and if the shares of stock were sold, or if those shares would be exchanged for new shares in someone else's name.

23. On or about January 22, 2002, Digital Gas, through corporate resolutions, ordered Interwest to issue approximately 8.2 million shares of restricted Digital Gas stock in the names of approximately fifty six (56) individuals, including 200,000 shares to Lynn Smith, 250,000 shares to Lynn Smith in trust for Margaret A. Smith, and 250,000 shares to Lynn Smith in trust for Katherine M. Smith.

24. On or about September 2, 2004, Digital Gas, through corporate resolutions, ordered Interwest to issue approximately 5.5 million shares of Digital Gas stock in the names of approximately twenty four (24) individuals, including fourteen (14) New Jersey residents.

25. On or about September 3, 2004, Digital Gas, through corporate resolutions, ordered Interwest to issue approximately 3.2 million shares of Digital Gas stock in the name of approximately seven (7) individuals, including 500,000 shares to Lynn Smith, 500,000 shares to Lynn Smith in trust for Margaret A. Smith, 500,000 shares to Lynn Smith in trust for Katherine M. Smith, and 1.5 million shares to Levinson.

26. On or about November 12, 2004, Digital Gas, through corporate resolutions, ordered Interwest to issue approximately 4.65 million shares of Digital Gas stock to approximately sixteen (16) individuals, including 1.0 million shares to Levinson, 500,000 shares to Marshall, and 500,000 to Brown.

27. On or about April 26, 2005, Digital Gas, through corporate resolutions, ordered Interwest to issue approximately 6.1 million shares of Digital Gas stock to approximately twenty two (22) individuals, including 1.0 million shares to Brown and 825,000 million shares to six (5) New Jersey individuals. In addition to issuing new Digital Gas stock, Interwest, through

Digital Gas corporate resolutions from Smith and/or Brown, removed restrictions on restricted Digital Gas stock and had those shares sent to Smith's residence.

28. On or about July 20, 2004, Digital Gas, with a letter from Brown, ordered Interwest to cancel 2.765 million shares of restricted Digital Gas stock and to issue 2.765 million shares of unrestricted stock, representing thirty eight (38) individuals' accounts, including twelve (12) from New Jersey. Again, Smith and Brown directed that the transfer agent mail the Digital Gas stock certificates to Smith's residence.

29. On or about August 3, 2004, Interwest cancelled the 2.765 million shares of restricted Digital Gas stock, and issued 2.765 million shares of unrestricted Digital Gas stock.

30. Between February 23, 1999 and May 17, 2006, Lynn Smith, Lynn Smith in trust for Margaret A. Smith, and Lynn Smith in trust for Katherine M. Smith, had approximately 2.7 million shares of Digital Gas stock issued in their names through corporate resolutions. As of May 23, 2006, there were only 2.0 million shares of Digital Gas stock registered in their names.

31. Between February 23, 1999 and May 17, 2006, Brown, through corporate resolutions, was issued approximately 3.142 million shares of Digital Gas stock. As of May 23, 2006, Brown only had 150,000 shares of Digital Gas stock registered in his name.

B. Unregistered Digital Gas Securities

32. Smith fraudulently sold unregistered securities issued by Digital Gas in the form of Digital Gas Subscription Agreements.

33. Smith sold unregistered Digital Gas Subscription Agreements to, from, or within New Jersey.

~~34. Each unregistered Digital Gas Subscription~~ Agreement entitled an investor to interest on their principal investment and a number of shares of Digital Gas stock.

35. On or about May 2, 2005, Thomas W. Murray, of Summit, New Jersey, bought 60,000 shares of Digital Gas for $0.25 per share ($15,000.00) through a Digital Gas Subscription Agreement that was emailed to him by Smith. The Digital Gas Subscription Agreement stated that "the investor shall receive on or before June 30, 2005 the return of their investment, 10% flat interest and common shares at a rate of $.25 per share."

36. In offering and selling unregistered Digital Gas Subscription Agreements and stock, Digital Gas, through Smith, misrepresented and omitted material information by:

a. falsely stating that "Digital Gas believes this is a timely investment opportunity since between now and the end of May 2005 it anticipates closing on a major and minor financings for its subsidiaries;"

b. falsely stating that the subsidiaries "shall be spin-offs of DIGG over the next six months;"

c. falsely stating that the "companies will operate independently from the parent and go public on the AMEX by year-end 2005;"

d. omitting that Digital Gas was not registered with the Bureau, or exempt from registration;

e. omitting that Smith was not registered to sell Digital Gas stock, nor was he exempt; and

f. omitting that Digital Gas had no business operations.

(Lane Cert. ¶ 25.)

37. The shares were issued in Murray's name, but Murray only received a copy of the stock certificate (Certificate No. 2927, Cusip. No. 25385F207). As of September 16, 2005, Murray had not received the original certificate, although he had made requests to Smith on numerous occasions.

38. On or about April 27, 2005, Smith, via email, Springlake@optonline.net, offered to sell William Mattison ("Mattison") an unregistered Digital Gas Subscription Agreement. Smith represented in the email, among other things: a "120% annualized return," "several major announcements," and "this is the final sweetheart opportunity re DIGG before the stock runs."

39. Smith sold unregistered Digital Gas securities to at least fifty (50) to sixty (60) investors.

C. Smith's Use of Digital Gas Funds for Personal Use

40. Plaintiffs have been unable to locate any bank accounts or assets belonging to Digital Gas or Smith. Digital Gas and Smith used the bank accounts of Lang, Steiger, and Levinson as depositories for investor funds.

41. Beginning in approximately 1999, Smith used two of Lang's personal bank accounts at PNC and Monmouth County Community Bank, both in Spring Lake Heights, New Jersey, to deposit checks from investors. Over the course of three (3) years, there were approximately fifty (50) to sixty (60) deposits from investors, ranging from approximately $500.00 to $35,000.00 each, totaling approximately $150,000.00.

42. Upon direction from Smith, Lang wrote checks from his account to Smith for cash, to pay for construction on Smith's home, and various other personal items for Smith's benefit.

43. From approximately February 2002 to April 2002, Smith deposited funds into Steiger's attorney trust account. At Smith's direction, Steiger issued checks to pay for Smith's personal and alleged business expenses. For instance, checks were issued to Lynn Smith, Sleepys, and Lang, among others.

44. From approximately August 2004 to May 2005, Digital Gas, through Smith, deposited approximately $115,000 of

Digital Gas investors' money into Levinson's personal business account, the Barrett Howard Ltd. account at Wachovia Bank. At Smith's direction, Levinson issued checks for Smith's personal and other expenses.

45. In addition to using others' accounts, Smith used Digital Gas stock as currency. On or about February 1999, Smith used Digital Gas stock to pay Michael Rubino, Esq. ("Rubino") for legal services and a loan he had made to Smith. Smith paid Rubino with 50,000 shares of Digital Gas stock.

46. Smith used bank checks made out to cash, which were purchased with Digital Gas investor funds, and made extensive use of Western Union to wire and receive funds.

D. Manipulation of Digital Gas Stock

47. Digital Gas, through Smith, used press releases to manipulate the price of Digital Gas stock by creating the illusion that Digital Gas was an actual viable operating company.

48. Beginning approximately 2004, Digital Gas, through Smith, published fabricated Digital Gas press releases to "pump" up the price of Digital Gas stock, so Smith and other insiders could "dump" the stock on unknowing investors. Smith informed other insiders that "the stock will go mad as about 10-25 of them all try to buy at once," "in several massive "shotgun

distributions" of the information via fax and email," "we plan this distribution of information to go out next week."

49. Through at least September 21, 2006, Smith created market interest by issuing false or misleading press releases to sell additional Digital Gas stock and Digital Gas Subscription Agreements.

50. Beginning approximately 2004, Smith published via the Internet fictitious, false, or misleading press releases regarding the activities of Digital Gas.

51. Since approximately 2004, Smith has been the contact person listed on all the Digital Gas press releases.

52. On or about March 29, 2004, Digital Gas, through Smith, published a press release entitled "Digital Energy & Farming in Agreement to Acquire Exclusive Distribution Rights to Brownout and Blackout Protector." The text of the press release stated that Digital Gas "has signed an agreement with Liam, Inc."

53. Neither Digital Gas, nor any of its fictitious subsidiaries, has ever signed an agreement with Liam, Inc. The press release was never retracted.

54. On or about April 29, 2004, Digital Gas, through Smith, published a press release entitled "Digital Energy & Farming Announced that KEMA, Inc. Assist Newly Formed Energy Savings & Security LLC Marketing Breakthrough HVAC Controller."

55. KEMA, Inc. has never provided any services for Digital Gas or any of its fictitious subsidiaries. The press release was never retracted.

56. Smith, systematically and without authority, entered into agreements on behalf of Digital Gas with third parties in order to publish press releases. Digital Gas, through Smith, had no intentions of completing the agreements.

57. On or about May 7, 2004, Digital Gas, through Smith, issued a press release entitled "Digital Energy & Farming and Energy Savings & Security Sign Agreement for up to $2.25 Billion in Funding." The press release stated that Financing for Industry, Inc. ("Finance for Industry") "will provide up to $2.0 billion in a purchase order line of credit that will finance the purchase of Energy Savings & Security's breakthrough HVAC Controllers by major utilities."

58. On or about May 7, 2004, Finance for Industry signed an agreement with Smith, to search for financing for Digital Gas and the St. Clair Spring Lake Trust, provided that Smith produce complete and accurate business records for Digital Gas. No records were ever produced and no deals ever occurred. In addition, Mattison, CEO of Finance for Industry, emailed Smith, "your press release of May 7 leads one to believe that we are the lender and have approved up to $2.25 billion dollars for your companies. This is not the case, and we request that you

immediately issue a release stating that." The press release was never retracted.

59. In addition, Digital Gas, through Smith, continued to issue press releases. Below is a list of seven press releases from April 2006 to September 2006, regarding new business deals that Digital Gas or one of its fictitious subsidiaries claimed to have entered. On or about:

a. September 21, 2006 - "Digital Gas accepts Invitation to Participate in Major Energy Centers across Europe."

b. August 2, 2006 - "Digital Gas to Take Initial Steps to Prepare for Possible Listing of Two Subsidiaries on a Senior Exchange."

c. June 22, 2006 - "Digital Gas in Agreement to Acquire Rights to Advanced Oil Recovery Technology."

d. June 16, 2006 - "Digital Gas Reorganizes Digital Softcell to Prepare for Financing and Possible Listing."

e. June 15, 2006 - "Digital Gas Reorganizes Digital Ultracap to Prepare for Financing and Possible Listing."

f. May 17, 2006 - "Digital Gas Names Executive Director of Oil & Gas Exploration & Production."

g. April 17, 2006 - "Digital Gas to Enter Wind Energy Market With Breakthrough Technology."

60. Each of the above press releases was false and/or intended to mislead.

61. The published press releases by Digital Gas, through Smith, created increased demand and trading volume, thus increasing the price of Digital Gas stock, and allowing Smith, Brown, and other individuals to sell their Digital Gas stock at inflated prices.

62. On June 15, 2006, the same day Digital Gas, through Smith, published a false and misleading press release, shares of Digital Gas stock closed at $0.59/share, up 7.2% from the previous day, on trading volume of 157,844 shares. The volume was more than two (2) times the trading volume from the previous day.

63. On June 19, 2006, four (4) days after two separate press releases were published by Digital Gas, through Smith, shares of Digital Gas stock closed at $0.64/share, up 16.3% from June 15, 2006, when the first of the two press releases were published.

64. In addition to allowing Smith, Brown, and other individuals to sell their Digital Gas stock at an inflated price, thus increasing their ill-gotten gains, the numerous false, misleading, and fictitious press releases published by

Digital Gas, through Smith, misled Digital Gas investors and potential investors in connection with the offer, sale, and purchase of Digital Gas stock.

SECURITIES LAW VIOLATIONS

FIRST COUNT
(As to Digital Gas, Smith, and Brown)
Violations of N.J.S.A. 49:3-52(a)
Employing a Device, Scheme, or Artifice to Defraud in Connection with a Securities Transaction

65. Plaintiffs repeat the allegations set forth in paragraphs 1 through 64 as if set forth fully herein.

66. The Digital Gas stock and the Digital Gas Subscription Agreements that Defendants Digital Gas and Smith offered and sold to, from, or within the State of New Jersey were securities as defined by N.J.S.A. 49:3-49(m).

67. By Defendants Digital Gas, Smith, and Brown causing the transfer agent to issue or transfer shares of Digital Gas through fraudulent means, Defendants Digital Gas, Smith, and Brown knowingly or recklessly employed fraudulent or manipulative devices, schemes, or artifices in violation of N.J.S.A. 49:3-52(a).

68. By Defendants Digital Gas and Smith causing fraudulent press releases to be published to the Internet and manipulating the price and demand of Digital Gas stock,

Defendants Digital Gas and Smith knowingly or recklessly employed fraudulent or manipulative devices, schemes, or artifices in violation of N.J.S.A. 49:3-52(a).

69. In offering and selling unregistered Digital Gas stock and unregistered Digital Gas Subscription Agreements, Defendants Digital Gas and Smith knowingly or recklessly employed fraudulent or manipulative devices, schemes, or artifices in violation of N.J.S.A. 49:3-52(a).

70. By Defendants Digital Gas, Smith, and Brown's use of Digital Gas funds and assets for their personal benefit, Defendants Digital Gas, Smith, and Brown knowingly or recklessly employed fraudulent or manipulative devices, schemes, or artifices in violation of N.J.S.A. 49:3-52(a).

71. Each fraudulent or manipulative device, scheme, or artifice is a separate violation of N.J.S.A. 49:3-52(a) and is cause for the imposition of a civil monetary penalty under N.J.S.A. 49:3-70.1.

SECOND COUNT
(As to Digital Gas and Smith)
Violations of N.J.S.A. 49:3-52(b)
Making Material Misrepresentations or Omissions in Connection with a Securities Transaction

72. Plaintiff repeats the allegations set forth in paragraphs 1 through 71 as if set forth fully herein.

73. In offering and selling Digital Gas stock and Digital Gas Subscription Agreements, Defendants Digital Gas and Smith made materially false or misleading statements or omissions in violation of N.J.S.A. 49:3-52(b).

74. By Defendants Digital Gas and Smith causing fraudulent press releases to be published to the Internet, Defendants Digital Gas and Smith made materially false or misleading statements or omissions in violation of N.J.S.A. 49:3-52(b).

75. Each materially false or misleading statement, or omission is a violation of N.J.S.A. 49:3-52(b) and is cause for the imposition of a civil monetary penalty under N.J.S.A. 49:3-70.1.

76. Each omission necessary to make a material statement not false or misleading is a separate violation of N.J.S.A. 49:3-52(b) and is cause for the imposition of a civil monetary penalty under N.J.S.A. 49:3-70.1.

THIRD COUNT
(As to Digital Gas, Smith, and Brown)
Violations of N.J.S.A. 49:3-52(c)
Engaging in Acts, Practices, and a Course of Business, which Operated as a Fraud in Connection with a Securities Transaction

77. Plaintiffs repeat the allegations set forth in paragraphs 1 through 76 as if set forth fully herein.

78. Defendants Digital Gas, Smith, and Brown knowingly or recklessly engaged in acts, practices, and courses of business that operated as a fraud or deceit on those who invested in Digital Gas stock and/or Digital Gas Subscription Agreements.

79. Defendants Digital Gas, Smith, and Brown's fraudulent or deceitful conduct in violation of N.J.S.A. 49:3-52(c) is alleged throughout this Complaint.

80. Each fraudulent or deceitful action is a separate violation of N.J.S.A. 49:3-52(c) and is cause for the imposition of a civil monetary penalty under N.J.S.A. 49:3-70.1.

FOURTH COUNT
(As to Digital Gas and Smith)
Violations of N.J.S.A. 49:3-60
Selling Unregistered Securities

81. Plaintiffs repeat the allegations set forth in paragraphs 1 through 80 as if set forth fully herein.

82. The Digital Gas stock and/or Digital Gas Subscription Agreements were securities as defined by N.J.S.A. 49:3-49(m).

83. The Digital Gas stock and/or Digital Gas Subscription Agreements were not registered with the Bureau under N.J.S.A. 49:3-61 (registration of securities by qualification), N.J.S.A. 49:3-61.1 (registration of securities

by coordination), or N.J.S.A. 49:3-61.2 (registration of securities by notification) and did not qualify for any of the registration exemptions under N.J.S.A. 49:3-50. Nor were the Digital Gas stock and/or Digital Gas Subscription Agreements federally covered securities pursuant to N.J.S.A. 49:3-60.1.

84. In selling and offering Digital Gas stock and/or Digital Gas Subscription Agreements to, from, or within the State of New Jersey, Defendants Digital Gas and Smith violated N.J.S.A. 49:3-60.

85. Each offer to sell by Defendants Digital Gas of Digital Gas stock and/or Digital Gas Subscription Agreements is a separate violation of N.J.S.A. 49:3-60 and is cause for the imposition of a civil monetary penalty under N.J.S.A. 49:3-70.1.

FIFTH COUNT
(As to Digital Gas)
Violation of N.J.S.A. 49:3-56(h)
Employing Unregistered Agents

86. Plaintiffs repeat the allegations set forth in paragraphs 1 through 85 as if set forth fully herein.

87. Defendant Digital Gas employed unregistered agents in effecting or attempting to effect securities transactions in violation of N.J.S.A. 49:3-56(h).

88. Each instance of employing an unregistered agent was a separate violation of N.J.S.A. 49:3-56(h) and is cause for

the imposition of a civil monetary penalty under N.J.S.A. 49:3-70.1.

SIXTH COUNT
(As to Smith)
Violation of N.J.S.A. 49:3-56(a)
Failing to Register as an Agent

89. Plaintiffs repeat the allegations set forth in paragraphs 1 through 88 as if set forth fully herein.

90. Defendant Smith acted as an agent as defined by N.J.S.A. 49:3-49(b).

91. At all relevant times, Smith was not registered with the Bureau as an agent of Digital Gas.

92. Each instance of acting as an agent was a separate violation of N.J.S.A. 49:3-56(a) and is cause for the imposition of a civil monetary penalty under N.J.S.A. 49:3-70.1.

SEVENTH COUNT
(As to Digital Gas, Smith, and Lynn Smith)
N.J.S.A. 49:3-69(a) (2)
Freezing of Defendants' Assets

93. Plaintiffs repeat the allegations set forth in paragraphs 1 through 92 as if set forth fully herein.

94. Pursuant to N.J.S.A. 49:3-69(a)(2), Defendants' Digital Gas, Smith, and Lynn Smith's assets, real and personal, including but not limited to, bank accounts and shares of stock, should be frozen in that such assets should not be disposed of, transferred, dissipated, encumbered, liquidated, or withdrawn, pending further order of this Court.

Demand for Relief

WHEREFORE, Plaintiff respectfully prays for the following relief:

(a) finding that Defendants Digital Gas, Smith, and Brown violated the Securities Law and engaged in the conduct alleged in the Complaint;

(b) that judgment be entered against each of the defendants, jointly and severally, determining that they have committed the alleged violations of the Securities Law;

(c) ordering the defendants, at their expense, to hire an independent accountant to be selected by the Bureau to conduct an accounting of the use of the investors' funds;

(d) ordering the defendants to make restitution payments to the investors damaged by the defendants' violations of the Securities Law;

(e) requiring the defendants to disgorge all profits and/or funds gained through violations of the Securities Law;

(f) assessing and imposing a civil monetary penalty on the defendants for each separate violation of the Securities Law in accordance with N.J.S.A. 49:3-70.1;

(g) enjoining the defendants or anyone acting on their behalf from violating the Securities Law;

(h) freezing the current assets and future assets that may come as a result of the conduct alleged in this Verified Complaint of Defendants Digital Gas, Smith, and Lynn Smith. The assets shall include, but are not limited to, real property, personal property, checking and savings accounts, brokerage and trading accounts and all other assets and property of every description;

(i) appointing a receiver that is vested with any and all authority, standing, power, and discretion provided by and permitted under N.J.S.A. 49:3-69(c) and N.J.S.A. 14A:14-5 including, but not limited to:

i. preserve the status quo;

ii. manage the assets and business operations of the defendants;

iii. ascertain the true financial condition of the defendants and the true use and disposition of investors' funds;

iv. prevent further misuse and dissipation of the property and assets of the defendants and the investors;

v. prevent the encumbrance or disposal of property or assets of the defendants and the investors;

vi. locate and collect assets of the defendants and investors that have been misused, diverted, or fraudulently transferred;

vii. pursue causes of action against third parties on behalf of the defendants and investors;

viii. preserve the books, records, documents, and evidence of the defendants;

ix. ensure the defendants' compliance with the Securities Law;

x. communicate with investors; and

xi. determine whether a bankruptcy petition should be filed on behalf of Digital Gas or the other Defendants.

(j) affording Plaintiff and affected third parties with any additional relief that the Court deems just and equitable.

STUART RABNER
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiff

By: _____
Christopher W. Gerold
Deputy Attorney General

Dated: October 9, 2006

RULE 4:5-1 CERTIFICATION

I certify that Plaintiffs have not initiated any other civil action in any court of this State against Defendants and is not now engaged in any arbitration proceeding against Defendants, nor is any other civil action or arbitration proceeding contemplated. I certify that, at this time, Plaintiff is unaware of any other party that should be joined in this action.

STUART RABNER
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiff

By: _____
Christopher W. Gerold
Deputy Attorney General

Dated: October 9, 2006

DESIGNATION OF TRIAL COUNSEL

Deputy Attorney General Christopher W. Gerold is hereby designated as trial counsel for this matter.

STUART RABNER
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiff

By: _____
Christopher W. Gerold
Deputy Attorney General

Dated: October 9, 2006

RULE 1:6-6 VERIFICATION

James Lane, of full age, certifies as follows:

1. I am an investigator with the New Jersey Bureau of Securities.

2. I have read this Verified Complaint and verify that the information contained therein is true and correct to the best of my knowledge, information, and belief based upon the investigation conducted by the New Jersey Bureau of Securities.

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

James Lane

Dated: October 10, 2006