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SECURED DIVERSIFIED INVESTMENT, LTD.

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF ORANGE, CENTRAL DISTRICT

ALLIANCE TITLE COMPANY, INC. a California corporation; Plaintiff vs. SECURED DIVERSIFIED INVESTMENT, LTD., a Nevada corporation, NATIONWIDE COMMERCIAL BROKERS, INC.., a California corporation, WILLIAM S. BIDDLE, an individual, CLIFFORD L. STRAND, an individual, GERNOT TROLF, an individual, PRIME TIME AUCTIONS, INC., a Nevada corporation and DOES 1 through 20. Defendants. ______________________________________ SECURED DIVERSIFIED INVESTMENT, LTD. a Nevada corporation, Cross-Complainant, vs. ALLIANCE TITLE COMPANY a California Corporation;	Case No: 06CC02129 CROSS-COMPLAINT (1) BREACH OF CONTRACT; (2) BREACH OF FIDURARY DUTY; (3) CIVIL CONSPIRARCY; (4) INTENTIONAL INTERFERENCE WITH ECONOMIC RELATIONS; (5) NEGLIGENT INTERENCE WITH ECONOMIC RELATIONS: (6) BREACH OF EMPLOYMENT CONTRACT; (7) BREACH OF DIRECTORS/OFFICERS' FIDURARY DUTY

BRENDA BURNETT, an individual;
CLIFFORD L. STRAND, an individual;
WILLIAM S. BIDDLE, an individual;
GERNOT TROLF, an individual; and DOES 1 through 50, inclusive.

Cross-Defendants.

1. Cross-Complainant SECURED DIVERSIFIED INVESTMENT, LTD., ("SDI") is and at all times herein mentioned is a corporation organized and existing under the laws of the State of Nevada and doing business in State of California with an office is located in Orange County, California.

2. Cross-defendant ALLIANCE TITLE COMPANY, ("Alliance") is and at all times herein mentioned is a corporation organized and existing under the laws of the State of California and doing business in the State of California with an office located in Irvine, California.

3. Cross-defendant BRENDA BURNETT ("Burnett") is and at all times herein mentioned an individual residing in the State of California. Burnett is an employee of Alliance.

4. Cross-defendant CLIFFORD L. STRAND ("Strand") is and at all times herein mentioned an individual residing in Orange County, California. Strand was CEO and a director of SDI.

5. Cross-defendant WILLIAM S. BIDDLE ("Biddle") is and at all times herein mentioned an individual residing in the State of California. Biddle was a Vice President and a director of SDI.

6. Cross-defendant GERNOT TROLF ("Trolf") is and at all times herein mentioned an individual residing in San Diego County, California. Trolf was Chief Operating Officer of SDI.

7. Cross-defendants DOES 1 through 50, inclusive, are sued herein under fictitious names. Their true names and capacities are unknown to Cross-Complainant. When their true names and capacities are ascertained, Cross-Complainant will amend this complaint by inserting their true names and capacities herein. Cross-Complainant is informed and believes and thereon alleges that each of the fictitiously named defendants is responsible in some manner for the occurrences

herein alleged, and that Cross-Complainant's damages as herein alleged were proximately caused by such defendants.

8. SDI is informed and believes and thereon alleges that each defendant that al all times mentioned herein, each defendant was an agent, servant or employee of every remaining defendant and the acts of each defendant were within the course and scope of said agency and/or employment.

9. On or about July 1, 2005 SDI along with its co-owner enter into an Agreement of Purchase and Sale and Joint Escrow Instructions ("Agreement") (a true and correct copy of the Agreement is attached hereto as Exhibit "A" and incorporated by reference herein) for the sale of a property commonly known as Cannery West Shopping Center. The property was located in Las Vegas, Nevada but the agreement was entered into in Orange County, California. Escrow Number 15083848-383-BSB ("This Escrow") was opened by Burnett.

10. Burnett signed the Agreement in her capacity as a title officer for Alliance.

11. The terms of the Agreement were very clear, it stated that "Escrow Holder will not follow later instructions which in any way modify or contradict the terms of this Agreement, unless such instructions are provided in a written document which is duly executed by Seller and Buyer."

12. The other individual Cross-Defendants Biddle, Strand and Trolf ("The Executives") in this action are former employees of SDI. They are not parties to the escrow agreement.

13. Burnett, Biddle and Strand are personal friends and Burnett has taken informal directions from Biddle and Strand throughout the course of this Escrow in attempt to protect Biddle, Strand and Trolf's interests.

14. Burnett's actions throughout this Escrow show she clearly chooses which occasions she would enforce the above provision. She failed to enforce it on many occasions. On several of those occasions Alliance's legal department was aware of her failure to enforce the provision and allowed Burnett to accept contradictory documentation which caused harm and damages to SDI.

15. In addition, Burnett accepted documents from Strand, Biddle and Trolf regarding the disbursements of SDI's funds and inserted these documents into the escrow instructions without a proper amendment to escrow. Burnett on several occasions failed to copy SDI a party to the escrow on the documents she has received and accepted.

16. At dispute are two holdback agreements in the total amount of $267,000, which Burnett prepared in violation of above agreement to holdback SDI funds from escrow. The first was for a commission for $90,000. Nationwide Commercial Brokers, Inc. ("Nationwide") was listed as a broker in the Agreement but no individual broker was listed along with Nationwide. However Nationwide and SDI have no dispute regarding the commission which was to be split between Nationwide and SDI. Nationwide was to receive $18,000 and SDI was to receive $72,000.

17. SDI was the majority owner of Nationwide. SDI's Board of Directors, which Biddle and Strand were directors, made a decision as to how the commission was to be disbursed. The split was authorized by the Board of Directors of SDI and agreed to by Nationwide. Strand and Biddle were also directors of Nationwide. The SDI Board Minutes reflect the split and the Board Minutes were signed by Strand and Biddle.

18. SDI under information and belief believes that Nationwide contacted Alliance prior to the holdback instruction informed Alliance that Nationwide's commission was $18,000 only.

19. SDI provided Burnett with documentation of this split and several times requested a proper amendment. Burnett failed to prepare one.

20. On or about July 13, 2005, Biddle submitted an untitled document to Burnett which stated how Nationwide's commission is to be disbursed: $18,000 to Nationwide and $72,000 to Biddle as an individual. He signed the document only as "Broker" there are no other signatures on the document and at the time Biddle is still an officer and director of SDI. Burnett accepts the document. Biddle sends in this document knowing it is in conflict with SDI's board resolution, and shows it to know one else. Sometime after Biddle is no longer an officer, but remains a director, SDI sees the unauthorized instructions and contacts Burnett that they were improper instructions and sends over a copy of the board minutes and a directive from SDI to amend the

escrow. Burnett never provides any of the buyers or sellers with an amendment to escrow to authorize this change.

21. In an attempt to validate the July 13, 2005 document, on or about September 27, 2005 Burnett prepares a Commission Disbursement Instruction which was to be signed by the sellers. Biddle signed this document as an officer of SDI. Burnett is aware that Biddle is no longer an employee or director of SDI but accepts this document as well. Burnett never sent this document to SDI. Biddle has written himself a commission of $72,000 and has attempted to authorize it.

22. The second holdback in the amount of $177,000 is for funds which are allegedly owe to the Executives as result of a settlement in connection with their employment agreements.

23. Biddle and Strand participate in all of the Board of Directors decisions and/or meeting listed below until the date of their resignations from the Board of Directors.

24. On or about March 2005, SDI Board of Directors, in attempt to restructure the financial debt of the company, of approximately $750,000, decided that Biddle, Strand and Trolf will enter into new employment agreements which were dated April 1, 2005. The debt is in large part past salaries of Biddle, Strand and Trolf.

25. On or about May 10, 2005, the Board of Directors SDI have a meeting. At this time Biddle, Strand and Trolf have not yet signed the April 1, 2005 Employment Agreements. As result of their failure to sign the company is still trying to restructure the financial debt. It is decided that each executive will continue to receive a salary, the executives will terminate all previous employment agreements, forgive their respective accrued salaries, and a new employment agreements will be entered into on June 1, 2005 with a provision for a six month payout if no longer employed by the company with new salaries. Once the company requests they vacate their posts and not to be re-hired, their six month payout was be paid out of this Escrow because SDI did not have the money due to its financial condition. Also the Executives were to forgive their respective grant of options and the return stock under the Company's 2003 Stock Incentive Plan.

26. On May 11, 2005 SDI and the Executives signed a letter agreement memorializing these terms.

27. The parties rather than draft new agreements signed the April 1, 2005 Employment Agreement with an Addendum as of June 29, 2005 (true and correct copies of which are attached hereto as Exhibits B, C, and D and incorporated by reference). As part of the addendum the Executive are to rescind their stock options, and return their stock. The Executives have never complied with this provision of their agreements.

28. On or about July 2005, SDI's Board of Directors has a meeting and adopts a "Plan of Reorganization". As part of the plan, the Board of Directors required the Executives to step down from their positions by August 31, 2005 and they are not to be rehired. Strand requests one change to the Plan that he not be required to step down, the Board overrules his request.

29. On or about August 31, 2005, Strand, Biddle and Trolf, respectively resigned from their executive positions with the company. Strand and Biddle are still directors of SDI. The Executives send copies of their resignations to Burnett. She accepts them as part of the escrow instructions but never prepares a proper amendment nor notifies SDI as to the appropriate format for acceptance to the escrow.

30. On or about September 26, 2005 Strand and Biddle both resign as Directors of SDI.

31. After Biddle, Strand and Trolf resigned from the Company, a review of all business matters for the company as part of the plan of reorganization revealed that the Executives breached their duties to the Company which cause SDI financial harm and huge debt on its corporate books.

32. On or about December 1, 2005 Burnett received a SDI corporate resolution regarding payments which were to be made out of this Escrow to the Executives. It stated that such payments were to be withheld from distribution and returned to SDI. Also to be withheld from distribution was the commission payment and it was to be returned to SDI. Rather than complying with SDI requests Burnett tells SDI that the proper format is to sign holdback

instructions, she prepares the holdback agreements one for $90,000 and the other for $177,000 however she failed to properly obtain the signature of all parties to the escrow on these holdback documents therefore any holdback is invalid and the sums must be released to SDI.

33. As result of these invalid holdbacks, SDI has lost the opportunity to option and purchase an additional property which would have been a sound investment for the company in excess of $3,000,000.

FIRST CAUSE OF ACTION FOR BREACH OF CONTRACT

AGAINST CROSS-DEFENDANTS ALLIANCE AND BURNETT

34. SDI hereby incorporates paragraphs 1-33 above as though fully set forth at this point.

35. On or about July 1, 2005 at Newport Beach, Orange County California, the Purchase and Sale Agreement with Joins Escrow Instructions (Exhibit A) was entered into. SDI was one of the parties to the agreement and Burnett signed the agreement as Escrow Office and Holder on behalf of Alliance Title. Burnett has specific duties under the Escrow Instructions.

36. SDI has performed all conditions, covenants, and promises required on its part to be performed in accordance with the terms and conditions of the contract except to pay the correct commission amount to the correct broker because of the actions of Burnett.

37. Since December 2, 2005, SDI has requested that the holdbacks on the money be released since they are invalid.

38. On or about Cross-defendants breach the contract by allowing Burnett to accept documentation from the Executives, which clearly modified the existing Agreement without obtaining proper amendments to the Escrow Instructions which clearly state that any modification must be in writing and signed by all parties to this Escrow.

39. In addition, Burnett and Alliance without notice to any of the parties closed this Escrow prior to finishing all items required under the Agreement and by failing to provide the Sellers

with a final closing statement. The sellers learned that not all funds had been received pursuant to this Escrow; they contacted Alliance and were told the Escrow was closed. The seller reminded Alliance and Burnett of their duties under the agreement. Alliance and Burnett reluctantly accepted the funds and were to prepare a final closing statement. The Sellers have never received the final closing statement as required under the Agreement.

40. As a result of Burnett's actions, Alliance and Burnett are in breach of their duties under the Agreement and SDI has been damaged in the amount exceeding $3,000,000 dollars.

SECOND CAUSE OF ACTION FOR BREACH OF FIDUCIARY DUTY

AGAINST CROSS-DEFENDANTS ALLIANCE AND BURNETT

41. SDI hereby incorporates paragraphs 1-40 above as though fully set forth at this point.

42. On or about July 1, 2005, Alliance through Burnett signed the Agreement to act as escrow holder and officer for all the buyers and sellers in the transaction including SDI making Alliance and Burnett agents of SDI.

43. Cross-Defendant agents breached their fiduciary duty to SDI by failing to obtain proper modifications to escrow instructions. In addition Burnett attempted to protect her friends at the cost of damaging SDI. She accepted documentation that she had no right to accept. She informed Biddle and Strand as to the details of the escrow after they had left SDI as employees and she was aware they were no longer with the company.

44. On or about October, 2006 Burnett meet with SDI's president and consultant and counsel. At that meeting she was again told that Biddle, Strand and Trolf were no longer with the company and SDI was disputing any disbursements. Burnett ended the meeting by stating she could no longer handle the file and that the file would be sent to Alliance's legal department.

45. As result of that meeting SDI's counsel sent a letter dated October 14, 2005 to Alliance's legal department apprising them of the situation and that SDI was disputing the disbursements. Counsel followed up with several telephone calls and never received a return call.

46. Counsel sent another letter on October 17, 2005 to Alliance's legal department instructing them that Alliance was not to disclose any information regarding the escrow. At this time the buyers and sellers had entered into an extension agreement of the escrow for which the buyers had paid an additional sum for such extension. This extension and payment was only known by the sellers, the buyers, Alliance and Burnett.

47. On or about November 1, 2005 SDI learned that the file had never been sent to the legal department and Burnett was still working on it. Upon hearing this SDI called Burnett's office and to SDI's amazement was told she was "behind closed doors with Strand".

48. Later that same day counsel for SDI received a written demand from Strand's counsel in which he stated that he understood escrow had been extend and wanted to be paid from this extension payment. This information could only have come from Burnett which is a clear violation of the fiduciary duty owed by Burnett and Alliance to SDI.

49. As the result of Cross-defendants' breach of fiduciary duties, SDI has been damaged in that SDI lost an option to purchase an additional property. SDI incurred legal fees as a result of Burnett's disclosure of confidential matter to Strand and is continuing to incur fees by being forced to answer in this lawsuit and to bring this Cross-Complaint. These damages exceed $3,000,000.

THIRD CAUSE OF ACTION FOR CIVIL CONSPIRACY

AGAINST CROSS-DEFENDANTS BURNETT, BIDDLE, STRAND AND TROLF

50. SDI hereby incorporates paragraphs 1-49 above as though fully set forth at this point.

51. On or about July 1, 2005 at Newport Beach, Orange County California, SDI was one of the parties along with to Burnett enter into Exhibit A the Purchase and Sale Agreement with Joint Escrow Instructions, implied is the Agreement is that Burnett as an Escrow Officer/Holder will have a fiduciary duty to SDI.

52. The Agreement also requires Burnett to get written authorization from all parties for any modification or changes to the Agreement.

53. On or about July 31, 2005, Biddle who was an employee of SDI, sent an amendment to the Escrow Instructions to Burnett, however Biddle did not sign the amendment as an officer of SDI but rather as broker of record, giving himself a commission of $72,000. Burnett accepted this amendment and did not get authorization from the buyers or sellers in writing of this modification as required.

54. On or about August 31, 2005, Burnett accepted from Strand, Biddle and Trolf copies of their executive resignations and inserted them as part of the disbursements in this Escrow.

55. Defendants Burnett, Biddle and Strand and each of them, knowingly and willfully conspired and agreed among themselves to damage SDI by accepting the documents which modified or changed this Escrow and then in a further attempt to conspire and cause damage to the SDI Burnett suggested the holdback agreements which were also invalid and therefore Burnett's actions were a direct breach her duties under the contract and of her fiduciary duty to SDI.

56. As a proximate result of Cross-defendants' wrongful acts pursuant to the conspiracy herein alleged Burnett did wrongfully breach the Agreement with SDI by accepting

unauthorized documents, forcing a holdback agreements to be put in place for the amount of $267,000 and for failing to perform all her duties as escrow officer.

57. As a direct and proximate result of the wrongful acts pursuant to the conspiracy here alleged, SDI has been generally damaged in a sum in excess of $3,000,000.

58. As a direct and proximate result of the defendant's wrongful actions here alleged, SDI has suffered to damage in a sum in excess of $3,000,000.

FOURTH CAUSE OF ACTION

FOR INTENTIONAL INTERERENCE WITH ECONOMIC RELATIONSHIP

AGAINST ALL CROSS-DEFENDANTS

59. SDI hereby incorporates paragraphs 1-58 above as though fully set forth at this point.

60. All Cross-Defendants were aware of the Agreement and through their actions successfully inserted themselves into the disbursements under the Agreement which resulted in an improper holdback of the funds by Alliance which was intentional and caused harm to SDI. Such actions also inhibited SDI's ability to conduct business.

61. Cross-defendants actions have opened SDI up to lawsuits and ruined prospective business opportunities.

62. As a proximate result of Cross-Defendants actions SDI has been damaged in amount in excess of $3,000,000.

FIFTH CAUSE OF ACTION

FOR NEGLIGENT INTERERENCE WITH ECONOMIC RELATIONSHIP

AGAINST ALL CROSS-DEFENDANTS

63. SDI hereby incorporates paragraphs 1-62 above as though fully set forth at this point.

64. All Cross-Defendants were aware of the Agreement and through their actions successfully inserted themselves into the disbursements under the Agreement which resulted in an improper holdback of the funds by Alliance which was reckless and negligent and caused harm to SDI. Such actions also inhibited SDI's ability to conduct business.

65. Cross-defendants actions have opened SDI up to a lawsuits and ruined prospective business opportunities.

66. As result of Cross-Defendants' negligence SDI has been damaged in amount in excess of $3,000,000.

SIXTH CAUSE OF ACTION

FOR BREACH OF EMPLOYMENT AGREEMENTS

AGAINST CROSS-DEFENDANTS STRAND, BIDDLE AND TROLF

67. SDI hereby incorporates paragraphs 1-66 above as though fully set forth at this point.

68. On or about May 1, 2003, Strand, Biddle and Trolf, each entered into an employment agreement to act as President, Senior Vice President and Chief Operating Officer respectively with such titles and duties. These agreements contained a clause for termination due to cause. The company performed poorly under their management. As result in March 2005, a new President was brought into the company. The board of directors met and in an attempt to restructure the company entered into new employment agreements dated April 1, 2005 but executed on June 29, 2005 with Strand, Biddle and Trolf with a provision of a six month payout if they are no longer employed with the company. (See Exhibit B through D attached hereto). The new agreements terminated any other exisiting employment agreements and contained a clause of termination due to cause. The new agreement also had an addendum which provide for provide for new salary and a return of stock options and stock by all executives.

69. On or about August 31, 2005 the Executives resigned from the company, they failed to return their stock and their stock options to SDI.

70. Under the plan of reorganization, new management preformed a review of all business matters of the company and found that Strand, Biddle and Trolf were: not qualified to perform the duties as listed in the employment agreements, had failed to perform their duties and had usurped corporate opportunities for their own personal gain including Biddle's attempt to write a $72,000 commission to himself as a broker on this Escrow.

71. SDI has performed all conditions, covenants, and promises required on its part to be performed in accordance with the terms and conditions of the contract except to pay the new salaries however SDI is excused from this condition due to the breaches by the Executives

72. As a result of the Executives' actions and failures to perform they are in breach of their duties under the Agreement and SDI has been damaged in the amount exceeding $3,000,000 dollars.

SEVETH CAUSE OF ACTION FOR

BREACH OF EMPLOYMENT AGREEMENTS

AGAINST CROSS-DEFENDANTS STRAND, BIDDLE AND TROLF.

73. SDI hereby incorporates paragraphs 1-72 above as though fully set forth at this point.

74. At all times herein mentioned Strand and Biddle were officers and directors of SDI.

75. At all times herein mention Trolf was an officer of SDI.

76. The Executives each had an employment contract with an addendum which were dated April 1, 2005 but executed on June 29, 2005. (See exhibits B through D attached hereto).

77. Under the plan of reorganization, new management preformed a review of all business matters of the company and found that Strand, Biddle and Trolf were not qualified to perform

the duties as listed in the employment agreements, had failed to perform their duties under the employment agreements and had usurped corporate opportunities for their own personal gain including Biddle's attempt to write a $72,000 commission to himself as a broker on this Escrow.

78. In acting as described above, the Executives did not exercise the care required of Directors in that they were unable to perform the duties for which they had been hired and they were usurping corporate opportunities for their own personal gain.

79. As a proximate result of the acts of the Executives herein-above described, SDI has been damaged in the amount exceeding $3,000,000 dollars.

WHEREFORE, Cross-Complainant SDI prays for judgment against the Cross-Defendants and each of them, as follows:

1. For damages in an amount in excess of $3,000,000;
2. For its costs and fees incurred
3. For interest on the said sum at the rate of legal interest per annum from December 2005 to date of judgment herein; and
4. For any other and further relief as the court may deem proper.

Dated: January 20, 2005

BY______________________________________

CLAIRE C. AMBROSIO
Attorney for Cross-Complainant/Defendant
SECURED DIVERSIFIED
INVESTMENT, LTD.