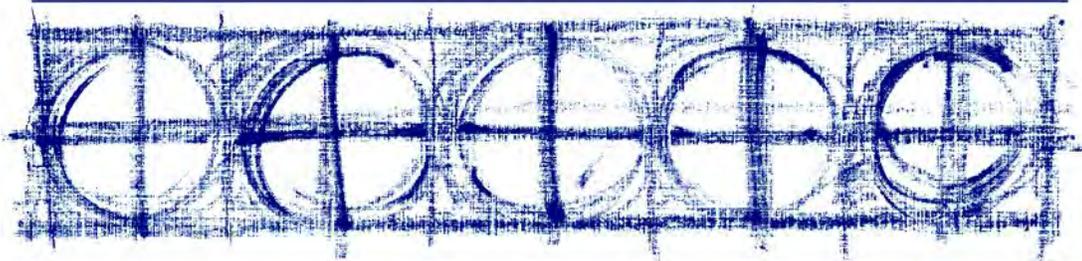


2016

# Case Materials

Idaho High School Mock Trial Competition

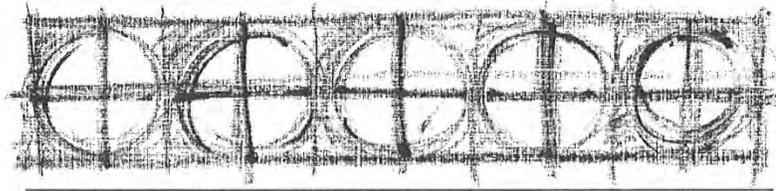
IDAHO LAW FOUNDATION



*Helping the profession serve the public*



# IDAHO LAW FOUNDATION



*Helping the profession serve the public*

20 November, 2015

Dear Mock Trial Teams & Coaches:

Welcome to the *2016 Idaho High School Mock Trial* season! All of us at the Idaho Law Foundation look forward to working with you throughout the mock trial season.

The Mock Trial Committee is excited to provide you the opportunity to try this civil case that includes an allegation of securities fraud. Our hope is that this case will give you the chance to grapple with some interesting legal issues while getting to know some interesting characters.

The materials included here were developed by the 2016 Idaho Mock Trial Committee including Rob Adelson, Brenda Bauges, Chris Christenson, Greg Dickison, and Lori Fleming. The materials were reviewed by Ritchie Eppink, Mike Fica, Kyme Graziano, Lisa Nordstrom, Joan Thompson, and Cindy Wilson. Thank you to everyone for their hard work, dedication, and invaluable assistance. You made both the process and the case very meaningful.

Mock trial could not operate without the generous contributions of our donors and volunteers. The Law Foundation would like to thank the many individuals and organizations who provide ongoing support for mock trial.

As you participate in the mock trial season, please remember the over 100 people, including Law Foundation staff and volunteers, make this competition possible. Teacher sponsors and attorney coaches will likely spend countless hours helping prepare teams for competition. You will also meet judges, coordinators, and staff members who gladly give their time to support the mock trial program. Make sure you thank all these people for their commitment to making the mock trial program a wonderful experience for you.

Please feel free to contact me at (208) 334-4500 or [cshoufler@isb.idaho.gov](mailto:cshoufler@isb.idaho.gov) with any questions or concerns at any time throughout the season. Best of luck to you and your team as you prepare for the 2016 mock trial season.

Cheers!

Carey A. Shoufler  
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## Case Background

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In the fall of 2013, then high school sophomore, Morgan Lee, began developing an app with the stated purpose to serve as a study aid for students. The app, named Teacher's Pet, was developed as part of a computer science class taught by Stevie Reyes at Tablerock High School in Boise, Idaho, where Morgan is a student.

After the class ended, Morgan continued to develop the app and began offering a small version of it for use by other students at Morgan's high school. By Morgan's senior year, City of Trees Investment Managers decided to invest money in the Teacher's Pet app to help bring it to market.

As the app was in the final stages of development, preparing for its big launch on iTunes, rumors began to swirl that the app was being used to help students cheat. Because of these rumors, the iTunes App Store pulled Teacher's Pet from its site. With the app off the market, City of Trees lost money on their investment and is suing Morgan Lee for securities fraud.

## Disclaimer

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This is a work of fiction. The names, characters, businesses, organizations, places, events, and incidents herein are the product of the authors' very vivid imaginations.

## Version Changes & Clarifications

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1. Version 1.0, dated 20 November, 2015 does not include any changes.
2. Version 2.0, dated 1 January, 2016 includes the following updates and clarifications:
  - a. An Answer has been included to go with the Complaint.
  - b. The following questions and answers are addressed below:
    - i. **Q: To avoid extrapolation issues at trial, could you supply context for Exhibit 3? Which witnesses have personal knowledge of this exhibit, and how are they aware of it? Who prepared it, and when?**  
*A: Exhibit 3 was created by Morgan Lee.*
    - ii. **Q: To avoid extrapolation issues at trial, could you clarify whether or not Taylor Hawkins has personal knowledge of Exhibit 4?**  
*A: Taylor Hawkins references the due diligence investigation in his/her witness statement. A stipulation has been added indicating that Taylor Hawkins received Exhibit 4 as part of that investigation.*
    - iii. **Q: Regarding Exhibit 2: Does Teacher's Pet, LLC exist as a legal entity in the State of Idaho? And if so, can you clarify this entity's legal relationship to the Teacher's Pet app and to the parties in this case?**  
*A: For purposes of this mock trial, Teachers' Pet, LLC is a legal entity in Idaho. The legal relationship between Teacher's Pet, LLC, the app, and the parties is not relevant to any issues in this case. No claims or defenses may be made based on the existence of the LLC, but Exhibit 2 may be used for other relevant purposes.*
    - iv. **Q: Does the Plaintiff need to prove that the Defendant's action (or lack of action) was a cause of harm suffered by the Plaintiff?**  
*A: Jury Instruction No. 4 has been updated.*
    - v. **Q: In which of the following did City of Trees and Robyn Newman invest: the Teacher's Pet app (a product) or Teacher's Pet LLC (a business)? Or did they purchase proprietary rights to a patent or copyright upon which the app is based?**  
*A: See Jury Instruction No. 4. The mechanism of the investment is not relevant to this case.*
3. Version 2.5, dated February 8, 2016 answers the following questions:
  - a. **Q: Should Exhibit 1 include a date?**  
*A: Exhibit 1 has been updated to add a date.*
  - b. **Q: Would you reconsider your answer to the previous question concerning Exhibit 3? Would you consider adding information to either Hawkins' or Lee's statement indicating that Lee showed Exhibit 3 to Taylor Hawkins in one of their meetings or having them contradict each other?**  
*A: The case materials are correct as written. No further clarification will be provided.*

## Stipulations

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1. This action has been separated into two trials. The only issue that need to be proven in this trial is securities fraud. The issue of damages will be addressed in a subsequent trial, if necessary.
2. While all exhibits included in the case materials are authentic and accurate representations and the proper chain of custody with regard to the exhibits has been maintained, teams must still use the proper procedures for admitting exhibits into evidence.
3. The signatures and signature representations (items marked with /s/) on the witness statements and all other documents are authentic. No challenges based on the authenticity of witness signed documents will be entertained.
4. The dates of witness statements are not relevant and therefore not included. No challenges based on the dates of the witness statements will be entertained. All statements were taken after the alleged incident but before trial.
5. The jurisdiction and venue for this mock trial case have been previously established and are proper.
6. All parties have agreed to the jury instructions.
7. All of the witnesses can be portrayed by students of either gender. Any instances where a witness is only referred to as on him or her or only he or she is inadvertent.
8. Trial time will not permit the use of all the exhibits provided in the following materials. Each party must select and use only those exhibits that best support and illustrate that party's theory of the case.
9. No objection or defense may be made based on Morgan Lee's age.
10. Taylor Hawkins received the letter referred to in these case materials as Exhibit 4.

# Complaint

---

Adelson, Bauges, Dickison, Fleming & Shoufler, P.A.  
Attorneys for Plaintiff  
By: Jem Trotter, Attorney at Law  
1983 Idaho Street  
Boise, ID 83702  
ISB No. 013087

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF  
THE STATE OF IDAHO AND FOR THE COUNTY OF ADA

|                                    |   |                             |
|------------------------------------|---|-----------------------------|
| CITY OF TREES INVESTMENT MANGAERS, | ) |                             |
|                                    | ) | Case No. IDMT2016           |
| Plaintiff                          | ) |                             |
| vs.                                | ) |                             |
|                                    | ) | <b>COMPLAINT AND DEMAND</b> |
|                                    | ) | <b>FOR JURY TRIAL</b>       |
| MORGAN LEE                         | ) |                             |
|                                    | ) |                             |
| Defendant                          | ) |                             |

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Plaintiff, City of Trees Investment Managers, by and through its attorneys, files this Complaint against Defendant, Morgan Lee, by complaining and alleging as follows:

**JURISDICTION AND VENUE**

- 1) Plaintiff, City of Trees Investment Managers, is a for-profit investment company, whose principal place of business is located in Boise, Idaho.
- 2) Defendant, Morgan Lee, is a resident of Boise, Idaho.
- 3) The parties are subject to the jurisdiction of Idaho state courts under Idaho Code § 5-514(a).
- 4) The Idaho State District Court for the Fourth Judicial District of Ada County has original jurisdiction over this matter under Idaho Code § 1-705 and venue is appropriate within Ada County under Idaho Code § 5-404.

## **GENERAL ALLEGATIONS**

### **Plaintiff – City of Trees**

- 5) City of Trees Investment Managers (hereinafter “Plaintiff” or “City of Trees”) is one of the largest investment companies in the state of Idaho. Its primary business is building and managing investment portfolios, across a broad range of asset types, depending on the needs and objectives of its clients.
- 6) In exchange for a fee, City of Trees makes diversified investment decisions on behalf of its clients who, in turn, share in the profits and losses resulting from those investment decisions.
- 7) City of Trees owes its clients a fiduciary duty to make sound financial investments. To that end, City of Trees makes every effort to diligently research potential investments, and to assess the relative risks and benefits of investment opportunities, before investing in any security, commodity, or other type of asset.
- 8) Because City of Trees invests in only those assets it deems an acceptable risk, its clients generally enjoy a steady rate of return on their investments, and City of Trees, in turn, enjoys a reputation in the community as a successful and dependable investment firm.

### **Defendant – Morgan Lee**

- 9) Morgan Lee (hereinafter “Defendant” or “Lee”) is an individual who is approximately eighteen (18) years of age.
- 10) Lee is currently a senior at Tablerock High School in Boise, Idaho. Lee’s anticipated date of graduation is May 2016.
- 11) When Lee was a sophomore at Tablerock High School, s/he enrolled in a computer programming class taught by Stevie Reyes. As part of that class, Lee developed an application for mobile devices (“mobile app” or “app”) called “Teacher’s Pet.” Lee later marketed “Teacher’s Pet” as a study-aid app, the purpose of which was to allow teachers to set up class discussion boards and post assignments, and to allow students to participate in class discussions and turn in completed work.

12) Lee's "Teacher's Pet" app was wildly popular at Tablerock High School. In January 2015, approximately one year after s/he developed it, Lee began selling the "Teacher's Pet" app on iTunes.

### **The Investment Contract**

13) Plaintiff incorporates and re-alleges the allegations contained in paragraphs 1 through 12.

14) Taylor Hawkins ("Hawkins") is a certified investment manager and the managing partner of City of Trees.

15) In June 2015, Hawkins learned about Lee's "Teacher's Pet" app and the fact that it was successfully being marketed on iTunes. Hawkins considered the app a potential investment opportunity but neither s/he nor any other City of Trees employee pursued the opportunity at that time.

16) In September 2015, Lee contacted Hawkins at City of Trees and asked her/him to consider investing in the "Teacher's Pet" app. Hawkins permitted Lee to make a presentation, during which Lee represented that "Teacher's Pet" was a study-aid app, designed solely to allow teachers and students to interface in a secure, virtual classroom.

17) After Lee presented the "Teacher's Pet" app, Hawkins and other employees at City of Trees made diligent efforts to investigate the function and utility of the app and to assess potential risks and benefits of investing clients' money in it. As part of these efforts, Hawkins had multiple conversations with Lee and his/her mentor, Stevie Reyes. During these conversations, Lee repeatedly made assurances that "Teacher's Pet" was a secure study-aid app, the utility of which would transcend high school classrooms and reach into graduate and post-graduate programs.

18) Based on Lee's representations and its own independent investigation, City of Trees determined the potential benefits of investing in Lee's "Teacher's Pet" app outweighed the potential risks.

19) On or about October 5, 2015, City of Trees contracted with Lee to invest (i.e., buy a security) in the "Teacher's Pet" app. Pursuant to the contract, City of Trees

invested over \$100,000.00 of its clients' money in the "Teacher's Pet" app; in return, City of Trees and its clients were to receive seventy percent (70%) of the profits derived from the success of the app.

**The Misrepresentation and/or Omission**

- 20) Plaintiff incorporates and re-alleges the allegations contained in paragraphs 1 through 19.
- 21) Within weeks of investing its clients' money in the "Teacher's Pet" app, City of Trees learned the app was not what Lee purported it to be. Instead of being a secure study-aid app, "Teacher's Pet" actually had a feature – an "AutoGrade" button –that allowed students to cheat.
- 22) In persuading City of Trees to invest in the "Teacher's Pet" app, Lee explained that the "AutoGrade" button was a feature that allowed teachers to correct tests and quizzes instantly with a push of the button, and s/he represented that the feature only appeared on the teacher's version of the app. In actuality, the feature was hidden in the version of the app designed for student use, and it enabled students, with a push of that same button, to auto-fill the correct answers to any tests or quizzes that were open in the app.
- 23) When word spread that "Teacher's Pet" was not a true study-aid app but, instead, an app that enabled students to cheat, iTunes pulled the app from its online store and there was no longer any market for it. As a result, City of Trees lost the money it invested in the "Teacher's Pet" app on behalf of its clients, and its clients lost trust in City of Trees.

**COUNT I – SECURITIES FRAUD**

- 24) Plaintiff incorporates and re-alleges the allegations contained in paragraphs 1 through 23.
- 25) On or about October 5, 2015, Defendant entered into an investment contract with City of Trees, whereby City of Trees invested (i.e., bought a security in) Lee's "Teacher's Pet" app with the expectation that City of Trees and its clients would receive a share of the profits derived from the sale of the app.

- 26) In selling City of Trees a security in the Teacher's Pet app, Lee made an untrue statement of material fact or omitted to state a material fact that was necessary, under the circumstances to make the statement not misleading, to wit: Lee explained that the "AutoGrade" button on the "Teacher's Pet" app was a feature that allowed teachers to correct tests and quizzes instantly with a push of the button, and s/he represented the feature only appeared on the teacher's version of the app. In actuality, the feature also appeared in the version of the app designed for student use, and it enabled students, with a push of a button in the help menu, to auto-fill the correct answers to any tests or quizzes that were open in the app.
- 27) Had Lee not made the untrue statement or omission, City of Trees would not have made the decision to invest in the "Teacher's Pet" app.
- 28) City of Trees was unaware, and in the exercise of reasonable care could not have been aware, of the untruth or omission regarding the existence and true purpose of the "AutoGrade" feature of the "Teacher's Pet" app.
- 29) As the developer of the app, Lee knew, or in the exercise of reasonable care should have known, of the untruth or omission regarding the existence and true purpose of the "AutoGrade" feature of the "Teacher's Pet" app.
- 30) As a direct result of Lee's fraudulent representations or omissions, City of Trees has been damaged in an amount to be proven at trial.

### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiff City of Trees Investment Managers requests and prays that judgment be entered against Defendant Morgan Lee as follows:

- A) That City of Trees be awarded compensation for all damages caused by Defendant's fraudulent conduct;
- B) That City of Trees be awarded attorney fees and costs;
- C) That City of Trees be awarded post-judgment interest on the amount of judgment;
- D) That City of Trees be awarded attorney fees and costs incurred in attempting to collect on the judgment, if any; and

E) That City of Trees be awarded such other and further relief as the Court deems just and equitable under the circumstances.

DATED this 6<sup>th</sup> day of January, 2016.

  
\_\_\_\_\_

JEM TROTTER

Adelson, Bauges, Dickison,  
Fleming & Shoufler



Defendant ADMITS the allegations in paragraph 19.

Defendant DENIES the allegations in paragraphs 21-23.

Defendant ADMITS the allegations in paragraph 25.

Defendant DENIES the allegations in paragraphs 26-30.

DATED this 8<sup>th</sup> day of January, 2016

A handwritten signature in cursive script that reads "Micah Thompsen". The signature is written in black ink and is positioned above a horizontal line.

By: Micah Thompsen

For Bendini, Lambert & Locke

Attorneys for Defendant, Morgan Lee

# Witness Statements

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## Plaintiff Witness Statements

### *Taylor Hawkins: Partner, City of Trees Investment Managers*

1        My name is Taylor Hawkins. I am a 45-year-old partner in an investment  
2 company here in Boise, Idaho. My investment company is called City of Trees  
3 Investment Managers. We started out small, but have grown into one of the largest  
4 investment companies in Idaho. The way my company works is simple. Our clients  
5 are just your average Joes who want to invest their money and watch it grow into a  
6 nice nest egg for when they retire. But they do not have the time, or maybe the  
7 inclination, to educate themselves about the market or what may or may not be a  
8 good investment. That's where my company comes in.

9        We pool everyone's money and make diversified investment decisions on their  
10 behalf. Our clients share equally in the profits and losses. We are very good at what  
11 we do and our clients see a steady rate of return. Though privacy and business  
12 considerations prevent me from going into too much detail, our investment portfolio  
13 is quiet large. We are very well known in Boise as successful and dependable  
14 investors.

15        That is why it is no surprise that anytime we turn our attention to a new  
16 investment opportunity, people take notice. Like I said, we diversify; our portfolio  
17 consists of both stable steady investments, companies that have been around forever  
18 and will continue to make dependable—if smaller—returns into the foreseeable  
19 future, and a few higher risk—but higher reward—investments, like start-up  
20 companies. Often times we are approached by entrepreneurs who want us to give  
21 them seed money for this or that idea. We rarely ever do that, it is just too risky. So  
22 you know that when we do take someone up on that, it is an excellent opportunity;  
23 something you just cannot pass up. We do our due diligence, we are the best at what  
24 we do, so clearly if we invested in something it was airtight based on what we were  
25 told. It is not our fault if people lie to us.

26        That takes us to why we are here right? I wish we had never heard about  
27 Morgan Lee's study aid app. It was one of the most popular start-up apps we have  
28 seen in a long time. That's really the only reason I took Morgan's call. Actually, it

29 was probably the fifth or sixth call that I took. Morgan was very persistent. When I  
30 saw how successful Teacher’s Pet was I let Morgan make a presentation. Morgan’s  
31 first one was not very good, honestly, but s/he showed a willingness to learn. Morgan  
32 has a quick mind and is good at picking up the subtleties and nuances of business. I  
33 never saw him/her miss a detail once s/he knew its importance. That’s one reason I  
34 find it so hard to believe Morgan when s/he said the ninja was a mistake, or that  
35 s/he forgot about it.

36 We thought Teacher’s Pet could really take off. Depending on the details, this  
37 could have been the replacement for traditional SAT/ACT study aids in future  
38 applications. In fact, the ease and understandability of this app and the way it  
39 conveyed the information had so many applications into the future. We saw not just  
40 the SAT/ACT study aid market, but on into the MCAT and LSAT study-aid arenas  
41 as well. We honestly saw a Facebook-esque train coming our way and we wanted to  
42 be on board when it hit full steam. And like I said when we take an interest in an  
43 investment opportunity, we do our due diligence to protect our investors.

44 Remember, we are dealing with a high school student here, we were going to  
45 make sure every “t” was crossed and every “i” was dotted before we actually  
46 committed to investing. To that end, we had multiple conversations with Lee, and  
47 his/her teacher Stevie Reyes. They explained to us the way the app worked, they  
48 pitched us their marketing plan, they provided us with details on how they would  
49 use investor money; all the general information we require before making an  
50 investment was provided in these conversations.

51 Morgan explained to me that there were two versions of Teacher's Pet – a  
52 student version and a staff version. The staff version added functions to allow  
53 teachers to upload assignments, tests, and quizzes, and to upload the answers to  
54 work with the AutoGrade feature. Morgan assured me that the two apps could only  
55 share certain information, and that the staff version was completely secure. Morgan  
56 emphasized there was no way for the student version to access the information  
57 uploaded by teachers. Of course, I wanted to be very clear about that. An app that  
58 let students peek at the answers would be totally unmarketable to schools.

59 We are conscientious investors and owe a fiduciary duty to our clients to make  
60 sure we are handling their money wisely. Everything seemed to be favorable; while  
61 this was a “startup” situation where a higher degree of risk is expected, we saw only

62 the appropriate amount of risk for an opportunity like this. Unfortunately, the  
63 reason why we saw that was because Lee was adept at hiding the true purpose of  
64 the app from us. S/he presented his app as a study-aid app, and from everything  
65 Morgan showed us that's exactly what it was. In fact, Morgan was secretly  
66 developing an internal program called a ninja that allowed the user to cheat.  
67 Whatever study-aid interface it was working with, the local high school, the specific  
68 classroom, whatever outside source was supplying the information that made the  
69 study-aid so effective, the app was not just taking the information from that host but  
70 was hacking into that host's mainframe.

71 Think about it: if the questions on the upcoming test were being saved in files on  
72 that host's system, now the app had those and it disseminated that information to  
73 its users through the AutoGrade function that was only supposed to be available to  
74 teachers. And this true purpose of the app was concealed from us.

75 Yes, I've heard Angel Venture Capital's claim that our due diligence was not  
76 sufficient. I have two words for you: Sour. Grapes. Let me fill you in on the  
77 background. Lee was pursuing both Angel Venture Capital and City of Trees as  
78 his/her ground-floor start-up investor. Obviously, we accepted Lee's proposal and  
79 AVC lost out. I think Angel Venture Capital still invested, but they were not the  
80 main investor with all the rights that go along with that position. Angel Venture  
81 Capital is haphazard with their investment money because their portfolio is so large  
82 they can cover individual poor decisions up due to overall portfolio growth. As a  
83 company that isn't just investing their own money, we don't play those games and  
84 never will no matter how large our portfolio gets in the future.

85 We make sure every investment is sound. Angel Venture Capital's suggestion  
86 that this was a normal amount of risk and that it wasn't Morgan's fault our  
87 investment went bad; well, like I said, you have to consider the source. It is clear  
88 that AVC sees us as a legitimate threat to their profits and is using this as an  
89 opportunity to take out the competition. Of course they want to discredit us and cast  
90 us as some inexperienced investment firm that clients cannot trust because we don't  
91 know what we are doing. It makes them look better. Believe me, there is  
92 something in it for them when they testify against us.

93 And isn't it interesting that Lee chose our company to invest with; clearly an  
94 indication that s/he felt our judgment on these issues was sounder than Angel

95 Venture Capital. But now that Morgan needs someone to be in his/her corner s/he  
96 calls the “runner up” as a witness? We can’t be accused of failing to exercise due  
97 diligence to find something that Lee was so expertly hiding from us. Point blank,  
98 Lee lied to us about the intention of the app and we relied on that in making our  
99 decision to invest.

100 And invest we did. We invested our clients’ money in this scheme thinking it  
101 was a sound investment with the normal amount of risk for a start-up that was  
102 outweighed by its great potential. Our clients lost a lot of money, our business lost a  
103 lot of money. And worse, our business lost the trust of our clients and future clients.  
104 Many of our clients understood and are still faithful to us, allowing us to correct this  
105 over time. But some of our clients took their business elsewhere. Yes, this has  
106 significantly hurt our company and our reputation. Not that we could have known.

107 How did we find out? I got a call from Adrian Ward, who we’ve worked with on  
108 occasion; really good person. Anyway, Adrian told me a kid from Lee’s school told  
109 Adrian about the ninja and the real purpose of the application. There was some  
110 kind of message board where Lee had been boasting about what s/he was going to  
111 get away with. Anyway, the kid, I think his/her name is Blake, knew for a long time  
112 but never said anything apparently. Blake’s parents had invested in this  
113 application. I think Blake came clean to his/her parents; they in turn got in contact  
114 with the other investors. But apparently Blake was also talking about it at school.  
115 You know how kids are. It became a topic of the rumor mill, everyone using social  
116 media to trade stories, one thing led to another.

117 I confronted Morgan about the ninja. I told Morgan that my company could not  
118 invest with anyone who might do something unethical. Morgan fell all over  
119 him/herself apologizing, and swore it was just a bug. S/he promised to remove the  
120 ninja code and submit an update to the app store right away. I was ready to pull the  
121 plug right then, but we’d already invested a significant amount and I was worried  
122 that pulling out might signal the market that we had no confidence and then we’d  
123 lose everything. I decided to give Morgan one chance to make it right. I mean, I  
124 guess apps can be buggy, after all. Even though Morgan acted sorry, it still took a  
125 couple of weeks to get the updated version released. By then, it was too late. iTunes  
126 pulled the application, which is what ultimately tanked the endeavor and lost our  
127 clients their money; their nest eggs.

128 And now, Lee is trying to pretend like s/he had no idea the app had this  
129 capability. Morgan is just trying to escape responsibility. I mean, if Morgan is the  
130 technological wunderkind everyone is claiming s/he is, how could s/he not know  
131 about this ninja? Adrian Ward is an expert in this area and s/he will tell you that  
132 there is no way Lee didn't know this was part of the app.

133 In fact, Adrian can tell you that Lee was the one who put it there. Yes, Adrian  
134 has worked for us in the past. So what? That doesn't affect his/her knowledge in  
135 this area? I didn't hire Adrian to do the initial due diligence because, frankly, s/he's  
136 very expensive and a little temperamental. I did bring Adrian on after s/he found the  
137 ninja, but by then Lee had already ripped me off.

138 Lee and his/her attorneys are just trying to smear a good person's name and  
139 reputation by stooping to the suggestion that Adrian's opinion would be affected by  
140 his/her relationship to City of Trees. Would I go as far as to say Adrian and I are  
141 friends? Well I like Adrian; we have gone to working lunches on occasion in the  
142 past. So, sure, maybe work friends? But you know what? Who cares? That is a  
143 total side-line to the real issue here. Let's stop getting off track. Lee is the person in  
144 the wrong here, let's keep our focus where it should be, shall we?

145 I've worked my way up through the sales ranks from selling insurance to this,  
146 and the last thing I want is a bad reputation. We've never had these kinds of issues  
147 before, and now we have to put up with an Idaho Securities Commission  
148 investigation because we were dumb enough to trust a high school kid. Our clients  
149 didn't deserve to have their retirements put at risk because of this irresponsible  
150 child that unfortunately can put on a really good show when s/he needs to.

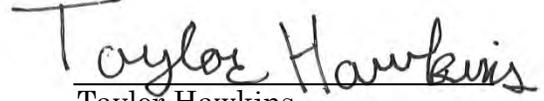
151 Morgan told us this application was for the purpose of helping his/her fellow  
152 students study, and increasing the learning opportunities for many. It had a great  
153 future for doing so. But Morgan had to ruin it, and his/her future, just to play  
154 games and cheat. I hope Morgan learns his/her lesson that cheating in life will not  
155 lead to good results. In fact, that is the main reason we are bringing this lawsuit. I  
156 don't just HOPE Morgan learns his/her lesson. We will do everything we CAN to  
157 ensure that s/he learns his/her lesson. That is what this lawsuit is about. It is just  
158 tragic that Morgan's dishonesty made other people have to pay for this lesson as  
159 well, and Morgan needs to compensate those people.

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**WITNESS ADDENDUM**

I have reviewed this statement, and I have nothing of significance to add at this time. The material facts are true and correct.

Signed,

  
Taylor Hawkins

## *Blake Turner: App Developer & Friend of Morgan Lee*

1 My name is Blake Turner. I guess you could say I'm right in the middle of this  
2 Teacher's Pet app mess. I've been friends with Morgan Lee – we all call him/her Morgs –  
3 since kindergarten and I hate that I had to cause trouble for him/her. I still consider  
4 Morgan to be a friend, but I can understand why s/he might have some resentment  
5 towards me. But I was just caught between a rock and a hard place. I really want to go  
6 out of state for college, so my family couldn't just eat the loss of my college fund. But  
7 with my grades and financial situation, I'll be lucky to go to a community college at this  
8 point.

9 It may come as a surprise to City of Trees Investment Managers and iTunes, but  
10 Morgs started this app as a class project. S/he didn't have any bad intent – it's not like  
11 s/he wears a Guy Fawkes mask and rolls with Anonymous – Morgan was just messing  
12 around with coding. S/he's really good at coding; not a prodigy or anything but out of  
13 our posse, far and away the best. Coding is like a language, and Morgan writes novels  
14 and poetry while the rest of us are still stuck on the five paragraph essay.

15 Teacher's Pet started out as an app that allowed teachers and students to  
16 communicate with each other through closed chatrooms that teachers set up. The idea  
17 was to provide a forum for class discussions and a place for teachers to post  
18 assignments. Eventually, though, we started to use it so teachers could post and  
19 students could take multiple choice tests. When a student took a test in first period he'd  
20 keep track of the answers and then enter them into the app. Other students who then  
21 had the same test later in the day could access the answers and memorize them. From  
22 then on it just developed organically into slightly more sophisticated cheating.

23 We set up the app so teachers could create tests and kids could take them right in  
24 Teacher's Pet. We had a teacher's version and a student version of the app, so that  
25 teachers could think they were in control. We created a feature called AutoGrade that  
26 the teachers could use to grade quizzes and tests instantly just by pushing a button. The  
27 app would compare the student's answers with the answers on the server, and  
28 automatically enter a grade.

29 Well, the hidden feature – we called it the ninja – gave students a similar button on  
30 their version of the app. You had to pull down a menu to see it, and unless you knew  
31 about it you wouldn't think to look for it. If you pushed the AutoGrade button on the

32 student version, the app would access the server and fill in the test with all the right  
33 answers. We didn't tell everyone about it, just some of our posse.

34 That didn't last long, though. As soon as Taylor Hawkins found out about it Morgs  
35 got keel-hauled. Morgs was really afraid Taylor would pull the funding – we all were,  
36 for that matter; none of us wanted to get in trouble. Morgs said we had to release an  
37 update pronto. I said I'd take care of it, and I did. It only took me a couple of days of  
38 code slamming to get it done. I don't know why it took Morgs so long to submit it. And I  
39 swear I didn't hide the ninja. I took it completely out. Honest.

40 So, what's a ninja? A ninja is stealth code – it's when you put in your own code that  
41 matches the style of the initial programmer so that it's hard to tell you were there. Of  
42 course, this wasn't a real ninja because we all knew about it. It's just a hidden feature,  
43 and we thought the name was cool.

44 Because the app started out as Morgs' project in coding class, Stevie Reyes knew  
45 about it. Stevie is our computer science teacher. Everybody thinks s/he's super cool, but  
46 I'm not convinced. Mr./Ms. Reyes used to work at some big Silicon Valley firm and  
47 made stacks of money. I guess s/he got sick of the culture or something, though, and so  
48 bailed to slum it with us and become a teacher. S/he's gotta be the only teacher in the  
49 universe who drives a Tesla. What kind of teacher drives into a high school parking lot  
50 with a Tesla? I guess since the wannabe Steve Jobs gig didn't work out s/he decided to  
51 be a big fish in a little pond. I guess s/he wasn't that big, though, since s/he let Morgs  
52 fake him/her out.

53 So, Mr./Ms. Reyes knew about the app because it started out as a class project. But  
54 s/he only knew about part of the app – the legit part. We hid the features that people  
55 eventually started using to cheat.

56 But Morgs, being the code poet laureate that s/he is, made Teacher's Pet a  
57 redonkulus app that was actually super useful for legit purposes – for teachers and  
58 students. It gave teachers and students a way to communicate during the learning  
59 process and essentially track and test learning. Reyes loved it and really encouraged  
60 Morgs. In fact, Mr./Ms. Reyes talked about how this was a good way for him/her to get  
61 back in the coding game, being able to champion a good cause as well as make a ton of  
62 money. Reyes wanted to ride Morgs' coattails back into coding glory, so I doubt s/he  
63 would have cared, even if s/he did know the ninja was in the app.

64 Morgs got Teacher's Pet on the iTunes app store, and it went nuts. Morgs started  
65 talking about getting investors and going public, and really making Teacher's Pet solid.  
66 So there were two tracks going on with this thing – the ninja that only our coding posse  
67 knew about and the legit features that Stevie Reyes and everyone else saw. It was  
68 stupid of Morgs – and all us really who knew about the ninja – to think s/he could  
69 maintain both facets as the thing grew in popularity. It should have been obvious that  
70 this thing was gonna come off the rails. But we're kids, man. Our brains won't be fully  
71 developed for years; certainly not developed enough to see that far down the road. And  
72 now we've got this mess.

73 The mess started when Morgs convinced him/herself that s/he could Facebook this  
74 app and end up like Mark Zuckerberg. Morgs said Mr./Ms. Reyes told some friend at  
75 Angel Venture Capital about the app and then everyone went nuts over it. Morgs told  
76 us that his/her family decided to work with another investor that had been going after  
77 him/her from City of Trees. The plan was that they were gonna give him/her money for  
78 the app and soon we'd all be driving Teslas.

79 Morgs billed the app to City of Trees as the legit learning tool – and didn't tell them  
80 about the ninja. Morgan didn't think it was a big deal because once City of Trees payed  
81 up s/he'd eventually just remove the ninja and all would be well. Morgan told me to  
82 leave the ninja in at first and that s/he'd take care of it him/herself. It made sense at  
83 the time. I have no idea if the ninja was in the version Morgan gave to City of Trees.

84 So once City of Trees backed Teacher's Pet the whole thing went viral and everyone's  
85 friends and families started investing their life savings. Everyone at school – teachers,  
86 students, administration – everyone was using the app. It spread to other schools all  
87 over the state – even to other states. It got amazing reviews on the app store. It blew  
88 up on reddit – teachers, students, colleges, universities all over the world were talking  
89 about it and downloading it and using it. Engadget and Gizmodo had posts on it, all the  
90 big tech blogs. It was amazing and Morgs was totally chuffed.

91 But then it all blew up and we should have seen it coming. Sure, everyone started  
92 using the app for legit purposes but word of the ninja got out beyond our posse when  
93 someone who had access to our posse's private subreddit found threads discussing the  
94 ninja and started pasting the information on public subreddits. Unfortunately, Morgs  
95 didn't remove the ninja code fast enough – s/he just masked it. People started stripping  
96 the updates and reverted to the prior version of the app that had the ninja on it. Then

97 those same subreddits got leaked to the tech blogs and Apple removed it from their app  
98 store.

99 I had no idea who Adrian Ward was before s/he confronted me in the coffee shop. I  
100 should have just kept my mouth shut, since I know Morgs would've fixed Teacher's Pet  
101 before it got out of hand. But what could I do? Here's this old person I'd never seen  
102 before telling me all about stuff s/he had no business knowing, and telling me I was  
103 going to prison. I guess I panicked. I told him/her Morgs didn't mean any harm, and  
104 that I'd make it right.

105 First, I went straight to Morgs. I told him/her what happened, that someone in law  
106 enforcement was on to us. But when I couldn't even tell Morgs the person's name, s/he  
107 just laughed at me. I had to admit, it did seem pretty silly. Ward never did tell me  
108 his/her name, or show me a badge, or anything. In fact, s/he just let me walk right out of  
109 the coffee shop. Still, Adrian had a lot of information, and I was worried. Morgs told me  
110 to relax, and that as soon as City of Trees committed s/he'd make sure the code was  
111 clean. S/he said s/he would have done it already, but had gotten busy and just forgotten  
112 about it. That sounded plausible, as Morgs could be pretty forgetful when s/he was  
113 focused on something.

114 Just to make sure, I did drop a hint to Apple about the app. I didn't give my name,  
115 just said that I wanted to stay anonymous. I said I was a user and that they should  
116 check the code in that app, and contact the creator to make sure it got cleaned up. I  
117 thought that's all they'd do, and that would make Morgs focus on fixing it, and all would  
118 be good. Instead, Apple pulled the app altogether and made a big fuss.

119 Boom goes the dynamite. Everyone wanted their money back. But it was all gone.  
120 My dad was torqued and when that happens he goes aggro. I'm out my college money  
121 and going to community college and my dad's talking with lawyers. Now good luck  
122 getting that plum Apple job I've dreamed of for years. I'll be lucky to get a job on the  
123 geek squad at Best Buy. And that's how we got here.

124 I had to tell my dad what I knew. I hated diming Morgs and would never purposely  
125 sabotage Teacher's Pet, but I had to. I told my dad and the lawyers everything. I'll  
126 probably never drive a Ford Tempo beater let alone a Tesla. Sorry, Morgs, it just had to  
127 be that way. I have to worry about my own future now. I still think of Morgan Lee as a  
128 friend and have mad respect for his/her programming skills. But family and future come  
129 first.

130

**WITNESS ADDENDUM**

131

I have reviewed this statement, and I have nothing of significance to add at this  
132 time. The material facts are true and correct.

133

Signed,

134



135

Blake Turner

### *Adrian Ward: Computer Consultant*

1 My name is Adrian Ward. I'm 34 years old, although I'm only telling you that  
2 because I have to. I really, really don't like having to tell you anything, but the  
3 investigators said I could go back to jail if I didn't tell you what I know about Morgan  
4 Lee and Teacher's Pet. I'm pretty sure I could find my way out of a jail, but it's just not  
5 worth the hassle.

6 Am I a "hacker"? That's such an ugly word. I mean, one person's hacker is another  
7 person's freedom fighter, or security architect, or intrusion analyst, right? Let's just say  
8 I know a few black hats, but I'm strictly a white hat these days. I've heard of  
9 Anonymous - what hacker hasn't? If I was ever involved with it, I wouldn't tell you - it's  
10 like Fight Club: the first rule is that you don't talk about Fight Club. I could deny I was  
11 ever involved, but that's just what someone in Anonymous would say, isn't it? I do know  
12 computers, that's for sure, and I could use my powers for evil, but I only use my powers  
13 for good.

14 I suppose some people might call me a hacker, but I prefer the term "consultant."  
15 That's how I make my living, anyway. I've never been to college or computer school. I  
16 graduated from high school, but only because my mom would never leave me alone until  
17 I did. That was it, though. No college for me. What would have been the point? College  
18 computer departments are so far behind the technological curve you can't even see them  
19 in the rear view mirror. Everything I know I learned on my own or from other  
20 "consultants" like me. I'm not picky about who I work for – anyone who has a computer  
21 problem and has the cash to pay me is my friend.

22 Yeah, I've worked for City of Trees. Professional discretion keeps me from telling you  
23 why, so if you want to know that you'll have to ask them. They did not initially hire me  
24 to investigate Morgan and Teacher's Pet. Taylor fancies s/he is more computer savvy  
25 than s/he is, so I guess s/he figured s/he could handle the due diligence on his/her own.  
26 Taylor did hire a guy, who I will say is good – a really thorough code slammer. Maybe  
27 they should have hired me earlier this time so they wouldn't be in this mess. I'm pretty  
28 sure I would have caught the ninja earlier in the process.

29 I know Stevie Reyes, too. I've never actually met Stevie – I guess I'm a little too  
30 intimidated. Stevie is a god when it comes to code. Anything s/he writes is holy writ. I  
31 think it's really cool that Stevie's teaching high school kids. I mean, s/he made enough

32 money to live on any beach in the world and have natives bringing umbrella drinks for  
33 breakfast, lunch, and dinner, but instead s/he decides to pay it forward. I admire that.

34 It's true that I had a little brush with the law when I was younger. It was no big  
35 deal, just a youthful indiscretion – not that I was doing anything wrong, anyway. I was  
36 just looking around, testing the fences as it were. Like I say, I'm a white hat. It turned  
37 out to be a boon for me. As soon as the FBI realized my skills they figured I could be a  
38 valuable asset. Word gets around, so I've worked for lots of law enforcement agencies,  
39 and the Idaho Securities Commission. In fact, they have asked for my opinion in this  
40 case, so I'm doing double duty, you might say.

41 So, you want to know all about Morgan Lee's little project? It was actually pretty  
42 cool, even if it was done by a high school student. I will say the kid has chops. Too bad  
43 s/he wasn't more careful.

44 I didn't know Blake or Morgan before all this. A hobby I have, just to keep my skills  
45 sharp, is to surf the coffee shops. See, coffee shop networks are really insecure – you  
46 usually don't need a password, and even if you do everyone in the shop has the  
47 password and all their machines are on the same network. Even if you check the box to  
48 make your computer invisible to other users on the network, someone like me can take  
49 over the system and control all the traffic, which means that I see everything that  
50 comes in or out. The wrong person could sit in a coffee shop and steal enough identities  
51 to ruin a lot of lives.

52 Well, I decided to hack into the system at the new place in town, and guess what I  
53 found? A lot of traffic about Teacher's Pet, City of Trees, and the ninja. I'd done enough  
54 investigations to recognize something was up. No fire, if you understand, but lots of  
55 smoke – like they were trying to be careful. I started looking around to see if I could  
56 scope where it was coming from. It didn't take me long to spot Blake. We computer  
57 geeks just know.

58 Remember, no one had hired me to do anything. I was just working out, if you will,  
59 and this ninja thing pops up. I could have left it alone, but like I said, since I was  
60 working on my computer skills I thought I'd hone my investigative skills, too. I didn't  
61 make a plan. I just went over to Blake's table and sat down. I started telling Blake  
62 everything I saw in the traffic, then just shut up to see what s/he'd say. At first Blake  
63 looked at me like I was something on the bottom of a shoe and told me I didn't know  
64 what I was talking about. Then I explained how I hacked the café net and could tell

65 Blake a lot more about him/herself. Blake got this wide-eyed deer-in-the-headlights look  
66 on his/her face and said, “Morgan’s going to take it out! I swear! We just have to get the  
67 money first!”

68 I had no idea what Blake was talking about, but now I was starting to have fun. I  
69 told Blake s/he had to think long and hard about the future, and whether it included the  
70 view from a prison window. Basically just cop trash talk I’d seen on TV. Blake said, “I’ll  
71 make it right.” And then s/he left.

72 I decided to call Taylor at City of Trees just to let him/her know what happened.  
73 Taylor told me about Morgan Lee and Teacher’s Pet. At that point Taylor decided to  
74 bring me into it to conduct the due diligence that should have been completed in the  
75 first place. It didn’t take me long to take Morgan’s plan apart.

76 Morgan designed an app - more of a platform, really - called Teacher's Pet. It was  
77 designed to allow teachers to create assignments and tests online, and administer them  
78 through an app that could be loaded on Macs, PCs, iOS, and Android devices. That's  
79 really nothing new - other tech companies had already done that. Morgan's idea was to  
80 strip away all the bloatware that had grown on to the competition and bring it down to  
81 some easy to use basics. Teachers would give assignments or tests, and students could  
82 complete them on the app. The app would score and grade the work, and keep track of  
83 all kinds of stats related to the assignment.

84 Some of Morgan's really good work was in how the app could have an impact on the  
85 method of teaching, not just the process. Historically, students gather in the classroom  
86 on test day, take the test during class, and either pass it or not. You either knew it or  
87 you didn't, and there were no second chances. Teacher's Pet was going to change that.  
88 Teachers could allow students to keep answering until they got the answer right (and  
89 the app would track how many tries it took), or try only once. The app could be  
90 configured to show the answer after a certain number of tries, and then allow the  
91 student to retake the test after a certain amount of time went by. The emphasis was on  
92 learning, even if it took a little longer, rather than the one-and-done testing  
93 methodology.

94 Something really innovative about Teacher's Pet was that the app was designed to  
95 give teachers the option to cut off access to all other apps while it was operating. If a  
96 student was taking a test, for example, the teacher could set the test so that no other  
97 app could be run until the test was completed. If a student tried to leave the app or open

98 another app, it was tracked. It prevented a student from looking up answers on their  
99 device. Obviously, they could still look at handwritten notes or the book if they're taking  
100 the test somewhere other than the classroom, but the teacher could set a timer on the  
101 questions so that if a student took too long to answer, the question would time out.  
102 Getting a test reset required a login by the teacher, so teachers could meet with  
103 students to discuss problems. Of course a teacher could allow taking of a test at any  
104 time, but that was meant for assignments. The tests were to be taken during class from  
105 the app so the teacher would be able to monitor.

106 But the innovation was also where Morgan messed up. And by “messed up” I mean  
107 completely tanked the company's credibility and set a course for a major fail. Buried in  
108 the app there was a section of code that allowed students to use the AutoGrade feature  
109 – something that was only supposed to be on the teacher’s version – to cheat. All they  
110 had to do was look up AutoGrade in the help menu, press the “See AutoGrade in Action”  
111 button, and the app – you could say the teacher – would take the test for them by filling  
112 in all the correct answers. It wasn’t overt – not something a student would likely  
113 stumble upon accidentally – but a gold mine if you can alert users to it under the radar.

114 Morgan says it was a bug, that it was only by chance that you could discover it, that  
115 you had to press a particular sequence of buttons to make it work, which was unlikely,  
116 and that as soon as it was discovered it was fixed. An update supposedly removed the  
117 code from already downloaded versions, and the new version didn't include it.  
118 Unfortunately, the update didn’t really remove the ninja code – it just hid it in the help  
119 files. It was still there all the time. All you had to do to keep cheating was be in the  
120 know and keep using the ninja feature.

121 That's why iTunes shut it down. I can’t say for sure who alerted iTunes to what was  
122 going on, but I’ve a pretty good idea it was Blake. I’m quite certain that after our little  
123 tête-à-tête, Blake was scared straight. The stats showed that far more apps were  
124 already installed than updates were being downloaded. So, lots of students can to this  
125 day still cheat on tests – at least if there are any teachers still dumb enough to use the  
126 platform. No way it was a bug; it was a feature. Of course, now that it’s been discovered  
127 they could remove it and try again, but their reputation is shot. No one will buy the app  
128 from them, no matter how good or clean it is. The best they can hope to do is sell off the  
129 patents and copyrights and salvage what they can from the wreckage.

130 How do I know it was intentionally put in the app? Easy, at least if you know  
131 anything about code. See, people think code is all ones and zeros, and that it basically  
132 follows rigid mathematical formulas. But code is much more like a language (which is  
133 why they're called computer languages, duh!). Real code pounders read it, write it, and  
134 speak it like you would English. That's how you can tell. If you read Hamlet knowing it  
135 was written by William Shakespeare, and then you read Macbeth without knowing who  
136 wrote it, you could still make a very educated guess that it was also by Shakespeare.

137 Great code writers, like Stevie Reyes, for example, are just like authors of great  
138 literature. They have their own voice, and you can hear it when you read their code.  
139 They use a particular grammar, a particular syntax, a particular phrasing. I know that  
140 Morgan was coding this project, and had three or four other coders working on it, too.  
141 When you look at the code, you can pick out the differences between each author, and  
142 tell pretty clearly which author wrote what section. Of course, I can't tell which  
143 particular person wrote what, but I can see patterns.

144 This so-called bug exhibits the same literary style that appears in the majority of the  
145 app. If it were a mistake, you'd expect it to look like a mistake, just like you can tell  
146 when a writer made a mistake in a sentence in the middle of a paragraph. This doesn't  
147 look like that. It just flows in with all the code around it.

148 That's how I know this was intentional. And there is no way that Morgan could not  
149 have known about it. In fact, it's pretty clear that this was part of the design from early  
150 on, if not from the beginning. As part of my investigation, I had access to some earlier  
151 versions of the code. All through development revisions were being made. Part of the  
152 purpose of revisions is to find bugs and fix them. But this section of code was never  
153 fixed. It wasn't in the first draft, but it did show up in later drafts. In fact, not only did  
154 the "bug" not get fixed, it got revised. You don't revise bugs. You take them out.

155 There's more. To make the app work you needed a student version and a teacher  
156 version. The teacher version had the features to create and administer tests, and the  
157 student version was only for taking tests. There are obviously some differences in coding  
158 between the two, but one notable difference is that the ninja code does not show up in  
159 the teacher version. You wouldn't need it there, and you wouldn't want it discovered.

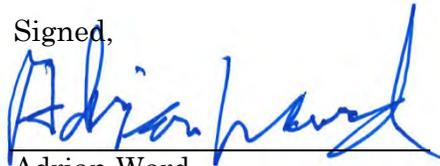
160 Bottom line, there's no way this was a "bug" that showed up unintentionally. Code  
161 isn't biological. It doesn't just spontaneously generate. This was a feature. Sure, it might

162 | not have been advertised or obvious, but once you knew it was there anyone could take  
163 | advantage of it.

164 | **WITNESS ADDENDUM**

165 | I have reviewed this statement, and I have nothing of significance to add at this  
166 | time. The material facts are true and correct.

167 | Signed,

168 |   
169 | Adrian Ward

## Defense Witness Statements

### *Morgan Lee: Defendant & Creator of Teacher's Pet*

1 My name is Morgan Lee. I am 18 years old. I'm a senior at Tablerock High School in  
2 Boise and am getting ready to graduate and go to college next year. I got accepted to a  
3 whole bunch of really good engineering schools, but in the end I decided to go to Boise  
4 State. Boise State's Engineering Program may not be mentioned in the same sentence  
5 as MIT, but it's a really quality program that focuses on practical experience. And with  
6 all my practical experience as an app developer, that's the kind of program I need.

7 Boise State was really excited to take me into the program, because having the  
8 developer of the Teacher's Pet App could get them some national recognition. Besides,  
9 my parents are both former track stars and current coaches at the university so it's  
10 important to them to keep with the family tradition. Really, it's not so much about  
11 where you go to school but what you do with the opportunities once you're there. At  
12 least that's what Mr./Ms. Reyes told me.

13 You could say that I've always been curious about technology, which I have to tell  
14 you can be a little difficult in a family like mine. Like I said, both of my parents were  
15 track stars at Boise State and all my brothers and sisters have gone to college on  
16 athletic scholarships. And then there's me: the family geek; not an ounce of athletic  
17 ability in me. When I was little, my brothers and sisters used to call me FedEx. The joke  
18 was that I was not a real Lee; that the FedEx delivery man had dropped me off on the  
19 front porch one day. But, hey, I'm pretty sure I bring up the overall family IQ.

20 I'm kind of the poster child for STEM. When other kids were learning how to read on  
21 their LeapFrog, I was already taking it apart to figure out how it worked. When my  
22 brothers and sisters were playing Y-Ball, I was learning to build Battlebots at the  
23 YMCA Engineering & Robotics Club. The Robotics Club is also where I met Blake,  
24 though to this day, I'm still not sure why Blake wanted to be part of that group; s/he  
25 would never have never been that strong at technology; if it weren't for me, Blake would  
26 have no skills at all. I taught him/her everything s/he knows. Still though; to this day,  
27 I'm pretty sure Blake would be lost without my input. At the time we met, I think Blake  
28 just needed a place to fit in and s/he's been tagging along with the smarter kids ever  
29 since.

30 Or, you might say buying his/her way along. Blake is one of those people who was  
31 born into a family that always had a lot of money. Blake's mom is, or I should say was,  
32 one of the biggest building contractors in the Valley and then the housing bubble burst,  
33 I know Blake's mom spent several years trying to hold the company together, but in the  
34 end, they lost pretty much everything and have to come off of Mt. Olympus and live  
35 among us mere mortals. For Blake, whose family had instilled in him/her the worship of  
36 the almighty dollar above everything else, having to live like the rest of us was rough on  
37 him/her.

38 I'm sure that's why s/he's trying to make me into the villain in all of this. I guess  
39 misery really does love company, especially misery who is facing the possibility of  
40 flunking some classes and not being able to walk with the rest of us at graduation.  
41 Blake is jealous that I have had success because of my own skills and abilities; really,  
42 s/he always has been.

43 It probably goes without saying, but after all that's gone down, Blake and I aren't  
44 really friends anymore, which is too bad. We were pretty much inseparable since that  
45 day when s/he offered to share his/her Legos with me at the Y. But Blake is just filled  
46 with so much bitterness now. S/he's not the rich kid anymore. S/he never had what it  
47 took to do what I do with technology and so I guess s/he's just getting notoriety in any  
48 way s/he can – no matter who it hurts. No matter whether or not it's the truth.

49 So back to my app: Teacher's Pet. Blake and I were so excited when we found out  
50 about Mr./Ms. Reyes programming class in my sophomore year. In most computer  
51 science classes, students learn theory and might get to do some coding exercises, but  
52 that's just not how Mr./Ms. R rolls. In our class, we worked in teams to create mobile  
53 apps from the ground up – from concept to product. This wasn't just a bunch of theory;  
54 we were digging in and doing the work. I wonder if this was how Mr. Hewlett and Mr.  
55 Packard felt all those years ago in that garage in Palo Alto.

56 At first, we learned about some basic tools like Adobe Flash, Photoshop, and Action  
57 Script that let us test what we were building. So, we were learning coding, but we were  
58 learning it in a practical way that we could use to actually make things. It was  
59 awesome. After a few weeks, everyone in the class sort of knew what part of the process  
60 they were best at and most interested in. We were then split into groups and assigned

61 duties based on what we liked – things like information architect, graphic designer, and  
62 bug tester. Blake was on my team. S/he was the bug tester, and I was the main coder  
63 and information architect.

64 By the end of the semester we had a prototype and that's where Teacher's Pet was  
65 born. Unless you've been living under a rock, you probably know what Teacher's Pet is  
66 by now. Teacher's Pet started as an app that would be a place where teachers could post  
67 assignments and chat with students; kind of like a classroom in cyberspace. And all of  
68 this because of a high school class. How awesome is that?

69 To this day, I still claim that my coding class was the best class I ever had in high  
70 school – the most fun, the most interesting, and the most important for my future. Since  
71 this class Mr./Ms. Reyes has been my mentor. S/he made high school a great experience  
72 for me. In a perfect world, Mr./Mrs. Reyes would have been my parent. In a way, s/he's  
73 been more than a parent to me than my own have been, even helping me turn Teacher's  
74 Pet into a company and laying all the groundwork for getting this app developed and to  
75 market.

76 I don't know what it would have been like for me without him/her. I listen to what  
77 s/he has to say because s/he never steers me wrong. I know some people act like s/he's  
78 flaky or maybe manipulating me, but most people just aren't on his/her level. When  
79 you're that much smarter than everyone around you, you can often be misunderstood.  
80 But Mr./Ms. Reyes is a very decent human being and an even better educator. Schools  
81 need more people like him/her.

82 Like I said, Mr./Ms. Reyes was really excited about the potential of Teacher's Pet  
83 and really encouraged me to continue working on it. So, with the permission and  
84 support of the other people on my team, I took the class project and turned it into  
85 something that was market ready. Other people from the class worked on it as they  
86 could, including Blake, but it was clear that Teacher's Pet was my thing.

87 I spent a lot of my spare time fine tuning Teacher's Pet. I knew that, in order to  
88 make this app something special, we'd have to add some more bells and whistles to it.  
89 That's how the AutoGrade feature was born. This part of the app allowed teachers to  
90 post tests and quizzes and for students to take the tests and quizzes and then submit

91 them for grading. AutoGrade is only part of the teacher version of the app, which was  
92 only made available through a key code given to schools that purchased the app.

93 Teachers could load an answer key into their version of Teacher's Pet and when a  
94 student submitted a test, it would be automatically graded and returned to the student  
95 who submitted it. It's a really slick system and worked really well until someone went  
96 into the app, and created a back door. What this so-called ninja did was allow students  
97 who knew where to find it to push a button and the test would be automatically filled  
98 out with all the right answers. That was never my intent for how this was supposed to  
99 work. That was never how I made Teacher's Pet. I did not add the ninja and I really  
100 don't know who did.

101 But I do have my suspicions that it could be Blake. It would definitely have to be  
102 someone who knows my coding style or has figured out how to copy my style. The thing  
103 is, it could have been anyone on our team of developers, but you have to ask yourself:  
104 who had the most motive to do something like this? Not me. I didn't add it and I never  
105 told Blake to add it either.

106 I definitely spent a lot of time on some of the Reddit threads where coders hang out.  
107 Developers are a chill community; it's not really about competition; it's about making  
108 cool stuff and getting support and using our big brains to solve problems. So, I definitely  
109 spent time on the Reddit thread where information about the ninja was posted, but it  
110 was not me who clued people in that there was a glitch in Teacher's Pet that let people  
111 use it to cheat. All the people on my team were familiar with the site; any one of them  
112 could have gone on there, including Blake.

113 I have to say, this whole thing is really Blake's M.O. It's just like him/her to try to  
114 find the easy way out. It's just like him/her to try to put the blame on someone else and  
115 not take responsibility for him/herself. I mean, here we all were with the Golden Ticket  
116 to Willy Wonka's Chocolate Factory and Blake's stamping his/her feet like Verruca Salt,  
117 talking about how s/he wants it all now or else!

118 You know how the Internet works. By the time it went to market, word of the glitch  
119 had spread. People started calling it Cheater's Pet. As soon as I found out what was  
120 going on, I removed the bug and made the program legit, but it was too late. iTunes had  
121 already pulled it from the site and banned us from putting it back up again until they

122 were sure there was no way that people could use it for illegal or unethical purposes. So,  
123 I guess at that point some people lost money. I'm not really sure how all that works.  
124 Mr./Ms. Reyes and that investor person from City of Trees were taking care of all of  
125 that.

126 At first, I didn't really care that I was making something I could sell. I mean, I was  
127 just a 16 year old kid at the time; it wasn't really on my radar that I could make the big  
128 bucks with this thing. I just wanted to see how I could get it to work. It was the  
129 LeapFrog all over again. But then all the grown-ups around me started seeing dollar  
130 signs. Mr./Ms. Reyes convinced my parents that I was really onto something. My  
131 parents were relieved that I could have a path to college, since it was clear I wasn't  
132 going to get an athletic scholarship. Blake's and his/her parents saw a way to get back  
133 on their feet again. The only one who didn't really care about the money side of this  
134 whole thing was me. I just wanted see if my experiment would work.

135 Everything seemed to be on track. The app was developed and working great. We  
136 were starting to sell it on iTunes. It looked like our ship had come in as my  
137 grandmother would say. And then all of the sudden, everything fell to pieces. I found  
138 out later that Blake had leaked news to Taylor Hawkins about the app having a back  
139 door that people could use for cheating. Then iTunes found out and pulled the app.  
140 Taylor Hawkins started making all these angry, threatening calls to my parents. It was  
141 just not a good situation.

142 The money stuff that Taylor Hawkins is all amped up about started when Mr./Ms.  
143 Reyes brought in Robyn Newman to talk to me about how s/he could invest some money  
144 in my app and get other people to invest so that I could make something really special. I  
145 guess s/he saw a lot of potential in what I was doing. And then Robyn met with my  
146 parents to tell them about it. You could tell at first they weren't buying it. I heard my  
147 dad say it was like talking to a Carpetbagger. Then Taylor Hawkins found out about all  
148 of this and started pressuring me to meet with him/her. I'm not sure how s/he knew  
149 about all of this. It could have been Blake's parents or it could even have been my  
150 parents since Taylor is known to be a really big Boise State booster. But I want to be  
151 clear that Taylor wanted me to invest with him/her.

152 I remember thinking that this must have been what my brothers and sisters felt like  
153 when all the college recruiters were courting them. I have to admit, that I felt a little  
154 like a rock star. I mean, these adults were in a bidding war on who could make me more  
155 money. It was a little hard to wrap my head around. In the end, my parents decided to  
156 let Taylor Hawkins and City of Trees handle the investing for the Teacher's Pet App.  
157 They said that they didn't have a great feeling about Robyn Newman; I guess s/he just  
158 skeezed my parents out. They also thought it was better to go with someone local. Boise  
159 people do better by other Boise people. It's kind of the Boise way.

160 In September I turned 18. By October we had made our agreement with City of  
161 Trees. In December, the ninja was found and by the end of the year iTunes had pulled  
162 my app. Then, right after Christmas break some dude shows up at my school and serves  
163 me with these papers saying I was being sued for securities fraud. Welcome to  
164 adulthood! I didn't even know what that was.

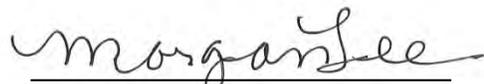
165 But, I do know this. I didn't do anything wrong. I did not make Teacher's Pet so  
166 people could cheat. I didn't even add the back door that allowed people to use it that  
167 way. I know there were people who lost a lot of money, including Taylor Hawkins and  
168 Blake's parents, but that has nothing to do with me. I was not trying to trick anyone. I  
169 was just trying to make something cool and useful. That's really all I've ever cared  
170 about.

171 I hope someone gives me another chance to move forward with Teacher's Pet. I've  
172 already removed the bad code and disabled the older versions with the ninja. This is not  
173 just something that would be great for me; it's something that could help a lot of  
174 teachers and students. I don't understand why everyone is making such a big deal out of  
175 all of this. I can fix this for everyone if I could just get the chance.

176 **WITNESS ADDENDUM**

177 I have reviewed this statement, and I have nothing of significance to add at this  
178 time. The material facts are true and correct.

179 Signed,

180   
181 Morgan Lee

*Robyn Newman: Venture Capitalist, Principal Angel Venture Capital*

1 My name is Robyn Newman and I'm a sixty-five-year-old veteran in the venture  
2 capital world. I was born on July 4, 1951 – all-American. I got my chops during the '70s  
3 and '80s before “junk bond” was a dirty word. Mike Milken sure got a bad deal out of  
4 that. Great man. I learned a lot from him when I worked at Drexel Burnham. He got a  
5 bad rap in '89, but he made the best of it and now he's a better man for it. In fact, if it  
6 wasn't for Mike I wouldn't be here today. He became a philanthropist, focusing on  
7 improving education. I decided to do the same, and that's how I got involved with  
8 Morgan Lee and the Teacher's Pet app.

9 I am currently the sole owner and investor at Angel Venture Capital. Really, that's  
10 just the name I gave to my personal investment company. Since I've been banned by the  
11 Securities and Exchange Commission from having anything to do with other people's  
12 money, all the money I invest is my own. I'm not allowed to touch anyone else's. I've  
13 been helping up-and-coming companies with start-up funds for their businesses for  
14 nearly 25 years; that is, when it's a good investment. I'm very passionate about my job  
15 and, I must say, I'm very good at it, too! I have a Bachelor's degree from Stanford and  
16 an advanced degree from the Sloan School of Management at MIT. I've been invited to  
17 speak at the annual MIT Venture Capital and Innovation Conference for the last ten  
18 years in Boston; like I said, I'm very good at what I do.

19 Because I'm good at what I do, I've testified as an expert before, although I'm not  
20 being paid for this case. I've testified for the plaintiffs in 8 cases and for the defendants  
21 in another 12. I get lots of offers and turn most of them down. People like me to testify,  
22 not only because of my vast experience, but because I'm a straight shooter. I tell it like  
23 it is.

24 Yes, my job can be stressful. And, yes, sometimes you lose money. That's where  
25 expertise comes in to play. You have to make calculated risks. But, even calculated, it's  
26 still a risk. That's just the nature of the business. You always do your “due diligence,”  
27 but there are always some unknowns. Sometimes the chips fall in your favor and you  
28 make A LOT of money. Sometimes they don't and you can lose a lot of money. I suppose  
29 that's why I'm here today.

30 I've known Stevie Reyes for about twenty years. We met at one of the annual Allen  
31 & Company Conference in Sun Valley. You know, the annual business event that all the  
32 big swells come to - François-Henri, Bill, Mark, Cheryl, Marissa; the whole gang. Stevie  
33 was still running the company s/he started back when we first met. After s/he had that  
34 bad fall in the Himalayas and his/her company forced Stevie out I encouraged him/her  
35 to move to Boise. I thought it would be good for Stevie to get as far away from Silicon  
36 Valley as s/he could, both physically and culturally. People didn't know Stevie as well  
37 here, and they were perfectly willing to believe him/her when s/he claimed to have left  
38 California on his/her own terms, because s/he was tired of the rat race. Hey, it worked  
39 for me when I needed a new address after I got out of prison. Stevie turned out to be a  
40 great teacher, not that I'm surprised, as well as a heck of a venture capitalist! S/he has  
41 incredibly good instincts when it comes to promising investment opportunities.

42 Stevie is the one who introduced me to Morgan Lee. Stevie was really just smitten  
43 with Morgan. Couldn't say enough good things about him/her. Went on and on about  
44 what a promising genius Morgan was. I really think Stevie saw a lot of Stevie in  
45 Morgan, and, to be frank, a way home. It always stung Stevie that his/her own company  
46 thought of him/her as incompetent and had kicked him/her out. If Morgan's app was  
47 successful, it would be a way for Stevie to shove it back in their faces, and maybe even  
48 get back into the business.

49 Stevie told me Morgan had created an app called Teacher's Pet. I must admit that  
50 the way Stevie described it, I really did think this Morgan kid was worth looking at.  
51 Since Stevie was so emotionally invested in Morgan I honestly wasn't sure at first who  
52 was the coding genius – Morgan or Stevie – so I wanted to check Morgan out for myself.

53 I had Morgan over to my place in The Highlands so I could meet him/her and see  
54 Teacher's Pet. I must say I was impressed. I think Morgan was 17 by then, or close to  
55 17, and really did know what s/he was talking about. Sure, I could see a huge Stevie  
56 influence, but I could also see that Morgan had an aesthetic and business sense all  
57 his/her own. Morgan had lots of questions, mostly about business, investing, and how  
58 the education world works. S/he was particularly interested in how the due diligence  
59 process worked, like s/he really wanted to get it right. I could tell Morgan really wanted  
60 to make Teacher's Pet work, and that s/he wanted to do it smart. Morgan had a keen

61 sense of the business side, of the need to monetize Teacher’s Pet, and have a good  
62 growth strategy.

63 Morgan and I met several times over the course of a few weeks, and I decided I  
64 wanted to back Teacher’s Pet. Unlike City of Trees, Angel Venture Capital specializes in  
65 funding start-up companies, like Morgan’s. I believe the app has incredible potential.  
66 The market is almost unlimited and the app revolutionizes teaching and learning. I  
67 think there are possibilities for the SAT, ACT, MCAT, LSAT, GRE, and beyond.

68 I offered Morgan a lot of money – far more than the paltry amount City of Trees was  
69 willing to put up. Unfortunately, it was not to be. Apparently Morgan’s folks didn’t like  
70 me – not Boise enough for them, I guess. Morgan ended up going with City of Trees.  
71 That ended up being a huge mistake for everyone involved.

72 Not that I’m bitter about it. Really, I’m not. I did end up investing in Teacher’s Pet –  
73 not the amount I was hoping, only \$50,000, and I had to take a subordinate position to  
74 City of Trees, but I still thought it was worth backing such a promising kid.

75 City of Trees is much more conservative than Angel, and therefore much less  
76 profitable. Then again, I suppose the risk only has rewards if you choose wisely. In this  
77 case, I think City of Trees stepped out of its comfort zone. It likely saw the same  
78 potential and future implications I did. However, this type of investment is not their  
79 specialty. City of Trees has been stung by startups before – or, I should say, by their  
80 own ignorance of startups. They don’t typically fund start-ups because they consider  
81 those types of investments too risky.

82 And they are risky. A startup is really a special breed of business entity. It’s not  
83 much different than people – you wouldn’t treat an infant the same way you’d treat an  
84 adult, and unless you understand that you can get in very serious trouble without even  
85 knowing it. Consequently, City of Trees was in way over their heads when it came to  
86 Teacher’s Pet.

87 For example, take this “ninja” thing. You can’t do your due diligence on a startup the  
88 same way you’d do it for a seasoned company. You have to dig a lot deeper since you’re  
89 dealing with someone without a track record. At the same time, you can’t always dig as  
90 deep as you’d like, because you’re dealing with someone without a track record. You  
91 have to be comfortable with ambiguity, with uncertainty, with a certain amount of

92 “wheeee!” If you don’t like roller coasters, then you shouldn’t ride them. You can’t freak  
93 out at the first sign of trouble, because there are a lot more signs coming right behind it.  
94 You just have to work things out and keep going.

95 I think the ninja could have been discovered if City of Trees really knew what they  
96 were doing. How can you not click everything clickable in a brand new app? How could  
97 you miss a link like that? I don’t care that it was buried in the help menu. You check it  
98 all, not just the surface features.

99 That’s why this whole debacle is more City of Trees’ fault than anyone’s. At the first  
100 whiff of the ninja, Taylor Hawkins had kittens. And when an investment company has  
101 kittens, people take notice, and they start having kittens, too. Next thing you know, you  
102 have a whole litter! Really, what Taylor should have done is just what I did when I  
103 heard about the ninja a week earlier – just shut up, relax, take a deep breath, and then  
104 start doing damage control. A simple press release saying they’d found a minor glitch  
105 and that it would be fixed immediately would have gone a long way toward solving the  
106 problem. Instead they acted like they wanted to flush money down the toilet.

107 Like I said, I did find out about this so-called ninja. That might make you wonder  
108 about my own investment smarts, but you have to consider how a lot of these tech deals  
109 are done. Investors in tech startups have tons of money, and to drop a million here or a  
110 million there is nothing to people like me. Some investments pay off, others don’t. You  
111 play the averages, and over time you’ll make a killing. Most of the “due diligence” tech  
112 investors conduct involves playing with the app or looking at the website and saying,  
113 “Hey, cool!” We are far more interested in the people than the product. Why do you  
114 think Y Combinator does its camp? They could not care less about the app. Those  
115 investors are backing the people. If they see someone smart, with a good idea, who can  
116 make things happen, they’ll put money on the line. This particular whiz-bang idea  
117 might tank, but if the person is right then another good idea won’t be far behind.

118 And Morgan is that kind of person. Teacher’s Pet may or may not be salvageable,  
119 but even if it’s not, Morgan will come up with something else. S/he’s a smart kid. Even if  
120 I’d found out about the ninja before spending a dime I still would have written the  
121 check. See, code can be fixed – re-written, if necessary, and most apps go through tons of  
122 revisions. If tech investors are one thing, it is patient. Stuff happens, but it gets worked

123 out. If Taylor is saying City of Trees wouldn't have invested if s/he'd known about the  
124 ninja, that just shows how naïve Taylor is. No savvy tech investor would have ever let  
125 something like that scare them away. Like I said, if you don't like roller coasters, then  
126 stick to the merry-go-round.

127 Hey, I lost money in this, too, but you don't hear me crying about it. It's my own  
128 dumb fault for putting money in a startup that City of Trees was backing. I should have  
129 known better. But that's the nature of risk. You pay your money and take your chances.  
130 I've got plenty of money to risk, so I can live with it. If you can't risk it, don't invest it. A  
131 good rule for anyone in this business is never to invest more than you're willing to lose.  
132 I'm willing to lose it because I see the bigger picture. Teacher's Pet could revolutionize  
133 education. I want to be part of that. It's not just about the money.

134 Not only could this have been fixed at the time, in my opinion it's still salvageable.  
135 Take out the ninja, refocus, rebrand, relaunch, and we've still got a winner on our  
136 hands. At least, we do if this lawsuit ends like it should. Morgan could start over with  
137 an investor who knows what's what.

138 No way do I blame Morgan for this. Morgan's too smart. There was too much at  
139 stake. I can't believe s/he'd intentionally put a stupid cheat feature in there and risk  
140 everything. I still consider Morgan and Teacher's Pet a horse worth backing.

141 Now City of Trees is embarrassed and is scrambling to save face with its investors.  
142 They overextended and got caught. Their bad. It's a sad commentary on society when  
143 you get right down to it – find a scapegoat and blame someone else when you can. Then,  
144 file a lawsuit!

145 **WITNESS ADDENDUM**

146 I have reviewed this statement, and I have nothing of significance to add at this  
147 time. The material facts are true and correct.

148 Signed,

149   
150 Robyn Newman

## *Stevie Reyes: Morgan Lee's Teacher & Mentor*

1        Make the world a better place. That is my personal motto. My raison d'être in  
2 everything I've done and everything I will ever do. I have always been and will always  
3 be dedicated to high-grading the lives of others.

4        My name is Stevie Reyes and I came of age in Silicon Valley in late 1980s; a time of  
5 unrivaled digital movement. Actually, I'm from above Silicon Valley – in Cupertino –  
6 surrounded and molded by the Digerati. I was destined to become a thought leader; to  
7 disrupt paradigms. With all of that innovation leaning into me, I developed three  
8 passions – calligraphy, digital compression, and making the world a better place. I've  
9 succeeded in all of those fields. Font compression, specifically, became my platform.  
10 And now I am a farmer of sorts, planting and raising digital kernels in young minds.

11        After high school, I went to Reed College in Portland for two years. I loved Portland  
12 and I loved Reed, but I had an epiphany that I needed to go someplace quiet and find  
13 my bliss, so I dropped out of college. I became energized by a quiet period in which I  
14 studied calligraphy with the single-mindedness of a monk. I merged my interests in  
15 calligraphy, compression, and public service into a direction that would come to delight  
16 consumers of digital media on a global scale. I felt the compression of variable spacing  
17 between different letter combinations; about what makes beautiful and historical  
18 typography artistically subtle in a way that pure scientists can't emulate.

19        After iterating for 18 months, I developed my own typographic voice – Purity. It was  
20 simple and elegant and made the consumer intuitively feel the prose from the display. I  
21 created digital harmonic peace. And it caught on. Within a year, my Purity platform  
22 was branded and monetized with representation in all of the major operating systems,  
23 in both enterprise and personal spaces.

24        To this day, Purity is still the most licensed font in the world in every e-sector. In  
25 fact, the text you are reading this very moment grew from Purity. Purity fulfills basic  
26 human needs – simplicity, usability, and soul-satisfying elegance. And that's why I  
27 named my company after the font I had developed: Purity Technology. We really were  
28 on the cutting edge of digital typography.

29        I also became a one dollar millionaire, if you know what I mean. I took a \$1 a year  
30 salary because it's all about learning and positioning, not money. Really, who cares  
31 about salary when you already have millions? And the \$1 salary had tax benefits. But,

32 let's just say that money will never be an issue, except when it opens me and my  
33 protégés up to frivolous lawsuits of circling vultures like Taylor Hawkins and City of  
34 Trees Investment Managers.

35 I'm not part of my company any longer. I thought I'd stay with Purity for the  
36 remainder of my career; really for the remainder of my life, but I got pushed out of the  
37 nest after my accident. About 10 years ago, I was in Tibet, hiking in the Himalayas to  
38 have an audience with the Dalai Lama and I had a terrible climbing accident. I had  
39 severe head trauma and it took me almost a year to recover.

40 During the time when I was working to heal, the Purity Board of Directors let some  
41 shady elements crawl into our Board like spiders building a web. They claimed that my  
42 brain injury was affecting my ability to run the company and that I had become a  
43 liability. The new Board bought enough shares to have a majority stake and they forced  
44 me out of my own company.

45 There was really no legitimacy to their accusation that I was incapable of running  
46 the company that I had started and I suppose I could have fought to keep it, but  
47 sometimes the universe just sends you a sign that you need to let go and move on. So I  
48 did; with a very generous golden parachute that gives me enough money to do whatever  
49 I want with my life.

50 Like the Dalai Lama says, our primary purpose is to help each other and make the  
51 world a better place. What better way is there to make the world better than to educate  
52 young people? So, to regroup after losing my company, I went back to Reed and finished  
53 my degree in computer science and also got my secondary teaching certificate. But  
54 Portland wasn't the same as it had been in the early 80's when I was there. It had  
55 gotten too big and maybe a little too hip for its own good, even for a cool cat like me. I  
56 mean, I'm a laid back person, but I'll be OK if I never see another ironically waxed  
57 mustache again in this lifetime.

58 Every year I go to the Allen & Company Conference in Sun Valley to reconnect with  
59 other people like me. A couple of years ago, I remember someone telling me that the  
60 Boise of today is like the Portland from 30 years ago; still with a hep vibe, but not as big  
61 as Portland had become. Then I read in a newspaper that Boise was having a teacher  
62 shortage and I just put the two of them together: a city that would be great to live in  
63 that had a need for dedicated teachers. It turned out to be the perfect opportunity for  
64 me. I know some people say I came to Boise to hide out and lick my wounds after getting

65 forced out of Purity, but that's just not the case. I was ready for a change and I'm really  
66 happy to be here.

67 I'm in the perfect position to be a teacher. I don't have to worry about money. I get to  
68 give back to my community. And, I get to share and cultivate digital beauty in young  
69 minds; to help prefrontal cortexes develop to express themselves in zeroes and ones.  
70 But, that's enough about me. Now it's time for the present issue of the day: Teacher's  
71 Pet. I think it's important to get it out there that Morgan Lee is being pushed out of  
72 something that rightfully belongs to him/her, just like I was at Purity.

73 I see myself in Morgan Lee. S/he is like I was as a young person; not a prodigy, but  
74 possessed of all the raw material necessary to speak in a beautiful digital voice. But  
75 that voice would not be heard without a shaman to enlighten it. That is my role. With  
76 subtle coaxing, Morgan developed an incredible coding voice. Certainly the voice is still  
77 raw, but Morgan is firmly on the path towards genius.

78 Morgan initially developed Teacher's Pet as an app in my coding class, along with  
79 some other students, including Blake Turner. It started as a horizontal knowledge  
80 distribution solution – a communication tool in lay speak. I incited Morgan to see  
81 where s/he could take it – you know; think globally, act locally – start with your  
82 classmates but nurture a broader vision of adoption. Sure, that's ambitious, but that is  
83 the nexus from which the voice speaks.

84 Teacher's Pet was a very well written app. Incredible, actually; I'd never seen  
85 anything like it. It was structurally refined. Almost elegant. Morgan and his/her  
86 classmates exchanged messages on a platform that worked with extreme efficiency. But  
87 as we all say, content is king. Once Morgan's concept began to germinate, with my  
88 mentoring, the content appeared to him/her: expanding the horizontal distribution  
89 vertically as well. The idea was to include teachers in this digital community, so they  
90 could participate as well. It became a fully integrated student-based knowledge  
91 development and maintenance solution. Students would interact with each other and  
92 their teachers, who could monitor the app and respond in real time.

93 Morgan's development, though, was not without its troughs. As much as I like  
94 working with students, there's just some students you connect with on a deeper level.  
95 Morgan's group of friends was not yet capable of understanding what it means to speak  
96 with a graceful digital voice. Morgan is a person who can sing a beautiful aria, but in

97 our class, s/he was being forced to sing that lovely song while being backed up by a  
98 heavy metal band; so much dissonance.

99 To use a common Silicon Valley expression, some of Morgan's friends were  
100 "brogrammers" – which is really kind of a sexist term, since there are a lot of women  
101 programmers in this day and age. Anyway, brogrammers are the type of people who you  
102 can't tell whether they are part of your engineering team or your sales team. A little  
103 short on RAM, if you will. They talk code but are the types who are all flash and no  
104 substance. And really, unfortunately, I am speaking of the Blake Turner type.

105 I remember Blake's main interest at first was what their coder nick-names would be,  
106 like that somehow was the most important task; and I just couldn't relate. S/he named  
107 him/herself The Exterminator; I guess since s/he was the person in charge of taking care  
108 of any bugs in Teacher's Pet. In retrospect, it was probably the perfect nickname for  
109 Blake, since s/he is not really a developer but someone who kills creativity, and likely  
110 the person who committed an act of murder on Teacher's Pet.

111 At first I thought Blake was a very warm person; someone who is likable and moves  
112 easily between groups. It's my job as a teacher to try to find the light in all my  
113 students. But after watching him/her for a while, I realized that s/he doesn't so much  
114 move between groups as slither.

115 I really hate to have to say this, but Blake definitely has a dark side; surrounded by  
116 a lot of negative chi. And, it really breaks my heart to see this in someone who could be  
117 so capable of being a good student, but is just too enmeshed in laziness and entitlement  
118 to put in the work. This, of course, means s/he was always on the verge of flunking.  
119 Blake just doesn't have that spark inside like Morgan has. I knew Morgan should be  
120 cautious of Blake and I told him/her so.

121 I had some major concerns about letting Blake serve in role of debugging the app  
122 because I knew it would make it too easy for Blake to sabotage Morgan's great work –  
123 out of lack of programming sophistication or out of spite. It was clear that just beneath  
124 that cool Blake exterior, s/he was seething with jealousy over Morgan's talents and  
125 academic success. But, this was a class and everyone needed a job on the project and  
126 better to have Blake in the background than be forced into a creative role that was just  
127 not fitting with his/her abilities.

128 I once overheard Blake talking to some of the other people on the Teacher's Pet  
129 development team when Morgan wasn't around. Blake said something about how it

130 would be so easy to go in and mess with the app to help other students out. Blake  
131 indicated that s/he and Morgan had been programming together practically their whole  
132 lives and that Blake knew Morgan's programming style inside and out. But, if you really  
133 look at the code inside the ninja, it's more resembles Blake's clumsy style than Morgan's  
134 elegant code prose.

135 I know Adrian Ward thinks the ninja was Morgan's doing. Like I said, I am one who  
136 tries to see the good in everyone, but let's face it: Adrian couldn't distinguish Atari 2600  
137 code from Assassin's Creed. Back in the day I turned Adrian down for coding positions  
138 every six months. Her/his work was rubbish then and it still belongs in the compost bin  
139 now. The only reason Adrian still does this programming work is that s/he works for  
140 people who don't know the difference between well written code and a fortune cookie.

141 And for Adrian to say that the ninja had to be added to the app by Morgan just  
142 proves Adrian doesn't know what s/he's talking about. By its very nature, ninja coding is  
143 meant to match the style of another coder with no traces left behind. There was a whole  
144 team of people who had access to the Teacher's Pet platform, including Blake Turner.

145 With my influence, Morgan was able to develop Teacher's Pet into an extraordinary  
146 and useful app. The seed had bloomed into a lovely lotus flower, just as I'd hoped it  
147 would. I saw genuine promise in it. Although I am loathe to exaggerate, I thought  
148 Teacher's Pet just might make it commercially and Morgan deserved an opportunity to  
149 globalize. I helped Morgan register Teacher's Pet, LLC and introduced Morgan to my  
150 investment contacts.

151 One of the primary people who had talked me into moving to Boise was my longtime  
152 friend Robyn Newman. Robyn and I met each other at the Allen & Company  
153 Conference. We are very different types of people but we understand each other. Robyn  
154 and I developed our very different voices at the same time in the same "village" so we  
155 have an eternal bond. I learned to digitally express prose as Robyn learned to monetize  
156 the voices of others. And we both believe in making investments in education; me  
157 through teaching and Robyn through investing private equity into ventures that further  
158 education, especially education technology.

159 When I shared Teacher's Pet with Robyn, his/her interest was piqued. S/he agreed  
160 to take a pitch from Morgan and it went really well. Robyn really wanted to invest in  
161 Teacher's Pet; in fact I think s/he still does. And I really encouraged Morgan to go with  
162 Robyn's company. I don't think we'd be in this mess if Morgan had.

163 But in the end Morgan's parents felt more comfortable with Taylor Hawkins so  
164 that's the direction they went. Clearly Taylor doesn't know what s/he's doing. I am the  
165 kind of person who can recognize a confident and competent person when I meet them  
166 and that is not the sense I got from Taylor. Instead of standing behind the client and  
167 trying to get the situation turned around, Taylor jumped ship at the first sign of  
168 difficulty and look where we are now. I can tell you that this was not necessary and so  
169 easily fixable. I can also tell you that nobody should be taking Blake's word in all of this  
170 seriously; s/he's not a serious person.

171 Taylor Hawkins and Blake messed up this ride for all of us. We could all be making  
172 a lot of money and doing something good for education right now, but instead we are  
173 here. Certainly, this had nothing to do with my mentoring. But, it's been quite a ride  
174 for Morgan, no doubt. Hopefully, s/he'll have other opportunities.

175 Here's the bottom line in all of this. I have been working with Morgan Lee for going  
176 on three years now and I know Morgan is not the kind of person to have planted a seed  
177 that would allow other people to cheat. Morgan's too ethical to do something like that or  
178 allow anyone to get away with adding something that had the potential to hurt the  
179 success of our app.

180 Blake on the other hand? This disaster has his/her signature all over it. I'm sure  
181 you've heard the story of the scorpion and the frog. A scorpion asks a frog to carry it  
182 across a river. The frog hesitates, afraid of being stung, but the scorpion argues that if it  
183 did so, they would both drown. Considering this, the frog agrees, but midway across the  
184 river the scorpion does indeed sting the frog, dooming them both. When the frog asks  
185 the scorpion why, the scorpion replies that it was in its nature to do so. I don't think I  
186 need to tell you who the scorpion is in this situation.

187 But, in the end, it doesn't really matter who added the ninja to Teacher's Pet.  
188 Morgan can easily remove the glitch and we can all get this back on track, if only  
189 everyone would calm down and take a deep, cleansing breath.

190

191

**WITNESS ADDENDUM**

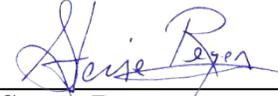
192

I have reviewed this statement, and I have nothing of significance to add at this  
193 time. The material facts are true and correct.

194

Signed,

195



196

\_\_\_\_\_  
Stevie Reyes

## Exhibits

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The subsequent pages of this section include the following exhibits:

Exhibit 1: Reddit Thread with Information about the Ninja

Exhibit 2: Teacher's Pet, LLC Registration Papers

Exhibit 3: Teacher's Pet Marketing Slides

Exhibit 4: Due Diligence Letter to City of Trees Investment Managers

Exhibit 5: Adrian's Ward Judgement

Exhibit 6: First E-Mail Exchange between Stevie Reyes and Robyn Newman

Exhibit 7: Second E-Mail Exchange between Stevie Reyes and Robyn Newman

Exhibit 8: Letter from Idaho Securities Exchange to City of Trees Investment Managers

## Exhibit 1: Reddit Thread with Information about the Ninja

The Reddit Thread that appears on this and the next page are part of one exhibit.



reddit

Codetry

- comments
- related

subscribeunsubscribe 113 readers

2 users here now

**The unofficial subreddit of the Code Poets**

[The Rules of Codetry](#) [Coding Sites](#) [News / Blogs / Discussion](#) [Other Useful Links](#) [Related Subreddits](#) [Request developer flair](#)

[message the moderators](#)

**SUBJECT: TPet Ninja Real?!?!?!? (self.codetry)** submitted 9/17/15 CodeWoman

Commenters at CodeCrash are talking about a previous version of tpet with a ninja. Anyone know what they're talking about?!?!?!Bottom of Form

[–]Codeboba\_ 2 points3 points4 points 78 hours ago (1 child)

Link, please

[–]Codewoman[S] 0 points1 point2 points 78 days ago (0 children)

Link right here. Sorry for leaving it out. Oops.

[–]PoolPoet 0 points1 point2 points 78 days ago (0 children)

Ninja does wat?

[–]VRNerd 0 points1 point2 points 78 hours ago (0 children)

I have it. Works for sure. MIT scholie here I come.

[–]Exterminator 0 points1 point2 points 77 days ago (0 children)

What's it do?!?!?!? Echo, echo, echo . . .

[–]VRNerd 0 points1 point2 points 77 days ago (1 child)

Access to Autograde.

[–]Exterminator [S] 0 points1 point2 points 77 days ago (0 children)

How, please?!?!?!?

[–]techone 0 points1 point2 points 77 days ago (1 child)

Strip post-itunes updates and it's there.

[–] Exterminator 1 point2 points3 points 77 days ago (0 children)

Vaporware. Does not work.

[–]GameFace 0 points1 point2 points 76 days ago (0 children)

Does too work. You have to get the right version, tho.

[–] Exterminator 0 points1 point2 points 76 days ago (0 children)

Which version? I stripped to immediate pre-itunes version and I got nothing.

[–]Mr10101010 -1 points0 points1 point 76 days ago (4 children)

You got the right one.

[–] Exterminator [S] 0 points1 point2 points 76 days ago (3 children)

I can't find it.

[–Mr10101010 [S] 2 points3 points4 points 72 days ago (1 child)

Where is it?!?!?!?!?

[–]Mr10101010 0 points1 point2 points 61 days ago (0 children)

PLease help. I wanna go to MIT, too.

[–]ANewHope -2 points-1 points0 points 61 days ago (1 child)

Search within yourself. Or at least the right menu.

[–] Exterminator [S] 11 points1 point2 points 61 days ago (0 children)

GOT IT11!!!!!!!

[–]ANewHope 5 points 1 points0 points 61 days ago (1 child)

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## Exhibit 2: Teacher's Pet, LLC Registration Papers

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### CERTIFICATE OF ORGANIZATION LIMITED LIABILITY COMPANY

Title 30, Chapters 21 and 25, Idaho Code

Filing fee: \$100 typed, \$120 not typed

Complete and submit the application in duplicate.

1. The name of the limited liability company is:

Teacher's Pet, LLC

(Remember to include the words "Limited Liability Company," "Limited Company," or the abbreviations L.L.C., LLC, or LC)

2. The complete street and mailing addresses of the principal office is:

1976 Nines Park Way, Boise, ID 83701

(Street Address)

(Mailing Address, if different)

3. The name and complete street address of the registered agent:

Stevie Reyes

1976 Nines Park Way, Boise, ID 83701

(Name)

(Address)

4. The name and address of at least one governor of the limited liability company:

Stevie Reyes

1976 Nines Park Way, Boise, ID 83701

(Name)

(Address)

Morgan Lee

28732 Leadville Street, Boise, ID 83732

(Name)

(Address)

(Name)

(Address)

(Name)

(Address)

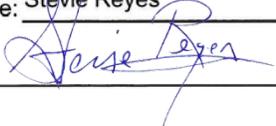
5. Mailing address for future correspondence (annual report notices):

1976 Nines Park Way, Boise, ID 83701

(Address)

Signature of organizer(s).

Printed Name: Stevie Reyes

Signature: 

Printed Name: \_\_\_\_\_

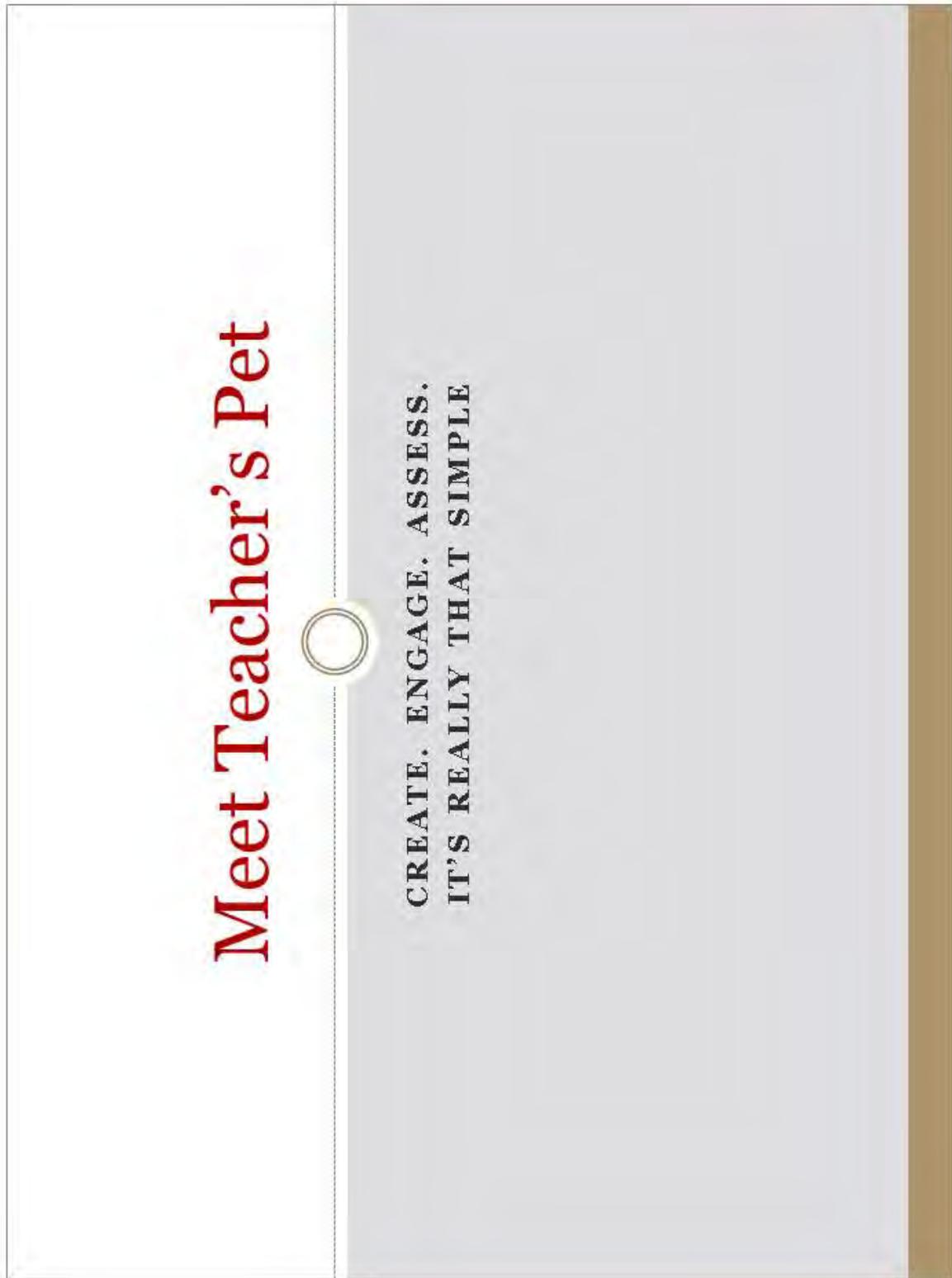
Signature: \_\_\_\_\_

Rev. 08/2015

Secretary of State use only

### Exhibit 3: Teacher's Pet Marketing Slides

The slides that appear on this and the next three pages are part of one exhibit.



# The Dynamics of Teacher's Pet



## Create

- Teachers post assignments and tests for students

## Engage

- Students chat about assignments and prep for tests with each other or with their teachers

## Assess

- Students take and submit tests which are instantaneously graded using the AutoGrade feature.

## Versions of Teacher's Pet

### Teacher Version

- Teachers create content and answer questions regarding content
- Teachers can communicate with students in real time
- Teachers can post tests in a secure environment and set the app to automatically grade student work

### Student Version

- Students receive content and post questions regarding content
- Students can communicate with teachers in the evening, during homework time
- Students can take and retake tests online

## Why You Should Invest

- Teacher's Pet will be an innovative and useful tool for schools all over the world
- Teacher's Pet has room to be expanded for other uses in the future
- Teacher's Pet has been thoroughly tested and is market ready
- Teacher's Pet relies on the highest security protocols to avoid abuse
- Teacher's Pet is good for education and great for your investors

## Exhibit 4: Due Diligence Letter to City of Trees Investment Managers

**P.C. Ormac**  
**Programming Consultant**  
**1010 Apple Street**  
**Boise, Idaho 83709**

---

September 25, 2015

Taylor Hawkins  
City of Trees Investment Managers  
901 North Bannock Street  
Boise, Idaho 83702

Re: Integrity of Teacher's Pet Application

Dear Ms./Mr. Hawkins:

On September 14, 2015, City of Trees Investment Managers retained me to examine the integrity of the Teacher's Pet Application developed by Morgan Lee. On that same date, and at your request, Ms./Mr. Lee provided me with a printout of the operating code for the Teacher's Pet Application. I have thoroughly examined the code and, based on that examination, offer the following observations and opinions regarding the integrity of the application.

As represented to me by your firm and by Ms./Mr. Lee, the intended purpose of the Teacher's Pet application is to allow teachers and students to interface in a secure, virtual classroom. The code I examined appears to be consistent with that purpose. The developer(s) of the application used standard coding methodologies, including the use of secure socket layer 128 bit encryption to ensure secure network communications. Because there are two versions of the application - one for student use and one for teacher use - the developer(s) used modular code and dynamic link libraries to ensure that each version is secure and operates only as intended. Such is standard coding practice. All of the code appears to be free of any back door access points or accounts to circumvent security. There also appears to be no Trojan virus delivery mechanisms or generally malicious code. Overall, the code operates as represented and appears to be free of any bugs or defects.

Assuming the code that was provided to me is the same code that was actually put into production, it is my opinion that the Teacher's Pet Application is what it has been purported to be and that its integrity is sound.

Thank you for allowing me to examine and evaluate the Teacher's Pet Application. Please feel free to contact me should you have any questions.

Sincerely,



P.C. Ormac  
M.S.C.S.  
SAS Certified Base Programmer

## Exhibit 5: Adrian's Ward Judgement

The Judgement that appears on this and the next two pages are part of one exhibit.

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF  
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF ADA

|                     |   |                                  |
|---------------------|---|----------------------------------|
| THE STATE OF IDAHO, | ) |                                  |
|                     | ) |                                  |
| Plaintiff,          | ) | Case No. CR-2007-99999           |
|                     | ) |                                  |
| vs.                 | ) | <b>JUDGMENT AND COMMITMENT</b>   |
|                     | ) | <b>and ORDER OF PROBATION ON</b> |
| ADRIAN WARD,        | ) | <b>SUSPENDED SENTENCE</b>        |
|                     | ) |                                  |
| Defendant.          | ) |                                  |
| _____               | ) |                                  |

WHEREAS, on this 3rd day of March, 2008; this being the time fixed by the Court for pronouncing sentence upon the Defendant, the Court noted the presence of the Prosecuting Attorney, or his deputy, and the Defendant, represented by counsel, in court.

The Defendant was duly informed of the Information filed, and the Defendant having entered a guilty plea on January 31, 2008, to the crime(s) of I: COMPUTER CRIME, FELONY, I.C. § 18-2202(1), committed on or about July 17, 2007.

The Defendant, and Defendant's counsel, were then asked if they had any legal cause or reason to offer why judgment and sentence should not be pronounced against the Defendant, and if the Defendant, or Defendant's counsel, wished to make a statement on behalf of the Defendant, or to present any information to the Court in mitigation of punishment; and the Court, having accepted such statement, and having found no legal cause or reason why judgment and sentence should not be pronounced

**JUDGMENT AND COMMITMENT and ORDER OF PROBATION ON SUSPENDED SENTENCE**  
PAGE 1

against the Defendant at this time; does render its judgment of conviction as follows, to-wit:

That, whereas, the Defendant having pled guilty to the crime(s) of I: COMPUTER CRIME, FELONY, I.C. § 18-2202(1);

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that the Defendant is guilty of the crime(s) of I: COMPUTER CRIME, FELONY, I.C. § 18-2202(1), and that the Defendant be sentenced as follows:

**COUNT I** – The Defendant is hereby sentenced to the Idaho State Board of Correction, under the Unified Sentence Law of the State of Idaho, for an aggregate term of three (3) years, to be served as follows: a minimum period of confinement of one (1) year, followed by a subsequent indeterminate period of custody not to exceed two (2) years. The Defendant is to receive credit for two (2) days previously served.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this judgment shall be, and is hereby suspended, and the Defendant is placed on probation for three (3) years beginning March 3, 2008, or as stated by the Court, under the conditions accepted by the Defendant in a separate probation agreement, the terms of which are hereby incorporated and made part of this Judgment.

IT IS FURTHER ORDERED that upon satisfactory showing by or on behalf of the Defendant that s/he has fully complied with the terms of her/his probation, the Court may, if convinced by the showing made that there is no longer cause of continuing the period of probation, and if it is compatible with the public interest, grant the Defendant an early termination of her/his probation.

JUDGMENT AND COMMITMENT and ORDER OF PROBATION ON SUSPENDED SENTENCE  
PAGE 2

**NOTICE OF RIGHT TO APPEAL**

THE DEFENDANT IS HEREBY NOTIFIED that s/he has the right to appeal this order to the Idaho Supreme Court. Any notice of appeal must be filed within forty-two (42) days of the entry of the written order in this matter.

DATED THIS 3rd day of March, 2008.

  
Pat Jones  
District Judge

**ORDER GRANTING EARLY TERMINATION OF PROBATION**

WHEREAS on this 16th day of February, 2010; the Defendant having appeared with counsel and having made a satisfactory showing that s/he has fully complied with the terms of her/his probation; and the Court having been convinced by the showing made that there is no longer cause of continuing the period of probation; and the Court having found that it is compatible with the public interest to grant the Defendant's request for early termination of her/his probation, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the Defendant's probation, which commenced on March 3, 2008, is HEREBY TERMINATED.

DATED THIS 16th day of February, 2010.

  
Pat Jones  
District Judge

JUDGMENT AND COMMITMENT and ORDER OF PROBATION ON SUSPENDED SENTENCE  
PAGE 3

## Exhibit 6: First E-Mail Exchange between Stevie Reyes & Robyn Newman



Stevie Reyes <steviecodejammer@gmail.com>  
To: Robyn Newman <newmoneynewman@gmail.com>

Wed, Aug 12, 2015 at 10:43 AM

Morgan is fantastic - the kind of kid who really makes me glad I got into this teaching gig!

On Wed, Aug 12 at 10:40 AM, Robyn Newman <newmoneynewman@gmail.com> wrote:

I'm traveling for the rest of the week, but call my office on Monday and let's see what we can schedule. Looking forward to meeting this genius of yours.

On Wed Aug 12 at 10:37 AM, Stevie Reyes <steviecodejammer@gmail.com> wrote:

Right now, I'm not putting in any capital. We're trying to get other people to invest but I thought of you first. I'm sure we can make it happen. Morgan Lee and Teacher's Pet could be a gravy train for all of us.

On Wed Aug 12 at 10:29 AM, Robyn Newman <newmoneynewman@gmail.com> wrote:

I could do that. Are you sure this kid has it together enough to make this happen? How much money are you putting in?

On Wed Aug 12 at 10:20 AM, Stevie Reyes <steviecodejammer@gmail.com> wrote:

It definitely did. Hey, I wanted to follow up with you about that app I was telling you about. Teacher's Pet. I just spoke with my student, Morgan Lee, and Morgan said the trial run on iTunes has been going great. It looks like this app is going to be the next big thing, but we really need an infusion of cash to take it over the top. Any interest in taking a meeting with me and Morgan to learn more about it?

On Wed Aug 12 at 10:11 AM, Robyn Newman <newmoneynewman@gmail.com> wrote:

Good. I thought talking to some of the old hands might help.

On Wed Aug 12 at 9:51 AM, Stevie Reyes <steviecodejammer@gmail.com> wrote:

Great to see you, too. I'm doing alright. Much better since the conference.

On Wed Aug 12 at 8:47 AM, Robyn Newman <newmoneynewman@gmail.com> wrote:

Good to see you in Sun Valley. How you holding up?

## Exhibit 7: Second E-Mail Exchange between Stevie Reyes & Robyn Newman



Robyn Newman <newmoneynewman@gmail.com>  
To: Stevie Reyes <steviecodejammer@gmail.com>

Wed, Dec 16, 2015 at 5:00 PM

Just keep playing that Toby Keith song, so you can sing "How Do You Like Me Now" when you get back on top! Keep me posted and let me know what I can do to help make this right.

On Wed, Dec 16 at 4:50 PM, Stevie Reyes <steviecodejammer@gmail.com> wrote:

It's just so stressful. I got out of the corporate world so I didn't have to go through all of this kind of nonsense. But I guess it comes with the territory.

On Wed Dec 16 at 4:45 PM, Robyn Newman <newmoneynewman@gmail.com> wrote:

Are you kidding? I've made lemonade out of worse lemons than this. Besides, after all our talks in SV, I know you want to get back into the game and this may be the perfect opportunity.

On Wed Dec 16 at 4:41 PM, Stevie Reyes <steviecodejammer@gmail.com> wrote:

So, you really think we should push ahead?

On Wed Dec 16 at 4:33 PM, Robyn Newman <newmoneynewman@gmail.com> wrote:

Who cares? Maybe a lawsuit wouldn't be such a bad thing. It would allow us to get City of Trees out of the way. Win or lose, it's our opportunity!

On Wed Dec 16 at 4:27 PM, Stevie Reyes <steviecodejammer@gmail.com> wrote:

OK, I think. S/he's up and then down. I think Morgan is still a little naive about how all of this works. To Morgan, this is all just another puzzle s/he's trying to figure out, but it's pretty hard on him/her that people will think s/he had something to do with all of this. Morgan still swears s/he knows nothing about the ninja. What do you think?

On Wed Dec 16 at 4:15 PM, Robyn Newman <newmoneynewman@gmail.com> wrote:

Don't worry. I've got enough experience with confrontation for all of us. How's Morgan been holding up since news of the ninja went public?

On Wed Dec 16 at 4:08 PM, Stevie Reyes <steviecodejammer@gmail.com> wrote:

I haven't said anything about the lawsuit to Morgan yet - I don't want him/her to get nervous about all of this. I just told Morgan to do his/her best to fix all this ninja and hopefully we can turn it around and avoid a lawsuit. I really don't like this kind of confrontation.

On Wed Dec 16 at 3:59 PM, Robyn Newman <newmoneynewman@gmail.com> wrote:

Yeah. Taylor Hawkins is out of his/her depth with this. I knew it from the beginning. Then again, I'm pretty sure Taylor would be out of his/her depth in a puddle - big fish, little pond.

On Wed Dec 15 at 3:35 PM, Stevie Reyes <steviecodejammer@gmail.com> wrote:

Hey Robyn. Wanted to give you a heads up. It looks like that twit Taylor Hawkins is making noise about suing us over that little issue with our app. I knew Morgan shouldn't have gone with City of Trees.

## Exhibit 8: Letter from ISC to City of Trees Investment Managers



*Keeping Idaho Safe for Investment*

IDAHO SECURITIES  
COMMISSION  
450 West State Street  
10<sup>th</sup> Floor  
P.O. Box 7609  
Boise, Idaho 83720-7609  
208-555-7609

December 22, 2015

Taylor Hawkins  
City of Trees, LLC  
901 North Bannock Street  
Suite 800  
Boise, Idaho 83702

Re: Notice of Investigation , Case No. 867-5309

Mr./Ms. Hawkins:

I am writing to provide you with notice that the Idaho Securities Commission (the "ISC") has recently opened a formal investigation into allegations of negligent investment practices by City of Trees, LLC ("COT") pursuant to Idaho Code §§ 67-5301 *et. seq.* The ISC's investigation in this matter is made in connection with COT's due diligence and promotion in a series of emerging technology transactions including the Teacher's Pet mobile application. Based upon the Investment Securities Act you are required to maintain and preserve all documentation in any way related to this matter. Failure to do so may result in both civil and criminal sanctions, including the revocation of relevant licensing.

The ISC appreciates your cooperation in this matter and will very shortly serve upon you requests for statements and documentation.

Sincerely,

A handwritten signature in black ink, appearing to read "Frankie Mittens".

Frankie Mittens  
Senior Securities Investigator

# Jury Instructions

---

## Instruction No. 1

These instructions explain the duties of jurors and define the law that applies to this case. It is the jury's duty to determine the facts, to apply the law set forth in these instructions to those facts, and in this way to decide the case. The jury's decision should be based upon a rational and objective assessment of the evidence. It should not be based on sympathy or prejudice.

## Instruction No. 2

It is the judge's duty to instruct the jury on the points of law necessary to decide the case, and it is the jury's duty to follow the law as the judge instructs. The jury must consider these instructions as a whole, not picking out one and disregarding others. The order in which these instructions are given or the manner in which they are numbered has no significance as to the importance of any of them.

## Instruction No. 3

In determining the facts, the jury may consider only the evidence admitted in this trial. This evidence consists of the testimony of the witnesses, the exhibits admitted into evidence, and any stipulated or admitted facts. While the arguments and remarks of the attorneys may help the jury understand the evidence and apply the instructions, what they say is not evidence. If an attorney's argument or remark has no basis in the evidence, the jury should disregard it.

The production of evidence in court is governed by rule of law. At times during the trial, the judge sustained an objection to a question without permitting the witness to answer it, or to an offered exhibit without receiving it into evidence. Some evidence may have been admitted for a limited purpose. If so, the judge called your attention to this when the evidence was admitted. Remember that whenever evidence was admitted for a limited purpose, the jury must not consider such evidence for any purpose other than the limited purpose for which it was admitted – the judge's rulings are legal matters, and are solely the judge's responsibility. The jury must not speculate as to the reason for any objection, which was made, or the judge's ruling thereon, and in reaching its decision the jury may not consider such a question or exhibit or speculate as to what the

answer or exhibit would have shown. Remember, a question is not evidence and should be considered only as it gives meaning to the answer.

The law does not require the jury to believe all of the evidence admitted in the course of the trial. As the sole judge of the facts, the jury must determine what evidence to believe and what weight to attach to it. In so doing, the jury brings to this courtroom all of the experience and background of the jurors' lives. There is no magical formula for evaluating testimony. In their everyday affairs, the jurors must determine for themselves whom they believe, what they believe and how much weight they attach to what they are told. The considerations the jurors use in making the more important decisions in their everyday dealings are the same considerations they should apply in their deliberations in this case.

#### **Instruction No. 4**

The Plaintiff, City of Trees Investment Managers, claims that the Defendant, Morgan Lee, committed securities fraud in connection with the investment contract in which City of Trees bought a security in Lee's Teacher's Pet application (hereinafter "Teacher's Pet app" or "app"). The Plaintiff has the burden of proof on each of the following propositions:

- 1) Plaintiff invested (i.e., bought a security) in Defendant's Teacher's Pet app with the expectation that Plaintiff and its clients would receive a share of the profits derived from the sale of the app;
- 2) In selling Plaintiff a security in the Teacher's Pet app, Defendant made an untrue statement of material fact or omitted to state a material fact that was necessary, under the circumstances, to make the statement not misleading;
- 3) Had Defendant not made the untrue statement or omission, Plaintiff would not have made the decision to invest in the Teacher's Pet app;
- 4) Plaintiff was unaware, and in the exercise of reasonable care could not have been aware, of the untruth or omission; and
- 5) Defendant knew, or in the exercise of reasonable care should have known, of the untruth or omission.
- 6) Plaintiff suffered injury or loss as a result of the untruth or omission.

If the jury finds from its consideration of all the evidence that each of these elements has been proven, its verdict should be for the Plaintiff. However, if the jury finds that one or more of these elements has not been proven, then the Plaintiff has not met the burden of proof required and the jury's verdict should be for the Defendant.

### **Instruction No. 5**

As used in these instructions a fact is "material" if such information may have resulted in the alteration of Plaintiff's decision to purchase the security.

### **Instruction No. 6**

When the judge says that a party has the burden of proof on a proposition, or uses the expression "if you find" or "if you decide," the judge means that the jury must be persuaded by a preponderance of evidence. This means that the proposition is more probably true than not true.

### **Instruction No. 7**

In this case the parties have stipulated or agreed that the amount of damages that should be awarded, if any, will be the subject of a separate trial.

### **Instruction No. 8**

Evidence may be either direct or circumstantial. Direct evidence is evidence that directly proves a fact. Circumstantial evidence is evidence that indirectly proves the fact, by proving one or more facts from which the fact at issue may be inferred.

The law makes no distinction between direct and circumstantial evidence as to the degree of proof required; each is accepted as a reasonable method of proof and each is respected for such convincing force as it may carry.

In this case, certain evidence may be admitted for a limited purpose. The judge will call the jury's attention to this when this evidence is admitted. The judge will remind the jury that whenever evidence is admitted for a limited purpose, the jury must not consider such evidence for any purpose other than the limited purpose for which it is admitted.

You have now heard all the evidence in the case. My duty is to instruct you as to the law. You must follow all the rules as I explain them to you. You may not follow some and ignore others. Even if you disagree or don't understand the reasons for some of the

rules, you are bound to follow them. If anyone states a rule of law different from any I tell you, it is my instruction that you must follow.