

COMPLAINT AGAINST COWAN GUNTESKI

Cowan Guntjeski & Co, its shareholders and Principals is the auditing firm the complaint refers to – herein referenced as Cowan et al, including;

- Donald Cowan - Shareholder / Managing Director
- William Meyler - Principal/ SEC
- Joseph Guntjeski - Vice President/ Shareholder in Charge Litigation
- Debra Rauch - Principal
- Charles Woolsten – Principal
- Robert J Brown – Principal Litigation
- Stephen Reed – Shareholder/Managing Director Monmouth NJ
- William McNamara – Shareholder
- Deborah Mathis – Shareholder
- Michael S Lewis - Shareholder

Tauriga Sciences and its shareholders are herein referred to as "Tauriga"; Cowan Guntjeski & Co. P.A. may at herein be referred to as "Cowan"

Summary. Tauriga, a publicly held company (TAUG), retained Cowan, since 2009 to audit financials statements. The complaints made against Cowan are;

- Cowan committed malpractice with respect to the audit of Tauriga's Fiscal Year 2014 Financial Statements; Cowan was notified by PCAOB about such malpractice and an investigation was commenced by PCAOB against Cowan many months prior to July 23, 2015 ("Public Censure Date"); Cowan failed to notify Tauriga about the existence of the ongoing PCOAB investigation directly relating to the audit of Tauriga's Fiscal Year 2014 Financial Statements. Cowan's malpractice may or may not have been intentional, but Cowan's calculated decision to fail to notify Tauriga of the PCAOB investigation and while continuing to bill Tauriga up until the PCAOB was issued in July of 2015.
- Cowan Principal William Meyler lied to Tauriga after the censure and press release by the PCAOB censuring Cowan for an unlawful filing of 2014 financials based on Cowan's of lack of independence. Meyler emailed Tauriga

officers and misrepresented, stating that he was still able to sign off on 2014 financial statements (in terms of re-issuance of independent opinion). Cowan was trying to collect another \$50,000 for fiscal year 2015 at the time of this lie.

- Cowan refused to return Tauriga's audit work papers to Tauriga. Tauriga was de listed on July 31st 2015 based on the malpractice memorialized in the PCAOB censure. Repeated requests were made by Tauriga officers, Tauriga's new auditing firm and Tauriga's attorney (for the immediate return of Tauriga's audit work papers) starting in early August 2015. All requests were UNANSWERED.

- Cowan did not return Tauriga's working papers for over 7 months, only after the Mediation Process, which occurred subsequent to Tauriga's filing its lawsuit against Cowan Guteski in Federal Court, Southern District Florida. Tauriga filed a Federal Malpractice suit against Cowan on or about November 4th, 2015. The lawsuit was filed in part to seek damages against Cowan Guteski for failure to return Tauriga's audit work papers and documents and to force Cowan to return Tauriga's work papers and ORIGINAL DOCUMENTS. The return of these work papers not only an intentional pre-meditated breach of fiduciary responsibility, but were required to address the directive issued by the SEC Office of Chief Accountant that Tauriga must re-audit its Fiscal Year 2014 Financial Statements due to the Malpractice committed by William Meyler (Partner at Cowan Guteski).

- Cowan, allegedly conspiring with its malpractice Insurance Carrier and possibly attorneys, conspired to **extort a low dollar settlement** from Tauriga beginning in September of 2015 by holding Tauriga's working papers hostage. Despite knowing that Tauriga was being fined \$1000.00 a day by a financing group **due to Tauriga's stock being de-listed. How else could Cowan explain not** even answering one text, email, phone call or registered letter beginning in early August from Tauriga and Tauriga's new auditor asking for Tauriga's papers back.

- Cowan appears to have deliberately, maliciously, and intentionally tried to harm over 4000 Tauriga shareholders because Cowan knew that they by withholding Tauriga's original work papers they would cause Tauriga to be fined \$1000.00 per day and close the door to new financing. Cowan also knew continuing deprive Tauriga of its work papers would make it Impossible for

Tauriga to become a listed company again, deliberately driving the stock price down and making it extremely thin to trade. Even now, Tauriga has the yield sign still attached (on OTC Markets General Info Company site) and it only trades by appointment. Cowan's goal was to bankrupt Tauriga and its approximately 4000 shareholders have suffered enormously.

Here is a timeline summary of events:

- Sometime in 2014 or early 2015, Cowan Guteski was notified by the PCAOB that they were under investigation for independence violations of Tauriga's 2014 audit (see Tauriga's press release from July 31, 2015).
- Cowan failed to notify Tauriga that it was under investigation, and that negative ruling could impact Tauriga's status as a listed company on the OTCQB exchange.
- On July 11, 2015 Seth Shaw became CEO of Tauriga. Prior to Shaw becoming CEO Tauriga had several promising business models that ultimately did not work out. One business was in the Natural Wellness space. Tauriga acquired a water purification company for approximately \$2,000,000 and it is believed Tauriga's previous CEO did not maximize that business. Valuable patents were lost because of Tauriga's delisting and inability to raise funds.
- Even prior to Seth Shaw becoming CEO of Tauriga, Shaw was in preliminary negotiations/talks with a life science company to potentially merge with Tauriga. The de-listing cost Tauriga and its shareholders a lost opportunity. The Company Tauriga could have merged with was fully vetted by one of the biggest pharmaceuticals in the world and could have added tremendous shareholder value. Failing to return Tauriga's papers immediately is the cause of the breakdown with that opportunity. Tauriga and its CEO were labeled scam artists.
- On July 23rd the PCAOB put out a press release stating that Cowan and Cowan auditor Bill Meyler unlawfully audited Tauriga for the year 2014. (**Exhibit A – PCAOB Press Release**)

- Cowan auditor Bill Meyler responded to Shaw's concerns regarding the PCAOB press release he indicated several times that he was able to sign off on the 2014 financials. Attached is a copy of the last correspondence. (**Exhibit B - Meyler Email**) CEO Shaw and Tauriga shareholders were completely blindsided by the censure and virtual immediate delisting.

- On July 30th the SEC Chief Accountant made a determination that Tauriga had to re-audit its 2014 financial statements due to "serious and material breach of independence of opinion by predecessor audit firm".

- At open of Market on July 31st 2015 Tauriga was delisted from the OTCQB.

- On July 31st Tauriga put out a press release explaining to shareholders disclosing to shareholders the events that transpired.

- Tauriga CEO Seth Shaw immediately attempted to remedy the delisting by commencing the re-audit of Tauriga's Fiscal Year 2014 Financial Statements by Michael Pollack, CPA KBL Certified Public Accountants ("New Auditor").

- **Cowan,**

- *failed to notify Tauriga that PCAOB was conducting an investigation*

- *Bill Meyler Misrepresented that he could still sign off on the 2014 financials even after the PCAOB Censure was announced.*

Even knowing that a PCAOB investigation for 2014 was being conducted by the PCAOB, Cowan continued billing Tauriga hundreds of thousands of dollars for FY 2014 and 2015 and even continued to demand money from Tauriga the day after the July 23, 2015 PCAOB Censure was publicly disseminated by the PCAOB

- Tauriga, in an attempt to remedy the SEC determination that resulted in the de-listing of shares of Tauriga from the OTCQB, began contacting

Bill Meyler and Don Cowan to have its work papers returned, multiple requests were made, by Seth Shaw, the new auditor and finally Tauriga's attorney. Requests were made through text messages, emails and certified mail. Cowan intentionally and deliberately chose to ignore the requests and failed to make any response.

Tauriga could not commence its efforts re-audit fiscal year 2014 because Cowen et al maintained control of all of Tauriga's original documents. Finally, Tauriga was able to complete this re-audit of its Fiscal Year 2014 Financial Statements during May of 2016 (after obtaining these audit work papers during March of 2016). These audit work papers could have and should have been returned to the Tauriga by Cowan Guteski in early August 2015.

- Cowan, knew or should've known, that one of Tauriga's financing agreements carried a fine of \$1000 per day that Tauriga was not compliant and listed. (**Exhibit C** – Non Reporting Penalty)

- Cowan, new or should've known that Tauriga would have virtually no financing options after being delisted without incredible dilution due to Tauriga's extraordinarily low share price and drastically reduced trading liquidity subsequent to delisting.

- Sometime during the 4th Calendar Quarter of 2015, Cowan's malpractice insurance company became involved and began communications with Tauriga (at times these communications occurred directly through the law firm LeClair Ryan). The insurance Carrier, and or the Carrier's attorney's were notified that Cowan had not returned Tauriga's audit work papers. Despite this, the work papers were not returned and the Company and Tauriga thousands of Shareholders suffered horrendous damages.

- Exasperated, on November 4, 2015 Tauriga's CEO filed a federal lawsuit against Cowan et al in West Palm Beach Florida (**Exhibit D** - Lawsuit) Per the terms of the original contract Tauriga signed with Cowen mediation was agreed to.

- Tauriga's working papers and originals were still not returned even after Tauriga filed that Federal lawsuit. It was apparent that Cowan was holding the working papers hostage as a weapon to obtain a settlement below the policy limits.

- The first mediation occurred in between December 2015 and February 2016, according to the court docket. *Federal Pacer Website - View Complaint* [https://www.pacermonitor.com/public/case/9866482/Tauriga_Sciences, Inc v Cowan Gunteski Co, PA et al](https://www.pacermonitor.com/public/case/9866482/Tauriga_Sciences,Inc_vCowan_Gunteski_Co,_PA_et_al)

- Tauriga's working papers and originals were still not returned after having a first mediation in January 2016

- To Tauriga second mediation date was scheduled for February 3, 2016. Tauriga's working papers and originals still had not been returned.

- It appears that only after the lengthy Mediation Process was complete, did Tauriga finally acquire its audit work papers back from Cowan Gunteski, on March 7, 2016 they were returned according to CEO Seth Shaw.

- Tauriga stock rebounded to .009 from .001 on the news the papers were returned, however it still has a yield sign on it. Tauriga expects to be fully reporting during the late 2nd Calendar Quarter of 2016 or early during the 3rd Calendar Quarter of 2016.

- It is my belief that without the Mediator intervening and demanding that Cowan et al return the audit work papers, they would still be in Cowan Gunteski's possession today

- I believe both the insurance company and Cowan et al were conspiring to extort a low settlement amount by using the companies working papers a weapon against Tauriga and Tauriga's thousands of shareholders.

(Exhibit E - Text to Meyler)

Currently, Tauriga is pursuing it's malpractice claim against Cowan. The conduct both before and after Cowan being censured by the PCAOB should shock the conscience of this Board, as well as every other respectable CPA in America. It is amazing they would

conduct business in this manner in a post Enron world. Not only did Cowan fail to notify Tauriga that it was under investigation for independence violations Cowan lied to Tauriga after the PCAOB censure is issued. More shocking is Cowan and Cowan's shareholders did not respond to multiple requests from Tauriga to have its papers returned. Cowan, out of good faith, could have assisted Tauriga's new auditor to rectify the damage they caused.

Tauriga was a very good client of Cowan and had paid Cowan roughly \$1 million since 2009. Tauriga also referred Cowan a high paying client, Decision Diagnostics. The way Cowan repaid Tauriga should shock the Board's conscience.

It seems crystal clear that Cowan, Cowan's shareholders, Cowan's attorneys and Cowan's insurance company intentionally and deliberately pursued and executed legal, unethical and immoral and illegal extortion strategy to strangle Tauriga and Tauriga's thousands of Shareholders financially. It is a too familiar story, a large Auditing firm, a large insurance company and a large law firm squeezing the life out of what they thought would be a bankrupt company.

Otherwise, how can Cowan and its shareholders explain not returning Tauriga's work papers, or even respond to the numerous requests by Tauriga officials and Tauriga's new auditor for the work papers while intentionally violating the most basic fiduciary responsibilities a high school senior would understand? It is telling that Tauriga's work papers were not returned until March of 2016.

Cowan's alleged unethical extortion strategy may have worked against 99 out of 100 companies, but they chose the wrong company to extort. Tauriga CEO Shaw has fought to keep the company moving forward despite the terrible damage Cowan caused.

Subsequen, after FINALLY receiving its work papers, Tauriga added two Board members. One is Frank Orlowski, a senior director at Pfizer oversees multibillion dollar budget in emerging markets (Advisory Board Member).

Press release - <http://tauriga.com/tauriga-sciences-inc-appoints-20-year-pharmaceutical-industry-veteran-board-advisors/> or visit www.tauriga.com

Tauriga also added Keith Berman to the Board subsequent to its working papers being returned. Berman is the CEO of Decision Diagnostics, a public medical device company that just won a series of legal battles against Johnson and Johnson. Currently, the sole remaining lawsuit is a patent infringement claim in which Johnson & Johnson for patent infringement for the glucose strip that is used in Johnson and Johnsons meters. *Johnson and Johnson's profitable famous glucose strip patent 105 was ruled void and not patentable as a result of this litigation.* *Mr. Berman brings invaluable experience in litigation matters as well the medical device markets. Decision gave revenue guidance in excess of \$200 million dollars in sales in 2012, prior to Johnson being granted what was ultimately determined to be an unlawful injunction.*

Press Release - <http://tauriga.com/tauriga-sciences-inc-appoints-mr-keith-m-berman-member-companys-board-directors/> or visit www.tauriga.com

Press Release - <http://www.marketwired.com/press-release/decision-diagnostics-emerges-victorious-end-acrimonious-patent-litigation-with-divisions-otc-pink-decn-2130811.htm> www.decisiondiagnostics.com press releases

Press Release - <http://www.marketwired.com/press-release/decn-subsiidiaries-sue-johnson-johnson-and-several-divisions-for-patent-infringement-otc-pink-decn-2105778.htm> or visit www.decisiondiagnostics.com press releases

Cowan's Shareholders and Principals are named in this complaint because the pursuit of this extortion based legal strategy was unlikely made in a vacuum. In fact, on Cowan's website they purport to be litigation experts. Listed as litigation specialists on Cowan's website are two Cowan Shareholders Joe Guteski, and Rob Brown. There may be minutes of Board meetings in which this extortion based legal strategy was discussed and memorialized between Cowan Shareholders.

Cowan Webpage <http://www.cgteam.com/litigation-valuation-services-group>

Despite Tauriga fighting back to regain a fully reporting status, it is still plagued by the delisting and as of June 1 still has a yield sign on its stock and is still in the pink sheets. The yield sign and Tauriga's status as a non reporting Company prevents many institutions from buying the stock. It is nearly a year and despite all efforts by Tauriga's CEO, the Tauriga still is a non reporting Company. The damage caused by Cowan will no doubt lead to a lower value placed on Tauriga with any potential merger partners. Even after these damages are cured, Tauriga is still left with a damaged reputation from being a non reporting Company for nearly one year. The damage could have been mitigated by Cowan if they simply had the decency to return Tauriga's original papers.

Press Release - <http://tauriga.com/tauriga-sciences-inc-issues-comprehensive-update-shareholders-reports-significant-progress-multiple-fronts/> or visit www.tauriga.com

A jury in the above referenced malpractice lawsuit may award Tauriga a punitive damage award against Cowan greater than policy limits based on the first malpractice charge of failing to notify Tauriga of the investigation. Who can even guess what a jury could award against Cowan's deliberate attempt to devalue and bankrupt Tauriga by holding Tauriga's working papers hostage. A large verdict against Cowan could make Cowan insolvent.

It is not with pleasure that I submit this complaint. But what happened here is outrageous. My friends were long term shareholders in Tauriga and they were devastated when Tauriga was suddenly de-listed. Once a number of shareholders started looking into this I became shocked at what this accounting firm did.

Thank You In Advance!

