

File Memorandum  
Of May 11, 2005 Meeting at the SEC Offices

CMKM Diamonds, Inc. - Martin File

The administrative hearing seeking deregistration of the CMKM Diamonds, Inc.'s securities in Los Angeles concluded on May 10, 2005. Don Stoecklein, then corporate attorney for CMKM Diamonds, Inc. suggested that we meet with the SEC enforcement attorneys to discuss the evidence that our office had developed on the naked shorting of CMKX stock. An agreement was reached for us to meet at the SEC offices at 5670 Wilshire Blvd. in Los Angeles the following morning May 11, 2006. We met in a conference room on the 11<sup>th</sup> floor.

Prior to the hearing our office had requested via message boards and word of mouth that all CMKX shareholders fax their brokerage statement to this office. We had installed a computer fax in system that allowed us to receive the broker statement and digitize a copy of the statement. We simultaneously hired input personnel to enter the data into a database. The end result of such fax in campaign would allow us to have documented proof of massive naked shorting of this company.

Present for the meeting at the SEC offices were myself, Don Stoecklein (CMKM attorney), Bob Maheu (at that time Board Member of CMKM), Mike Williams (proposed new Board Member), Leslie Hakala (Enforcement attorney and lead counsel for the SEC at the administrative hearing), Gregory Glynn (Chief litigation counsel for the enforcement staff) and Andrew Petillon (Branch Chief, Enforcement of Pacific Regional Office).

I carried with me a printed hard copy of a summary of several hundred thousand pages of broker statements that I had received from this fax in campaign. I also had with me a CD-ROM which contained actual copies of all the broker statements that we had received from CMKX shareholders during this fax in campaign. We also had a NOBO/OBO list which was current through April of 2005. I prepared a summary of the items which I took with me to the hearing and presented the SEC with this summary. See Attachment.

Prior to the hearing on May 10, 2005, my office had received broker statements from 5,020 CMKM shareholders showing ownership of 320 billion shares of CMKX stock. The NOBO list showed approximately 60,000 shareholders or accounts in the brokerage houses. The information we had received from the shareholders represented only about 12% percent of the total estimated shareholders. The transfer agent's records showed there were 326 billion shares held in certificate form by 2,033 shareholders outside of the brokerage houses. Thus our proof showed that we had documented 7,056 shareholders owning 656 billion shares but by the NOBO list there were 60,000 shareholders. By simple extrapolation, it was clear that there were potentially trillions of shares of stock which had been bought by the public through the brokerage houses. The outstanding stock in this security was 703 billion shares.

The entire meeting lasted about 30 minutes. I observed Gregory Glynn and Leslie Hakala glance at my hard copy summary for approximately 30 seconds during the meeting. Leslie Hakala and Gregory Glynn asked most of the questions directed to me and Don Stoecklein regarding the quality of our proof. I explained the digital fax system we designed to document this fax in campaign. We were asked how reliable this information was because if it was clear anyone could fax in false numbers. We explained the procedures we were taking to prevent fraudulent entries into our database. We asked the SEC to conduct an investigation into the naked shorting of this stock. When we concluded the meeting, Mrs. Hakala stated that if we had any proof of naked shorting, they would conduct an investigation. I offered to leave the summary information and the CD-ROM with them, but was told that was not necessary.

As we were all gathering our materials to leave the meeting, Andrew Petillon looked at me directly and said the SEC would go after anyone that was attempting to create a short squeeze on the brokers. I do not recall commenting directly to his remarks.

We continued to collect shareholder information for several months following the hearing and ultimately offered the CD-ROM and summary as evidence for Judge Murray to consider in making her ruling. The SEC objected to the admission of such evidence and Judge Murray declined to consider it as evidence in the administrative hearing.