

1 2. This declaration is submitted in support of Plaintiff Six Minutes, LLC's ("Six
2 Minutes") *Ex Parte* Application for Temporary Restraining Order on Shortened Time and
3 Motion for Preliminary Injunction (the "TRO Application"), which is requested against
4 Defendants Harrison "Lanny" Morton ("Lanny Morton"), Deena Morton ("Mrs. Morton")
5 and Morton Enterprises, LLC, an Arizona limited-liability company ("Morton Enterprises"
6 and collectively referred to herein with Lanny Morton and Deena Morton as the
7 "Defendants") pursuant to Nevada Rule of Civil Procedure 65 ("Rule 65) and pursuant to
8 NRS 600A.040(1) of Nevada's Uniform Trade Secrets Act..

9 3. I am the Chief Executive Officer and President of International Education
10 Systems, Inc., a Nevada corporation ("IES"), which is the Managing Member of Six Minutes.
11 I also serve as Chief Financial Officer and Secretary for Six Minutes.

12 4. Lanny Morton was appointed to serve as an initial manager of Six Minutes
13 along with Bob Proctor. Mr. Proctor is one of the most sought-after in the world for
14 professional coaching and corporate seminars.

15 5. Lanny Morton is the manager of and a member in Morton Enterprises. Morton
16 Enterprises is believed to own at least a majority interest in a competing entity doing
17 business as FOURCE, which features the professional coaching services of Mrs. Morton.

18 6. Based on investigative efforts of which I have personal knowledge, Lanny
19 Morton has used his position of trust and confidence to misappropriate, based on current
20 estimates, over \$160,497 in payments improperly made by Six Minutes for his personal
21 expenses, Mrs. Morton's personal expenses and for expenses related to his business, Morton
22 Enterprises.

23 7. These investigative efforts have also revealed that Lanny Morton has also
24 used his position as manager of Six Minutes to misappropriate a confidential, proprietary and
25 trade secret database that contains historical customer information (the "Customer
26 Database"), which represents one of the crown gems used for company operations. The
27 Customer Database is used by Six Minutes for sales, marketing and associated purposes,
28 which includes the dissemination of more than one million e-mails a month. Lanny Morton is

1 believed to have misappropriated the Customer Database for use by Mrs. Morton and/or
2 Morton Enterprises in direct competition with Six Minutes.

3 8. As part of an apparent effort to hide his misdeeds, it appears that Lanny
4 Morton actively sought to conceal the company's financial reports and true condition from
5 his co-manager, Mr. Proctor, by prohibiting this information from being given to Mr. Proctor
6 without his prior approval. These apparent concealment efforts have additionally included
7 surreptitiously relocating Six Minutes' offices in Arizona, unilaterally qualifying the
8 company to do business in the State of Hawaii where he recently purchased a home with his
9 wife, and covertly changing the company's mailing address with the United States Post
10 Office to his new home address in the State of Hawaii. Specifically, Lanny Morton caused
11 Six Minutes to be qualified to do business in Hawaii on November 15, 2011. He lacked
12 authorization to do so on behalf of Six Minutes. Attached hereto as Exhibit 1 is a true and
13 correct copy of entity search information for Six Minutes that was obtained from the Hawaii
14 Secretary of State's website that shows the company was registered to do business in the
15 jurisdiction on November 15, 2011.

16 9. Bob Proctor serves as a manager, Chairman, Chief Executive Officer and
17 President of Six Minutes. Mr. Proctor is also the sole shareholder of IES. Attached hereto as
18 Exhibit 2 is a true and correct copy of a print out of business entity search results for Six
19 Minutes that was performed on the Nevada Secretary of State's website.

20 10. IES owns 51% of the membership units in Six Minutes, while Lanny Morton
21 owns 49%. As a result, IES constitutes a "Majority in Interest" under the Operating
22 Agreement of Six Minutes (the "Operating Agreement"), which empowers it to, among other
23 things, notice member meetings, remove a manager from their position, and modify the
24 number of managers for the company. Attached hereto as Exhibit 3 is a true and correct copy
25 of the Operating Agreement.

26 11. On November 7, 2011, IES, representing the Majority in Interest of the
27 members of Six Minutes, noticed a Meeting of Members pursuant to Article 5 of the
28

1 Operating Agreement, which was to be held on Monday, November 14, 2011 (the "Member
2 Meeting").

3 12. On Monday, November 14, 2011, the Member Meeting commenced with the
4 required quorum under Article 5.2 of the Operating Agreement based on IES' in person
5 attendance, which represented a Majority in Interest, and Lanny Morton's attendance via
6 Skype from Hawaii. Bob Proctor, on behalf of IES, discussed in detail the wrongdoing he
7 believed Lanny Morton had engaged in and stated that he was stepping in on behalf of IES to
8 exert its position as Majority in Interest to take over the company's affairs. The parties then
9 agreed to continue the meeting until the following morning, November 15, 2011, to further
10 discuss IES taking over Six Minutes' business operations based on certain organizational
11 changes that were to take place based on its Majority in Interest membership stake in the
12 company. Lanny Morton requested that the meeting reconvene at 10:30 a.m. (Arizona time)
13 to accommodate his schedule. IES agreed and the Member Meeting was then continued to
14 November 15, 2011, at 10:30 a.m. (the "Continued Member Meeting").

15 13. The Continued Member Meeting was to commence on November 15, 2011, at
16 10:30 a.m. at Lanny Morton's request. Prior to the scheduled start time, Lanny Morton
17 advised Mr. Proctor that he could not participate. Lanny Morton requested that the Continued
18 Member Meeting take place later that afternoon or on Wednesday, November 16, 2011. Once
19 again, IES accommodated Lanny Morton's request to hold the Continued Member Meeting
20 at a time so that he could participate.

21 14. On Wednesday, November 16, 2011, per Lanny Morton's request, the
22 Continued Member Meeting was held. Prior to the start of the Continued Member Meeting,
23 Lanny Morton advised Bob Proctor that he would not be attending. IES commenced the
24 Continued Member Meeting given the presence of a requisite quorum for doing so based on
25 its Majority in Interest status.

26
27
28

1 15. During the Continued Member Meeting, IES set forth additional wrongful acts
2 of Lanny Morton that were discovered since the November 14, 2011 Member Meeting. The
3 additional wrongful acts, together with the previously disclosed wrongful acts, by Lanny
4 Morton were deemed cause for his removal as manager of Six Minutes.

5 16. IES thereafter removed Lanny Morton as manager of Six Minutes under
6 Article 6.5(a) of the Operating Agreement based on its Majority in Interest status in the
7 company. IES then established that Six Minutes would be managed by a single manager,
8 rather than by multiple managers, based on the authority granted to it under Article 6.4(b)
9 given Lanny Morton's removal as manager and based on it constituting a Majority in Interest
10 in the company. IES, as a Majority in Interest, and Bob Proctor, as manager, approved the
11 change of management of Six Minutes from exclusively that of being manager managed to
12 being managed by a sole Member and a Manager based on the authority granted under
13 Article 6.2(b)(x) of the Operating Agreement. IES was then elected as the Managing Member
14 for Six Minutes. Bob Proctor was confirmed to continue to act in his capacity as Manager of
15 Six Minutes. While Lanny Morton had been removed as manager of Six Minutes, this change
16 did not affect his ownership of 49% of the membership units in the company.

17 17. A company resolution was ratified and signed that set forth the organizational
18 changes taken at the Continued Member Meeting. Attached hereto as Exhibit 4 is a true and
19 correct copy of the company's resolution confirming the organizational changes effectuated
20 at the Continued Member Meeting.

21 18. On November 16, 2011, Six Minutes filed documentation with the Nevada
22 Secretary of State's office reflecting the organizational management changes effectuated at
23 the Continued Member Meeting.

24
25
26
27
28

1 19. Lanny Morton has apparently commenced a campaign with Six Minutes'
2 vendors and financial partners to have all existing company utilized accounts transferred to
3 him so that only has access and control over them. These improper acts have crippled Six
4 Minutes' operations.

5 20. Six Minutes is an online business. As such, it communicates with its
6 customers and prospective customers based on information stored in a database (the
7 "Infusionsoft Application") that is maintained by Infusionsoft, a service provider located in
8 Tempe, Arizona. Six Minutes additionally gains access to its online shopping cart, which
9 used to in the product payment process, through the Infusionsoft Application. Without access
10 to the Infusionsoft Application, Six Minutes cannot provide customer support, sell products,
11 access its online shopping cart, or communicate with its current and prospective customers.
12 Lanny Morton has blocked Six Minutes' access to the Infusionsoft Application by instructing
13 the service provider to use his name and contact information to do so. This has caused, and
14 continues to cause, an immeasurable amount of harm to Six Minutes because it simply
15 cannot do business without access to the Infusionsoft Application. Moreover, the service
16 provider has refused to relinquish these access rights to Six Minutes without a court order.
17 Access to the Infusionsoft Application is part of Six Minutes' TRO Application.

18 21. Lanny Morton has also crippled Six Minutes' ability to process online
19 payments and to receive monies from sales through its financial service providers. Once an
20 online purchase is made using the shopping cart hosted by Infusionsoft, Authorize.net, which
21 is a financial service provider for online transactions, then processes the transaction.
22 Authorize.net then sends the payment proceeds to PowerPay, another financial service
23 provider used for online transactions. PowerPay then transfers the processed payment funds
24 to the Six Minutes' business operating bank account. Thus, Authorize.net and PowerPay are
25 indispensable components in Six Minutes obtaining money from its online sales. Without
26 access to the income stream provided by Authorize.net and PowerPay, Six Minutes cannot
27 continue to operate as a going concern. Additionally, PowerPay has in excess of \$350,000 in
28 a reserve account that belongs to Six Minutes. Lanny Morton has severed Six Minutes'

1 ability to access its accounts with Authorize.net and with PowerPay by using his personal
2 contact information for exclusive administrative control over them. By doing so, Six Minutes
3 has also been blocked from access to the PowerPay account in which it has over \$350,000
4 held in reserve. Once again, these financial service providers will not transfer access of these
5 accounts to Six Minutes without a court order. Compelling access to Six Minutes'
6 Authorize.net and PowerPay accounts represents an essential aspect of the company's TRO
7 Application. Absent granting this relief, the company simply will not survive.

8 22. As part of its online business model, Six Minutes hosts a membership website
9 where customers can access content purchased from the company. Through this website, Six
10 Minutes can post new online content and provide online customer service support to its
11 members. Customer Hub is a service provider that hosts the membership website on behalf of
12 Six Minutes. Without access to the membership website, Six Minutes cannot update online
13 content, ensure that its members are being provided with the services paid for as part of their
14 membership to the website, and cannot provide necessary customer support to its members.
15 Lanny Morton has blocked Six Minutes' access to the membership website by instructing
16 Customer Hub to use his personal contact information for administrative account access. In
17 doing so, Lanny Morton has caused, and is continuing to cause, Six Minutes to be irreparably
18 harmed through its inability to continue utilizing the membership website in its business
19 operations. Accordingly, account access must be granted to Six Minutes by Customer Hub,
20 which it will agree to provide upon issuance of a court order. Six Minutes asks for such an
21 order through its TRO Application.

22 23. Lanny Morton has not only blocked Six Minutes from administrative access to
23 its longstanding accounts with Infusionsoft, Authorize.net, PowerPay and Customer Hub, he
24 has also blocked the company from accessing accounts used for other aspects of its online
25 business operations. He has blocked the company's administrative access with its online
26 technical support service providers – Intellichat and Tender Support. By blocking access to
27 these two accounts, Lanny Morton has jeopardized the company's ability to maintain
28 customer memberships based on continued, responsive customer support for technical issues.

1 Membership cancellations will unquestionably result if such support services cannot be
2 provided by Six Minutes. Lanny Morton has also blocked access to service provider accounts
3 maintained with Viddler, Inc., Amazon Web Services and Bits on the Run, each of which
4 serve to enable Six Minutes to post online video content. Once again, Six Minutes cannot
5 perform this vital function as part of its operations because it does not have access to these
6 service provider accounts.

7 24. Six Minutes utilizes Omnovia as a service provider in connection with its
8 webinars. By using Omnovia, Six Minutes is able to host, schedule and archive its webinars.
9 The archived webinar content constitutes unique intellectual property of Six Minutes. Lanny
10 Morton has provided Omnovia with his personal contact information to gain administrative
11 access to Six Minutes' account. At Lanny Morton's request, Omnovia is also currently
12 extracting archived webinar content for his use or for the anticipated use by other the
13 Defendants. Immediate injunctive relief is needed in order to restore Six Minutes'
14 administrative account access with Omnovia and to stop the threat of its intellectual property
15 by Lanny Morton.

16 25. Another aspect of Six Minutes' business model relies upon income derived
17 from the cross marketing and sale of products through third parties with whom it has
18 developed trusted business relationships (the "Affiliates"). Affiliates may offer Six Minutes'
19 products and services for sale and earn a commission for successfully doing so. Likewise, Six
20 Minutes may elect to offer an Affiliate's products or services for sale and, if successful in
21 doing so, it may earn revenue through payment of a commission. Commission payments are
22 conducted through accounts maintained with these Affiliates (the "Affiliate Accounts").
23 Administrative access to the Affiliate Accounts can control, among other things, the manner
24 in which payments are made to the company. Lanny Morton has blocked Six Minutes'
25 administrative access to its Affiliate Accounts by using his personal information as the means
26 for doing so. He managed to take control of the Affiliate Accounts by misrepresenting that all
27 e-mail address and passwords had been compromised through a security breach. Based on
28 this nonexistent security breach, Lanny Morton instructed Affiliates to use his e-mail account

1 for administrative access for the Affiliate Accounts. He has also advised Mrs. Morton of his
2 conduct, which evidences that they are working in concert. Thus, Lanny Morton has cut-off
3 the company's ability to receive commission payments from its Affiliates. He has also
4 potentially gained the ability to divert these funds to an unknown account for his or the other
5 Defendants' use. By blocking administrative access to its Affiliate Accounts, Lanny Morton
6 has immeasurably compromised Six Minutes' ability to operate as a going concern. Six
7 Minutes seeks to reestablish its administrative access to the Affiliate Accounts with the help
8 of this Court through its TRO Application. Attached hereto as Exhibit 5 is a true and correct
9 copy of e-mail communications between Lanny Morton and numerous Affiliates advising
10 them that the Affiliate Accounts' e-mail addresses and passwords have been compromised,
11 which is a blatant misrepresentation. Lanny Morton forwarded Mrs. Morton a copy of this e-
12 mail communication.

13 26. Almost immediately after learning he could no longer act as manager for Six
14 Minutes, Lanny Morton unilaterally qualified Six Minutes to do business as a foreign entity
15 in the State of Hawaii. Additionally, Lanny Morton changed the company's business address
16 with the United States Post Office (the "USPO") to reflect his new home address in the State
17 of Hawaii. Despite Six Minutes advising the USPO the address change was placed without
18 authorization, Lanny Morton again attempted to change the company's address to his new
19 home address. This Court must stop Lanny Morton from continuing to do so by granting Six
20 Minutes' TRO Application.

21 27. It is believed that Lanny Morton has directed or has attempted to direct at least
22 one payment from American Express Merchant Bank to a new bank account that has been
23 established using the Six Minutes' name. On November 25, 2011, well after he was removed
24 as manager for the company, Lanny Morton submitted a new change of bank account form
25 with American Express Merchant Bank on behalf of Six Minutes. Six Minutes has advised
26 American Express Merchant Bank that it did not authorize the form submitted by Lanny
27 Morton. As a result, Six Minutes' American Express Merchant Bank account has been
28 frozen. A court order is required to reopen Six Minutes' account with American Express

1 Merchant Bank. Attached hereto as Exhibit 6 is a true and correct copy of e-mail
2 correspondence summarizing information relayed to Six Minutes' staff about the submission
3 of a new change of bank account form by Lanny Morton.

4 28. Lanny Morton has also misappropriated the Customer Database, which is a
5 trade secret owned by Six Minutes. The Customer Database is used by Six Minutes in
6 marketing products and services to select members of the public. It has been developed over
7 time and derives its value from not being known to Six Minutes' marketplace competitors.
8 The Customer Database enables Six Minutes to, among other things, generate over one
9 million customer directed e-mails per month. This unique database of information was, at or
10 around the time of his removal, electronically copied and transferred by Lanny Morton
11 without authorization to do so. It is believed that Lanny Morton has misappropriated the
12 Customer List so that it can be used by him, Mrs. Morton and/or Morton Enterprises in
13 competition with Six Minutes. Given the nature of this asset and its unquestionable
14 misappropriation by Lanny Morton, injunctive relief compelling its return and barring its use
15 or further dissemination is requested by Six Minutes.

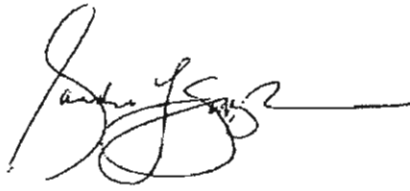
16 29. Lanny Morton has also misappropriated, or is in the process of
17 misappropriating, archived copies of webinar content that constitutes Six Minutes'
18 intellectual property. Lanny Morton is obtaining this proprietary content without
19 authorization to do so from Omnovia. An injunction stopping Lanny Morton and Omnovia
20 from misappropriating Six Minutes' proprietary content and further requiring the return of
21 any content already in his possession or in the possession of any other Defendant is
22 immediately required to protect further authorized dissemination of this content.

23 30. Given the strength of Six Minutes' claims for relief against the Defendants
24 and in view of Lanny Morton's intentional interference with Six Minutes' business
25 operations, the company requests that a nominal bond of \$500 be set in connection with its
26 request for issuance of a temporary restraining order until its motion for preliminary
27 injunction can be heard by this Court.

28

1 31. If this Court does not issue injunctive relief, Six Minutes will be unable to
2 continue business operations in view of Lanny Morton's conduct described in this
3 declaration. As a result of his actions, Lanny Morton has caused Six Minutes' revenue
4 streams to either be diverted or frozen. Those accounts that have been frozen by vendors,
5 service providers and Affiliates cannot be reopened for Six Minutes' use without a court
6 order. Likewise, Lanny Morton's improper conduct has cut-off Six Minutes' ability to
7 provide service and support to its existing customers. This is irreparably causing harm to Six
8 Minutes' goodwill in the marketplace and harming the reputation of Bob Proctor, a
9 reputation he built over 50 years in the industry and is recognized worldwide. Moreover, Six
10 Minutes is unable to effectively market its products and services to the general public in a
11 manner required by its business model because of Lanny Morton's conduct. Finally, Lanny
12 Morton and likely other Defendants have misappropriated confidential, proprietary and trade
13 secret property of Six Minutes, which will almost certainly be used in Mrs. Morton's and
14 Morton Enterprises' competing business venture, FOURCE. The theft of Six Minutes'
15 confidential, proprietary and trade secret property by the Defendants unquestionably subjects
16 the company to irreparable harm through its continued, unauthorized dissemination.

17 Signed and affirmed this 5th day of December, 2011 under the penalty of perjury.

18
19
20
21
22


23
24 _____
Sandra Gallagher