

Renée E. Rothauge, OSB #903712
E-mail: renee.rothauge@bullivant.com
Chad M. Colton, OSB #065774
E-mail: chad.colton@bullivant.com
BULLIVANT HOUSER BAILEY PC
300 Pioneer Tower
888 SW Fifth Avenue
Portland, Oregon 97204-2089
Telephone: 503.228.6351
Facsimile: 503.295.0915
Attorneys for Plaintiff Higher Balance

UNITED STATES DISTRICT COURT
DISTRICT OF OREGON

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

Plaintiff,

v.

QUANTUM FUTURE GROUP, INC., a
California corporation, QUANTUM
FUTURE SCHOOL, SIGNS OF THE
TIMES, and LAURA KNIGHT-JADCZYK, ,

Defendants.

Civil No.: 3:08-cv-233 - HA

**AMENDED COMPLAINT AND
DEMAND FOR JURY TRIAL**

Plaintiff Higher Balance LLC, dba Higher Balance Institute (“HBI”) files this
Complaint against defendants Quantum Future Group, Inc., Quantum Future School, Signs
of the Times, 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.

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

3. Defendant Quantum Future School is an entity of unknown form and origin. Alternatively, Quantum Future School is an unregistered dba or alter ego of defendant Laura Knight-Jadczyk, Quantum Future Group, Inc., and/or Signs of the Times.

4. Defendant Signs of the Times is an entity of unknown form and origin. Alternatively, Signs of the Times is an unregistered dba or alter ego of defendants Laura Knight-Jadczyk, Quantum Future Group, Inc., and/or Quantum Future School.

5. Defendant Laura Knight-Jadczyk is the Vice President of defendant Quantum Future Group, Inc., and on information and belief, is an officer of—or otherwise controls—Quantum Future School and Signs of the Times. On information and belief, defendant Laura Knight-Jadczyk is a U.S. citizen residing in France.

6. At all material times, defendant Knight-Jadczyk acted within the course and scope of her agency for Quantum Future Group, Inc., Quantum Future School, and Signs of the Times.

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

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

9. 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.

10. 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

11. 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.

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

13. Defendants operate a website known as Signs of the Times ("the Website"). Defendants post articles and sponsor forums regarding various conspiracy theories and allegedly corrupt organizations on the Website.

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

15. The Website forums are available online.

16. According to the Website, more than 14 million people have viewed the Website since October 2006.

17. Many of HBI's existing and potential customers read the Website as a source of alternative media.

18. 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.

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

20. According to the 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 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)

21. HBI incorporates paragraphs 1 through 20 as if fully stated herein.

22. Beginning in May 2006, defendants sponsored a forum on the Website concerning HBI under the heading “Cointelpro.”

23. Beginning in November 2007, defendants intentionally posted several false, baseless, and derogatory accusations concerning HBI on the 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;
- g. HBI “leads people more deeply into sleep”; and
- h. HBI promotes “homosexuality and sexual techniques for spiritual mastery.”

24. By posting these statements on an internet forum, defendants have published and communicated false and baseless accusations concerning HBI to third parties, including existing and potential HBI customers.

25. 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.

26. Defendants made these false statements with knowledge of their falsity or with reckless disregard for their truth.

27. 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.

28. Defendants’ defamatory statements are still available on the Website and can be 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)

29. HBI incorporates paragraphs 1 through 28 as if fully stated herein.

30. By posting the false and defamatory statements listed in paragraph 23, defendants intentionally gave publicity to matters concerning HBI that placed HBI in a false light before the public.

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

32. Defendants had knowledge of or acted in reckless disregard as to the falsity of the statements listed in paragraph 23 and of the false light in which HBI would be placed.

33. 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.

34. 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.

35. Defendants' false statements are still available on the Website and can be 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)

36. HBI incorporates paragraphs 1 through 35 as if fully stated herein.

37. HBI has ongoing business relationships with its existing customers, who continually purchase HBI's products and attend HBI's yearly retreats. Defendants were not parties to the business relationships between HBI and its customers.

38. Defendants intentionally interfered with many of these business relationships by communicating the false and defamatory information listed in paragraph 23 to HBI's customers through the Website.

39. Defendants published this false and distressing information in bad faith, and in doing so were 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.

40. 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.

41. 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.

42. 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.

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

44. Defendants' false comments are still available on the Website, can be 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)

45. HBI incorporates paragraphs 1 through 44 as if fully stated herein.

46. 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.

47. HBI also obtains many of its new customers through the recommendations of its existing customers, thereby giving HBI a further prospective economic advantage. Defendants were not parties to the prospective business relationships between HBI and these potential customers.

48. Defendants intentionally interfered with these prospective business relationships by publishing the false and defamatory statements listed in paragraph 23 on the Website.

49. 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.

50. Defendants' 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.

51. Defendants' 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.

52. 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.

53. 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.

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

55. Defendants' false comments are still available on the Website, can be 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; and,

G. That HBI be awarded other and further relief as the Court deems just and appropriate under the circumstances.

DEMAND FOR JURY TRIAL

HBI demands a trial by jury on all issues so triable.

DATED March 13, 2008.

BULLIVANT HOUSER BAILEY PC

/s/ Chad M. Colton

BY

Renée E. Rothauge, OSB #903712
Chad M. Colton, OSB #065774
Telephone: 503.228.6351
Attorneys for Plaintiff Higher Balance

10470798.1