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# Federal Court Denies Defendants' Motion To Stay Discovery In Alexander, et al v Meiling et al, a Class Action Lawsuit Alleging Conspiracy To Defraud Investors Out Of \$90 Million

Federal Magistrate Judge Valerie P. Cooke Rules Against Dean and Madylon Meiling, Stating They "Failed To A Make Strong Showing Necessary To Support A Stay Of Discovery" In The Action Which Challenges The Legality of Their Acquiring The Assets of Metalast International, LLC.

Apr 26, 2017, 12:22pm EDT

LAS VEGAS, April 26, 2017 /PRNewswire/ -- On February 22, 2017 U.S. District Court Magistrate Judge Valerie P. Cooke issued an order denying the defendants' motion to extend case deadlines and to stay discovery on all matters in the U.S. District Court, District Of Nevada (Reno) pending class action **Case No. 3:16-cv-00572-MMD-VPC, Alexander, et al, v. Meiling, et al**. The order also found another defendant in the case, the court-appointed receiver **James Proctor** was not entitled to quasi-judicial immunity.

Metalast International, LLC (MILLC) was a provider of METALAST® chemical products used for corrosion control, aluminum anodizing and other metal finishing processes. The company was founded by David M. Semas in 1993 when he first put the USPTO registered **METALAST®** trademark into commerce. After more than a decade of R&D and testing



METALAST® branded chemicals were approved and/or specified by hundreds of leading manufacturers worldwide including many Fortune 500 companies and the US Military.

Industry analysts point out that, much like the FDA approval process, metal surface treatment testing can easily take up to ten years before new chemicals are approved and sales generated. As is common with rapidly growing technology start-ups, the costs of keeping pace with the requirements of R&D tasks for an increasing number of prospective customers commonly exceeds revenues. Most start-ups thus require many add-on or successive rounds of capital until the business reaches profitability.

However, in numerous press releases and on their website, *Chemeon Surface Technology*--the renamed MILLC company taken over by the husband and wife team of Dean and Madylon Meiling--has presented what the *Alexander et al* complaint alleges is a false and often defamatory version of events created in order to unlawfully seize control of the soon-to-be-profitable company. The *Alexander et al v. Meiling et al* complaint, filed October 3, 2016, alleges that "to pull off the fraud and seize the assets of MILLC, the defendants pretended to negotiate with Semas, claiming they were considering investing an additional \$3 million, when this was a sham only meant to get Semas to state that he couldn't make payroll". However, in 2016 a federal court order led to the discovery of emails which confirmed the alleged takeover conspiracy was already well underway and also revealed that Dean Meiling actually had no intention of making any further investment.

The *Alexander et al Meiling et al* complaint also alleges that the conspirators omitted significant facts in order to create a tainted and wholly inaccurate picture of Semas. MILLC historical operating records demonstrated that Semas had not taken a salary in four years, had guaranteed \$2 million dollars in loans to MILLC, and had lent another \$2.5 million to the business obtained through loans secured by his personal residence (which he was eventually forced to sell). The Alexander



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Plaintiffs believe that, not only did Semas act as a proper fiduciary, but he demonstrated a level of integrity and selflessness rarely seen by a Manager or CEO in his position.

The \$90 million *Alexander et al* suit seeks class certification and actual and punitive damages for alleged fraud, misrepresentation, unjust enrichment, conversion, professional negligence, conspiracy, bad faith, breach of contract and breach of fiduciary duty.

The plaintiffs are represented by the Las Vegas law firm of *Lee, Hernandez, Landrum & Garofalo*.

To view the original version on PR Newswire, visit:<http://www.prnewswire.com/news-releases/federal-court-denies-defendants-motion-to-stay-discovery-in-alexander-et-al-v-meiling-et-al-a-class-action-lawsuit-alleging-conspiracy-to-defraud-investors-out-of-90-million-300446307.html>

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