

CIVIL COVER SHEET

The JS-44 cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the Purpose of initiating the civil docket sheet (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I.(a) PLAINTIFFS

HIGHER BALANCE LLC, dba HIGHER BALANCE INSTITUTE.

(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF: Multnomah County, Oregon.
(EXCEPT IN U.S. PLAINTIFF CASES)

DEFENDANTS

QUANTUM FUTURE GROUP, INC.; LAURA KNIGHT-JADCZYK.

COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT: California, France
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED

(c) ATTORNEYS (FIRM NAME, ADDRESS, AND THE TELEPHONE NUMBER)

Renée E. Rothauge, OSB #907312
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ATTORNEYS (IF KNOWN)

II. BASIS OF JURISDICTION (PLACE AN "X" IN ONE BOX ONLY)

- 1 U.S. Government Plaintiff
 2 U.S. Government Defendant
 3 Federal Question (U.S. Government Not a Party)
 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (PLACE AN "X" IN ONE BOX FOR PLAINTIFF AND FOR DEFENDANT)

	PLF	DEF		PLF	DEF
Citizen of This State	<input type="checkbox"/>	<input type="checkbox"/>	Incorporated or Principal Place of Business in This State	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Citizen of Another State	<input type="checkbox"/>	<input type="checkbox"/>	Incorporated and Principal Place Of Business in Another State	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Citizen or Subject of a Foreign Country	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Foreign Nation	<input type="checkbox"/>	<input type="checkbox"/>

IV. Origin

(PLACE AN "X" IN ONE BOX ONLY)

- 1 Original Proceeding
 2 Removed from State Court
 3 Remanded from Appellate Court
 4 Reinstated or Reopened
 5 Transferred from another district (specify)
 6 Multidistrict Litigation
 7 Appeal to District Judge from Magistrate Judgment

V. NATURE OF SUIT (PLACE AN "X" IN ONE BOX ONLY)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability	Personal Injury <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input checked="" type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	Personal Injury <input type="checkbox"/> 362 Personal Injury – Med. Malpractice <input type="checkbox"/> 365 Personal Injury – Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability Personal Property <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DMW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS Third Party 26 USC 7609	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/fe <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizatio <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/ Commodities Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization / <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes <input type="checkbox"/> 890 Other Statutory Actions
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/ Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 440 Other Civil Rights	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights			

ACTION (CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE BRIEF STATEMENT OF CAUSE
DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY)

28 U.S.C. § 1332

Defendants published false and defamatory statements concerning Plaintiff on their website.

QUESTED IN
COMPLAINT:

CHECK IF THIS IS A CLASS ACTION
UNDER F.R.C.P. 23

DEMAND

Exceeds \$75,000

CHECK YES only if demanded in complaint
JURY DEMAND: Yes No

RELATED CASE(S) (See instructions):

JUDGE

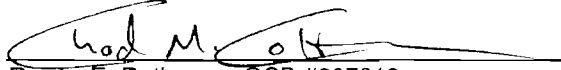
DOCKET NUMBER

IF ANY

FE

SIGNATURE OF ATTORNEY OF RECORD

2/25/08



Renee E. Rothauge, OSB #907312

Chad M. Colton, OSB #065774

FOR OFFICE USE ONLY

RECEIPT #

AMOUNT

APPLYING IFP

JUDGE

MAG. JUDGE

JS 44 Reverse
(Rev. 11/95)

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Attorneys for Plaintiff Higher Balance

UNITED STATES DISTRICT COURT
DISTRICT OF OREGON

HIGHER BALANCE, LLC, an Oregon
Limited Liability Company, dba HIGHER
BALANCE INSTITUTE,

Plaintiff,

v.

QUANTUM FUTURE GROUP, INC., a
California corporation, and LAURA
KNIGHT-JADCZYK,

Defendants.

Civil No.:

**PLAINTIFF'S CORPORATE
DISCLOSURE STATEMENT**

Pursuant to FRCP 7.1(a), Plaintiff Higher Balance LLC, dba Higher Balance Institute states that it is an Oregon limited liability corporation and is a wholly owned subsidiary of Auxien Enterprises, Inc., an Oregon corporation.

DATED this 25th day of February, 2008.

BULLIVANT HOUSER BAILEY PC

BY



Renée E. Rothauge, OSB #903712

Chad M. Colton, OSB #065774

Telephone: 503.228.6351

Attorneys for Plaintiff Higher Balance

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PLAINTIFF'S CORPORATE DISCLOSURE STATEMENT

Page 1

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UNITED STATES DISTRICT COURT
DISTRICT OF OREGON

HIGHER BALANCE, LLC, an Oregon
Limited Liability Company, dba HIGHER
BALANCE INSTITUTE,

Plaintiff,

v.

QUANTUM FUTURE GROUP, INC., a
California corporation, and LAURA
KNIGHT-JADCZYK,

Defendants.

CV '08-0233, HA

Civil No.:

**COMPLAINT AND DEMAND FOR
JURY TRIAL**

Plaintiff Higher Balance LLC, dba Higher Balance Institute ("HBI") files this
Complaint against defendants Quantum Future Group, Inc. ("QFG") and Laura Knight-
Jadczyk and alleges the following:

PARTIES, JURISDICTION, AND VENUE

1. Plaintiff HBI is an Oregon limited liability company with its principal place of
business in the State of Oregon.

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COMPLAINT AND DEMAND FOR JURY TRIAL

Page 1

2. Defendant QFG is a California corporation, and on information belief, its principal place of business is located in the State of Colorado.

3. Defendant Laura Knight-Jadczyk is the Vice President of defendant QFG, and on information and belief, is a U.S. citizen residing in France. At all material times, Knight-Jadczyk acted within the course and scope of her agency for QFG.

4. The amount in controversy in this case exceeds \$75,000, exclusive of interest and costs.

5. This Court has jurisdiction over the subject matter of this action under 28 U.S.C. § 1332.

6. This Court has specific personal jurisdiction over defendants, as defendants committed intentional torts that were purposefully targeted at HBI within the State of Oregon; defendants knew that HBI is a resident of the State of Oregon; defendants' tortious conduct caused HBI to suffer economic harm within the State of Oregon; HBI's claims arise out of defendants' activities relating to the State of Oregon; and the exercise of jurisdiction over defendants is reasonable in light of their intentional misconduct directed toward a resident of the State of Oregon.

7. As this Court has specific personal jurisdiction over the defendants, venue is proper in this district and division under 28 U.S.C. § 1391(a)(3).

GENERAL ALLEGATIONS

8. HBI is an Oregon-based company with over 40,000 customers from all over the world. HBI is dedicated to helping its customers relieve stress, reduce anxiety, and achieve emotional balance and spiritual enlightenment through meditation techniques. The majority of HBI's revenues are derived from the online sale of its books and CDs, which are

designed to help its customers learn these meditation techniques.

9. HBI conducts sales within the State of Oregon and ships its products to customers from the State of Oregon.

10. Defendant QFG operates a website known as Signs of the Times (“SOTT”). QFG posts articles and sponsors forums regarding various conspiracy theories and allegedly corrupt organizations on the SOTT website.

11. Employees and agents of QFG, including defendant Knight-Jadczyk, serve as administrators and moderators of SOTT forums. QFG employees and agents, including defendant Knight-Jadczyk, post comments and analyses in SOTT forums. These employees and agents act within the course and scope of their agency for QFG when serving as administrators and moderators of the SOTT website and when posting comments and analyses on the SOTT website.

12. SOTT forums are available to the general public online.

13. According to the SOTT website, more than 14 million people have viewed the SOTT website since October 2006.

14. Many of HBI’s existing and potential customers read the SOTT website as a source of alternative media.

15. Defendants hold themselves out as experts in identifying “cointelpro” organizations, identifying conspiracies, exposing improper motives and operations of various organizations, and in identifying psychopathic behavior.

16. According to the SOTT website, “cointelpro” was originally a counter intelligence program that the Federal Bureau of Investigation operated in the 1970s to target U.S. domestic dissent.

17. According to the SOTT website, defendants see much of the “New Age movement” as “cosmic cointelpro” aimed at “propagating plausible lies for misleading those who are no longer content with the answers of standard religion.” According to the SOTT website, “cointelpro” is essentially “any covert or underhanded activity aimed at destroying movements or ideas the power structure finds threatening while maintaining deniability.”

FIRST CLAIM FOR RELIEF

(Defamation – Libel)

18. HBI incorporates paragraphs 1 through 17 as if fully stated herein.

19. Beginning in May 2006, QFG sponsored a forum on the SOTT website concerning HBI under the heading “Cointelpro.”

20. Beginning in November 2007, defendants intentionally posted several false, baseless, and derogatory accusations concerning HBI on the SOTT website including, but not limited to:

- a. HBI is a “front for pedophilia”;
- b. HBI is a “cointelpro” organization;
- c. Meditation, as sold by HBI, is an act of “falling into confluence with a psychopathic reality”;
- d. Those associated with HBI must be careful to avoid sexual molestation by HBI members;
- e. HBI is “conning” the public;
- f. “Fishy” sexual conduct is occurring at HBI; and
- g. HBI “leads people more deeply into sleep.”

21. By posting these statements in a public internet forum, defendants have published and communicated false and baseless accusations concerning HBI to third parties, including existing and potential HBI customers.

22. Defendants' statements tend to subject HBI to hatred, contempt, and ridicule and tend to diminish the esteem, respect, goodwill, and confidence in which HBI is held by the public and by its customers.

23. Defendant made these false statements with knowledge of their falsity or with reckless disregard for their truth.

24. As a result of defendants' false and defamatory statements, HBI suffered general damages in the form of loss of reputation in an amount to be determined at trial, but in any event, not less than \$500,000. HBI has also suffered special damages in the form of lost income in amounts to be determined at trial, but in any event, not less than \$834,732.

25. Defendants' defamatory statements are still available to the general public on the SOTT website and are easily found through internet searches relating to HBI. Defendants' conduct causes HBI irreparable harm, and HBI is entitled to an injunction preventing defendants' continued defamation of HBI.

SECOND CLAIM FOR RELIEF

(False Light)

26. HBI incorporates paragraphs 1 through 25 as if fully stated herein.

27. By posting the false and defamatory statements listed in paragraph 20, defendants intentionally gave publicity to matters concerning HBI that placed HBI in a false light before the public.

28. The false light in which defendants placed HBI would be highly offensive to a reasonable person.

29. Defendants had knowledge of or acted in reckless disregard as to the falsity of the statements listed in paragraph 20 and of the false light in which HBI would be placed.

30. As a result of defendants' actions, HBI has suffered general damages in the form of loss of reputation in an amount to be determined at trial, but in any event, not less than \$500,000.

31. As a result of defendants' actions, HBI has suffered economic damages in an amount to be determined at trial, but in any event, not less than \$834,732.

32. Defendants' false statements are still available to the general public on the SOTT website and are easily found through internet searches relating to HBI. Defendants' conduct causes HBI irreparable harm, and HBI is entitled to an injunction preventing defendants' continued placement of HBI in a false light.

THIRD CLAIM FOR RELIEF

(Intentional Interference with Economic Relations – Interference with Business Relationships)

33. HBI incorporates paragraphs 1 through 32 as if fully stated herein.

34. HBI has ongoing business relationships with its existing customers, who continually purchase HBI's products and attend HBI's yearly retreats. Defendant was not a party to the business relationships between HBI and its customers.

35. Defendant intentionally interfered with many of these business relationships by communicating the false and defamatory information listed in paragraph 20 to HBI's customers through the SOTT website.

36. Defendant published this false and distressing information in bad faith, and in doing so was motivated solely by malice toward HBI, the desire to harm HBI's business, and to diminish the esteem, respect, goodwill, and confidence in which HBI is held by its customers.

37. Defendants' interference has harmed HBI's business relationship with many of its customers by diminishing the esteem, respect, goodwill and confidence in which HBI is held by its customers.

38. As a result of defendants' interference, HBI has suffered economic damages in an amount to be proven at trial, but in any event, not less than \$97,299.

39. As a result of defendants' interference, HBI has also suffered damages in the form of loss of reputation in an amount to be proven at trial, but in any event, not less than \$500,000. The injury to HBI's reputation is the kind of injury that should have been expected as a common and predictable accompaniment of disrupting the prospective business relationships with which the defendants interfered.

40. Defendants' conduct was malicious and warrants punitive damages in an amount to be determined at trial.

41. Defendants' false comments are still available to the general public on the SOTT website, are easily found through internet searches relating to HBI, and continue to interfere with HBI's business relationships. Defendants' conduct causes HBI irreparable harm, and HBI is entitled to an injunction preventing defendants' interference with HBI's prospective business relationships.

FOURTH CLAIM FOR RELIEF

(Intentional Interference With Economic Relations – Prospective Economic Advantage)

42. HBI incorporates paragraphs 1 through 41 as if fully stated herein.

43. HBI conducts its sales through a combination of various media, and had a prospective business relationship with many potential customers. Defendants were not parties to the prospective business relationships between HBI and these potential customers.

44. HBI also obtains many of its new customers through the recommendations of its existing customers, thereby giving HBI a further prospective economic advantage. Defendant was not a party to the prospective business relationships between HBI and these potential customers.

45. Defendants intentionally interfered with these prospective business relationships by communicating the false and defamatory statements listed in paragraph 20 to the public through the SOTT website.

46. Defendant in bad faith published this false and distressing information, and in doing so was motivated by malice toward HBI, the desire to harm HBI's business, and the desire to diminish the esteem, respect, goodwill, and confidence in which HBI is held.

47. Defendant's interference has diminished the esteem, respect, goodwill, and confidence in which HBI is held by the general public, thereby hindering HBI's ability to obtain many new customers with whom HBI had a prospective business relationship.

48. Defendant's false and defamatory statements have also diminished the esteem, respect, goodwill, and confidence in which HBI is held by many of its existing customers, thereby hindering HBI's ability to obtain new customers through them.

49. As a result of defendants' actions, HBI has suffered economic damages in an amount to be proven at trial, but in any event, not less than \$705,000.

50. As a result of defendant's interference, HBI has also suffered damages in the form of loss of reputation in an amount to be proven at trial, but in any event, not less than \$500,000. The injury to HBI's reputation is the kind of injury that should have been expected as a common and predictable accompaniment of disrupting the prospective business relationships with which the defendants interfered.

51. Defendants' conduct was malicious and warrants punitive damages in an amount to be determined at trial.

52. Defendants' false comments are still available to the general public on the SOTT website, are easily found through internet searches relating to HBI, and continue to interfere with HBI's prospective business relationships. Defendants' conduct causes HBI irreparable harm, and HBI is entitled to an injunction preventing defendants' continued interference with HBI's prospective business relationships.

WHEREFORE, HBI respectfully requests that judgment in its favor and against defendants be entered as follows:

- A. On its First Claim for Relief, that HBI be awarded general and special damages in amounts to be determined at trial, but in any event, not less than \$1,334,732, and that defendants be enjoined from their continued defamation of HBI.
- B. On its Second Claim for Relief, that HBI be awarded damages in an amount to be determined at trial, but in any event, not less than \$1,334,732, and that defendants be enjoined from continuing to place HBI in a false light.

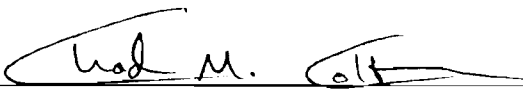
- C. On its Third Claim for Relief, that HBI be awarded damages in an amount to be determined at trial, but in any event, not less than \$597,299 plus punitive damages, and that defendants be enjoined from their continued interference with HBI's prospective business relationships.
- D. On its Fourth Claim for Relief, that HBI be awarded damages in an amount to be determined at trial, but in any event, not less than \$1,205,000 plus punitive damages, and that defendants be enjoined from their continued interference with HBI's business relationships.
- E. That HBI be awarded pre-judgment and post-judgment interest on all damages recovered;
- F. That HBI be awarded its costs and disbursements incurred in this action;
- G. That HBI be awarded other and further relief as the Court deems just and appropriate under the circumstances.

DEMAND FOR JURY TRIAL

Harry and David demands a trial by jury on all issues so triable.

DATED this 25th day of February, 2008.

BULLIVANT HOUSER BAILEY PC

BY 

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Attorneys for Higher Balance Institute

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