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5

6 UNITED STATES DISTRICT COURT

7 EASTERN DISTRICT OF CALIFORNIA

8 ) Case No. 2:23-CV-00376-TLN-DB  
The Original Sixteen to One )  
9 Mine, Inc. a California ) Amended Complaint  
Corporation, Michael Miller, )  
10 Hugh Dan O'Neill III, Robert )  
Besso, Jonathan Ferrell, Tom )  
11 Woodfin, Keith Robertson, )  
Plaintiffs, )  
12 )  
vs. )  
13 )  
Quartzview, Inc. a California )  
14 Corporation, Roger Haas, Simon )  
P. Westbrook, Douglas W. )  
15 Charlton, and Charles )  
Crompton Jr., Does 1 through )  
16 10, inclusive. )  
 )  
17 Defendants. )

18  
19 COME now plaintiffs and for claims for relief against defendants  
20 and each of them alleges as follows:

21 GENERAL ALLEGATIONS

22 Jurisdiction and Venue

23 1. This Court has Federal Question Jurisdiction of this case  
24 pursuant to 29 USC 1330, 15 USC 78aa, 15 USC § 78i(e), 15 USC §  
25 78j(b), and 15 USC, § 78t and 15 USC § 78n.

1 2. Plaintiffs request that this Court exercise Pendent  
2 Jurisdiction over all non-Federal Claims embraced by the operative  
3 facts alleged hereinafter.

4 3. Venue is correct in the Eastern District of California  
5 inasmuch as the Mining property that Plaintiff the Original  
6 Sixteen to One Mine, Inc. is located in this district and  
7 Plaintiff conducts business in this district, much if not all of  
8 the acts and omissions alleged hereinafter occurred within this  
9 district, and the Defendant Quartzview, Inc. acts and conducts  
10 business within this district.

11 Parties

12 4. Plaintiff the Original Sixteen to One Mine, Inc. (hereinafter  
13 OSTO is a California Corporation with a principal place of  
14 business and doing business in Alleghany, Sierra County,  
15 California and has been in existence for over 100 years. It is  
16 the oldest operating gold mine in the United States. OSTO is  
17 publicly traded, with holders of its securities resident in over  
18 30 states and several foreign countries. There are fourteen  
19 million, eight hundred seventy thousand and six hundred thirty-one  
20 share of OSTO outstanding.

21 5. Plaintiff Michael Miller is a holder of the securities of  
22 OSTO. Is a director and President of OSTO and an "elder" within  
23 the meaning of Calif. Welf. & Inst. C. § 15610.27.

24 6. Hugh Dan O'Neill, III is a holder of a of the securities of  
25 the securities of OSTO and a director and Secretary of OSTO and an

1 "elder" within the meaning of Calif. Welf. & Inst. C. § 15610.27.  
2 7. Robert Besso is a holder of the securities of OSTO, a director  
3 and treasurer of OSTO and an "elder" within the meaning of Calif.  
4 Welf. & Inst. C. § 15610.27.  
5 8. Tom Woodfin is a holder of the securities of OSTO and an  
6 "elder" within the meaning of Calif. Welf. & Inst. C. § 15610.27.  
7 9. Keith Robertson is a holder of the securities of OSTO,  
8 and an "elder" within the meaning of Calif. Welf.  
9 & Inst. C. § 15610.27.109.  
10 10. Jonathan Ferrell is a holder of the securities of OSTO.  
11 10. Quartzview Corporation is a California Corporation with a  
12 principal place of business and doing business at Scotts Valley,  
13 Ca.  
14 11. Roger Haas is an individual resident in Scotts Valley,  
15 California, and a holder of the securities of Quartzview, Inc. and  
16 the Original Sixteen to One, Mine Inc. and purports to be  
17 President and director of Quartzview Corporation. The acts and  
18 12. Simon P. Westbrook is an individual resident of Scotts Valley,  
19 California, and the agent for service of process of Quartzview  
20 Corporation and a director of Quartzview Corporation.  
21 13. Douglas W. Charlton purports to be a director, Chief  
22 Executive Officer and Secretary of OSTO. He is not and  
23 has merely wrongfully and fraudulently appropriated those offices  
24 and authority. Douglas W. Charlton maintains an address in  
25 Alleghany, Ca. Douglas W. Charlton authored the "confidential

1 report" described in paragraph 25. A. and authored the material in  
2 the report without any factual basis to render the opinions  
3 contained in the report. The report was and the misstatements  
4 contained in the report were intentionally fraudulent or made with  
5 deliberate recklessness and intended to convince stockholders in  
6 OSTO to sell their stock to Quartzview at an artificially  
7 depressed price to enable Quartzview to obtain control of the  
8 OSTO.

9 14. Charles Crompton Jr. purports to be a director of OSTO. In  
10 fact, he is not and has merely wrongfully and fraudulently  
11 appropriated that office and authority. Charles Crompton Jr.  
12 maintains an address in Alleghany, CA. Charles Crompton Jr. with  
13 knowledge of the scheme alleged in paragraphs 24, 25, and  
14 elsewhere in this complaint aided and abetted actions of  
15 Quartzview in carrying out the scheme by participating in the  
16 tender offer alleged in paragraph 30 and thereafter by calling and  
17 participating in the illegal, unauthorized and defective special  
18 shareholders meeting that voted to take control of the OSTO.

19 15. Plaintiffs are unsure of the true names or capacities of the  
20 defendants named herein as Does 1 through 10 inclusive who are  
21 controlling individuals within the meaning of 15 USC § 78t, or  
22 otherwise caused or contributed to the wrongful acts or omissions  
23 alleged hereinafter, and for that reason sues said defendants by  
24 such fictitious names. Plaintiffs will amend this complaint to  
25 reflect the true names and capacities when the same have been

1 ascertained.

2 **Background Facts and General Allegations**

3 16. At all times material and mentioned herein OSTO lawfully  
4 adopted and maintained its Bylaws and strictly maintained its  
5 organizational structure and activities in conformance therewith.

6 17. During 2011 Defendants represented to Plaintiff Miller and  
7 OSTO that Quartzview, Inc. was developing "Deep Sensing"  
8 technologies that would enable it to detect the presence of gold  
9 at a range of up to ten feet through solid quartz. Defendants  
10 advised that the so-called "Deep Sensing" technology was in the  
11 development stage and would need a test bed for the purposes of  
12 creating an investment proposal to raise capital for further  
13 development of their existing technology, and proposed that due to  
14 its notoriety and proven value, the OSTO would be a suitable  
15 location to test the developing technology and enhance  
16 the attractiveness of such an investment in the purported  
17 proprietary technology of Quartzview. In fact, the vaunted "Deep  
18 Sensing" technology did not exist but was actually vaporware and  
19 only utilized commonly available mineral detection technology. The  
20 only truth in the proposal was the belief of the Defendants in the  
21 proven value of OSTO and their desire for it.

22 18. Defendants proposed to OSTO that Quartzview, Inc. test its  
23 technology in the workings of the OSTO. OSTO was agreeable to that  
24 proposal so long as rigorous production schedules, confidentiality  
25 and scope of project protocols be agreed upon.

1 19. On or about October 30, 2012 Quartzview and OSTO entered into  
2 a License and Service Agreement in writing. A true and correct  
3 copy of such License and Service Agreement is attached hereto as  
4 Exhibit "A". In addition, on or about the same date, Plaintiffs  
5 insisted upon and the Parties entered into a further  
6 Confidentiality Agreement, A true and correct copy of such  
7 Confidentiality Agreement is attached hereto as Exhibit "B". As an  
8 inducement to enter into the agreements memorialized in Exhibits  
9 "A" and "B" Defendants invited Plaintiff OSTO to repose trust and  
10 confidence in Quartzview and its management including Defendants  
11 Haas and Westbrook. OSTO reasonably did and as a result, a  
12 special relationship existed between OSTO and Quartzview.

13 20. Thereafter and pursuant to the terms of exhibits "A" and "B"  
14 Quartzview exercised its license to purportedly test the  
15 effectiveness of its technology and to justify further funding of  
16 Defendants' enterprise by investors, and to obtain confidential  
17 and proprietary information concerning the workings and personnel  
18 of the OSTO for the purpose of taking over the ownership and  
19 operations of OSTO. Defendants entered into the contracts  
20 memorialized by Exhibits "A" and "B" with no intent of keeping the  
21 information obtained by being allowed access to the workings and  
22 records of OSTO but to use whatever information it obtained to  
23 manipulate the stock of OSTO and to otherwise obtain control of  
24 OSTO.

25 21. The technology and devices used by Quartzview failed to

1 locate any gold targets whatsoever at any time and none of the  
2 production schedules contained in exhibit "A" were met.

3 22. During the purported exercise of its license pursuant to  
4 exhibit "A" and contrary to the provisions of exhibits "A" and  
5 "B", Defendants investigated and gathered information about and  
6 concerning the management, ownership, financial condition,  
7 strategic planning and personal information concerning employees  
8 of and other proprietary and confidential information of and  
9 concerning OSTO and divulged and disclosed such confidential  
10 information indiscriminately for the purpose and intent of  
11 depressing the value of the securities of OSTO, replacing the  
12 management of OSTO, gaining control of OSTO and convincing their  
13 investors to continue to fund Quartzview.

14 23. At some time presently unknown to Plaintiffs, Defendants,  
15 acting individually and not as the agent, servant or employee of  
16 any corporate defendant did agree among themselves to a variety of  
17 acts and omissions intended to manipulate through false and  
18 misleading statements intended and calculated for the purpose of  
19 depressing the value of the securities of OSTO, creating doubt and  
20 distrust of the management of OSTO and to gain control of OSTO  
21 thought such manipulation. Defendants committed the acts,  
22 omissions and representation set forth hereinafter in pursuit to  
23 said agreement. Defendants damaged Plaintiffs and continue to  
24 damage Plaintiffs in the manner and to the extent set forth  
25 herein. The last act necessary to complete such conspiracy and

1 agreement occurred on the occasion of the embezzlement of the bank  
2 account of OSTO as herein alleged.

3 24. Defendants engaged in a calculated series of statements, acts  
4 and omissions intended to cast the OSTO and its management in an  
5 unfavorable light, to depress the value of its stock and to  
6 further, their plan to take control of the OSTO. The statements,  
7 acts and representations were as follows:

8 A. The Manipulative Report. On 06/16/2016 Defendants Haas,  
9 Westbrook and Quartzview authorized and paid for the preparation  
10 and publication of a document authored by Defendant Charlton  
11 entitled "Preliminary Conditions Assessment 16 to 1 Mine". The  
12 document is conspicuously watermarked as "Strictly Confidential".  
13 The stated purpose of the document is to replace the control of  
14 the OSTO "With the inferred low valuation of the company,  
15 attracting capital will be difficult. This means that exits for  
16 shareholders will be limited, and a future of declining share value  
17 is likely as Company assets are liquidated to pay for ongoing  
18 operating cost and increasing liabilities. A condition of  
19 capitalization should be replacement of current Management with a  
20 team of technically and financially competent executives and  
21 specialists." The document purports to be an unbiased factually  
22 based analysis of the OSTO, the Management of OSTO, the  
23 development strategy of OSTO, and an honest appraisal of the value  
24 of OSTO. It was none of those things. The report was nothing more  
25 than a slanderous hit piece designed and intended to depress the



1 value of OSTO stock and disparage the management of OSTO. The  
2 document contains false, misleading, and manipulative statements  
3 calculated to influence the control of OSTO. The false statements  
4 made in the report were known to be false and untrue by Quartzview  
5 and Defendants Haas, Westbrook, Charlton, and others when the  
6 report was authored and published. In response to this report,  
7 management responded by refuting all of the representation  
8 contained. Regardless of the notation of confidentiality,  
9 Defendants and each of them gave the document to stockholders of  
10 OSTO for the intentional reckless or fraudulent intent of gaining  
11 control of OSTO. As a direct result Defendants did gain control of  
12 OSTO.

13 B. The Fraudulent Pollution Complaint. On or about 11/23/2016 in  
14 Sierra County, California Defendants Haas, Westbrook, Charlton and  
15 the other Defendants promised Joseph Sauer a former employee of  
16 OSTO that Defendants would employ him after they took control of  
17 OSTO if he would report to the Sierra County Sheriff alleging that  
18 a thousand gallons of waste oil was buried on the property of the  
19 OSTO. In fact, no such event occurred. Nonetheless, with the  
20 encouragement of Defendants Haas, Westbrook and Charlton; Joseph  
21 Sauer made such a report. The Sheriff of Sierra County  
22 investigated the complaint but would not pursue the matter for a  
23 lack of evidence. Later on October 8, 2019, Defendants Haas,  
24 Westbrook, Charlton approached another former employee (and  
25 associate of the first) Aaron "Chico" Aguirre, who was again,

1 promised compensation when Quartzview gained control of the  
2 corporation if he also falsely reported that he had participated  
3 in the purported oil disposal. And he did. Based upon the former  
4 employees' testimony the District Attorney of Sierra County did  
5 file a criminal complaint which was dismissed for a lack of  
6 evidence. Nonetheless, Defendants intentionally for the purpose of  
7 gaining control of OSTO, publicized this complaint to the  
8 stockholders in OSTO and the general public. The fraudulent  
9 activity of Defendants Haas, Westbrook, and the other Defendants  
10 directly caused an investigation by the Sherriff of Sierra County  
11 on the same day that geologists in the employ of a company  
12 performing due diligence research before consummating a  
13 transaction with OSTO that would result in the injection of thirty  
14 million dollars (\$30,000,000) of non-debt working capital for  
15 OSTO. The investigation prompted by the lies of Defendants Haas  
16 and Westbrook caused the due diligence effort to immediately  
17 terminate and caused the failure of the capital infusion. As a  
18 direct result Defendants did gain control of OSTO.

19 C. The False Terrorist Threat. On or about 08/17/2018 Defendant  
20 Haas filed a false report with the Nevada County Sheriff that  
21 explosives had been stolen from the explosive magazine of OSTO.  
22 This was false and no action was taken, nonetheless, Defendants  
23 published this statement to the general public and to stock  
24 holders of OSTO to again disparage management and in furtherance  
25 of the plan to obtain control of OSTO. As a direct result

1 Defendants did gain control of OSTO.  
2 D. The Fraudulent Toxic Waste Report. On August 31, 2016, and  
3 September 21, 2016 Defendants Quartzview, Haas, Westbrook and  
4 Charlton falsely represented to the California Central Valley  
5 Regional Water Quality Control Board that the OSTO surface  
6 property contained toxic solid waste and Defendants owned the  
7 water rights. This was false and untrue and The Regional Water  
8 Quality Control Board took no action upon this report. Again,  
9 knowing of the falsity of the representation Defendants published  
10 this statement to the general public and the stockholders of OSTO  
11 in an effort to gain control. The actions, statements and  
12 representations of the Defendants caused the stockholders of OSTO  
13 to question the honesty, diligence and ability of the OSTO  
14 management all for the purpose of gaining control of OSTO. As a  
15 direct result Defendants did gain control of OSTO.

16 E. The False Illegal Drugs and Firearms Report. On or about August  
17 31, 2016, September 21, 2016, and December 16, 2016 Defendants  
18 Haas, Westbrook, and the other Defendants falsely represented to  
19 the United States Dept. of Labor Mine Safety and Health  
20 Administration that OSTO was being operated in a hazardous manner.  
21 Specifically, some of the employees of the mine used drugs and  
22 carried firearms in the workings of the mine. These false  
23 representations were made by the Defendants for the purpose of  
24 gaining control of OSTO. No citation was issued by the Dept. of  
25 Labor Mine Safety and Health Administration, but nonetheless,

1 Defendants used this incident to manipulate the stock and  
2 stockholders in OSTO to gain control of OSTO. These  
3 representations were intended to affect such manipulation or with  
4 conscious recklessness and without any regard for the truth of the  
5 statement made. As a direct result, Defendants did gain control of  
6 OSTO.

7 F. The False Insurance Fraud Report. On or about 08/21/2018  
8 Defendants Haas, Westbrook and Charlton contacted the State of  
9 California Insurance fund and reported that OSTO had misrepresented  
10 its employee census and engaged in fraudulent conduct. The  
11 California Insurance Fund investigated the charge and found it to  
12 be untrue. Nonetheless, all Defendants represented to the general  
13 public and to the stockholders of OSTO that it was true as a part  
14 of Defendants' effort to manipulate the price of the stock of  
15 OSTO, reduce confidence in the management of OSTO, and gain  
16 control of OSTO. These representations were intended to affect  
17 such manipulation or with conscious recklessness and without any  
18 regard for the truth of the statement made. As a direct result  
19 Defendants did gain control of OSTO

20 G. The Intelligence Gathering Scheme. On or about January 1, 2016  
21 as part of the plan and conspiracy to gain control of OSTO and  
22 False Illegal Drugs, and Firearms Report, Defendant Haas and the  
23 other Defendants instructed the Quartzview employee William  
24 Brasier to secrete surveillance cameras and vehicle location  
25 devices in the workings of OSTO and in its vehicles in efforts to

1 manufacture proof of unsafe working conditions or practices and  
2 the theft of valuable ore. This surveillance was not part of the  
3 operations agreed upon between OSTO and Quartzview but was part of  
4 the ongoing scheme to obtain control of the mine. The surveillance  
5 did not result in the discovery of any weapons or drug use but did  
6 disclose the location of Gold by OSTO employees, which was falsely  
7 represented to OSTO shareholders as theft by OSTO employees. As a  
8 direct result, Defendants did gain control of OSTO.

9 H. The Fraudulently Obtained Shareholder List. Defendant Haas  
10 demanded a list of the owners of the securities of OSTO and their  
11 addresses for the undisclosed purposes of communicating directly  
12 with shareholders of OSTO and misrepresenting facts of and  
13 concerning the operations of OSTO and purported mismanagement. On  
14 February 25, 2019, Defendant Haas, Westbrook, Charlton and the  
15 other Defendants obtained an order of the Superior Court of Sierra  
16 County requiring that the management of OSTO provide that  
17 information to Defendant Haas for his personal use and not for the  
18 use by Quartzview. Regardless of the order of the Court and the  
19 provisions of California Corporations Code § 1600(c) Defendants  
20 Haas, Westbrook and Charlton provided such confidential  
21 information to Quartzview and others as part of the intentional  
22 plan to manipulate the securities of OSTO to gain control of  
23 management.

24 25. Defendants made such representations to said boards and  
25 regulatory agencies, law enforcement, and to owners of the

1 securities of OSCO to manipulate the market for OSTO, suppress the  
2 value of the outstanding shares, to depreciate the ability of  
3 management and gain control of OSTO. As a direct result,  
4 Defendants did gain control of OSTO.

5 26. Defendant Haas and the other Defendants, their agents,  
6 servants and employees, and suborned employees of OSTO have taken  
7 and secreted valuable ore from the workings of OSTO for their own  
8 purposes and converted the same to the use and benefit of  
9 Quartzview and for the intentional purposes of misleading the  
10 stockholders of OSTO as part of the scheme to obtain control.

11 27. The false and misleading statements and representations of  
12 fact rather than opinion had the intended effect and depressed the  
13 value of the securities of OSTO held by Plaintiffs and other  
14 stockholders from ten dollars (US) per share to less than one  
15 dollar (US) per share on or about March 1, 2022. The false  
16 representations of Haas, Westbrook, Sauer, and Aguirre instigated  
17 the false pollution complaint alleged in paragraph 25. B.  
18 interfered with the economic relationship that would have resulted  
19 in the valuation of OSTO at ten dollars (\$10) per share. The acts  
20 and omissions of Defendants have caused the stockholders of OSTO  
21 to lose confidence in management's skill, ability, and honesty.  
22 The false statements and misrepresentations have caused  
23 stockholders of OSTO in the purported number of shares to agree to  
24 sell their stock to Quartzview in response to the tender offer  
25 alleged in paragraph hereinafter and gain control of OSTO.

1 28. On or about 03/02/2021 Defendants Quartzview, Hass and Does 1  
2 through 10 published to the holders of the securities of OSTO a  
3 manipulative tender offer containing false, misleading and  
4 fraudulent material information of and concerning OSTO and its  
5 management. A true and correct copy of the tender offer is  
6 attached hereto as  
7 exhibit "C".

8 29. The true facts concerning the false and misleading statements  
9 contained in the tender offer were:

10 A. The management of OSTO operated the property in a  
11 reasonable and businesslike manner.

12 B. No environmental or minimal issues existed.

13 C. No discharge or minimal of toxic waste occurred under the  
14 direction and control of Management.

15 D. No issues or minimal of air quality existed.

16 E. Management operated the Mine Property consistent with  
17 the regulations promulgated by the United States Dept. of Labor  
18 Mine Safety and Health Administration.

19 F. Management maintained a secure business environment and no  
20 theft of explosives had occurred.

21 G. Other false, incomplete and manipulative statements  
22 calculated to gain control of OSTO.

23 30. At the time and place said offer was made, Defendants and  
24 each of them knew that they did not have the funding to pay for  
25 the outstanding shares of OSTO, that they would not pay for the

1 shares of OSTO that were subject to acceptance of the tender offer  
2 and that the tender offer was manipulative and based upon an  
3 ongoing campaign to disparage management and the value of OSTO.

4 31. Plaintiffs other than OSTO and numerous other owners of the  
5 securities of OSTO accepted the offer made by Defendants.

6 32. Following the acceptance of the offer Defendants refused to  
7 pay for the securities to Plaintiffs and at the same time asserted  
8 in filings with the Security and Exchanges Commission of the  
9 The United States and to all other shareholders of the OSTO that  
10 they owned all of the securities encompassed by the accepted  
11 offers even though they had not consummated the transactions and  
12 continue to make such representations.

13 33. On or about November 3, 2022, Defendants purported to hold a  
14 a special meeting of the Stockholders of OSTO and at that meeting  
15 purported to remove Plaintiffs Miller, and O'Neill as officers and  
16 directors of the OSTO and to elect Douglas W. Charlton, and  
17 Charles Crompton Jr. as officers and directors.

18 34. The said special meeting of the stockholders and all actions  
19 taken at said meeting and pursuant to said meeting is and are  
20 null, void and of no legal effect and without right or privilege:  
21 The meeting was called by misrepresentation of the shares held by  
22 those calling it, was called in violation of the rules governing  
23 such meetings by the bylaws of OSTO, was called without a valid  
24 quorum being present, was based upon misrepresentations of the  
25 conduct of management and the productivity of the OSTO and called



1 through improper, unauthorized and wrongful means. In part  
2 Defendants made the following specific representations of and  
3 concerning OSTO, and its management:

4 A. That OSTO not in compliance with the rules and regulations  
5 of the United States Dept. of Labor Mine Safety and Health  
6 Administration. When the truth was that OSTO was in compliance  
7 with all pertinent rules and regulations;

8 B. That Michael Miller was under investigation by the  
9 United States Securities and Exchange Commission. When the truth  
10 was that no such investigation existed.

11 C. That the present Board of Directors had refused to provide  
12 information to the stockholders of OSTO. When the truth  
13 was that all pertinent information had been provided.

14 D. That OSTO had transferred some of its properties to  
15 Michael Miller for no consideration. When the truth is that no  
16 such gift had ever occurred.

17 E. That management had stolen gold from OSTO.

18 F. That management was responsible for rising water levels in  
19 the workings of OSTO.

20 E. And other and further statements and omissions calculated  
21 to obtain control of OSTO.

22 37. Following the improper usurpation of the management of the  
23 OSTO, Defendants caused the water pumps required to maintain water  
24 levels below production areas to become inoperative and thereby  
25 allowing water to rise and impinge upon valuable mining areas and

1 to operate the workings of OSTO to be further degraded and  
2 operated in an inefficient, un-miner like, and unprofessional  
3 manner to the degradation of the value of the OSTO and its  
4 outstanding shares

5 38. Following the improper usurpation of the management of the  
6 OSTO Defendants caused a false and fraudulent statement of  
7 information to be filed with the Secretary of State of California  
8 and thereafter used a copy of that filed statement to close the  
9 bank account of the OSTO, withdraw its funds, and convert them to  
10 their own use.

11 **FIRST CLAIM FOR RELIEF**

12 **Manipulation of securities to gain control**

13 **15 U.S.C. § 78j., Rule 10b-5(a) (b) (c), 17 CFR § 240.**

14 35. Plaintiff incorporates by reference each and every allegation  
15 contained in Paragraphs 17 through and including 38 and in  
16 particular:

17 *Paragraph 25 A. (The Manipulative Report)* was false and misleading  
18 in numerous material respects, including the representation that  
19 the value of the OSTO had dropped significantly during the past  
20 twenty years when less than four years previous to the report,  
21 Quartzview and the individual Defendants represented to OSTO that  
22 the value of the OSTO was so exceptional that the use of the Deep  
23 Sensing technology would further advantage the value of the mine  
24 when the Deep Sensing Technology added no value whatsoever. The  
25 report is concerned with citations issued to OSTO when in fact

1 there were no workers compensation claims made for fifteen years.  
2 These representations were intentionally false and misleading and  
3 were made in connection with the Defendants' agreement and  
4 conspiracy to gain control of OSTO and rather than being  
5 "confidential" were distributed to all stockholders in connection  
6 with the tender offer made in 2021 with actual knowledge of the  
7 red flags evidenced by the refutation of the report, and with  
8 actual knowledge that the report itself was inconsistent with the  
9 Defendants' own representations to OSTO of the high value of the  
10 mine and its workings made only four years prior to the report  
11 distributed the report along with the tender offer made in 2021.  
12 *Paragraph 25 B. (The Fraudulent Pollution Complaint)*. Defendants  
13 simply bribed a former employee with promises of future employment  
14 when Quartzview took over operation of the mine if the former  
15 employee would report the alleged dumping of pollutants upon the  
16 mine premises. The employee took the offer, reported the purported  
17 pollution, and after investigation law enforcement found nothing.  
18 Two years later Defendants again attempted to resurrect the  
19 Fraudulent Pollution Complaint with the assistance of another  
20 bribed employee but again no criminal convictions resulted.  
21 Regardless of the fact that no such pollution occurred, Defendant  
22 Haas, Westbrook, and other Defendants intentionally misrepresented  
23 the investigation to the shareholders of OSTO to obtain control of  
24 the Corporation.

25 *Paragraph 25. C) The False Terrorist Threat*). Defendant Haas

1 reported to the Nevada County Sheriff's Department that explosives  
2 had been stolen from the workings of OSTO, knowing full well that  
3 the OSTO mine was located in Sierra County, but that local news in  
4 Nevada County, Ca. would disseminate the false report, which  
5 occurred on or about that time. Defendants Haas, Westbrook and  
6 Charlton made the false report as part of the scheme to  
7 intentionally manipulate the stock of OSTO and thereby gain  
8 control of the operations. The false report was disseminated  
9 widely and was repeated by Defendant Haas in numerous telephone  
10 calls to stockholders.

11 *Paragraph 25. D The Fraudulent Toxic Waste Report.* Defendants  
12 Quartzview, Haas, Westbrook and Charlton falsely reported to the  
13 California Water Quality Control Board that OSTO had illegally  
14 diverted waste into running water. The Board investigated this  
15 claim and made no findings in that regard. Nonetheless, Haas and  
16 the other Defendants informed the stockholders of OSTO that the  
17 Board was contemplating enforcement actions and that monumental  
18 fines were about to be assessed against OSTO. These  
19 representations were false and intentionally made with the purpose  
20 of undermining trust in the management of OSTO manipulating the  
21 securities of OSTO and wresting control of the mine from the  
22 current management.

23 *Paragraph 25 E. The False Illegal Drugs and Firearms Report*  
24 Defendant Haas, Westbook, Charlton and the employees of  
25 Quartzview filed several complaints against OSTO with the Federal

1 Mine Safety and Health Administration falsely accusing the  
2 management of OSTO and its employees of using unlawful drugs and  
3 carrying firearms underground in an unsafe manner. The agency  
4 investigated and found no facts to substantiate such charge.  
5 Regardless of the no action position taken by the agency  
6 Defendants Haas, Westbrook, and other Defendants continuously  
7 recited these charges to the shareholders of OSTO knowing that  
8 they were untrue with the intent to manipulate the securities of  
9 OSTO and gain control of the corporation.

10 *Paragraph 25 F. The False Insurance Fraud Report* The California  
11 State Insurance Fund found no basis for a finding that OSTO had  
12 understated its census and took no action on the charge.

13 Regardless of the no action position taken by the agency  
14 Defendants Haas, Westbrook, Charlton and other Defendants  
15 continuously recited these charges to the shareholders of OSTO  
16 knowing that they were untrue with the intent to manipulate the  
17 securities of OSTO and gain control of the corporation.

18 *Paragraph 25 G. The Intelligence Gathering Scheme.* At the  
19 direction and instruction of Defendants Haas, Westbrook and  
20 Charlton and with the knowledge and encouragement of the  
21 management and board of Quartzview the Quartzview employee who was  
22 originally tasked with the effort of using the Quartzview "Deep  
23 Sensing Technology" to locate gold-bearing ore was instructed to  
24 place hidden cameras throughout the working of the Mine to gather  
25 purported evidence of unsafe mining practices, drug use, and the

1 theft of valuable ore. No such evidence was found and when the  
2 employee left his position with Quartzview he asked an employee of  
3 OSTO to retrieve the hidden cameras. No inappropriate activity  
4 was discovered, but Defendants Haas, Charlton and Westbrook  
5 intentionally or recklessly made false and fraudulent statements  
6 to MSHA regardless of that fact, for the purpose of manipulating  
7 the securities of OSTO and obtaining control of the Corporation  
8 *Paragraph 25 H. The Fraudulently Obtained Shareholder List* As part  
9 of the scheme to gain control of the OSTO mine, Defendants Haas,  
10 Westbrook, Charlton and the other individual Defendants and  
11 Quartzview used the Judicial Process of the California State Court  
12 for Sierra County to obtain a shareholder list. The Court  
13 admonished that the list was personal to Defendant Haas and was  
14 not to be provided to Quartzview. Knowing full well providing the  
15 list to Quartzview was forbidden by Court Order and to obtain  
16 enough of OSTO securities to control the Corporation, Defendant  
17 Haas did exactly that and Quartzview then contacted numerous  
18 stockholders directly and represented as true facts the  
19 misrepresentations specified in the matters alleged in this  
20 paragraph 35 intentionally or recklessly for the purpose of  
21 manipulating the stock of OSTO and gaining control.

22 36. The activities, representation of facts known by Defendants  
23 to be untrue, suborning of employees and the acts and omissions of  
24 the Defendants and each of them constituted a trick or device and  
25 manipulative acts to gain control of OSTO.

1 37. The misrepresentations and activities of Quartzview, Haas,  
2 Westbrook, Charlton, and others manipulated the price of the stock  
3 of OSTO and directly and proximately caused Quartzview to  
4 purportedly obtain a controlling interest in OSTO and to remove  
5 management as alleged.

6 **SECOND CLAIM FOR RELIEF**

7 **False and Misleading Statements in Connection with a Tender Offer**

8 38. Plaintiff incorporates by the reference the allegations of  
9 Paragraph 35.

10 38. The tender offer made to the shareholders of OSTO in writing  
11 on 03/02/2021 was preceded by the activities of the Defendants as  
12 alleged in Paragraphs 25 A, B, C, D, E, F, G, H and 35 were made  
13 by the Defendants intentionally, recklessly and negligently for  
14 the purpose of building a wall of suspicion, mistrust and  
15 divisiveness between the stockholders of OSTO and the management  
16 of OSTO for the intent of manipulating the stock of OSTO to bring  
17 about a change in corporate control and to pre-condition the  
18 stockholders for the manipulative Tender Offer Made 03/02/2021  
19 (Ex. "C") and prior to the presentation of the Ex. C did not  
20 retract, clarify, or make any of the statements made supplemented  
21 with any information that would make the representations accurate  
22 when the Tender Offer was made. The tender offer and Manipulative  
23 Report that accompanied the Tender Offer directly caused  
24 Plaintiffs injury, damage, and economic losses as alleged  
25 hereinafter.

1 39. The Tender Offer itself was accompanied by the Manipulative  
2 Report (Paragraph 25 A). Defendants negligently or willfully  
3 recklessly did not disclaim any part of the report or offer any  
4 information that would clarify the false and misleading statement  
5 contained in the report.

6 40. The Tender Offer itself negligently and willfully recklessly  
7 misrepresented that Quartzview had found gold in the mine, but did  
8 not disclose that the gold that was found was not found using the  
9 Quartzview "Deep Sensing" technology but was found and located by  
10 the employees of OSTO utilizing traditional mining practices.

11 41. The Tender Offer itself references "many troubling things  
12 about how the mine was operated and the challenges it faces"  
13 without explaining that the "troubling things" were the items that  
14 were actually created by the Defendants as alleged in paragraph 25  
15 and did not in reality exist. Defendants negligently and willfully  
16 recklessly failed to clarify or retract those "troubling things"  
17 or otherwise make the statement truthful.

18 42. The Tender Offer continues to negligently and willfully  
19 recklessly accuse the current Board of Directors on not addressing  
20 the issues that Defendants claim to be "troubling things" or  
21 "challenges it faces" without specifying the things or challenges  
22 and without itemizing the responses the current Board made to the  
23 "troubling things" or "challenges". In fact, no such issues  
24 existed and all claims of issue were forthrightly discussed and  
25 resolved by the Board.



1 43. Quartzview says in its Tender Offer that it cannot continue to  
2 operate under the "current management regime". What it negligently  
3 and willfully recklessly did not say is that it was in breach of  
4 the license and service agreement (Ex A) and the confidentiality  
5 agreement (Ex B) and had no right to continue to operate in the  
6 mine.

7 44. The Tender offer negligently and willfully recklessly  
8 represented as a fact and not an opinion, that OSTO and its  
9 management did not have the ability to operate the mine in a  
10 profitable manner while negligently and willfully recklessly  
11 failing to disclose that a significant part of the effort of  
12 management had been reducing the water levels in the mine to areas  
13 that had not been prospected or mined; that Defendants Haas,  
14 Westbrook and Charlton and Quartzview employee William Brashear  
15 and former Director Doug Lockie had been frequent visitors to the  
16 mine, its surface, underground workings, and had full access to  
17 its books and record and had ample opportunity to know all of the  
18 true facts concerning the mine, and its management, and that  
19 Defendants Quartzview, Haas and Westbrook and the other Defendants  
20 had directly interfered with an economic relationship that would  
21 have resulted in a price per share at the time of the tender offer  
22 of ten dollars.

23 45. The Tender offer negligently and willfully recklessly  
24 represented as a fact by Defendants Haas, Westbrook, and Charlton  
25 and Quartzview employee William Brashear and former Director Doug

1 Lockie who had been frequent visitors to the mine, its surface,  
2 underground workings, and had full access to its books and record  
3 and had ample opportunity to know all of the true facts concerning  
4 the mine, and its management, with full knowledge of the  
5 dewatering program of the mine and the discharge of mine water,  
6 that no pollution of surface water had occurred; that a  
7 significant penalty could be assessed by the California Water  
8 Quality Control Board, without explaining that the proceeding was  
9 instigated by Defendants (see, Paragraph 25 D) and that the matter  
10 had been resolved without any fine whatsoever.

11 46. Finally the Tender offer negligently and willfully recklessly  
12 represented as a fact that Quartzview would pay the shareholders  
13 \$.20 per share. This is a material fact of the transaction. But  
14 the Tender Offer negligently and willfully recklessly did not  
15 state when (if ever) that payment would be made. Defendants Haas,  
16 Westbrook, and Charlton knew that there were insufficient funds  
17 from Quartzview that would be available to pay the stockholders of  
18 OSTO for the purchase of their stock. In fact, for most of the  
19 shareholders who accepted the offer, payment was never made.  
20 Essentially Defendants represented that \$ .20 per share was a  
21 reasonable valuation for the sale when in fact by not agreeing to  
22 actually pay the \$.20 per share, Defendants had really offered  
23 nothing per share.

24 47. As part of the negotiation with shareholders Quartzview  
25 promises to pay all selling shareholders in the same manner and at

1 the same time, this statement and promise was negligent and  
2 careless in that most of the selling shareholders would not be  
3 paid. This was a material misrepresentation to all the  
4 shareholders.

5 41. The statements and omission to disclose alleged were in  
6 violation of the Security and Exchange act of 1934, § 14(e).

7 42. The representations and omissions alleged were made with  
8 knowledge of the materiality of the representations and omissions  
9 or negligently and carelessly.

10 43. Plaintiffs and other shareholders have been damaged in the  
11 amount of the difference between the fair market value of the  
12 shares at ten dollars per share and twenty cents per share or  
13 nothing per share through the false and misleading statements and  
14 manipulative actions of Defendants and prejudgment interest from  
15 ten dollars per share to twenty cents per share.

16 THIRD CLAIM FOR RELIEF

17 Declaratory Relief

18 44. An actual and existing dispute now exists between Plaintiffs  
19 and Defendants in that Plaintiffs contend that:

20 A. Defendants manipulated the market for the securities of  
21 OSTO to gain control of OSTO.

22 B. Defendants activity in manipulating the stock of OSTO  
23 caused the value of its stock to be depreciated over time.

24 C. But for Defendants manipulative activity the Stock of  
25 OSTO would have traded at or about ten dollars (US) (\$10) per

1 share as of May 1, 2019. D. Defendants did not fully compensate the  
2 individual  
3 Plaintiffs for the stock in OSTO that they purportedly purchased  
4 from the individual Plaintiffs.

5 E. The stock transactions recited between Defendants and  
6 holders of the securities in OSTO as recited in all Amended  
7 Schedules 13D filed by Defendant Quartzview with the Security and  
8 Exchange Commission on or about January and February 2022 fail to  
9 disclose that the transferee(s) were not fully compensated or not  
10 compensated at all for the stock reported as beneficially owned or  
11 controlled.

12 F. Defendants do not hold or control sufficient shares of  
13 the stock of OSTO to call for a special meeting of the share-  
14 holders and have never held or controlled a sufficient number of  
15 shares to do so.

16 G. All activities undertaken by Defendants and each of them  
17 purporting exercise corporate governance or control of OSTO are  
18 null, void and of no effect.

19 H. The removal of Plaintiffs as officers and directors of  
20 OSTO and the replacement with Defendants as officers and directors  
21 was null, void and of no effect and that Plaintiffs continue to  
22 constitute the only lawful board, officers and governance of OSTO.

23 45. Plaintiffs are informed and believe that Defendants and each  
24 of them dispute such contentions.

25 46. It is appropriate for the Court to make its declaratory

1 judgment of the rights and obligation of the parties in the  
2 premises to avoid a multiplicity of litigation.

3 47. Plaintiffs desire such a declaration.

4 FORTH CLAIM FOR RELIEF

5 Violation of California Corporations Code §§ 25400-25304

6 48. Defendants Haas and Quartzview made the representation  
7 knowing that they were false and with the intention of depressing  
8 the price that shares of OSTO were traded. As a direct and  
9 proximate result of those representations some of the holders of  
10 the stock of OSTO was convinced that the price would be depressed  
11 and fall lower in reaction to the representations and acts  
12 alleged. They then agreed to sell their shares for the offered  
13 price of one dollar (US) per share.

14 49. The individual defendants have been damaged in the amount of  
15 nine dollars (US) per share owned or as according to proof.

16 FIFTH CLAIM FOR RELIEF

17 Breach of Contract

18 Breach of Contract by OSTO against Quartzview

19  
20 50. On a date unknown to Plaintiff at present but continuing to  
21 the present Quartzview, Inc. breached its contract with OSTO in  
22 the following respects;

23 A. By disclosing to third persons proprietary information  
24 belonging to OSTO;

25 B. By disparaging the business operations of OSTO;

1 C. By falsely reportion violations of law and administrative  
2 regulations to various governmental agencies and  
3 subdivisions;

4 D. By suborning employees of OSTO to act against the  
5 interests of OSTO and to secrete and operate surveillane cameras;

6 E. And disrupting the business operations of OSTO by  
7 constantly and falsely publishing false and damaging statements of  
8 and concerning the management of OSTO and by otherwise mismanaging  
9 the affairs of OSOT.

10 51. OSTO has been damaged in the minimum sum of one hundred  
11 twenty-five million dollars.

12 SIXTH CLAIM FOR RELIEF

13 Breach of Contract

14 52. By failing and refusing to pay for the stock of  
15 Plaintiffs in OSTO Defendants have breached the accepted tender  
16 offers damaging Plaintiffs and other stock-holders in the amount  
17 agreed upon. Plaintiffs have been damaged according to proof

18 Recission of Sale

19 53. There has been a complete failure of consideration for the  
20 sale of the Stock of Plaintiffs and other stock-holders and  
21 accordingly, Plaintiffs are entitled to rescind the sale of stock  
22 and offers to tender any fund actually paid, less the damage  
23 Defendants have caused to said Plaintiffs and otherwise do equity.

24 SEVENTH CLAIM FOR RELIEF

25 Breach of Covenant of Good Faith and Fair Dealing

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Against Quartzview and Haas

54. A Covenant of Good Faith and Fair Dealing was implied by and between Quartzview and OSTO pursuant to Exhibits "A" and "B".

55. The acts and omissions alleged in Paragraphs 16 through 43 constituted a breach of the Covenant of Good Faith and Fair Dealing and a Breach of the Fiduciary Duties owed to OSTO by Quartzview that arose through the special relationship that existed between the two.

56. Plaintiff OSTO has been generally damaged in the amount of one hundred million dollars (\$100,000,000.)

EIGHTH CLAIM FOR RELIEF

Inducing Breach of Contract

57. Defendants Haas, Westbrook, Charlton, and Does 1 through 10 had actual knowledge of the contractual relationship between Quartzview and OSTO.

58. Defendants Haas, Westbrook, Charlton and Does 1 through 10 intentionally induced Quartzview to perform the acts and omissions alleged herein and to breach its obligations to OSTO.

59. Defendants Haas, Westbrook, Charlton and Does 1 though 10 were without any right or privilege to induce Quartzview to breach its contractual obligations to OSTO but did so in pursuit of the conspiracy and scheme to talk control of OSTO.

60. Defendants Haas, Westbrook, Charlton, and Does 1 through 10 aided and abetted each other in the act of inducing Quartzview to breach its contractual obligations to OSTO by performing the acts

1 and omissions of the individuals alleged herein.

2 61. OSTO has been generally damaged in the amount of one hundred  
3 and twenty-five million dollars (\$125,000,000.)

4 62. OSTO has been otherwise specially damaged according to proof.

5 63. The acts and omissions of the Defendants Haas, Westbrook,  
6 Charlton, and Does 1 through 10 were intentional and committed with  
7 actual or implied malice and accordingly Plaintiff is entitled to  
8 additional damages by way of example.

9 NINTH CLAIM FOR RELIEF

10 Elder Financial Abuse

11 64. In perpetrating the acts and omissions alleged herein  
12 Defendants engaged in Elder Financial Abuse as defined by Calif.  
13 Welf. & Inst. Code. § 15610.30(a), Defendants and each of them  
14 knew or should have known that the afore-alleged conduct that  
15 their conduct would be harmful to the individual Plaintiff who are  
16 Elders as alleged and other stock-holders.

17 65. The individual Plaintiffs and other stock-holders who are  
18 Elders within the meaning of Calif. Welf. & Inst. C. § 15610.27  
19 has been damaged as alleged.

20 TENTH CLAIM FOR RELIEF

21 Theft (Calif. Pen Code § 484)

22 66. The actions of Defendants in purposing to gain control of  
23 OSTO, in removing and keeping valuable ore and embezzling the  
24 funds of OSTO amount to theft as is defined by Calif. Pen Code §  
25 67. Plaintiffs are entitled to their damages trebled and THEIR



1 attorney fees.

2 ELEVENTH CLAIM FOR RELIEF

3 Unfair Competition (Calif. Bus. & Prof Code. §17200)

4 68. The acts and omissions of Defendants and each of them  
5 constitute economic damage to all Plaintiffs.

6 69. The acts and omissions of Defendants and each of them are in  
7 violation of Calif. Bus. & Prof. Code. § 17200 in that they are  
8 false, deceptive and unfair and in violation of Calif. Bus. &  
9 Prof. Code. § 17500.

10 70. It is appropriate for the Court to enjoin and restrain  
11 Defendants and each of them from exercising any corporate  
12 authority or power relating to OSTO, to engage in any further  
13 market manipulation of the securities of OSTO, to remove any ore  
14 from the premises or works of OSTO, from making any further  
15 disparaging remarks of or concerning the management of OSTO or  
16 from taking any further action damaging, or depreciating the value  
17 of the OSTO.

18 71. It is further appropriate for the Court to order Defendants  
19 and each of them to account for all rents, issues and profits of  
20 the OSTO in their possession or transferred to any other person  
21 including any stockholder of Quartzview.

22 72. It is further appropriate for the Court to assess a Civil  
23 Penalty against Defendants and each of them.

24 73. It is further appropriate that the Court assess Plaintiffs'  
25 attorney fees as damages and costs from Defendants.

1 WHEREFORE Plaintiffs pray Judgment against Defendants and

2 Each of them as follows:

3 1. For General Damages to Plaintiff the Original Sixteen to One  
4 Mine, Inc. in the amount of one hundred twenty-five million  
5 dollars (\$125,000,000.)

6 2. For general damages for the domination of the value of the  
7 stock of the individual Plaintiffs in the amount of not less than  
8 nine dollars (\$9,00) per share.

9 3. For a declaration of this Court that:

10 A. Defendants manipulated the market for the securities of OSTO  
11 to gain control of OSTO.

12 B. Defendants activity in manipulating the stock of OSTO  
13 caused the value of its stock to be depreciated over time.

14 C. But for Defendants manipulative activity the Stock of  
15 OSTO would have traded at or about ten dollars (US) (\$10) per  
16 share as of May 1, 2019.

17 D. Defendants did not fully compensate the individual  
18 Plaintiffs for the stock in OSTO that they purportedly purchased  
19 from the individual Plaintiffs.

20 E. The stock transactions recited between Defendants and  
21 holders of the securities in OSTO as recited in all Amended  
22 Schedules 13D filed by Defendant Quartzview with the Securities  
23 and Exchange Commission fail to disclose that the transferee(s)  
24 were not fully compensated for the stock reported.

25 F. Defendants do not hold or control sufficient share of

1 the stock of OSTO to call for a special meeting of the share-  
2 holders and have never held or controlled a sufficient number of  
3 shares to do so.

4 G. All activities undertaken by Defendants and each of them  
5 purporting exercise corporate governance or control of OSTO are  
6 null, void and of no effect. H. The removal of Plaintiffs as  
7 officers and directors of OSTO and the replacement with Defendants  
8 as officers and directors was null, void and of no effect and that  
9 Plaintiffs continue to constitute the only lawful board, officers  
10 and governance of OSTO.

11 4. That the Court enjoin and restrain Defendants and each of  
12 them, their agents, servants and all persons acting in concert  
13 with them from performing or engaging in all of the following:  
14 From exercising any corporate authority or power relating to  
15 OSTO, to engage in any further market manipulation of the  
16 securities of OSTO, to remove any ore from the premises or works  
17 of OSTO, from making any further disparaging remarks of or  
18 concerning the management of OSTO or from taking any further  
19 action damaging, or depreciating the value of the OSTO.

20 5. For the Court to order Defendants and each of them to account  
21 for all rents, issues and profits of the OSTO in their possession  
22 or transferred to any other person including any stock-holder of  
23 Quartzview.

24 6. That Plaintiffs' damages be trebled.

25 7. For Court to assess a Civil Penalty against Defendants and  
26

1 each of them.  
2 8. For reasonable Attorney fees.  
3 9. For Costs of Suit; and,  
4 10. For such other and further relief as the Court deems just and  
5 proper.

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7 DATED: 4/30/2024

/s/ John Vodonick, Ph.D.  
John Vodonick, Ph.D.  
Attorney for Plaintiffs

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