

[REDACTED]  
[REDACTED]  
San Bernardino, CA 92408

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David Semas  
Metalast International, LLC  
2241 Park Place Suite C  
Minden, NV 89423

Dear David,

I continue to be amazed by your courage, business acumen and enthusiasm. Your open and frank discussion of the current state of affairs at Metalast both in the DVD and at the annual meeting are to be applauded. In contrast, on the flight back from Reno to Ontario I had the unfortunate experience of sitting next to Ken [REDACTED]. Ken and I have known each other since the late 90's from United Pacific Securities. Over the years we have encountered one another numerous times at due diligence meetings and industry sponsored events. Generally, he is quite pleasant and we share opinions about sponsors and products, some of which we have in common.

What was so strange this time is that he seemed irrational and obsessed. He does not appear to be anything like the guy I have known over the years. What he told me is very disconcerting. He said, "David Semas is a sociopath". He proceeded over nearly four hours to go from one "hypothesis" to another about how you have committed fraud and embezzled tens of millions of dollars from Metalast. At first his statements, although shocking, seemed to have a degree of credulity. It became increasingly apparent, as he jumped from one story to another, that he is a bit delusional. The more he expounded on his "theories" the more convinced I was that he is not rational. He has convinced himself that everything you said, did or touched is untrue, and designed to cheat or defraud. He will not allow that one single thing may, in fact be as it was represented to be. So, as disturbing as those statements and declarations were, it does not compute.

Among the numerous claims he made are the following:

- 1) You never actually bought the original patent from a Japanese scientist whose name he "revealed".
- 2) You were renting an apartment with two kids and had nothing when you started this Metalast venture. It would be impossible for you to accumulate the wealth you have now (consisting of your \$30 million ranch and "a lot of expensive vehicles") without having stolen it from Metalast investors.
- 3) He claims you paid for your extravagant lifestyle by illegally selling Metalast shares and keeping the money for yourself.
- 4) He says that you bragged about not paying taxes, so you obviously committed "tax evasion" by failing to declare and pay taxes on those sales.

- 5) He says you have nothing more than a high school education, and were proud to be a carpenter when you graduated.
- 6) He says you have never had a securities license, according to his research. You certainly never worked for Shearson and you were not an Exec VP (as you stated at the annual meeting).
- 7) Your Board of Trustees of Metalast International Inc are old friends who are complicit in your ongoing fraud because of your relationship.
- 8) Joe [REDACTED] is a brilliant PhD chemist who has relationships with key customers and solved some very perplexing adhesion problems for Metalast. Without him the customers have lost confidence that Metalast can continue to solve these chemical problems.
- 9) He claims that at least one of the process lines that Metalast thought they had was completed by Joe, because the customer had confidence that he could do it right. Without him Metalast does not have the talent necessary. The customer reported to Metalast that the process line has been put on hold.
- 10) He talked about making call after call to Metalast customers and “market makers” pretending to be somebody else in attempts to catch you in lies. Interestingly he had no facts verified by a third party that any single thing was not true or correct as you represented it to be.

I have come to the conclusion that he is a bit deranged, and you deserve to know the harm that is being done by him. I would guess that Joe [REDACTED] is telling him much of this, and he believes what he is being told. He mentioned an Asian lady who is being fed this information by him and Joe. That confession finally came at the end of my ordeal. At first he said he had not talked to the SEC himself. This Asian woman, who is referred to as his “friend”, he finally said is an SEC investigator.

Sincerely,



[REDACTED]