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CLERK OF THE COURT

5 **DISTRICT COURT**
6 **CLARK COUNTY, NEVADA**

7 TED R. BURKE; MICHAEL R and LAURETTA
L. KEHOE; JOHN BERTOLDAO; PAUL
8 BARNARD; EDDY KRAVETZ; JACKIE and
FRED KRAVETZ; STEVEN FRANKS; PAULA
9 MARIA BARNARD; PETER T. and LISA A
FREEMAN; LEON GOLDEN; C.A. MURFF;
10 GERDA FERN BILLBE; BOB and ROBYN
TRESKA; MICHAEL RANDOLF; and
11 FREDERICK WILLIS,

CASE NO.: A558629

DEPT.: XIII

**SECOND AFFIDAVIT OF TALON
STRINGHAM**

12 Plaintiffs,

13 vs.

14 LARRY L. HAHN, individually, and as President
and Treasurer of Kokoweef, Inc. and former
15 President and Treasurer of Explorations
Incorporated of Nevada; HAHN'S WORLD OF
16 SURPLUS, INC., a Nevada corporation; DOES I
- X, inclusive; DOE OFFICERS, DIRECTORS,
17 and PARTICIPANTS I - XX,

18 Defendants,

19 and

20 KOKOWEEF, INC., a Nevada corporation;
EXPLORATIONS INCORPORATED OF
21 NEVADA, a dissolved Nevada corporation;

22 Nominal Defendants.

1 STATE OF UTAH)

2 : ss.

3 County of Salt Lake)

4 I, TALON C. STRINGHAM, being first duly sworn upon oath, depose and state as follows:

5 1. I am over the age of eighteen and am in all respects competent to testify to the facts and
6 conclusions described herein.

7 2. I am employed with and am a shareholder of Sage Forensic Accounting, Inc ("Sage"). Sage is
8 a Utah-based litigation support, forensic accounting, and consulting firm. Sage has been hired by the
9 Plaintiffs to provide forensic accounting services in the above-captioned litigation.

10 3. I am a Certified Public Accountant, a Certified Fraud Examiner with the Association of
11 Certified Fraud Examiners, an Accredited Senior Appraiser with the American Society of Appraisers,
12 Accredited in Business Valuation from the American Institute of Certified Public Accountants, and a
13 Certified Computer Examiner from the International Society of Forensic Computer Examiners.

14 4. A copy of my CV is attached hereto as Exhibit A.

15 5. I have conducted a review of various documents that have been provided to me, a summary
16 inventory of these documents is attached as Exhibit B.

17 6. Although more documents have been provided since my May 15, 2008 affidavit I do not yet
18 have all of the necessary documents to for a comprehensive forensic or investigative accounting of the
19 books and records of both Explorations Incorporated of Nevada ("EIN") and Kokoweef, Inc.
20 ("Kokoweef").

21 7. As of today, the only new information I have received is a copy of the QuickBooks data for
22 EIN and Kokoweef, and supporting binders of bank statements, and mine receipt files for 2003 -2007.
23

1 A copy of the QuickBooks general ledger for EIN can be found in Exhibit D. A copy of the
2 QuickBooks general ledger for Kokoweef can be found in Exhibit E.

3 8. In order to conduct a thorough investigation into the books and records I still need access to
4 and/or copies of the documents, things, and information outlined in the attached Exhibit C for at least
5 the following persons or entities:

- 6 a. EIN
- 7 b. Kokoweef
- 8 c. Hahn's World of Surplus
- 9 d. Larry Hahn

10 9. As a Certified Fraud Examiner and based upon my experience there are certain business
11 environments that are conducive to opportunities for fraud or misrepresentation to occur. In addition,
12 there are certain transactions or accounting records of such transactions that provide an indication that
13 fraud or misrepresentation has occurred, or will occur. In this case, based upon the records and
14 information I have been provided, I consider the following to be an indication of fraud or
15 misrepresentations:

- 16 a. EIN mine receipts (154) totaling \$96,373, are not recorded in the EIN QuickBooks for
17 the period December 2004 and September 2005.
- 18 b. EIN transactions (468) totaling \$221,489, are recorded in the EIN QuickBooks which
19 are not supported by the mine receipts for the period December 2004 and September
20 2005.

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- 1 c. Expenses which appear to be non-business related (personal expenses) were found in
2 EIN's QuickBooks for the period of January 2003 through December 2007 totaling
3 \$56,802.61.
- 4 d. Expenses which appear to be non-business related (personal expenses) were found in
5 Kokoweef's QuickBooks for the period of January 2003 through April 2008 totaling
6 \$41,467.83.
- 7 e. EIN and KOKOWEEF either have not adequately maintained a proper accounting of
8 the stockholder equity accounts, or if they have, adequate information has not been
9 produced to confirm that such a proper accounting has taken place.
- 10 f. EIN found itself in a potentially untenable situation involving violations of securities
11 laws, ultimately resulting in EIN transferring its assets to Kokoweef, a new entity that
12 was formed specifically to cure the securities violations.

13 10. The following paragraphs present my specific findings for the items listed above.

14 11. In Reta L. Van Da Walker's affidavit dated May 16, 2008 (Exhibit F) she states:

15 In 2002, at the request of BURKE, I was retained by EIN to examine stockholder
16 records. At that time, I verified stockholder ledgers against the receipts and made an
accurate listing of all stock issued.

17 I had no contact with anyone in EIN from the time of completion of the stockholder
18 ledgers until 2007.

19 In or about August 2007, I was contacted by Mr. Hahn ("HAHN") and asked if I would
20 be available to do an examination of the records of KOKOWEEF and EIN. I was
informed, and knew, that all of the companies' records were hand written. I was
informed that a decision was made to put all records into QuickBooks.

21 Upon review of the records, I noticed that not all entries were made pursuant to
22 generally accepted accounting principles. In my experience, it is not unusual for small
businesses to make errors in the entries of their books. However, I did not find
23 anything that suggested to me that improper conduct had taken place.

1 I reviewed various records of EIN and Kokoweef, including, but not limited to,
2 canceled checks, deposit slips and receipts. From this review; I made entries into
QuickBooks.

3 12. I sampled a period of mine receipt documentation to test Ms. Van Da Walker's claim. I
4 analyzed the mine receipt documentation for the period January 2005 through August 2006 and
5 compared it to the QuickBooks data for EIN during the period of December 2004 through September
6 2006 as created by Reta L. Van Da Walker. I extended the QuickBooks data period by one month at
7 the beginning and the end as to allow for any transaction timing issues. I found that of the 207 mine
8 receipts, totaling \$113,489, that were provided only 53 receipts, totaling \$17,116, matched a
9 transaction posted in QuickBooks, leaving 154 receipts, totaling \$96,373, which I could not find the
10 corresponding QuickBooks transaction posted in the records of the company. Please refer to Exhibit
11 G.

12 13. I also reviewed and analyzed the above mentioned EIN QuickBooks data and compared it to
13 the mine receipts. I found that of the 502 transactions, totaling \$238,605, posted in EIN's
14 QuickBooks, I have obtained documentation for only 34 receipts, totaling \$17,116, leaving 468
15 transactions, totaling \$221,489, without any supporting documentation. Please refer to Exhibit G.

16 14. Ms. Van Da Walker also states in her affidavit (Exhibit F) the following:

17 Based upon my review of the books and records of EIN and KOKOWEEF, it is my
18 opinion that, although they have been run as a small business, their records are
19 exceptionally clean and complete. Although the records were available, they were not
kept in a manner that I would have liked to have seen.

20 15. Since Ms. Van Da Walker entered the data into QuickBooks, it would stand to reason that she
21 would claim that her work and the records are exceptionally clean and complete. That said, Ms. Van
22 Da Walker never elaborated on what deficiencies she found regarding the manner in which the records
23 were kept.
24

1 16. Because of the missing/extra transactions in EIN QuickBooks it is my opinion that the EIN
2 QuickBooks data provided to me is not an accurate representation of what actually occurred.

3 17. I analyzed the EIN QuickBooks transactions for the period January 2003 through December
4 2007. Based on that review it appears that \$56,802.61 were for personal expenses and were not
5 company related expenses based on the description contained in QuickBooks. Please refer to Exhibi
6 H.

7 18. I analyzed the KOKOWEEF QuickBooks transactions for the period January 2003 through
8 April 2003. Based on that review it appears that \$41,467.83 were for personal expenses and were no
9 company related expenses based on the description contained in QuickBooks. Please refer to Exhibi
10 I.

11 19. To the extent that EIN and/or KOKOWEEF cannot produce documentation that such expense
12 were in fact related to company operations, it is my opinion that the EIN and KOKOWEEF financial
13 records are not accurate by including these amounts as expenses.

14 20. I found additional discrepancies when comparing transactions recorded in KOKOWEEF's
15 QuickBooks for its US Bank Checking account with corresponding US Bank canceled checks. The
16 following discrepancies were found:

- 17 a. Check # 1032: QuickBooks Payee: Greg Haun. Check Payee: Cash.
- 18 b. Check # 1041: QuickBooks Payee: Rebel Oil. Check Payee: Cash.
- 19 c. Check # 1063: QuickBooks Payee: Home Depot. Check Payee: Cash.
- 20 d. Check # 1246: QuickBooks Payee Arco Stations. Check Payee: Cash, Haun's Surplus
21 (Exhibit J).

1 21. After finding transactions as described above it is my opinion that validity of KOKOWEEF's
2 accounting records are inaccurate and could easily contain additional discrepancies.

3 22. According to the Agreement between Kokoweef and Clifford E. and Marjorie L. Keyes dated
4 March 19, 2007 (Exhibit K), was as follows:

5 Plan of Reorganization. On November 10, 2005, the Company entered into an
6 Agreement and Plan of Reorganization ("the Agreement") with EIN. The property
7 rights, licenses, leases, contracts, goodwill, name, and business ("the Assets") of EIN
8 are to be exchanged for shares of the voting common stock of the Company, which is
9 intended to be a Type "C" tax-free exchange under Section 368 of the Internal Revenue
Code. Each shareholder of EIN is receiving one share of the common stock of the
Company for and in lieu of each one share of EIN. The completion of the exchange
and the delivery of certificates of the Company's common stock in complete liquidation
of EIN, the Company will be dissolved.

10 23. To facilitate this reorganization EIN booked a general journal entry on September 1, 2006,
11 which closed out 7 Asset accounts, 5 Liability accounts, 5 Equity accounts. The net effect of this entry
12 is that EIN booked a gain on the transfer of the assets and liabilities of \$2,449,433.47.

13 24. The corresponding Kokoweef general journal entry on September 1, 2006 did not record all the
14 Assets, Liabilities and Equity closed out/removed from EIN. Kokoweef booked the correct amount of
15 all 7 EIN assets, but only booked 3 liabilities, and 1 equity account correctly. The following accounts
16 were not transferred to Kokoweef correctly as shown on Exhibit L.

17 a. EIN closed out the account balance on Loan Payable to – Simhaeuser for \$7,000,
18 Kokoweef did not record this liability, leaving an unallocated balance of \$7,000.00.

19 b. EIN closed out the account balance on N/P Hahn's Surplus for \$32,438.19, but
20 Kokoweef recorded this liability as \$31,911.81, leaving an unallocated balance of
21 \$526.38.

- 1 c. EIN closed out the account balance on Contributed Capital for \$2,476,260.63, but
- 2 Kokoweef recorded Contributed Capital from EIN as \$2,260,199.61, leaving an
- 3 unallocated balance of \$216,061.02.
- 4 d. EIN closed out the account balance on Non-Cash Contributions for \$159,805.91, but
- 5 Kokoweef did not record this Non-Cash Contribution account, leaving an unallocated
- 6 balance of \$159,805.91.
- 7 e. EIN closed out the account balance on Investment Return for \$28,324.80, but
- 8 Kokoweef recorded Investment Return from EIN as \$14,563.80, leaving an unallocated
- 9 balance of \$13,761.00.
- 10 f. EIN closed out the account balance on Gain on Transfer of Assets/Liab for
- 11 \$2,449,433.47, but Kokoweef recorded Exploration and Development cost from EIN as
- 12 \$2,399,412.99, leaving an unallocated balance of \$50,020.48.

13 25. A proper Reorganization of EIN into Kokoweef should have closed out all EIN accounts and
14 posted the same amount on the company records of Kokoweef.

15 26. Furthermore, it is my opinion that the EIN reorganization with Kokoweef was not done
16 properly. Kokowee did not receive all the EIN Assets and Liabilities. Furthermore, EIN was never
17 completely liquidated. I have reviewed records that show EIN held a US bank account until
18 November 2007, please refer to Exhibit M.

19 27. The recording of an asset account for KOKOWEEF for Exploration and Development Costs is
20 also inaccurate, as it allows KOKOWEEF to write off expenses a second time. The situation that lead
21 to recording a gain on EIN's books was essentially that its retained earnings account which was
22 negative as a result of writing off mine exploration expenses over a period of several years. By

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1 recording these amounts as an asset on KOKOWEEF's books, KOKOWEEF could potentially write
2 off expenses that were already expensed. While I have not seen tax returns for either company, if
3 KOKOWEEF writes these amounts off again, it is my opinion this could potentially constitute tax
4 fraud.

5 28. In a letter from Patrick C. Clary he states the following about the Plan of Reorganization
6 (Exhibit N):

7 On November 10, 2005 the Explorations of Kokoweef entered into that certain
8 Agreement and Plan of Reorganization ("the Reorganization Agreement"), whereby,
9 among other things, Explorations Inc. of NV agreed to sell and assign to Kokoweef,
10 and Kokoweef agreed to acquire from Explorations Inc. of NV (except for liabilities to
11 Explorations Inc. of NV's Stockholders) solely in exchange for voting shares of the
12 Kokoweef's common stock. As provided for in the Reorganization Agreement, holders
13 of Explorations Inc. of NV's shares are entitled to exchange one share of common stock
14 of Explorations Inc. of NV for one share of the common stock of Kokoweef. The
15 transactions under the Reorganization Agreement were closed as of August 31, 2006.

16 Accordingly, each stockholder of Explorations Inc. of NV should send his or her stock
17 certificate to Kokoweef at 2908 East lake Mead Boulevard, North Las Vegas Nevada
18 89030, and it will be exchanged for a new Kokoweef stock certificate, which will then
19 be issued and transmitted back.¹

20 29. EIN has not provide me with a list of stockholders, to determine the number of EIN shares
21 outstanding, which need to be replaced by Kokoweef shares. I analyzed the EIN 's Equity as reported
22 in QuickBooks for the period January 2003 through December 2007 as shown on Exhibit O and found
23 the following:

- 24 a. The Capital Stock account detail provides only a beginning balance journal entry. No
shareholder information, such as name, number of shares and/or amounts contributed

¹ Patrick C. Clary October 12, 2006 letter to EIN stockholders.

1 were recorded on the books. This account was subsequently closed out on September
2 1, 2006.

3 b. The Contributed Capital account detail provides the beginning balance general journal
4 entry of \$2,094,286.70 and additional deposits of \$381,973.93 invested between
5 January 2003 and December 2007. No shareholder information, such as name, number
6 of shares and/or amounts contributed were recorded in QuickBooks. This account was
7 subsequently closed out on September 1, 2006.

8 c. The Investment Return account detail lists 27 individuals, whose investments were
9 returned for some reason. It is highly suspicious, (perhaps indicative of favorable
10 treatment towards certain shareholders), that any investments were returned at all.

11 d. The Non-Cash Contribution account provides the beginning balance general journal
12 entry of \$159,805.91. No shareholder information, such as name, number of shares
13 and/or amounts contributed were recorded in QuickBooks. This account was
14 subsequently closed out on September 1, 2006.

15 30. EIN has not provided any documentation indicating they know who their shareholders are or
16 the amount of stock outstanding included in the exchange of EIN Stock for Kokoweef stock.

17 31. Kokoweef has not provided a list of stockholders. To determine the number of shares
18 outstanding I analyzed the KOKOWEEF 's Equity as reported in QuickBooks for the period January
19 2003 through April 2008 as shown on Exhibit P and found the following:

20 a. The Capital stock account detail provides the shareholder's names for most transactions
21 but does not list the number of shares outstanding or purchased during such
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1 transactions. In addition, Kokoweef's management has made a journal entry that
2 transfers the balance of funds contributed by EIN to Kokoweef.

3 b. The Contributed Capital account detail provides the shareholder's names for most
4 transactions but does not list the number of shares outstanding or purchased during such
5 transactions. In addition, Kokoweef's management has made a journal entry that
6 transfers the balance of funds contributed by EIN to Kokoweef.

7 c. The Investment Return account detail lists, 13 individuals whose investments were
8 returned for some reason. It is highly suspicious, (perhaps indicative of favorable
9 treatment towards certain shareholders), that any investments were returned at all. In
10 addition, Kokoweef's management has made a journal entry transfer a portion of the
11 funds contributed to EIN to Kokoweef.

12 32. Because of the missing detail for the EIN stock exchange it appears that Kokoweef does not
13 know who all their shareholders are or the amount of stock outstanding.

14 33. In addition to the lack of information provided regarding the names and number of shares of
15 the individual stockholders of EIN and Kokoweef, the documents provided to date give no indication
16 as to the number of shares outstanding. An investor may have agreed that he/she would receive shares
17 for a given price but such information does not provide an investor with the percentage of the
18 company he/she is acquiring. And such shareholder may not be agreeable to having his/her percentage
19 diluted later.

20 34. The transcript of recorded conversation of September 18, 2007 (Exhibit Q) demonstrates the
21 mindset of the directors under the guidance of Mr. Clay regarding their responsibility to maintain
22 proper stockholder records.

1 Mr. Clary: -- of the securities transactions that weren't conducted lawfully. The statute
2 of limitations has run.

3 The statute of limitations used to be -- just for your own edification -- used to be one year
4 and three years. Meaning, one year from discovery of the violation and three years from
5 the actual sales transaction of the securities.

6 After -- After Enron and -- and -- and (indiscernible), a lot of the -- congress had opted --
7 they extended the statute of limitations to two and five. Two years from discovery, five
8 years from -- from the actual sale.

9 The reason that you have those short statute -- and the Nevada Legislature complied with
10 that and made a similar amendment to the statute of limitations here for securities laws.
11 Most of the states did, I think, so you have two and five now.

12 Well, it -- and for 99-percent of your stuff, the statute of limitations under the old statute
13 had run even under the new statute probably run, so you didn't have to worry about
14 anything that occurred less than five years ago.

15 Mr. Burke: Um-h'm

16 Mr. Clary: And maybe only three years --

17 Mr. Burke: Um-h'm

18 Mr. Clary: -- or, excuse me, two years because it the date of discovery -- it isn't the
19 longer of the two, it's whichever come first.

20 Mr. Burke: Um-h'm

21 Mr. Clary: So is somebody discovered that they sold unregistered securities without
22 compliance with an exemption from the date they discovered it, they had one year to
23 bring a law suit. They hadn't brought it, so it's -- it's gone.

24 But we wanted to clean it up, so I -- I came up with the idea, okay, we'll do this the
reorganization, a tax-free reorganization. No tax debts causing any difficulties. And
we did it. It's been how long now? Maybe a year.²

35. It appears that they are aware of the problems with their records but are hoping that the statute
of limitation will resolve the majority of the potential claims.

² Transcript of recorded conversation of September 18, 2007 page 20

1 36. In addition to this conversation there is other evidence that EIN and Kokoweef may be
2 marketing unregistered securities. In the Summer of 1999 news letter See Exhibit R, EIN includes a
3 “Special Request to all investors” it states:

4 REMEMBER, large or small, any and all money sent to Explorations Inc., goes toward
5 your total stock investments at \$6.00 per share!

6 37. At the bottom of the request it asks the investor to determine which investor status they wish to
7 keep: Inactive or Active (regarding the newsletter). Then it states:

8 Please accept my additional investment of: \$25, \$50, \$100 or Other \$...even a little bit
9 goes a LONG way

10 38. As shown in Exhibit S, Michael W. Randolph states in his affidavit the he purchase 1,000 share
11 of \$6,000 of EIN but has to date never received a stock certificate. His purchase is evidenced by a
12 receipt from Lary Hahn President and Treasurer of EIN.

13 39. In the February 10, 2004 EIN new letter (Exhibit T) it states:

14 For any investors who have reached the stock certificate level, we’ll send out proxies
15 approximately 6 week before the meeting.³

16 40. It is concerning that EIN appears to be marketing unregistered securities to both current
17 investors and individuals that show interest in the legend of Kokoweef. It is even more concerning
18 that there is a certificate level of investment as indicated in the newsletter. As mentioned above, Mr.
19 Clary states in his October 12, 2006 letter to EIN investors they need to turn in their EIN stock
20 certificates so Kokoweef can issue Kokoweef stock certificates. However, the evidence indicates that
21 EIN did not issue some investors a stock certificate and hopes the statute of limitations will protect the
22

23 ³ February 10, 2004 EIN News letter page 3.

1 Defendants from claims made by shareholders which never received documentation of their
2 investment in EIN and as a result were not part of KOKOWEEF when it was reorganized.

3 41. I have also reviewed an alleged receipt from EIN to Mike Randolph (Exhibit S), an Affidavit
4 signed by Michael Randolph (Exhibit S), and bank statements for EIN and Kokoweef (Exhibit S)
5 surrounding allegations of misappropriations of funds that were allegedly paid as consideration for
6 1,000 shares of Kokoweef stock. Based on the documentation I have examined, it appears that the
7 funds were not deposited into KOKOWEEF'S bank account, and/or the promised shares were never
8 issued.

9 42. As shown in Exhibit U, additional accounting issues are found regarding check number 1002
10 issued from KOKOWEEF. Two checks with the same number from the same account is troublesome
11 when reporting expenses. Numbering systems are used in accounting for specific reasons and when
12 checks with duplicate numbers appear this raises additional questions as to the propriety of
13 KOKOWEEF's bookkeeping.

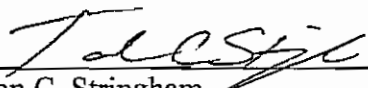
14

15 Further affiant sayeth naught.

16 DATED this 21 day of July, 2008.

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Talon C. Stringham

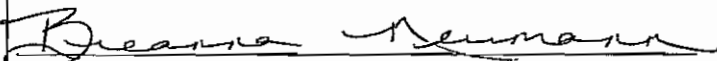
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Subscribed and sworn to before me this 21 day of July, 2008.

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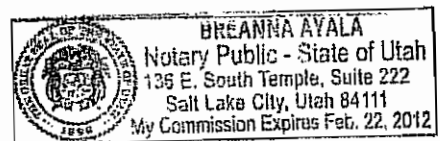
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NOTARY PUBLIC

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