

[REDACTED]

STATEMENT

of

[REDACTED]
Owner and Director

of

[REDACTED]
dated

[REDACTED]

1. My name is [REDACTED]. I am a United States citizen resident [REDACTED]
2. I am the owner and director of [REDACTED] limited liability company.
3. I have been asked by [REDACTED] to describe my experiences with Mr. Zsolt Nemeth ("Mr. Nemeth") in connection with [REDACTED]'s lawsuit against Mr. Nemeth.
4. I am willing to do so, because I believe Mr. Nemeth to be a serial fraudster who can be stopped from committing further frauds and other crimes only by legal action, civil and criminal.
5. Events before 2016-06-25
 - a. [REDACTED]
 - b. [REDACTED]
 - c. [REDACTED]
 - d. [REDACTED]
 - e. During the period that [REDACTED] was engaged by App-Ray, Mr. Nemeth asked [REDACTED] to help him with a side business, acquisition of property seized from defaulting debtors by banks and other financial creditors, for which Mr. Nemeth said he had buyers. This business did not prove feasible, as the majority of desirable properties had already been disposed of by creditors.
 - f. In late March and early April of 2016, Mr. Nemeth approached me about the possibility of [REDACTED] assisting him with the acquisition of SCIT Labs, Inc. ("SCIT").
 - g. SCIT is a computer security firm owned and managed by Arun Sood, a distinguished member of the faculty of George Mason University.
 - h. SCIT's Board of Advisors included, among other distinguished persons, General Michael V. Hayden, a United States Air Force four-star general and former Director of the CIA and the NSA and the first Deputy Director of National Intelligence.
 - i. [REDACTED] spoke with Mr. Sood and his legal counsel, Stuart Malawar, a distinguished lawyer, on several occasions.
 - j. [REDACTED] and Mr. Nemeth began negotiations regarding an Engagement Agreement between [REDACTED] and an acquisition vehicle to be specified by Mr. Nemeth. During the period of negotiations, [REDACTED] Mr. Nemeth on aspects of the proposed acquisition of SCIT.
 - k. Mr. Sood and Mr. Malawar at all times treated Mr. Nemeth as a serious potential purchaser. Mr. Sood had a particularly good relationship with Mr. Nemeth and considered him the most desirable candidate to buy SCIT:

6. Events on and after 2016-06-25

- a. On 2016-06-25 Mr. Nemeth signed an Engagement Agreement with [REDACTED]. Mr. Nemeth was purportedly acting on behalf of ZN Capital, purportedly a British Virgin Islands company. I signed the Engagement Agreement on behalf of [REDACTED].
- b. The Engagement Agreement required [REDACTED] to provide my services for a certain minimum number of hours per month to assist ZN Capital in effecting the acquisition of SCIT. In exchange ZN Capital was to pay [REDACTED] a fixed monthly fee and to give it equity in SCIT if the acquisition succeeded. [REDACTED] fixed monthly fee was heavily discounted in consequence of the equity promised to it.
- c. [REDACTED] assisted Mr. Nemeth in negotiations regarding the acquisition by ZN Capital or another vehicle of all or a portion of the equity of SCIT. In connection with these negotiations, [REDACTED] devised negotiation strategies, proposed transaction structures, held discussions with SCIT's principal and legal counsel, drafted documents including term sheets, share purchase agreements and the like and otherwise served as ZN Capital's and Mr. Nemeth's sole advisor for the transaction.
- d. In the late summer of 2016 it became clear to [REDACTED] that Mr. Nemeth and ZN Capital were finding it quite difficult to obtain funding for the SCIT acquisition.
- e. SCIT's counsel came to this conclusion as well, and negotiations became more difficult.
- f. [REDACTED] then billed ZN Capital for its services. It had refrained from doing so until that time, because Mr. Nemeth had pleaded problems moving money into ZN Capital's bank account and other liquidity issues.
- g. ZN Capital failed to pay [REDACTED] invoices despite frequent communications with Mr. Nemeth and frequent promises on his part to resolve the matter.
- h. [REDACTED] began to be concerned that ZN Capital and Mr. Nemeth did not in fact have a liquidity problem as they claimed but rather were engaged in a fraud against [REDACTED] and [REDACTED] SCIT. [REDACTED] accordingly began to investigate ZN Capital.
- i. [REDACTED]'s investigations revealed that ZN Capital did not exist in the British Virgin Islands. It concluded that Mr. Nemeth had in fact been involved in a fraud against [REDACTED].

7. Conclusions

- a. Based on my experiences and those of [REDACTED] and others, I believe Mr. Nemeth to be a serial fraudster.
 - b. Mr. Nemeth's frauds are particularly dangerous because they relate to computer security matters. This gives him intimate insight into the vulnerabilities of the companies that he works with.
 - c. They are even more dangerous because they in some instances impinge on the national security of at least the United States but likely also other countries.
 - d. Mr. Nemeth uses the good reputations of others, notably the Fraunhofer Institute and SCIT but also [REDACTED] and his other victims, to further his frauds.
 - e. I believe that Mr. Nemeth will continue to commit frauds if he is not stopped by civil and/or criminal legal action.
 - f. I urge this court to take such action as is within its power to [REDACTED] deter Mr. Nemeth from committing further frauds and potentially other, even more serious, criminal acts.
- [REDACTED]