

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

SOVEREIGN OFFSHORE SERVICES, LLC.
55 NE 5th Ave, Ste 200
Delray Beach, FL 33483

and

PAUL MAMPILLY
1004 Arnette Ave
Durham, NC 27707

Plaintiffs,

v.

MICHAEL SHAMES
6975 Camino Amero
San Diego, CA 92111-7633

Defendant.

Case No.:

COMPLAINT

Plaintiffs, Sovereign Offshore Services, LLC (“Sovereign”) and Paul Mampilly, for their Complaint against Defendant Michael Shames, allege as follows:

Introduction

1. This is a Complaint for defamation seeking injunctive relief, compensatory and punitive damages.
2. Through this suit, Plaintiffs allege that Defendant is liable for publishing to third parties false and defamatory statements that has caused and will continue to cause harm to Plaintiffs’ professional reputations within the investing community.

Jurisdiction and Venue

3. Jurisdiction in this Court is proper pursuant to 28 U.S.C. § 1332 because Plaintiff Sovereign is a single-member limited liability company incorporated in the state of Florida; Sovereign's sole Member, Monument & Cathedral Holdings, Inc., is a company incorporated in the state of Maryland; Plaintiff Paul Mampilly is a citizen of North Carolina; Defendant, upon information and belief, is a citizen of California; and the matter in controversy exceeds the sum or value of \$75,000.

4. This Court has personal jurisdiction over the Defendant because the Defendant caused tortious injury in the state of Florida to Plaintiff Sovereign while Defendant was engaged in solicitation or service activities within the state. *See Fla. Stat. Ann. § 48-193.*

5. Specifically, the Defendant directed electronic activity into Florida with the manifested intent of engaging in business or other interactions within the State, and that activity created in Plaintiff Sovereign, a person within the State, a potential cause of action cognizable in the State's courts.

6. This Court's exercise of jurisdiction is authorized under Florida's long-arm statute pursuant to Federal Rule of Civil Procedure 4(k)(1)(a) and conforms to the Fourteenth Amendment's due process requirements.

7. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b) and (c), because a substantial part of the events or omissions giving rise to the claims occurred in this District.

Parties

8. Plaintiff Sovereign is a resident of the state of Florida and operates a Delray Beach-based business. Sovereign is a publisher of subscription electronic newsletters concerning financial information and investment research including investments related to technology companies.

9. Plaintiff Paul Mampilly is a resident of Durham, North Carolina. He is an investor and former hedge fund manager. He authors the popular investment newsletter “Profits Unlimited,” which Plaintiff Sovereign published at all relevant times. Mr. Mampilly formerly wrote a weekly column for Sovereign’s free “The Sovereign Investor Daily” newsletter. Mr. Mampilly offers his advice to subscribers based on good faith and informed positions, and he does not invest in the stocks that he recommends to his readers.

10. Defendant, on information and belief, is a resident of California and writes and publishes a blog publicly accessible on the World Wide Web at www.sandiegocan.org, entitled the “San Diego Consumers’ Action Network,” or “San Diego CAN.” The San Diego CAN blog is fashioned as a consumer review and watchdog site, and Defendant posts regular articles on the blog with the heading “SCAM ALERT,” warning consumers to beware. These articles typically contain an array of claims about the products and services they are reviewing, with little or no citation to external sources.

11. Visitors to the San Diego CAN blog can exchange information with the host computer by leaving comments, and by corresponding with the site administrator via an electronic mail form. Visitors can also sign up for free email updates.

12. On the San Diego CAN blog, Defendant directs statements and criticism specifically to Plaintiffs in published articles. These same articles include broad-ranging accusations about other Florida-based companies related to Plaintiffs’ businesses.

Facts

A. The First Blog Post

13. On or about October 25, 2016, Defendant published a blog post on the San Diego CAN blog entitled, “SCAM ALERT: Paul Mampilly’s \$7 Tech Stock Gamble.” The post is

located at <http://www.sandiegocan.org/2016/10/25/scam-alert-paul-mampillys-7-tech-stock-gamble/> and as published is attached as Exhibit 1.

14. Defendant also circulated this post directly to subscribers to San Diego CAN's email updates.

15. The blog post discusses an article Mr. Mampilly wrote for Profits Unlimited entitled "The Company Leading the \$19 Trillion Dollar Revolution." A copy of that article is attached as Exhibit 2.

16. The blog post makes various claims, without citation, that Mr. Mampilly is a "known investment scammer" and that there are indicators that the investment advice in his article is in violation of the law:

- "First, about Mr. Mampilly: He's a known investment scammer."
- "Mampilly previously worked on letters for Palm Beach, Stansberry and Agora Financial over the past four years. These are all online investment scammers who we've critiqued in other blogs."
- "I did find a website [hosting Mr. Mampilly's article], but it fails to include the disclaimer required by law to let potential 'investors' know what they realistically could expect to make. . . . [T]hat's a huge red flag, because it's illegal."
- "Do you really want to throw your money into the ownership of a company . . . touted by a known Internet investor scammer?"

17. On information and belief, "Palm Beach" refers to "The Palm Beach Letter," a newsletter published by Sovereign's sister company, Common Sense Publishing, LLC. Common Sense is a Florida-based company providing investment advice through subscription-based publishing.

B. The Second Blog Post

18. On or about November 17, 2016, Defendant on information and belief published a blog post on the San Diego CAN blog entitled "SCAM ALERT: Internet Investing Hanky-

Panky.” The post is located at <http://www.sandiegocan.org/2016/11/17/scam-alert-internet-investing-hanky-panky/> and as published is attached as Exhibit 3.

19. Defendant also circulated this post directly to subscribers to San Diego CAN’s email updates.

20. The post makes additional claims about Mr. Mampilly, and Profits Unlimited:

We’ve written blogs on some of the specific publications: Stansberry, Palm Beach Newsletter, Profits Unlimited, and Laissez Faire. And there is also Paul Mampilly’s dubious \$7 Tech Stock gamble. They are all highly disreputable and share a bias towards heavy internet marketing, abusive email practices and preying upon seniors looking for higher returns on their investments.

21. The November 17, 2016 blog post also links to the October 25, 2016 blog post.

C. Both Articles Make Harmful False Statements About Plaintiffs

22. Defendant’s statements, within the context of the blog posts, falsely attribute illegal activity to Plaintiffs: namely, that Plaintiffs failed to post warnings required by law on investment advice. No law required Plaintiffs to post such a warning.

23. Defendant’s claim that Mr. Mampilly and Profits Unlimited maintain “abusive email practices” and “prey[] upon seniors” suggest that Plaintiffs are engaged in illegal activity, and are trying to take subscribers’ money through dishonesty.

24. Defendant’s claims are categorically false. Mr. Mampilly provides a straightforward, honest service offering his expertise to newsletter subscribers. He gives advice in good faith, and does not stand to profit from subscribers’ investment decisions.

25. Defendant’s statements have been viewed by Plaintiffs’ customers, and have cost Plaintiffs subscribers, damaged their business reputations, exposed them to hatred, contempt, or ridicule, and discouraged others in the community from having a good opinion or associating with them.

COUNT I
(Defamation)

26. Plaintiffs repeat and re-allege Paragraphs 1 through 25, as if fully set forth herein.

27. Defendant used the publicly-accessible San Diego CAN blog to publish two blog posts either about or referencing Plaintiffs.

28. Third parties, including investors who are also customers of Plaintiffs, read the posts on the publicly-accessible San Diego CAN blog and/or received copies of the posts after Defendant personally posted and circulated them by electronic mail.

29. The posts make false statements that Plaintiffs are engaging in illegal activities.

30. The statements are defamatory, tending to injure and injuring Plaintiffs in their actual and prospective business relations by impugning their professional reputations.

31. In publishing the posts, Defendant acted intentionally, with malice, and/or with reckless disregard for the truth.

32. As a result of the false and defamatory statements published by Defendant, the character and reputation of Plaintiffs have been harmed, and their good will, standing and reputation in the investment industry and in the community at large have been impaired.

33. As a result of the false and defamatory statements published by Defendant that accuse Plaintiffs of crimes, Plaintiffs have been damaged *per se*.

WHEREFORE, Plaintiffs Paul Mampilly and Sovereign Offshore Services, LLC demand a permanent injunction prohibiting Defendant Mark Shames from further defaming or disparaging them, and judgment in their favor and against Defendant in an amount to be determined at trial in compensatory and punitive damages, plus interest as provided by law, and for Plaintiffs' costs, attorneys' fees (if otherwise awardable), and such other and further relief as this Court deems appropriate.

Dated: February 13, 2017

Respectfully Submitted,

s/Franklin L. Zemel

Franklin L. Zemel
Florida Bar No. 816620
Arnstein & Lehr LLP
200 E. Las Olas Blvd., Suite 1000
Fort Lauderdale, FL 33301
(954) 713-7610 (Telephone)
(954) 713-7770 (Facsimile)
Attorney for Plaintiffs

Katrina J. Dennis
Jordan D. Rosenfeld
Saul Ewing LLP
500 East Pratt Street, Suite 900
Baltimore, Maryland 21202
(410) 332-8721 (Telephone)
(410) 332-8151 (Facsimile)

Of Counsel