Partners. At the time at issue, Defendant Johnson also served on the Board of Directors of Defendant BurnLounge, Inc. As of the date of the filing of this Complaint, Defendant Johnson serves as the Chairman and CEO of BurnLounge, Inc. in addition to serving as the managing partner of Benevolent Capital Partners. All communications by Defendant Johnson with Plaintiff Dewey regarding the securities transaction that forms the basis for this Complaint were directed to Plaintiff Dewey in Florida where Plaintiff resides.

4. Defendant Benevolent Capital Partners is a private equity investment firm founded in January 1998 by Defendant Grant Johnson and maintains offices in Venice, California, New York, New York and Charlottesville, Virginia. At all times relevant and material hereto, Benevolent Capital Partners conducted its business with Plaintiff Dewey through its agent and representative Grant Johnson. Benevolent Capital Partners is vicariously liable for the acts and omissions of its partners, employees and its other agents and representatives, including Johnson, by virtue of the doctrine of respondeat superior and/or actual or apparent authority.

5. Defendant Burnlounge, Inc. is a Delaware corporation, conducts business activities throughout the country, and maintains its principal place of business at 304 Hudson Street, 7th Floor, New York, New York. All communications by Defendant BurnLounge with Plaintiff Dewey regarding the securities transaction that forms the basis for this Complaint were directed to Plaintiff Dewey in Florida where Plaintiff resides.

II. FACTS

6. In or around January 2007, Plaintiff Dewey was introduced to Grant Johnson with Benevolent Capital Partners through a mutual acquaintance Marcus Kanahele.

7. In or around January 2007, Defendants Johnson and Benevolent Capital Partners represented to Plaintiff Dewey that one of the principals and founders of BurnLounge was Christopher Sabec ("Sabec"). Sabec had been known to Plaintiff Dewey through family ties as a very high level music industry official with a long resume of successful ventures in the industry. However, in fact, Sabec was only being employed as a temporary contract worker for BurnLounge and had no ownership of or even a permanent job with BurnLounge. Misrepresenting Sabec's position with BurnLounge fraudulently lent credibility to the management of BurnLounge. Without such credibility, Plaintiff Dewey would have forgone any investment in BurnLounge.

8. In or around January 2007, Defendants Johnson and Benevolent Capital Partners advised Plaintiff Dewey that Defendant BurnLounge was engaged in a Series C Convertible Preferred Stock Offering and that Plaintiff Dewey could participate as an investor if he "act[ed] quickly". Defendants pressured Plaintiff Dewey to quickly invest, emphasizing that "time is of the essence", that the "Series C" round of financing was almost full, and that it would be closed soon. Defendant Johnson further represented to Plaintiff Dewey that he could take money out of the

investment once the round of financing was closed, but once it closed, Plaintiff Dewey would no longer be able to invest monies into the "Series C" round of financing. Defendants further represented to Plaintiff Dewey that the minimum investment was $50,000.

9. As a direct result of Plaintiff Dewey's communications with Defendant Johnson, acting in the capacity of a partner, agent and representative of Benevolent Capital Partners and soliciting purchasers for Defendant BurnLounge, Inc's stock offering, Plaintiff Dewey individually purchased $65,000 worth of preferred stock in BurnLounge's Series C offering in early 2007. Plaintiff Dewey also purchased $25,000 worth of stock for friends and relatives who could not meet the $50,000 minimum. This was paid through a line of credit and was returned by Defendants in or around the end of March 2007. It was at this time –the end of March 2007 -- that Plaintiff Dewey discovered that the Series C round of financing remained open, that Defendants continued to solicit investors to participate in the offering and were offering investors the opportunity to participate below the $50,000 level that was represented as a minimum requirement to Plaintiff Dewey.

10. The BurnLounge, Inc. preferred stock shares that Plaintiff Dewey purchased are securities within the meaning of the Securities Act of 1933, the Securities Exchange Act of 1934 and the Florida Securities and Investors Protection Act.

11. In the course of soliciting Plaintiff Dewey to invest in the BurnLounge, Inc.'s Series C Convertible Preferred Stock Offering, Defendants made material misstatements of fact and omitted material facts necessary to avoid misleading Plaintiff Dewey into investing in BurnLounge, Inc, including the following:

(A) Defendants Johnson, Benevolent Capital Partners and BurnLounge, Inc. represented to Plaintiff Dewey that the Series C Convertible Preferred Stock would be offered and sold without such offer and sale being registered under the Securities Act in reliance on the exemption provided in Section 4(2) of the Securities Act and Regulation D promulgated thereunder. However, Defendants failed to undertake necessary actions to ensure that the Offering qualified for a Section 4(2) exemption. For example, Defendants failed to ensure that Plaintiff Dewey had enough knowledge and experience in finance and business matters to evaluate the risks and merits of the investment or was a sophisticated investor or was able to bear the investment's economic risk nor did Defendants obtain any agreement from Plaintiff Dewey that he would not resell or distribute the securities to the public. Had Plaintiff Dewey known that the Defendants failed to undertake the necessary efforts to ensure that the offering qualified for an exemption from registration

under Section 4(2) of the Securities Act and Regulation D, Plaintiff Dewey would not have participated as an investor in the Offering.

(B) Defendants failed to disclose to Plaintiff Dewey that the profitability of BurnLounge Inc.'s business was based more on the sale of on-line music stores rather than on the retail sale of digital downloads themselves. Had Defendants disclosed this material fact, Plaintiff Dewey would not have participated as an investor in the Offering.

(C) Defendants failed to disclose to Plaintiff Dewey that BurnLounge, Inc. was operating what amounts to an illegal pyramid scheme and utilizing deceptive earnings claims to promote the sale of on-line stores. Plaintiff Dewey did not discover this material fact until sometime after June 2007 when the Federal Trade Commission filed a Complaint against BurnLounge, Inc. in the U.S. District Court for the Central District of California, seeking a halt to BurnLounge, Inc's illegal pyramid practices and other illegal practices. Had Plaintiff Dewey known this material information, Plaintiff Dewey never would have invested in BurnLounge Inc.'s Series C Convertible Preferred Stock Offering.

(D) Defendants Johnson and Benevolent Capital Partners falsely represented to Plaintiff Dewey that BurnLounge, Inc.

intended to expand into the Brazilian market. This served as a material basis for Plaintiff Dewey deciding to participate as an investor in the offering; however, to date, Plaintiff Dewey is not aware of any efforts undertaken by Defendant BurnLounge, Inc. to expand into the Brazilian market.

(E) Defendants Johnson and Benevolent Capital Partners also falsely represented to Plaintiff Dewey that if he invested in the Series C offering, an opportunity would be available to him to sell his shares in mid 2007. Grant Johnson indicated that a group of investors in Texas were offering to buy the entire D series of financing in May 2007 and that they wanted to purchase as many of the Series A, B and C shares that they could get. Defendant Johnson and Benevolent Capital Partners also advised Plaintiff Dewey that other shareholders, officer and directors of BurnLounge would buy back shares anytime anyone needed to sell them, thus providing liquidity.

(F) In making the decision to participate in the offering, Plaintiff Dewey relied heavily on Defendant Johnson's statement that he would have an opportunity to liquidate all or part of his investment in mid 2007; however, this opportunity was not made available to Plaintiff Dewey. In fact, in June 2007, Plaintiff Dewey advised Defendant Johnson that he wished to

sell at least $35,000 - $40,000 of his $65,000 investment in BurnLounge and was advised by Defendant Johnson that his investment was not "liquid" and that Plaintiff Dewey's request was "unrealistic".

12. Plaintiff Dewey invested in BurnLounge's Series C Convertible Preferred Stock Offering in reliance upon the representations of material facts by Defendants. Plaintiff Dewey did not know or have reason to know of the misrepresentations and omissions of material facts by Defendants until sometime after the end of March 2007.

13. Defendants Johnson, Benevolent Capital Partners and BurnLounge, Inc. acted as sellers of the BurnLounge, Inc. preferred stock to Plaintiff Dewey within the meaning of the Securities Act of 1933, the Securities Exchange Act of 1934 and the Florida Securities and Investors Protection Act.

14. On or about November 19, 2007, Plaintiff Dewey requested from Defendants rescission of the transaction at issue. As of the date of the filing of this Complaint, Plaintiff Dewey continues to own the BurnLounge, Inc. stock at issue and Defendants have failed to respond to Plaintiff's rescission request.

III. CAUSES OF ACTION

COUNT I – VIOLATION OF SECTION 12 of the SECURITIES ACT of 1933

15. Plaintiff adopts and incorporates by this reference the allegations of Paragraphs 1-14 above.