LEGAL ACCESS TECHNOLOGY 10KSB 2005

LEGAL ACCESS TECHNOLOGIES, INC. (THE *"COMPANY"*, *"WE,"* OR *"US"*) WAS INCORPORATED ON JULY 20, 1989 IN NEVADA UNDER THE NAME DYNAMIC ASSOCIATES, INC. THE COMPANY WAS A DEVELOPMENT STAGE COMPANY THROUGH 1995, WHEN IT ACQUIRED GENESIS HEALTH MANAGEMENT CORPORATION (*"GENESIS"*) AND GERIATRIC CARE CENTERS OF AMERICA (*"GCCA"*) AND THEREBY ENTERED INTO THE HEALTH CARE MANAGEMENT BUSINESS, SPECIALIZING IN GERIATRIC AND PSYCHIATRIC HEALTHCARE. THESE TWO WHOLLY-OWNED SUBSIDIARIES WERE CONSOLIDATED ON OCTOBER 12, 1999 INTO PERSPECTIVES HEALTH MANAGEMENT CORP., A NEVADA CORPORATION (*"PERSPECTIVES"*).

DYNAMIC ASSOCIATES, (NOT DYNAMIC AND ASSOCIATES) 10KSB 1999

DYNAMIC ASSOCIATES, INC., A NEVADA CORPORATION (THE "COMPANY" OR "DYNAMIC") WAS INCORPORATED ON JULY 20, 1989 FOR THE PURPOSE OF DEVELOPING VENTURE BUSINESSES. DYNAMIC WAS PREVIOUSLY A DEVELOPMENT STAGE COMPANY THROUGH 1995. THROUGH ACQUISITIONS, DYNAMIC HAS BECOME A HOLDING COMPANY FOR A VARIETY OF ENTITIES AS DETAILED BELOW. THE COMPANY OPERATES TWO HEALTH CARE MANAGEMENT BUSINESSES SPECIALIZING IN GERIATRIC AND PSYCHIATRIC CARE THROUGH ITS OTHER WHOLLY OWNED SUBSIDIARIES, GENESIS HEALTH MANAGEMENT CORPORATION ("GENESIS") AND GERIATRIC CARE CENTERS OF AMERICA ("GCCA").

THE COMPANY FORMERLY OWNED TWO MICROWAVE TECHNOLOGIES SUBSIDIARIES, P&H LABORATORIES, INC. ("P&H"), A MICROWAVE RESEARCH AND PRODUCTION COMPANY, AND MICROWAVE MEDICAL CORP.("MMC"), WHICH DEVELOPS MICROWAVE TECHNOLOGY FOR VARIOUS MEDICAL TREATMENTS. AS OF MARCH 11, 1998, THE COMPANY HAS SPUN OFF MMC AND P&H TO A NEWLY INCORPORATED NEVADA CORPORATION, MW MEDICAL, INC. ("MW" OR "MW MEDICAL"). THE SPINOFF WAS COMPLETED BY THE DISTRIBUTION OF MW SHARES TO ALL DYNAMIC SHAREHOLDERS ON RECORD (THE "RECORD DATE") AS OF THE CLOSE OF BUSINESS ON FEBRUARY 25, 1998. EACH SUCH HOLDER RECEIVED ONE SHARE OF MW COMMON STOCK FOR EVERY ONE SHARE OF DYNAMIC COMMON STOCK HELD ON THE RECORD DATE. (SEE SECTION ON SPIN OFF)

ON MARCH 30, 1999, DYNAMIC ENTERED INTO SEVERAL AGREEMENTS WITH ACS2, INC. ("ACS") AND ADVANCED CLINICAL SYSTEMS, INC. ("ADVANCED") UNDER WHICH THE COMPANY CONTRIBUTED ITS OPERATING SUBSIDIARIES, GENESIS AND GCCA, AND ACS CONTRIBUTED ITS SUBSIDIARY, ADVANCED, AND THE OPERATING SUBSIDIARIES OF ADVANCED TO A NEWLY FORMED NEVADA LIMITED LIABILITY COMPANY KNOWN AS ADVANCED¬DYNAMIC, LLC ("LLC"). THIS MERGER PLAN WAS SUBSEQUENTLY CANCELLED AND THE LLC WAS DISSOLVED. (SEE SECTION ON MERGER)

IN THE FOURTH QUARTER OF 1999, THE COMPANY FORMED A NEW WHOLLY OWNED SUBSIDIARY IN NEVADA NAMED PERSPECTIVES HEALTH CARE MANAGEMENT CORPORATION ("PERSPECTIVES") AND QUALIFIED PERSPECTIVES TO DO BUSINESS IN TEXAS. THE COMPANY IS CURRENTLY TAKING STEPS TO CONSOLIDATE GENESIS AND GCCA INTO THE PERSPECTIVES' ENTITY AND TO OPERATE THESE COMPANIES AS ONE. THERE IS ALSO CURRENTLY NEGOTIATIONS BETWEEN THE COMPANY AND THE MANAGEMENT OF PERSPECTIVES TO SELL THESE BUSINESSES TO THE PERSPECTIVES MANAGEMENT AND TO DISTRIBUTE ANY PROCEEDS TO EXISTING NOTE HOLDERS AS PARTIAL SATISFACTION OF THE COMPANY'S CURRENT DEBT. IN SUCH AN ARRANGEMENT, THE NOTE HOLDERS, OR SOME PORTION OF THEM, ARE ALSO EXPECTED TO CONVERT THEIR EXISTING NOTES INTO COMMON STOCK OF THE COMPANY AT A PRICE OF 15 CENTS PER SHARE. THE CONSUMMATION OF THIS PROCESS IS SUBJECT TO SHAREHOLDER APPROVAL AND FINAL AGREEMENT AMONG ALL THE PARTIES WHICH HAS NOT AS YET BEEN REACHED.

THE COMPANY'S EXECUTIVE OFFICES ARE LOCATED AT 6617 NORTH SCOTTSDALE ROAD, SUITE 103 SCOTTSDALE, ARIZONA 85253 TELEPHONE NUMBER AT THIS LOCATION IS (480) 3158600 AND THE TELEFAX NUMBER IS (480) 4431235. JAN WALLACE IS THE CURRENT PRESIDENT AND A DIRECTOR, AND GRACE SIM IS THE SECRETARY/TREASURER AND DIRECTOR.

ON MARCH 30, 1999, DYNAMIC ENTERED INTO A CAPITAL CONTRIBUTION AGREEMENT WITH ACS AND ADVANCED UNDER WHICH THE COMPANY CONTRIBUTED ITS OPERATING SUBSIDIARIES, GENESIS GCCA, AND ACS

CONTRIBUTED ITS SUBSIDIARY, ADVANCED, AND THE OPERATING SUBSIDIARIES OF ADVANCED TO A NEWLY FORMED NEVADA LIMITED LIABILITY COMPANY KNOWN AS ADVANCEDDYNAMIC, LLC ("LLC"). IN CONSIDERATION OF WHICH, EACH OF THE COMPANY AND ACS RECEIVED A FIFTY PERCENT (50%) EQUITY INTEREST IN THE LLC. GENESIS AND GCCA ARE REFERRED TO TOGETHER AS THE "DYNAMIC SUBSIDIARIES" AND ADVANCED AND ALL OF THE SUBSIDIARIES OF ADVANCED ARE REFERRED TO TOGETHER AS THE "ADVANCED SUBSIDIARIES". THE CAPITAL CONTRIBUTION AGREEMENT AND THE CONTRIBUTIONS TO THE LLC WERE COMPLETED CONTEMPORANEOUSLY ON MARCH 30, 1999 WITH THE PARTIES AGREEMENT TO THE LLC'S OPERATING AGREEMENT. THE LLC'S OPERATING AGREEMENT SET FORTH THE AGREEMENT OF THE COMPANY AND ACS WITH RESPECT TO THE OWNERSHIP AND MANAGEMENT OF THE LLC, THE DYNAMIC SUBSIDIARIES AND THE ADVANCED SUBSIDIARIES PENDING CONSUMMATION OF A PROPOSED MERGER OF ACS INTO DYNAMIC ACQUISITION CORPORATION ("DAC"), A NEWLY FORMED, WHOLLY OWNED SUBSIDIARY OF DYNAMIC (THE "MERGER"). THE LLC'S OPERATING AGREEMENT ALSO SET FORTH THE AGREEMENT OF THE COMPANY AND ACS TO DISSOLVE THE LLC AND RETURN THE SUBSIDIARIES TO THEIR RESPECTIVE COMPANIES IN THE EVENT THAT THE MERGER (MORE FULLY DESCRIBED BELOW) IS NOT CONSUMMATED BY DECEMBER 15, 1999.ON THE SAME DATE (MARCH 30, 1999), THE COMPANY, DAC, ACS AND ADVANCE ALSO ENTERED INTO AN AGREEMENT AND PLAN OF MERGER (THE "MERGER AGREEMENT"). THIS MERGER AGREEMENT CONTEMPLATED THAT UPON APPROVAL BY THE HOLDERS OF A MAJORITY OF THE OUTSTANDING SHARES OF COMMON STOCK OF THE COMPANY AT THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 4, 1999 (AND THE SATISFACTION OR WAIVER OF THE OTHER CONDITIONS OF THE MERGER AND CONTRIBUTION AGREEMENTS), A MERGER WILL TAKE PLACE BETWEEN DAC AND ACS. THE MERGER WAS SUBSEQUENTLY CANCELLED AND THE LLC WAS DISSOLVED BY AGREEMENT OF BOTH PARTIES WITHOUT FURTHER OBLIGATION ON EITHER. CREATION OF PERSPECTIVES AND CONSOLIDATION OF THE COMPANY'S SUBSIDIARIES IN THE FOURTH QUARTER OF 1999, THE COMPANY FORMED A NEW WHOLLY OWNED SUBSIDIARY IN NEVADA NAMED PERSPECTIVES HEALTH CARE MANAGEMENT CORPORATION ("PERSPECTIVES") AND QUALIFIED PERSPECTIVES TO DO BUSINESS IN TEXAS. THE COMPANY IS CURRENTLY TAKING STEPS TO CONSOLIDATE GENESIS AND GCCA INTO THE PERSPECTIVES' ENTITY AND TO OPERATE THESE COMPANIES AS ONE.

JAN WALLACE 43 PRESIDENT, DIRECTOR GRACE SIM 39 SECRETARYTREASURER, DIRECTOR

JAN WALLACE IS A DIRECTOR, PRESIDENT AND CHIEF OPERATING OFFICER OF THE COMPANY. MS. WALLACE HAS BEEN EMPLOYED BY THE COMPANY SINCE APRIL 1995, WHEN SHE WAS ELECTED TO THE BOARD OF DIRECTORS AND ACCEPTED THE POSITION OF CHIEF OPERATING OFFICER. MS. WALLACE WAS PREVIOUSLY VICE PRESIDENT OF ACTIVE SYSTEMS, INC. A CANADIAN COMPANY SPECIALIZING IN SGML SOFTWARE AN ISO STANDARD IN OTTAWA, ONTARIO. PRIOR TO THAT SHE WAS PRESIDENT AND OWNER OF MAILHOUSE PLUS, LTD., AN OFFICE EQUIPMENT DISTRIBUTION COMPANY WHICH WAS SOLD TO ASCOM CORPORATION. SHE HAS ALSO BEEN IN MANAGEMENT WITH PITNEY BOWESCANADA AND BELL CANADA WHERE SHE RECEIVED ITS HIGHEST AWARD IN SALES AND MARKETING. MS. WALLACE WAS EDUCATED AT QUEENS UNIVERSITY IN KINGSTON, ONTARIO AND CARLETON UNIVERSITY, OTTAWA, ONTARIO IN POLITICAL SCIENCE WITH A MINOR IN ECONOMICS. MS. WALLACE IS ALSO THE PRESIDENT AND A DIRECTOR OF MW MEDICAL, INC., A PUBLICLY HELD COMPANY.

GRACE SIM 39 SECRETARY-TREASURERS, DIRECTOR

GRACE SIM IS THE SECRETARY/TREASURER AND A DIRECTOR OF THE COMPANY. SHE IS ALSO CURRENTLY THE SECRETARY/TREASURER AND A DIRECTOR OF MW MEDICAL, INC., A PUBLICLY COMPANY. MS. SIM JOINED DYNAMIC IN JANUARY 1997. BEFORE JOINING DYNAMIC, MS. SIM OWNED SIM ACCOUNTING, AN ACCOUNTING CONSULTING COMPANY IN OTTAWA, ONTARIO, CANADA. BETWEEN 1993 AND 1994, SHE WORKED AS THE CONTROLLER WITH FULLINE, AN OFFICE EQUIPMENT COMPANY AND WITH MAILHOUSE PLUS LTD. BETWEEN 1990 AND 1992. MS. SIM RECEIVED HER BACHELOR OF MATHEMATICS WITH HONORS FROM THE UNIVERSITY OF WATERLOO IN WATERLOO, ONTARIO.

NOMINEE SHELLS LOM SECURITIES SEND FUNDS THROUGH TO DYNAMIC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1999, 1998, AND 1997

FOR 1999, REVENUE FROM THE FOLLOWING CLIENTS EXCEEDED 5% OF TOTAL MANAGEMENT FEES: ABERDEEN 5.81%, FRANKLIN 6.34%, BRADLEY 5.75%, FRANKLIN COUNTY 6.69%, TYLER HOLMES 7.18%, MONTFORT JONES 6.31%, SHARKEY 6.01%, SIMPSON 7.44%, LACKEY 5.26%, AND PERRY 6.77%.

FOR 1998, REVENUE FROM THE FOLLOWING CLIENTS EXCEEDED 5% OF TOTAL MANAGEMENT FEES: BRADLEY 6.2%, FRANKLIN COUNTY 7.2%, HOLLY SPRINGS 5.7%, LACKEY 5.7%, MOREHOUSE 6.2%, RICHARDSON 5.9%, TYLER HOLMES 6.1%, SENATOBIA 6.2%, NORTH SUNFLOWER 5.5%, SHARKEY 5.9% , ABERDEEN 5.9%, MONTFORT JONES 6.0%, CUMBERLAND 6.2%, AND DARDANELLE 6.0%.

FOR 1997, REVENUE FROM THE FOLLOWING CLIENTS EXCEEDED 5% OF TOTAL MANAGEMENT FEES: BRADLEY 5.3%, FRANKLIN COUNTY 6.2%, MOREHOUSE 5.3%, RICHARDSON 5.0%, TYLER HOLMES 5.2%, SENATOBIA 5.3%, SHARKEY 5.0%, ABERDEEN 5.0%, MONTFORT JONES 5.1%, CUMBERLAND 5.3%, AND DARDANELLE 5.1%.

"NEGOTIATIONS" START WITH DYNAMIC & TELE-LAWYER CANE & WALLACE

RECOGNIZING THE NEED FOR A NEW BUSINESS, IN JANUARY OF 2000, THE COMPANY'S PRESIDENT, JAN WALLACE, CONTACTED MICHAEL CANE, THE COMPANY'S ATTORNEY AND THE PRESIDENT OF TELE-LAWYER, INC., A NEVADA BASED TECHNOLOGY COMPANY AND APPLICATION SERVICE PROVIDER TO THE LEGAL SERVICES INDUSTRY. THIS DISCUSSION COVERED THE POSSIBLE REORGANIZATION OF DYNAMIC AND MERGER WITH TELE-LAWYER. AT THIS TIME, MS. WALLACE WAS ALREADY IN NEGOTIATIONS FOR THE SALE OF PERSPECTIVES TO ITS MANAGEMENT TEAM LED BY MR. CLAY DEARDORFF.

MR. CANE HAD BEEN ONE OF THE COMPANY'S ATTORNEYS SINCE NOVEMBER 1998, HANDLING MOSTLY BUSINESS AND SECURITIES MATTERS FOR DYNAMIC. TO AVOID ANY CONFLICTS OF INTEREST, MS. WALLACE OBTAINED OUTSIDE COUNSEL TO ASSIST HER IN THE NEGOTIATIONS REGARDING ANY POTENTIAL MERGER WITH TELE-LAWYER.

NEGOTIATIONS BETWEEN TELE-LAWYER AND THE COMPANY CONTINUED OVER THE PHONE, THROUGH EMAIL AND LETTERS UNTIL MARCH 2000 WHEN THEY WERE DISCONTINUED BECAUSE THE PARTIES FAILED TO REACH AGREEMENT ON THE RELATIVE VALUATIONS OF THE COMPANIES. IN THE MEANTIME, THE NEGOTIATIONS FOR THE SALE OF PERSPECTIVES CONTINUED, RESULTING IN CONTRACT IN AUGUST 2000.

ON JUNE 12, 2001, THE COMPANY COMPLETED A REORGANIZATION AND SHARE EXCHANGE IN WHICH IT CHANGED ITS NAME FROM DYNAMIC ASSOCIATES TO LEGAL ACCESS TECHNOLOGIES, CONVERTED VIRTUALLY ALL OF ITS $8.4 MILLION IN DEBT TO EQUITY, REVERSE SPLIT ITS STOCK ON THE BASIS OF 153 TO 1, AND ACQUIRED THE BUSINESS, ASSETS AND MANAGEMENT OF TELE-LAWYER, INC.

EFFECTIVE, NOVEMBER 18, 2004, THE COMPANY SPUN-OFF ITS TWO WHOLLY-OWNED SUBSIDIARIES, TELE-LAWYER, INC. (*"TELE-LAWYER"*) AND PERSPECTIVES, LEAVING THE COMPANY WITH NO OPERATIONS (EFFECTIVELY, A PUBLICLY-OWNED *"SHELL"*).

2004 LEGAL ACCESS TECHNOLOIGES 10KSB

KYLEEN CANE, 49, DIRECTOR, CHIEF EXECUTIVE OFFICER AND PRESIDENT
KYLEEN E. CANE, **2,821,279**, 45.95% (1) (PRESIDENT, DIRECTOR) 3273 E. WARM SPRINGS, LAS VEGAS, NV 89120
[2,295,388] SHARES AT CEDE&CO IN DAVI SKIN FKA MW MEDICAL TRADE HISTORY IN 2007

KYLEEN CANE HAS BEEN THE COMPANY'S PRESIDENT, CHIEF EXECUTIVE OFFICER AND A DIRECTOR SINCE THE REVERSE ACQUISITION BY TELE-LAWYER IN JUNE OF 2001 AND WAS THE PRESIDENT, CHIEF EXECUTIVE OFFICER AND A DIRECTOR OF TELE-LAWYER SINCE ITS INCEPTION IN MAY OF 1989. MS. CANE ATTENDED THE UNIVERSITY OF CALIFORNIA, IRVINE WHERE SHE RECEIVED A B.A. DEGREE IN ECONOMICS IN JUNE 1975 WITH HIGH HONORS.

WESTMINSTER AGENCIES, LTD. V DYNAMIC ASSOCIATES

IN SEPTEMBER 2003, WESTMINSTER AGENCIES, LTD. (*"WESTMINSTER"*) OBTAINED A JUDGMENT AGAINST THE COMPANY IN THE AMOUNT OF $276,955, REPRESENTING REPAYMENT OF THE PRINCIPAL ON THE COMPANY'S PROMISSORY NOTE TO WESTMINSTER. POST JUDGMENT TO DATE, $30,000 HAS BEEN PAID TO WESTMINSTER ON THIS JUDGMENT. THE COMPANY IS CURRENTLY IN NEGOTIATIONS WITH WESTMINSTER FOR A SETTLEMENT ARRANGEMENT, BUT HAS HAVE REACH NO AGREEMENT TO DATE. AT THIS TIME, THE COMPANY IS UNABLE TO PAY OR MAKE PAYMENTS ON THIS JUDGMENT, WHICH EXCEEDS $270,000 WITH UNPAID INTEREST. (COMPLAINT ATTACHED)

LEGAL ACCESS TECHNOLOGY 10KSB 2005

LEGAL ACCESS TECHNOLOGIES, INC. (THE *"COMPANY"*, *"WE,"* OR *"US"*) WAS INCORPORATED ON JULY 20, 1989 IN NEVADA UNDER THE NAME DYNAMIC ASSOCIATES, INC. THE COMPANY WAS A DEVELOPMENT STAGE COMPANY THROUGH 1995, WHEN IT ACQUIRED GENESIS HEALTH MANAGEMENT CORPORATION (*"GENESIS"*) AND GERIATRIC CARE CENTERS OF AMERICA (*"GCCA"*) AND THEREBY ENTERED INTO THE HEALTH CARE MANAGEMENT BUSINESS, SPECIALIZING IN GERIATRIC AND PSYCHIATRIC HEALTHCARE. THESE TWO WHOLLY-OWNED SUBSIDIARIES WERE CONSOLIDATED ON OCTOBER 12, 1999 INTO PERSPECTIVES HEALTH MANAGEMENT CORP., A NEVADA CORPORATION (*"PERSPECTIVES"*).

ON JUNE 12, 2001, THE COMPANY COMPLETED A REORGANIZATION AND SHARE EXCHANGE IN WHICH IT CHANGED ITS NAME FROM DYNAMIC ASSOCIATES TO LEGAL ACCESS TECHNOLOGIES, CONVERTED VIRTUALLY ALL OF ITS $8.4 MILLION IN DEBT TO EQUITY, REVERSE SPLIT ITS STOCK ON THE BASIS OF 153 TO 1, AND ACQUIRED THE BUSINESS, ASSETS AND MANAGEMENT OF TELE-LAWYER, INC.

EFFECTIVE, NOVEMBER 18, 2004, THE COMPANY SPUN-OFF ITS TWO WHOLLY-OWNED SUBSIDIARIES, TELE-LAWYER, INC. (*"TELE-LAWYER"*) AND PERSPECTIVES, LEAVING THE COMPANY WITH NO OPERATIONS (EFFECTIVELY, A PUBLICLY-OWNED *"SHELL"*).

ON APRIL 28, 2005, THE COMPANY, WEC ACQUISITION SUB, INC. (*"WEC"*), A GEORGIA CORPORATION AND WHOLLY-OWNED SUBSIDIARY OF THE COMPANY AND WORLD EXPLORER CORPORATION, A GEORGIA CORPORATION (*"WORLD EXPLORER"*) ENTERED INTO AN AGREEMENT AND PLAN OF MERGER. AS A RESULT OF THE MERGER, WHICH CLOSED ON APRIL 28, 2005 (THE *"MERGER"*), (I) WORLD EXPLORER BECAME A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, (II) THE STOCKHOLDERS OF WORLD EXPLORER IMMEDIATELY PRIOR TO THE MERGER RECEIVED A TOTAL OF 40,000,000 SHARES OF THE COMPANY'S COMMON STOCK, PAR VALUE $0.001, AND (III) THE FORMER WORLD EXPLORER SHAREHOLDERS BENEFICIALLY OWN APPROXIMATELY 91% OF THE VOTING CONTROL OF THE COMPANY. *WORLD EXPLORER WAS EFFECTIVELY A PRIVATELY-OWNED "SHELL" AT THE TIME OF THE TRANSACTION.*

NOMINEE COMPANIES – DYNAMIC ASSOCIATES

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1999, 1998, AND 1997

FOR 1999, REVENUE FROM THE FOLLOWING CLIENTS EXCEEDED 5% OF TOTAL MANAGEMENT FEES: ABERDEEN 5.81%, FRANKLIN 6.34%, BRADLEY 5.75%, FRANKLIN COUNTY 6.69%, TYLER HOLMES 7.18%, MONTFORT JONES 6.31%, SHARKEY 6.01%, SIMPSON 7.44%, LACKEY 5.26%, AND PERRY 6.77%.

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FOR 1997, REVENUE FROM THE FOLLOWING CLIENTS EXCEEDED 5% OF TOTAL MANAGEMENT FEES: BRADLEY 5.3%, FRANKLIN COUNTY 6.2%, MOREHOUSE 5.3%, RICHARDSON 5.0%, TYLER HOLMES 5.2%, SENATOBIA 5.3%, SHARKEY 5.0%, ABERDEEN 5.0%, MONTFORT JONES 5.1%, CUMBERLAND 5.3%, AND DARDANELLE 5.1%.

MICHAEL K. JEANES
Clerk of the Superior Court

By DESTREE NELSON, Deputy
Date 04/09/2001 Time 11:12 AM

Description	Qty	Amount
CASE# CV2001-005996		
CIVIL NEW COMPLAINT	001	150.00
TOTAL AMOUNT		150.00

Receipt# 00003987482

John R. Augustine, Jr. (#013743)
John R. Augustine, Jr., P.C.
The Citadel, Suite 300
2727 North Third Street
Phoenix, Arizona 85004-1106
602/650-1515

Attorney for Plaintiffs

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF MARICOPA

WESTMINSTER AGENCIES, LTD., an Isle of Man corporation,

Plaintiff,

vs.

DYNAMIC ASSOCIATES, INC., a Nevada corporation; JAN WALLACE and JOHN DOE WALLACE, husband and wife; HERB CAPOZZI and JANE DOE CAPOZZI, husband and wife; LOGAN ANDERSON and JANE DOE ANDERSON, husband and wife; W. A. LUCKY, III and VICKIE TALLEY LUCKY, husband and wife; J. T. SIMMONS and JANE DOE SIMMONS, husband and wife; R. MICHAEL ASBURY and JANE DOE ASBURY, husband and wife; WILLIAM H. MEANS and JANE DOE MEANS, husband and wife; HARRY MOLL and JANE DOE MOLL, husband and wife, JOHN and JANE DOES I - X; XYZ CORPORATIONS I - X; and ABC PARTNERSHIPS I - X,

Defendants.

No. CV CV2001-005996

COMPLAINT

(Breach of Contract, Securities Fraud, Declaratory Relief)

For its complaint against defendants, plaintiff Westminster Agencies, Ltd. hereby alleges as follows:

I. THE PARTIES, JURISDICTION AND VENUE

1. Plaintiff Westminster Agencies, Ltd. (hereinafter "Westminster") is a Isle of Man corporation duly authorized to and conducting business in the United Kingdom and elsewhere.

2. Defendant Dynamic Associates, Inc. (hereinafter "DAI") is a Nevada corporation, which headquarters and primary business operations are, and were at all times material hereto, located in Maricopa County, Arizona. DAI was organized in or about, July, 1989 as a "blank check" enterprise without any specified business. By 1995, through a series of mergers and/or acquisitions, DAI had become a publicly traded holding company (National Quotation Bureau's Bulletin Board—the lowest echelon electronic securities market) engaged in the health care management business. Prior to 1995, DAI had little or not substantive operations. During 1995, the company commenced limited operations in the business of medical microwave technology acquisition. In or about September, 1996, DAI offered for sale and sold the securities that form the basis for the herein cause of action. All of the acts of DAI as alleged herein occurred within or were initiated from Maricopa County, Arizona.

3. Defendant Jan Wallace (hereinafter "Wallace") is, on information and belief and was at all times material hereto, a Canadian citizen residing and doing business in Maricopa County, Arizona. Wallace was, at all times material hereto, President, Chief Operating Officer and a Director of defendant DAI. In the foregoing capacities, Wallace was directly or indirectly responsible for the securities offering which forms the basis for the herein cause of action. All of

the acts of Wallace as alleged herein occurred within or from Arizona. Defendant John Doe Wallace is, on information and belief, Wallace's husband. All of the acts of Wallace as alleged herein were, also on information and belief, undertaken on behalf of her marital community with John Doe Wallace. When John Doe Wallace's true identity is revealed, plaintiff will seek leave of court to amend its complaint to reflect the same.

4. Defendant Herb Capozzi (hereinafter "Capozzi") is, on information and belief and was at all times material hereto, a Canadian citizen doing business in Maricopa County, Arizona. Capozzi was, at all times material hereto, a director of defendant DAI. In the foregoing capacity, Capozzi was directly or indirectly responsible for the securities offering which forms the basis for the herein cause of action. All of the acts of Capozzi as allged herein occurred within or from Arizona. Jane Doe Capozzi is, on information and belief, Capozzi's wife. All of the acts of Capozzi as alleged herein were, also on information and belief, undertaken on behalf of his marital community with Jane Doe Capozzi. When Jane Doe Capazzi's true identity is revealed, plaintiff will seek leave of court to amend its complaint to reflect the same.

5. Defendant Logan Anderson (hereinafter "Anderson") is, on information and believe and was at all times material hereto, a New Zealand citizen residing and doing business in Maricopa County, Arizona. Anderson was, at all times material hereto, Secretary, Treasurer and a Direct of defendant DAI. In the foregoing capacities, Anderson was directly or indirectly responsible for the securities offering which forms the basis for the herein cause of action. All of the acts of Anderson as alleged herein occurred within or from Arizona. Defendant Jane Doe Anderson is, on information and belief, Anderson's wife. All of the acts of Anderson as alleged

herein were, also on information and belief, undertaken on behalf of his marital community with Jane Doe Anderson. When Jane Doe Anderson's true identity is revealed, plaintiff will seek leave of court to amend its complaint to reflect the same.

6. Defendants W. A. Talley and Vickie Talley Lucky (hereinafter "the Luckys") are husband and wife. On information and belief, the Luckys are United States citizens residing and doing business in Louisiana and elsewhere, including Arizona. The Luckys were, at all times material hereto, officers and directors of Genisis, a subsidiary of defendant DAI. In the foregoing capacities, the Luckys were directly or indirectly responsible for the securities offering which forms the basis for the herein cause of action. All of the Luckys' acts as alleged herein occurred within or from Arizona. Each of the Luckys' acts were undertaken on behalf of themselves and one another.

7. Defendant J.T. Simmons (hereinafter "Simmons") is, on information and belief and was at all times material hereto, a United States citizen residing and doing business in Maricopa County, Arizona. Simmons was, at all times material hereto, Vice President of Operations of defendant DAI. In the foregoing capacity, Simmons was directly or indirectly responsible for the securities offering which forms the basis for the herein cause of action. All of the acts of Simmons as alleged herein occurred within or from Arizona. Defendant Jane Doe Simmons is, on information and belief, Simmons' wife. All of the acts of Simmons were, also on information and belief, undertaken on behalf of his marital community with Jane Doe Simmons.

8. Defendant R. Michael Asbury (hereinafter "Asbury") is, on information and belief and was at all times material hereto, a United States citizen residing and doing business in Maricopa County, Arizona. Asbury was, at all times material hereto, Chief Financial Officer of defendant DAI. In the foregoing capacity, Asbury was directly or indirectly responsible for the securities offering which forms the basis for the herein cause of action. All of the acts of Asbury as alleged herein occurred within or from Arizona. Defendant Jane Doe Asbury is, on information and belief, Asbury's wife. All of the acts of Asbury were, also on information and belief, undertaken on behalf of his marital community with Jane Doe Asbury. When Jane Doe Asbury's true identity is revealed, plaintiff will seek leave of court to amend its complaint to reflect the same.

9. Defendant William H. Means (hereinafter "Means") is, on information and belief and was at all times material hereto, a United States citizen residing and doing business in Louisiana and elsewhere, including Arizona. Means was, at all times material hereto, Executive Vice President of defendant DAI. In the foregoing capacity, Means was directly or indirectly responsible for the securities offering which forms the basis for the herein cause of action. All of the acts of Means occurred within or from Arizona. Defendant Jane Doe Means is, on information and belief, Means' wife. All of the acts of Means were, also on information and belief, undertaken on behalf of his marital community with Jane Doe Means. When Jane Doe Means' true identity is revealed, plaintiff will seek leave of court to amend its complaint to reflect the same.

10. Defendant Harry Moll (hereinafter "Moll") is, on information and belief and was at all times material hereto, a Canadian citizen residing and doing business in British Columbia Canada and elsewhere, including Arizona. Although not formally an officer or director of defendant DAJ, Moll exercised considerable influence and control over the activities of the company. As such, Moll was directly or indirectly responsible for the securities offering which forms the basis for the herein cause of action. All of the acts of Moll as alleged herein occurred within or from Arizona. Defendant Jane Doe Moll is, on information and belief, Moll's wife. All of the acts of Moll were, also on information and belief, undertaken on behalf of his marital community with Jane Doe Moll. When Jane Doe Moll's true identity is revealed, plaintiff will seek leave of court to amend its complaint to reflect the same.

11. Defendants John and Jane Does I - X, XYZ Corporations I - X, and ABC Partnerships I - X are fictitiously named individuals and/or entities whose/which true identities and involvement in the activities complained of herein are presently unknown. When these fictitiously named defendants' true identities and/or involvement herein is/are revealed, plaintiff will seek leave of court to amend its complaint to reflect the same.

12. By virtue of the foregoing and otherwise, this court has jurisdiction over the matter and the parties hereto and venue herein is proper.

II. EVENTS GIVING RISE TO DEFENDANT'S LIABILITY

The Offering.

13. Plaintiff repeats and realleges paragraphs 1 through 12 hereof as if fully set forth hereinagain.

14. In or about August, 1996, defendant DAI entered into a "final" Acquisition Agreement to purchase 100% of the issued and outstanding common stock of Genesis Health Management Corporation ("Genesis")[1] for $15,000,000 ($12,000,000 cash and a $3,000,000 carry back Promissory Note) and 3,000,000 shares of DAI common stock (valued at $3.33 for purposes of the acquisition). In order to finance the foregoing, DAI, through its Board of Directors and in coordination with the Board of Directors of Genesis, authorized the sale of 1,000 units of securities in the form of "10% Convertible Subordinated Notes" (the "Notes").[2]

15. The Notes were not registered for sale with the United States Securities and Exchange Commission (the "SEC") but were instead sold (purportedly) in reliance upon an exemption from the registration requirements set forth in the Securities Act of 1933 (the "Securities Act" or the "'33 Act"). The particular exemption relied upon requires that offers and sales only be made to individuals or entities outside the United States. This exemption is commonly referred to as "Regulation S."

16. In connection with the offer and sale of the Notes referenced herein above, DAI, with the active assistance of Genesis and its Officers and Directors, prepared and circulated a private offering memorandum (the "Memorandum") dated September 16, 1996. According to the Memorandum, approximately 78% of the proceeds to be raised (total funds to be raised $18.5 million) or $14.5 million was to be used in connection with the acquisition of Genesis.

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[1] According to the Memorandum, Genesis was engaged in, among other things, the business of small hospital management.

[2] Each of the 1,000 units were offered at $18,500 with interest payable semi-annually on January 15 and July 15 with the principal due on or before September 15, 2006.

17. According to DAI press releases and other information disseminated by or at the direction of the company, Genesis, and their respective officers and directors (the individual defendants hereto), at or leading up to the date of the Note offering complained of herein, Genesis was touted as a highly profitable enterprise that would add substantially to DAI's financial status. Indeed, according to information which the company disseminated or caused to be disseminated in or about August, 1996, Genesis claimed to have 22 hospitals under contract with double digit growth expected in the coming year. Specifically, according to a DAI press release dated August 14, 2001, by virtue of the proposed acquisition of Genesis, pre-tax profits were projected to by "over $10 million."

18. In actuality, Genesis' profitability and growth projects were either grossly over stated or completely misrepresented altogether. Alternatively, the representations regarding profitability and growth were not supported in fact. Further, notwithstanding repeated references to the profitability of Genesis, the Memorandum contains no financial statements or other specific information to support the company's assertions respecting the same. As a result, plaintiff was required to simply take defendants' word that the company was indeed profitable and that such profitability would positively impact DAI.

19. By virtue of defendants' glowing representations respecting Genesis' profitability, and notwithstanding general disclaimers in the Memorandum to the contrary, plaintiff was led to believe that investment in the Notes represented an extremely safe and secure vehicle in which to place its funds. In addition, according to the Memorandum itself, although investors were considered "unsecured," in the event of any merger or consolidation (see ***"The Proposed***

Merger" below), any acquiring corporation or individual would be required to execute a supplemental trust indenture for the benefit of the Note holders. As a result of the foregoing, *plaintiff was given further assurance that the Notes would be repaid.*

20. In addition to the foregoing, by virtue of the conversion feature of the Notes (Note holders were permitted to convert debt to common stock equity at $3.50 per share) and the glowing representations regarding profitability, plaintiffs were further ensured of repayment of their investment monies together with substantial profits thereon. In this regard, defendants, either directly or indirectly, represented to plaintiff that it would secure NASDAQ (a higher echelon stock market than the Bulletin Board) within one year and that, as a result, DAI's shares would be highly liquid and, therefore, easily sold. More importantly, based upon the information disseminated by defendants, the DAI's stock was projected to be trading at $6 per share within one (1) year and $17 per share within three (3) years. *As result of the foregoing, investment in the Notes was touted as a "can't lose" proposition.*

21. Based upon defendants' representations as set forth above and otherwise, plaintiff determined to invest in the Notes. In this regard, in or about late October and early December, 1996, plaintiff purchased a total of 11 units for a total purchase cost of $203,500.

The Cover-up.

22. After the units were sold, the acquisition of Genesis was consummated. By virtue of the foregoing, the owners of Genesis (including defendants Means, the Luckys and Asbury) were paid $12 million cash, $3 million in the form of a carry back note, and approximately 3,000,000 shares of DAI common stock.

23. Shortly after plaintiff purchased the Notes, defendants continued to tout the profitability of its Genesis subsidiary. For example in a December, 1996 press release, defendants claimed that Genesis was "highly profitable" and that, by virtue of the same, no further financing would be necessary for its other subsidiaries. In addition, the company claimed to have an additional 11 hospitals committed for management services in 1997.[3] After the December, 1996 press release referenced above (which information induced plaintiffs additional investment), all DAI press releases referring to future profitability or other matters incorporated a disclaimer stating, in effect, that there existed various risks which made achievement of such future matters uncertain.

24. On or about January 15, 2000, the company refused or otherwise failed to make the semi-annual interest payment. As a result, since that time, a condition of default has existed and the full amount of DAI's debt to plaintiff is now due and owing and demand therefor is hereby made.

The Proposed Merger.

25. As part of the Note indenture, defendant DAI is required to secure from any entity or person that is to acquire "all or substantially all" of the company's assets a supplemental indenture that, in essence, obligates the acquiring entity or person to assume responsibility for repayment of the Notes.

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[3] Although not incorporated into the Memorandum, information regarding the 11 additional hospitals and the fact that financing could now be internally generated was communicated to plaintiff prior to its December Note purchase and, in fact, such information was instrumental in its decision to invest additional funs.

26. In or about August, 2000, DAI entered into negotiations to merge its business into another entity. As part of such merger, the merged entity has proposed to convert plaintiff's Notes into common stock of the surviving entity. DAI and the (proposed) merged entity refuse to acknowledge responsibility for the debt which the Notes represent as part of the financial statements of the new entity. In any event, because of the limited operations of the merging entity, it appears that repayment of the debt, even if recognized, would be dubious at best.

III. CLAIMS FOR RELIEF

First Claim for Relief

(Breach of Contract—DAI)

27. Plaintiff repeats and realleges paragraphs 1 through 26 hereof as if fully set forth hereinagain.

28. The Notes at issue herein constitute a contract for the payment of money by and between plaintiff and defendant DAI. In connection with the aforesaid contract, defendant DAI was and is obligated to pay plaintiff 10% interest per annum on all outstanding principal and to return to plaintiff such principal on or before September 15, 2006. DAI has failed or otherwise refused to make the interest payments required and such failure or refusal constitutes a breach of contract whereby plaintiff is entitled to demand, and plaintiff hereby so demands, repayment of the entire principal now outstanding together with interest thereon at the rate of 10% per annum from the date of default until paid in full.

29. By virtue of defendant DAI's breach of contract as set forth above, plaintiff is additionally entitled to an award of its reasonably incurred attorney's fees pursuant to A.R.S. § 12-341.01.

Second Claim for Relief

(Securities Fraud-all defendants)

30. Plaintiff repeats and realleges paragraphs 1 through 29 hereof as if fully set forth hereinagain.

31. The Notes offered for sale and sold by DAI to plaintiff constitute securities within the meaning of A.R.S. § 44-1801(A)(23). All of the defendants participated, either directly or indirectly, in the offers and sales of securities to plaintiffs at issue here by, among other things, making or causing to be made untrue statements of material fact or omitting to state material facts, in light of the circumstances under which they were made, not misleading. For example, defendants misrepresented: that Genesis was highly profitable and, as a result, investment in the Notes was not risky as would otherwise be the case with a development stage company; that, by virtue of the protective clauses incorporated into the Notes offering, plaintiffs would be protected against loss; that, although disclosed as a risk factor (*i.e.* inability to obtain subsequent financing), Genesis profitability insured that financing needs would be generated internally. In addition, while making affirmative statements regarding profitability, defendants omitted or otherwise failed to disclose pertinent information respecting Genesis' actual results of operations and financial condition.

32. The foregoing misrepresentations and omissions of material fact constitute securities fraud within the meaning of A.R.S. § 44-1991(A)(2) and, by virtue of the same, plaintiffs are entitled to rescind their purchase of Notes and they hereby tender the same pursuant to A.R.S. § 44-2001. In addition, plaintiffs are further entitled to an award of interest on all amounts invested together with its taxable court costs and reasonably attorney's fees.

Third Claim for Relief

(Declaratory Relief--DAI)

33. Plaintiff repeats and realleges paragraphs 1 through 32 hereof as if fully set forth hereinagain.

34. The Notes and trust indenture thereunder purchased by plaintiffs constitute contracts. In connection with such contracts, defendant DAI is obligated to take certain measures to protect Note holders, including plaintiff, by securing a supplemental indenture whereunder any entity or person acquiring all or substantially all of defendants assets must assume responsibility for the debt represented by the Notes. By virtue of a proposed merger whereunder Note holders, including plaintiff, are to be offered only equity participation and not recognition of the outstanding debt, defendant DAI has or is about to breach the terms of the Note and trust indenture thereunder.

35. The protections set forth above are involve an import legal right, status and relations among the parties and they are therefore subject to declaratory adjudication. Specifically, plaintiff is entitle to a declaratory judgment stating its rights *vis a vis* continuance and a creditor to any entity acquiring defendants' assets.

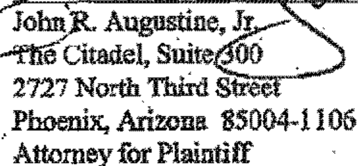
IV. DEMAND FOR RELIEF

WHEREFORE, Plaintiff demands judgment in its favor and against the defendants as set forth herein as follows:

1. For all of plaintiffs' damages proximately caused by or incurred as a result of defendants acts as alleged herein and in an amount to be proven at trial in this matter but in no event less than $203,500;
2. For all pre-judgment and post-judgment interest at the legal rate on all amounts awarded herein;
3. For all of plaintiffs' costs and attorneys' fees incurred herein;
4. For declaratory judgment confirming plaintiff's rights under the Note and trust indenture agreement.
5. For such other and/or further relief as the court deems just and proper in the circumstances.

DATED this 5th day of April, 2001

JOHN R. AUGUSTINE, JR., PC



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