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IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE COUNTY OF KING

NIKOLAY BELIKOV, a married individual;
TECHNO-TM ZAO, a Russian closed joint
stock company,

Plaintiffs,

v.

MARYANN HUHS and ROY E. HUHS, JR.
and the marital community thereof; R-
AMTECH INTERNATIONAL, INC., a
Washington corporation; TECHNO-TM,
LLC, a Nevada limited liability company;
SUNCADIA PROPERTIES, LLC, a
Nevada limited liability company,

Defendants.

CASE NO. 12-2-23972-0 SEA

MEMORANDUM OPINION

I. SUMMARY OF THE CLAIMS

The principal disputes in this case concern breach of fiduciary duties and the question of who owns the company, R-Amtech International, Inc. (“R-Amtech”), an abbreviated title for “Russian-American Technologies.” Mr. Belikov asserts that he founded, funded, arranged for the transfer of Russian technology to, and is the owner of, R-Amtech. The individual defendants, Maryann Huhs and her husband, Roy E. “Al” Huhs, Jr. assert that Maryann Huhs is the sole owner of R-Amtech, and that she had the legal

1 authority to transfer R-Amtech’s licensing rights for certain patented fire suppression
2 technologies to a closely-held Nevada limited liability company, Techno-TM LLC (“Techno-
3 TM Nevada”) formed by the Huhses in 2008. Techno-TM Nevada has collected over
4 \$1.1 million in licensing royalties from Fireaway, LLC.¹

5 This ownership dispute also has spawned several satellite claims.

6 Mr. Belikov seeks to rescind two gifts of real estate he made to the Huhses before
7 he discovered that they were asserting that they, and not he, were the owners of R-
8 Amtech. Mr. Belikov asserts that the gifts of these properties, at the resort community of
9 Suncadia in Cle Elum, Washington and in the Mezzaluna community in Costa Rica, are
10 void because they were made in violation of RPC 1.8(a) and (c). Mr. Belikov asserts that
11 Al Huhs, as his attorney, was prohibited from drafting documents that effected a
12 substantial gift to Mr. Huhs and his family, or alternatively, from acquiring an ownership or
13 pecuniary interest adverse to Mr. Belikov. The Huhses assert that Al Huhs was not Mr.
14 Belikov’s counsel.
15

16 The Huhses assert a promissory estoppel claim to enforce a statement of intent by
17 Mr. Belikov to make annual cash gifts to the Huhses of up to \$300,000 per year,
18 depending on the earnings of the assets in Mr. Belikov’s family trust. The Huhses also
19 assert a tortious interference claim against Mr. Belikov, alleging that he defamed them and
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23 1. Plaintiff Techno-TM ZAO, a Russian company Mr. Belikov owns, has brought an independent
24 claim for royalties due from R-Amtech in exchange for the license of fire suppression
25 technologies developed in Russia. Plaintiffs agree that if the court resolved issue of ownership
26 of R-Amtech in favor of Mr. Belikov, this claim would be rendered moot. Thus, this issue will not
be addressed again.

1 interfered with their contractual relations by asserting to Fireaway, a third-party licensee,
2 that Mr. Belikov is the owner of R-Amtech and its technology.

3 With the exception of the gift of the Costa Rican property, the court finds in favor of
4 the plaintiff on all claims.

5 II. GENERAL BACKGROUND

6 Plaintiff Nikolay Belikov is a Russian citizen and electrical engineer. He has never
7 lived in the United States and has never formally studied English. His English is somewhat
8 limited. Maryann and Al Huhs speak only rudimentary Russian.²

9 Mr. Belikov, through his wholly-owned company ZAO Elorg (later Elorg LLC)
10 obtained the intellectual property (IP) rights to the computer game Tetris. Prior to gaining
11 an ownership interest, Mr. Belikov had managed the Tetris IP as director of the Soviet
12 company Elorgprogramma.

13 In 1990, Mr. Belikov organized an exhibition of Soviet software and technology in
14 conjunction with the Goodwill Games. This sparked an interest in marketing Soviet
15 technology to the United States. To this end, Mr. Belikov, with the assistance of Russian-
16 speaking attorney John Huhs established INRES, Inc. John Huhs is the brother of
17 defendant Al Huhs and the brother-in-law of defendant Maryann Huhs. INRES was
18 established at the end of 1991. It was funded by Mr. Belikov's royalties from Tetris. After
19 the original president of INRES proved unsatisfactory, John Huhs recommended Maryann
20 Huhs as president.
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25 _____
26 ² Because there are three persons with the last name Huhs involved in this case, to avoid confusion the
defendants will be referred to be first and last name and not simply as Mr. and Ms. Huhs.

1 In 1996, Mr. Belikov formed R-Amtech as a replacement for INRES. Maryann Huhs
2 was appointed president. Al Huhs was general counsel. Mr. Belikov was Chairman of the
3 Board, with the other board members being Maryann, Al and possibly John Huhs.³ The
4 purpose of R-Amtech, like INRES, was to patent and market Russian fire suppression and
5 other technologies in the United States and other countries. To accomplish this, Mr.
6 Belikov arranged for the assignment of Russian fire suppression patents from Techno TM-
7 ZAO, a Russian corporation, to R-Amtech. The inventors of the patents were to be paid
8 royalties if the project proved to be financially successful.
9

10 As with INRES, Mr. Belikov funded R-Amtech with the Tetris income. Through ZAO
11 Elorg, Mr. Belikov assigned 60% of the Tetris royalties to R-Amtech, while retaining
12 ownership of the Tetris IP rights.⁴ R-Amtech received approximately \$9.5 million from
13 Tetris income to fund its operations from its formation in 1996 to the sale of Tetris by Mr.
14 Belikov in 1996. Through 2004, R-Amtech earned no income. In addition, over the years,
15 Maryann Huhs requested, and Mr. Belikov personally paid, a number of expenses for R-
16 Amtech, for example, attorneys' fees associated with renewal of the patents.
17

18 The actual arrangement for the transfer of Tetris income was quite complicated. In
19 brief, R-Amtech assigned the Tetris Licensing Rights to Games, which was owned 99% by
20 R-Amtech and 1% by Maryann Huhs, and then to The Tetris Company. Elorg retained the
21 Tetris IP. Maryann Huhs was appointed president of Games, an entity she described as a
22 "pass through company" with no employees. She also appointed as the Managing Director
23

24 ³ John Huhs asked to be removed as a director in May of 1996 (See Exhibit 11). It is unclear to the court
25 whether he, in fact, ever functioned as a board member after the formation of R-Amtech.

26 ⁴ The arrangement actually had all Tetris revenue coming to R-Amtech, with the requirement that R-
Amtech provide 40% of the revenues to Elorg LLC.

1 of the Tetris Company, at Mr. Belikov's urging, despite significant resistance by Hank
2 Rogers, the other party involved in The Tetris Company.⁵ The principal employees of R-
3 Amtech, Maryann Huhs and Cindy Verdugo, were also employees of The Tetris Company;
4 the Tetris Company paid them a salary for their work. The Tetris Company was
5 responsible for carrying out the Tetris business, including negotiating and signing contracts
6 with customers, collecting revenues from the customers, performing quality assurance,
7 and protecting against infringement.

8
9 On December 25, 2003, Mr. Belikov and his family moved to Costa Rica for his
10 daughter Anastasia's health. Maryann Huhs was very involved in the move, including
11 finding a school for Anastasia and purchasing furniture. The Huhses were frequent visitors
12 to the Belikovs in Costa Rica.

13 On January 21, 2005, Mr. Belikov sold his interest in Tetris and gave up all rights to
14 Tetris IP and licensing income. The sale price was \$15,000,000. Mr. Belikov received
15 \$14,400,000.00 in exchange for his sale of Elorg, LLC (holding the Tetris IP); R-Amtech
16 received \$594,000 for the sale of its 99% interest in Games (holding the Tetris licensing
17 rights); and Maryann Huhs received \$6,000.00 for the sale of her 1% interest in Games. In
18 addition, Maryann Huhs received a commission of \$525,000, for her work on the sale.

19
20 The closing for the Tetris sale occurred in Panama. Present were Hank Rogers
21 and his attorney, Mr. Belikov, and Maryann and Al Huhs. Michael Brown, the
22 transactions attorney who was most involved in structuring the sale on behalf of Mr.
23 Belikov, and Glenn Bellamy, another of Mr. Belikov's attorneys, appeared only
24 telephonically. Mr. Huhs testified he was not representing Mr. Belikov personally and

25
26 ⁵ For current purposes, the relationship of Games and Blue Planet need not be explored.

1 was only representing R-Amtech and his wife. However, the court is satisfied that Mr.
2 Belikov believed and was led to believe by Al Huhs, that Al Huhs was representing his
3 interests during the sale.

4 The court specifically finds that at no time did Mr. Belikov promise to share the
5 Tetris income with the Huhses, other than as memorialized in the 2005 agreement and the
6 salaries Maryann Huhs received in her roles at R-Amtech and The Tetris Company. Any
7 conversation regarding this was simply idle chatter.

8
9 On October 3, 2005, Mr. Belikov and Mrs. Belikov signed Exhibit 77, purporting to
10 gift shares in Mezzaluna Condominium to Maryann and Al Huhs. The document was
11 drafted by Al Huhs, although apparently all parties agree that it was ineffective to transfer
12 ownership under Costa Rican law. Mr. Belikov testified that he and his wife were very
13 happy to give the condominium to the Huhs' family. He also indicated that Al Huhs warned
14 him not to discuss the gift because of severe tax consequences. The record does not
15 reflect precisely how or when title was transferred to the Huhs' family. However, it seems
16 clear that the final closing documents would, by necessity, have been drafted by someone
17 other than Al Huhs, who is not licensed to practice in Costa Rica.

18
19 Mr. Huhs prepared visa applications for Mr. Belikov in January 2006 and February
20 2007, which Mr. Huhs signed as "Lawyer for Applicant and Friend."

21 In December 2006, Maryann Huhs and Mr. Belikov attended a meeting with James
22 Ferguson, Mr. Belikov's financial advisor at Smith Barney (now Morgan Stanley). The
23 purpose of the meeting was a year-end review and to determine if there would be changes
24 in 2007. When Mr. Ferguson asked about major expenses planned for 2007, Maryann
25 Huhs volunteered that "Nikolay" was going to buy the Huhses a home in Suncadia for
26

1 \$1,500,000. This apparently is the first time that Mr. Belikov heard of this plan. To
2 accomplish the sale, Mr. Huhs drafted an Operating Agreement for Victory Real Estate
3 Holdings, the entity through which ownership was to transfer. Smith-Barney could not
4 transfer a sum this large to a non-owner, so originally, Mr. Belikov was listed as the sole
5 member of Victory Holding. The document was apparently executed on February 26,
6 2007. The chain of title then becomes murky as there are no documents removing Mr.
7 Belikov from Victory Holdings, yet at some point the Huhses were able to quitclaim the
8 Suncadia property to themselves. In addition, Al Huhs prepared Exhibit 91-Declaration of
9 Gift for Mezzaluna Condominium Unit 12 in Costa Rica and for the home in Suncadia.
10 This document was executed on March 1, 2007. During none of the Suncadia
11 transactions was Mr. Belikov advised by Al Huhs to obtain independent counsel.
12

13 In February of 2005, R-Amtech and Fireaway entered into a licensing agreement
14 concerning the Russian fire suppression technology. In 2007, for a number of reasons,
15 James Lavin, the CEO of Fireaway, approached R-Amtech to renegotiate and extend the
16 licensing agreement. As will be discussed in more detail below, Maryann and Al Huhs
17 decided to use this opportunity to completely take over R-Amtech, by falsifying corporate
18 records and duping Fireaway into believing that it was contracting with a Belikov-owned
19 firm. To this end, the licenses on the fire suppression technology were transferred by R-
20 Amtech to Techno-TM Nevada, a LLC solely owned by the Huhs' family for \$1000. Al Huhs
21 falsified corporate records to indicate that that this transfer was ratified by the R-Amtech
22 board in 2005.
23
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25 Eventually, James Lavin and Marc Gross, the COO of Fireaway, realized the
26 Techno TM-Nevada was a different entity than Techno TM- Washington and Techno TM-

1 ZAO (the entities involved in the 2005 licensing agreement), when the Russian patent-
2 holders expressed their concern about lack of royalty payments. James Lavin alerted Mr.
3 Belikov to the problem

4 In November of 2011, Mr. Belikov contacted his former lawyers in order to obtain
5 copies of the R-Amtech records. The lawyers inexplicably notified Maryann Huhs of this
6 request. In response, Maryann and Al Huhs emptied out the R-Amtech Morgan Stanley
7 account and transferred all money to a family trust. This amounted to nearly \$1.8 million
8 dollars. The court is satisfied that this was not a routine transfer of funds for tax purposes
9 but was intended by the Huhs to loot R-Amtech.
10

11 During her tenure as President of R-Amtech, Maryann Huhs received salary and
12 bonuses totaling approximately \$793,137. She also received approximately \$482,609 in
13 dividend income, before the wholesale emptying of the R-Amtech Morgan Stanley account
14 in late 2011 and early 2012.⁶ These sums are in addition to the \$343,750 she received for
15 serving as Managing Director of The Tetris Company. As indicated above, she also
16 received a commission of \$525,000, for her role in brokering the Tetris sale.
17

18 Nikolay Belikov and Maryann and Al Huhs had lives that intertwined on many levels.
19 Besides his role as Mr. Belikov's attorney and as the attorney for R-Amtech, Mr. Huhs was
20 a trusted personal friend. As Mr. Huhs wrote to Mr. Belikov on November 29, 2009, "We
21 will always be there for you. You can trust and rely on us." (Exhibit 109). Following the
22 Tetris sale, it was Maryann Huhs who found James Ferguson and arranged for him to be
23 Mr. Belikov's financial advisory at MorganStanley (then Smith Barney). She had full
24 viewing access to Mr. Belikov's account and twice was given limited powers of attorney,
25

26 ⁶ There is no reliable documentation authorizing the payment of dividends to Maryann Huhs.

1 although she never exercised them. The families traveled together, both for business and
2 pleasure. Mr. Belikov relied on both of them.

3 Finally, the record is clear that Mr. Belikov was remarkably generous to the Huhs'
4 family, including paying college tuition for both of their sons, paying for vacation and travel,
5 and paying off some large credit card bills. Maryann Huhs testimony that she did not know
6 how her sons' tuition was paid was completely non-credible.

7 III. OWNERSHIP OF R-AMTECH

8 A. *Mr. Belikov is the legal owner of R-Amtech*

9 As discussed above, R-Amtech was founded by Mr. Belikov in 1996, as a successor
10 to INRES. The purpose of R-Amtech was to patent and market Russian technologies to
11 the United States and other countries. Mr. Belikov testified that this had been his dream
12 since the 1990 Soviet Technology and Software Exhibition at the Goodwill Games.

13 Other than a \$1,000 purchase for one thousand shares of stock by Maryann Huhs
14 in September 1998, all capital investment in the company was made either directly or
15 indirectly (through the Elorg entities' assignment of Tetris royalties) by Mr. Belikov. Over
16 the years, Mr. Belikov funded R-Amtech through \$9.5 million of Tetris Income, by paying
17 for a number of professional expenses and through his initial investment.

18 The company began with a \$26,000 investment by Mr. Belikov, which ultimately
19 entitled him to 20,000 shares.⁷ The court specifically does not find credible Maryann
20 Huhs's testimony that the \$26,000 was "trailing royalties" from INRES. Up until Al Huhs
21 changed the general ledger of R-Amtech's Quickbook accounting system on February 17,
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26 ⁷ The actual investment was \$26,000 with various additions and subtractions over the next few months.

1 2012, using the user-name of former employee Cindy Verdugo, the books reflected Mr.
2 Belikov's ownership interest.

3 The only stock certificate apparently ever issued for R-Amtech was Certificate
4 Number Two, issued to Maryann Huhs. There was no explanation of what happened with
5 Certificate Number One.

6 In 2000, Maryann Huhs, on behalf of R-Amtech, authored Trial Exhibit 30 - a
7 document summarizing the ownership and origins of R-Amtech.⁸ The document provides:
8

9 This letter is intended to provide you with a history of R-Amtech
10 International, Inc. ("R-Amtech") and to document its operations
11 over the past nine years. The predecessor of R-Amtech, INRES
12 USA, Inc. ("INRES"), was incorporated in Washington State on
13 August 21, 1992 for the purpose of transferring technology from
14 the former Soviet Union to North America and Europe. The
15 company was funded by the royalty income from the computer
16 game, *Tetris*,TM and the original owners were Mssrs. Nikolai
17 [sic] Belikov and Yuri Trifonov

18 In December of 1995, Mssrs. Belikov and Trifonov decided to
19 dissolve their business relationships. In the division of
20 properties, Mr. Belikov retained the rights to *Tetris*,TM

21 *Because Mr. Belikov wished to continue the technology transfer*
22 *business through the use of the royalties from Tetris,TM and*
23 *because the INRES name could no longer be used, it was*
24 *decided to reincorporate the technology transfer business in*
25 *Washington as R-Amtech International. This was*
26 *accomplished on January 22, 1996. As a result, the business*
activities of INRES continued without any interruption under the
new name, R-Amtech International, Inc. The operations
continued with the same president, Maryann Huhs; the same
employees, Cindy Verdugo and Jim Patterson; the same
location, 2101 112th Avenue NE Bellevue Washington 98004;
the same phone number 425-865-8085; the same principal

25 ⁸ Ms. Huhs testified at her deposition that she drafted the document, although she contended at trial that a
26 temporary intern drafted the document. The Court finds that Ms. Huhs' trial testimony was not credible and
that she is the author of this document.

1 *owner, Mr. Belikov; and the same revenue source from*
2 *Tetris.TM (Emphasis added)*

3 In an email to Marc Gross dated October 11, 2001 regarding a potential royalty
4 agreement between Sensor Electronics, Inc. and R-Amtech, Ms. Huhs referred to
5 Mr. Belikov's six years of time and investment, a reference to his funding of R-Amtech, and
6 stated that she would only negotiate "a royalty rate that would reflect his investment."

7 (Exhibit 213)

8 Exhibits 123 and 125 are two more examples of Maryann Huhs' acknowledgement
9 of Mr. Belikov's ownership of R-Amtech. Exhibit 123 is an e-mail dated March 17, 2008 in
10 which Maryann Huhs requested that Mr. Belikov pay patent attorney Von Funer's bill as
11 she indicated that R-Amtech did not have sufficient funds to meet this obligation.⁹ Exhibit
12 125, also written in March of 2008, is an e-mail in which Maryann Huhs is seeking Mr.
13 Belikov's assistance in having the Russian fire suppression patents renewed so that "we
14 can all earn money on the technology."

15 Further, from 1996 through 2008, Maryann Huhs stated on multiple occasions to
16 third parties that Mr. Belikov was R-Amtech's founder and owner. She told Fireaway's
17 James Lavin during license negotiations in 2005 and 2008 that Mr. Belikov was the owner
18 of R-Amtech. She made similar statements to Marc Gross of Fireaway and to James
19 Ferguson of Smith Barney. Further, based on their interactions with R-Amtech and
20 Techno-TM ZAO, inventors Vladimir Kolpakov and Nikolay Drakin understood that
21 Mr. Belikov owned R-Amtech.
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25 _____
26 ⁹ The statement about R-Amtech's finances was false. At this point, R-Amtech had substantial sums in its Morgan Stanley account and Maryann Huhs had taken, without authority, substantial dividends.

1 Although it is clear that Mr. Belikov did not want his ownership to trigger the
2 requirement that R-Amtech file IRS Form 5472, it is equally clear that both he and
3 Maryann Huhs believed he owned R-Amtech. As Maryann Huhs testified, Mr. Belikov was
4 the “intended owner” R-Amtech. In fact, between 1996 and 2003, Maryann Huhs, R-
5 Amtech’s outside accountant, Gregg Jordshaugen, and Belikov’s lawyers, John Huhs and
6 Glenn Bellamy, tried to find a means to issue stock to Belikov without the requirement of
7 filing an IRS Form 5472. Nonetheless, Mr. Belikov’s unwise attempt to avoid record
8 ownership did not serve to vest ownership in Maryann Huhs. Significantly, no one
9 apparently ever informed Mr. Belikov of any potential legal detriments of not maintaining
10 record ownership, presumably because none could have been foreseen during this time
11 period.
12

13 There is no credible evidence in the record that Mr. Belikov ever relinquished his
14 ownership of R-Amtech or his position as Chairman of the Board. Most of the corporate
15 documents prepared by Al Huhs purporting to show Mr. Belikov’s removal from the Board
16 were not admitted, as Al Huhs admitted that he prepared these years after the events.¹⁰
17 The court is satisfied that the December 28, 2007 board meeting and the various
18 shareholder meetings never took place and that the minutes were created as part of the
19 scheme to defraud Mr. Belikov.
20

21 In addition, the court specifically finds Michael Brown did not tell Mr. Belikov, in
22 conjunction with the 2005 sale of Tetris that his ownership of R-Amtech would result in
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25 ¹⁰ A few disputed records were admitted as meeting the threshold standard for admissibility under ER 104
26 and RCW 5.45-the Uniform Business Records Act. However, the court finds they are not, in fact, entitled to
any substantial weight. (Exhibits 531 and 532)

1 massive tax liability. In fact, the court is satisfied that because Mr. Belikov was a Russian
2 citizen living outside of the United States, no such tax liability would accrue.¹¹

3 Maryann Huhs' claim of ownership of R-Amtech based on her equity contribution of
4 \$1,000 is completely unsupported by the record. The initial contribution of \$26,000
5 resulted in Mr. Belikov owning 95.2% of the company (after the purchase of 1000 shares
6 by Maryann Huhs), a figure very close to that reflected in the income tax returns filed by
7 the Huhs through 2002. The fact that actual share certificates were not issued is not
8 dispositive.
9

10 As stated by Professor Fletcher in his treatise on corporate law

11 "To issue" means to send out, to put in circulation. A
12 corporation issues shares of stock when it obtains subscriptions
13 for it, and the fact that the subscriber has the shares issued
14 directly to a third person does not affect the validity of the
15 transaction. It has been said that shares are deemed to have
16 been "issued" and to "be fully paid and nonassessable" once
17 the corporation accepts payment in exchange for consideration
18 for the authorized shares.

19 *A share issue does not require that a certificate be issued. So*
20 *shares of stock may be "issued and outstanding" where the*
21 *corporation has accepted property or services under an*
22 *agreement to give such shares for the property or services,*
23 *although no certificates have been issued for the shares.*¹²
24 (emphasis added)

25 Mr. Belikov has established that near the time of formation he was the lawful owner
26 of 95.2% of R-Amtech¹³. His subsequent equity contributions render Maryann Huhs's

23 ¹¹ The court excluded defendants' Russian tax expert Sergey Sokolov, as to the Russian tax implications of
24 Mr. Belikov's ownership of an American company as there was no evidence that Mr. Belikov was aware of
25 this theory. Without such evidence, Mr. Sokolov's testimony and the testimony of plaintiff's Russian tax
26 expert to the contrary, is irrelevant.

¹² William Meade Fletcher, 11 Fletcher Cyclopedia of the Law of Corporations, §5126 (2012 ed.).

¹³ Maryann Huhs did not actually purchase the 1000 shares until September 1, 1998. (Exhibit 188)

1 \$1000 equitable contribution *de minimis*. Mr. Belikov is entitled to a Declaratory Judgment
2 that he is the owner of R-Amtech, pursuant to RCW 7.24.010-the Uniform Declaratory
3 Judgment Act so that he may regain control of all aspects of this corporation.

4 *B. Even if legal ownership had not been established, Mr. Belikov is entitled to relief*
5 *as he has established he is the equitable owner of R-Amtech*

6 1. Mr. Belikov is the beneficial owner of R-Amtech

7 As alternate grounds, Mr. Belikov has established that he is the beneficial owner of
8 R-Amtech. Beneficial ownership is an equitable principle under which property is held in
9 the name of one person for which another is its true owner. In December 2003, Maryann
10 Huhs drafted a letter to the Costa Rican Tourism Institute describing Mr. Belikov as the
11 beneficial owner of R-Amtech.¹⁴ (Exhibit 610) Although the signed version has been
12 lost, at her deposition, Maryann Huhs admitted signing the letter. Her testimony to the
13 contrary at trial is not credible. Similarly, in August 2004, Maryann Huhs described herself
14 to Attorney Annette Becker of K&L Gates (then Preston Gates & Ellis) as a nominee,
15 holding R-Amtech's 99% ownership of Games International on behalf of NB, a reference to
16 Nikolay Belikov . (Exhibit 71)

17
18 A beneficial owner has been defined as “[o]ne who does not have title to property
19 but has rights in the property which are the normal incident of owning the property.”¹⁵ In
20 another context, Washington courts reaffirmed the doctrine in 2012.¹⁶ Similarly,
21
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24 ¹⁴ Although Maryann Huhs testified that the language was suggested by the Costa Rican lawyer assisting
with Mr. Belikov's efforts to establish residency in Costa Rica, presumably she would not have signed the
letter if it were not accurate.

25 ¹⁵ *Black's Law Dictionary* p. 142 (5th Ed, 1979).

26 ¹⁶ *In re Rapid Settlements, Ltd. v. Symetra Life Ins. Co.*, 166 Wn. App. 683, 693-94, 271 P.3d 925 (2012)
(describing two corporations as sharing an “identity of beneficial ownership and control”); see also *Bays v.*

1 RCW 23B.07.320, adopted in 1989, recognizes the requirement that a corporation
2 “establish a procedure by which the beneficial owner of shares that are registered in the
3 name of a nominee is recognized by the corporation as the shareholder.”¹⁷

4 2. Mr. Belikov is entitled to have a resulting trust imposed over the assets (and
5 former assets) of R-Amtech

6 Similarly, plaintiff Belikov has established ownership by way of imposition of a
7 resulting trust. A resulting trust “arises where a person makes or causes to be made a
8 disposition of property under circumstances which raise an inference that he does not
9 intend that the person taking or holding the property should have the beneficial interest in
10 the property.”¹⁸ Evidence that the beneficial ownership remains with the original owner
11 may be inferred from the facts and circumstances and from parol evidence.¹⁹ “When
12 property is taken in the name of a grantee other than the person advancing the purchase
13 money, in the absence of other evidence of intent, that grantee is presumed to hold legal
14 title subject to the equitable ownership of the person advancing the consideration.”²⁰

15
16 In this case, evidence at trial established that all but \$1,000 of the millions of dollars
17 invested in R-Amtech came from Mr. Belikov. Ms. Huhs—who repeatedly and regularly
18

19 Haven, 55 Wn. App. 324, 328, 777 P.2d 562 (1989) (purchaser under executory real estate contract has
20 substantial rights and is beneficial owner of real property).

21 ¹⁷ Regulations issued under federal securities include the following description of a beneficial owner of a
22 securities.: **17 C.F.R. § 240.13d-3. Determination of beneficial owner.**

23 (a) For the purposes of sections 13(d) and 13(g) of the Act a beneficial owner of a security includes any
24 person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or
25 otherwise has or shares:

(1) Voting power which includes the power to vote, or to direct the voting of, such security; and/or,

(2) Investment power which includes the power to dispose, or to direct the disposition of, such security.

26 ¹⁸ *Thor v. McDearmid*, 63 Wn. App. 193, 205, 817 P.2d 1380 (1991) (quotation marks & citation omitted).

¹⁹ *Id.* at 205-06.

²⁰ *Id.* at 206 (emphasis omitted).

1 over the years acknowledged to third parties and in writing that Mr. Belikov owns R-
2 Amtech—can point to no evidence that Mr. Belikov ever relinquished ownership in the
3 company to her and, hence, cannot overcome the presumption that Mr. Belikov owns the
4 company he founded and funded. Mr. Belikov is entitled to an order granting him a
5 resulting trust in all R-Amtech assets, including technology licenses, Fireaway royalty
6 payments, and other funds, that the Huhses have transferred from R-Amtech to their
7 Nevada LLC or to themselves or their personal investment and family trust accounts.²¹
8

9 IV. THEORIES OF RELIEF

10 A. *Maryann and Al Huhs breached their fiduciary duty to Mr. Belikov*

11 As an over-arching theme, Mr. Belikov has established that by even the most
12 stringent burden of proof, the Huhs breached their fiduciary duty to him. Fundamentally, a
13 fiduciary relationship arises “in circumstances in which ‘any person whose relation with
14 another is such that the latter justifiably expects his welfare to be cared for by the
15 former.’”²² “A fiduciary relationship imparts a position of peculiar confidence placed by one
16 individual in another.”²³ It “allows an individual to relax his guard and repose his trust in
17 another.”²⁴ Consequently, a fiduciary relationship exists where the plaintiff is dependent
18 on the defendant and the defendant undertakes “to advise, counsel and protect the weaker
19 party. For example, a plaintiff’s lack of business expertise, and a defendant’s undertaking
20 the responsibility of providing financial advice to a close friend or family member, may
21

22
23 ²¹ The court’s analysis makes it unnecessary to determine whether a constructive trust should also be imposed.

24 ²² *Goodyear Tire & Rubber Co. v. Whiteman Tire, Inc.*, 86 Wn. App. 732, 741, 935 P.2d 628 (1997)
(quoting *Liebergessell v. Evans*, 93 Wn.2d 881, 890-91, 613 P.2d 1170 (1980)).

25 ²³ *Id.* at 741-42 (quotation marks & citation omitted).

26 ²⁴ *Liebergessell*, 93 Wn.2d at 889.

1 indicate a fiduciary relationship.”²⁵ Indeed, friendship commonly gives rise to fiduciary
2 relationships, even where the plaintiff is “a shrewd and successful business man.”²⁶ The
3 Washington Supreme Court explained:

4 “A point is made that [the plaintiff] was a shrewd and
5 successful business man and ought not to have been
6 misled by promises that, when revealed in the court,
7 seem to be unreasonable. But in this appellants have
8 overlooked an element which disarms caution; that is,
9 friendship.... The impulse that leads men to trust those
10 in whom they have confidence cannot be ignored by the
11 courts.”²⁷

9 Fiduciary relationships arise as a matter of course between a trustee and a
10 beneficiary, a principal and an agent, an employee and an employer, an officer and a
11 shareholder/company, and a client and a lawyer.²⁸

12 Ms. Huhs’ fiduciary obligations to Mr. Belikov began in her role as interim president
13 for INRES, which Mr. Belikov controlled.²⁹ Those fiduciary obligations continued when she
14 assumed responsibilities as President of R-Amtech. Al Huhs’ fiduciary obligations began
15 no later than at the formation of R-Amtech, by virtue of his role as a director and General
16 Counsel to R-Amtech. At least as significant was the role that both of the Huhses played
17 in Mr. Belikov’s personal life. The Huhses and the Belikovs were extremely close friends.
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21 ²⁵ *Goodyear Tire*, 86 Wn. App. at 742; *accord Liebergesell*, 93 Wn.2d at 890-91 (“trusted business adviser”
22 is a fiduciary).

23 ²⁶ *Liebergesell*, 93 Wn.2d at 891 (quoting *Gray v. Reeves*, 69 Wash. 374, 376-77, 125 P. 162 (1912)).

24 ²⁷ *Id.* (quoting *Gray*, 69 Wash. at 376-77; emphasis added).

25 ²⁸ *Id.* at 890 (trustee-beneficiary, principal-agent, attorney-client); *Guarino v. Interactive Objects, Inc.*, 122
26 Wn. App. 95, 129, 86 P.3d 1175 (2004) (employee-employer); *Lodis v. Corbis Holdings, Inc.*, 172 Wn. App.
835, 860, 292 P.3d 779 (2013) (officer-corporation); *State of Wash. ex rel. Hayes Oyster Co. v. Keypoint
Oyster Co.*, 64 Wn.2d 375, 382, 391 P.2d 979 (1964) (officer-shareholder).

1 Maryann Huhs had access to all of Mr. Belikov’s financial information: all three of them
2 described themselves as being like family.

3 Considering Mr. Belikov’s success in managing the technology interests of the
4 U.S.S.R Foreign Trade Institute’s geotechnology project with India and his efforts to
5 manage Tetris through Elorg Programma, Mr. Belikov’s financial naivety is surprising.
6 Nonetheless, it is clear that Mr. Belikov, even now, lacks the sophistication one would
7 expect of a person in his position. This conclusion is drawn not simply from Mr. Belikov’s
8 own testimony but also directly from the testimony of James Ferguson, his financial
9 advisor since 2005 and indirectly from the testimony of both Maryann and Al Huhs. As a
10 citizen of the former U.S.S.R, Mr. Belikov had no experience with credit cards, bank
11 accounts or any other financial instruments. He had grown up in a cash-based society,
12 and in fact, testified that he was paid in cash while at Elorg Programma. His first bank
13 account was the account at Morgan Stanley (Smith Barney). Certainly, the Huhses were
14 well aware of his lack of experience. They had a duty to deal scrupulously with him, to act
15 with “the highest degree of good faith, care, loyalty and integrity.”³⁰ They were “bound to
16 abstain from doing everything which can place [themselves] in a position inconsistent with
17 the duty or trust such relationship imposes upon [them] or which has a tendency to
18 interfere with the discharge of such duty.”³¹
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25 ³⁰ *Wash. Builders Benefit Trust v. Bldg. Indus. Ass’n of Wash.*, 173 Wn. App. 34, 63, 293 P.3d 1206
(quotation marks & citation omitted), *review denied*, 177 Wn.2d 1018, 304 P.3d 114 (2013).

26 ³¹ *In re Carlson’s Guardianship*, 162 Wash. 20, 31-32, 297 P. 764 (1931).

1 B. *Maryann and Al Huhs committed the tort of conversion*

2 Because Mr. Belikov was the owner of R-Amtech, Maryann and Al Huhs committed
3 the tort of conversion. “Conversion is the willful interference with another’s property
4 without lawful justification, resulting in the deprivation of the owner’s right to possession.”³²
5 The Court finds that the Huhses purposefully and without any lawful excuse deprived
6 Mr. Belikov of his substantial financial investments in R-Amtech by (1) secretly transferring
7 R-Amtech’s intellectual property assets to a Nevada company controlled solely by
8 Maryann and Al Huhs and by (2) transferring R-Amtech’s monetary assets and securities
9 to their personal and family trust investment accounts.
10

11 C. *Maryann and Al Huhs committed the tort of fraud*

12 The evidence also establishes, by clear, cogent and convincing evidence, that
13 Maryann and Al Huhs committed the tort of fraud. As summarized in WPI 160.01, the nine
14 elements of fraud are:³³

- 15 1. Representation of an existing fact;
- 16 2. Materiality of the representation;
- 17 3. Falsity of the representation;
- 18 4. The speaker's knowledge of its falsity;
- 19 5. The speaker's intent that it be acted upon by the plaintiff;
- 20 6. Plaintiff's ignorance of the falsity;
- 21 7. Plaintiff's reliance on the truth of the representation;
- 22
- 23
- 24

25 ³² *Lowe v. Rowe*, 173 Wn. App. 253, 263, 294 P.3d 6 (2012), *review denied*, 177 Wn.2d 1018, 304 P.3d
114 (2013).

26 ³³ *Stiley v. Block*, 130 Wn. App 486, 925 P.2d 194 (1996).

1
2 8. Plaintiff's right to rely upon it; and

3 9. Resulting damage.

4 The Huhs's acts, as summarized above, amply satisfy each of these elements.
5 Maryann and Al Huhs undertook to induce Mr. Belikov to rely on their good faith
6 management of his company, repeatedly and knowingly made false and material
7 statements about the status of the company, and made those statements with the
8 expectation and intent that he would rely upon them. Given the Huhses' role as
9 fiduciaries, Mr. Belikov's reliance was reasonable.
10

11 *D. Maryann and Al Huhs have been unjustly enriched by their actions*

12 To permit the Huhses to profit from their wrongdoings would amount to unjust
13 enrichment. "Unjust enrichment is the method of recovery for the value of the benefit
14 retained absent any contractual relationship because notions of fairness and justice
15 require it."³⁴ The claim is sustained upon proof that there was "a benefit conferred upon
16 the defendant by the plaintiff; an appreciation or knowledge by the defendant of the
17 benefit; and the acceptance or retention by the defendant of the benefit under such
18 circumstances as to make it inequitable for the defendant to retain the benefit without the
19 payment of its value."³⁵
20

21 The evidence at trial establishes that Mr. Belikov has proven each of these
22 elements. Maryann and Al Huhs have been unjustly enriched by misappropriating and
23 wrongfully disbursing R-Amtech's funds to themselves, including unlawfully and secretly
24

25 ³⁴ *Young v. Young*, 164 Wn.2d 477, 484, 191 P.3d 1258 (2008).

26 ³⁵ *Id.* (quotation marks & citation omitted).

1 transferring R-Amtech's assets to their Nevada company and to their personal and family
2 trust investment accounts, directing Fireaway to make royalty payments for the license of
3 R-Amtech patents to their Nevada company, and declaring themselves the owners of R-
4 Amtech, a company which was built exclusively on Mr. Belikov's investments

5 *E. Other theories of ownership of R-Amtech and of relief*

6 This opinion has not addressed all the possible theories of ownership and or relief
7 proposed by Mr. Belikov as the theories become intertwined and highly interdependent
8 upon each other.³⁶ However, the court is satisfied that Mr. Belikov has established
9 complete ownership of R-Amtech under both legal and equitable theories and is entitled to
10 full recovery. Mr. Belikov is to be reinstated as the controlling owner and to be
11 compensated for all the financial losses that he suffered.³⁷

12
13 V. DEFENSES: STATUTE OF LIMITATIONS AND LACHES

14 *A. This action is not barred by the statute of limitations*

15 By way of defense, Defendants assert that Mr. Belikov's Complaint was not filed
16 within the statute of limitations. As the court did not grant relief under the Uniform
17 Fraudulent Transfer Act, the applicable limitations period for all claims is three years.³⁸
18 The limitation period begins to run from the time the claimant knew, or should have known,
19 of the facts giving rise to the claim.³⁹ Mr. Belikov bears the burden of proving that he did
20
21

22 _____
23 ³⁶ As an aside, it is unclear to the court that at the time of the emptying of the Morgan Stanley account,
24 Maryann and Al Huhs were debtors as that word is defined by the Uniform Fraudulent Transfer Act. RCW
25 19.40.011(6). Given the other findings of the court, no further briefing has been requested on this issue.

26 ³⁷ Details of the court's order regarding recovery are set out in Section VIII, the Conclusion of this Opinion.

³⁸ RCW 4.16.080

³⁹ *Crisman v. Crisman*, 85 Wn. App. 15, 20, 931 P.2d 163 (1997); 15A Wash. Prac., Handbook Civil
Procedure § 2.3 (2013-2014 ed.); RCW 19.40.091.

1 not and could not reasonably have known of the wrongful acts of Maryann and Al Huhs
2 before July 15, 2009-- that is three years before this action was filed.⁴⁰ Mr. Belikov easily
3 met this burden.

4 Maryann and Al Huhs point to two exhibits as putting Mr. Belikov on inquiry notice.
5 Exhibit 733 was written in 2004, and Exhibit 613 was written in 2005. However, these
6 oblique references, buried deep within e-mail strings, are simply insufficient to have put Mr.
7 Belikov on notice that his longtime friends and fiduciaries were now seeking to oust him
8 from the company he founded in 1996. In addition, subsequent to 2005, Maryann Huhs
9 continued to deal with him as the owner of the R-Amtech. For example, in March of 2008,
10 Maryann Huhs asked Mr. Belikov to personally to pay attorney Von Funer's legal bills,
11 falsely asserting that R-Amtech was insolvent, and sought his assistance with the
12 renewal of the Russian patents. (Exhibits 123 and 125).

14 Mr. Belikov had no reason to be concerned about ownership of his company until
15 November 2010, when an issue arose concerning title to his vehicle in Costa Rica. As he
16 testified, it was then that he decided to begin an investigation concerning what the Huhses
17 had done with his money and his car. This date is well within the three year limitation
18 period
19

20 *B. Maryann and Al Huhs cannot assert the defenses of laches*

21 Nor can the Huhses avail themselves of the defense of laches. In this case, the
22 evidence at trial overwhelmingly demonstrates the bad faith of Maryann and Al Huhs in
23 their dealings with Mr. Belikov-the man who had benefited them so greatly and to whom
24 they owed the highest fiduciary duty. Over the years, they lead Mr. Belikov to believe that
25

26 ⁴⁰ *Clare v. Saberhagen Holdings*, 129 Wn. App. 599, 123 P.3d 465 (2005).

1 they were acting in his best interests while secretly taking steps to assert sole control over
2 his company. Maryann and Al Huhs diverted assets and altered company accounting data
3 and board and shareholder minutes to perpetuate the hijacking of R-Amtech. With their
4 unclean hands, Maryann and Al Huhs cannot now rely on equity to complain that
5 Mr. Belikov should have brought his suit against them sooner.
6

7 VI. RESCISSION OF THE GIFTS OF THE SUNCADIA AND MEZZALUNA
8 PROPERTIES

9 The court is satisfied those at all relevant times Al Huhs was Mr. Belikov's attorney.
10 The record is replete with evidence in this regard. For example, in September 2003,
11 Al Huhs wrote to John Huhs, Mr. Belikov's former attorney and Al Huhs's brother:

12 I represented Mr. Belikov [in 2002] and repeatedly
13 recommended that he dismiss you as his attorney and
14 obtain independent representation.... Because of my
15 legal representation of Mr. Belikov, my conversations
16 with Mr. Belikov are protected and not discoverable.
17 (Exhibit 48)

18 Certainly, Mr. Belikov believed that Al Huhs was representing him at the Tetris
19 closing in 2005, and the court finds that Al Huhs testimony that he was only representing
20 R-Amtech and his wife, but not Mr. Belikov, to be unbelievable.

21 A. Mr. Huhs prepared visa applications for Mr. Belikov in January 2006 and
22 February 2007, which Mr. Huhs signed as "Lawyer for Applicant and Friend."
23 Mr. Huhs's trial testimony that he was not really functioning as counsel for Mr.
24 Belikov is entitled to no weight. He admits he never informed Mr. Belikov that he
25 was not his attorney and certainly conducted himself as counsel for Mr. Belikov.
26

1 At no time did Al Huhs suggest to Mr. Belikov that he consult with independent
2 counsel. *The gift of Suncadia must be set aside*

3 Maryann Huhs first raised the issue of the Suncadia home in late 2006 in a meeting
4 with Mr. Belikov and Mr. Ferguson. Although not germane to the court's final analysis, the
5 court concludes that Mr. Belikov reluctantly agreed to the gift because he was
6 embarrassed to seem ignorant or ungenerous in front of Mr. Ferguson. Although Mr.
7 Belikov could certainly have been far more assertive in his dealings regarding the
8 Suncadia transaction, all three persons involved in facilitating the sale owed him a fiduciary
9 duty: Maryann and Al Huhs for reasons discussed earlier in this opinion and James
10 Ferguson as Mr. Belikov's financial advisor and friend. All three failed in this regard.

12 The court's decision, however, turns on Mr. Huhs's violation of the Rules of
13 Professional Conduct. RPC 1.8(c) prohibits an attorney from preparing "an instrument
14 giving the lawyer or person related to the lawyer any substantial gift." As to Suncadia, Al
15 Huhs violated RPC 1.8(c) by drafting the Declaration of Gift (Exhibit 91) and, more
16 significantly, by drafting the Operating Agreement for Victory Holding (Exhibit 93),
17 through which title passed first to Mr. Belikov. Oddly, although Mr. Huhs believes that he
18 drafted a subsequent document transferring membership in Victory Holdings from Mr.
19 Belikov to his family, the document was not located. Nonetheless, Al Huhs and Maryann
20 Huhs signed a Quit Claim Deed on behalf of Victory Real Estate Holdings, LLC that
21 transferred title to the Suncadia house to themselves as individuals.
22

23
24 There is no doubt that Mr. Huhs violated RPC 1.8(c) in preparing these documents-
25 including the missing document. He was intimately involved in drafting documents that
26 provided a substantial gift—a home valued at \$1.5 million dollars to him and his wife. A

1 transaction in violation of RPC 1.8 is void as against public policy and is subject to
2 rescission.⁴¹

3 The court is further satisfied that the rescission claim is not barred by the statute of
4 limitations. As stated by the court in *Corporate Dissolution of Ocean Shares Park v.*
5 *Rawson-Sweet*:⁴²

6 The statute of limitations does not apply where an act or instrument
7 is void at its inception. *Colman v. Colman*, 25 Wash.2d 606, 611, 171
8 P.2d 691 (1946); See *Marley v. Dep't of Labor & Indus.*, 125
9 Wash.2d 533, 538, 886 P.2d 189 (1994). The issuance of corporate
10 shares to the Sweets is void as a matter of public policy if Sweet
behaved unethically toward his clients. See *Danzig*, 79 Wash.App. at
616–17, 904 P.2d 312.

11 B. Mr. Belikov is entitled to rescission of the Suncadia gift. *The gift of Mezzaluna is*
12 *not subject to rescission*

13 The issue regarding Mezzaluna in Costa Rica requires a different analysis.⁴³ Al
14 Huhs drafted at least two documents (Exhibits 77 and 91) purporting to memorialize Mr.
15 Belikov's intent to give Mezzaluna to himself and his wife. However, all agree that these
16 documents were not enforceable under Costa Rican law. To the best of the court's
17 knowledge, the Huhses never made any effort to enforce these documents. Thus,
18 whatever his intent, Mr. Huhs did not prepare an instrument giving him and his wife a
19 substantial gift of the Costa Rican property. There was not a violation of RPC 1.8(c).

20
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23 _____
24 ⁴¹ L.K Operating LLC v. Collection Group, 168 Wn. App. 862, 279 P. 3d 448 (2013)

25 ⁴² *Corporate Dissolution of Ocean Shares Park v. Rawson-Sweet*, 132 Wn. App. 903, 913, 134 P.3d 1188
(2006).

26 ⁴³ The condominium of Costa Rica was at times referred to as Mezzadoce and at times as Mezzaluna. It
appears that Mezzadoce is the specific condominium unit owned by the Huhs family.

1 Mr. Belikov argues, in the alternative, that rescission is required pursuant to RPC
2 1.8(a).⁴⁴ RPC 1.8(a) prohibits an attorney from entering into a business transaction with a
3 client or to “knowingly acquire an ownership, possessory, security or other pecuniary
4 interest adverse to a client,” absent the satisfaction of certain requirements. These
5 requirements include a requirement that the terms be fair and reasonable terms with full
6 disclosure and a requirement that the client be advised of the desirability of obtaining
7 independent legal advice. Finally, the client must consent in writing to the attorney’s
8 involvement. None of these requirements were met.
9

10 Nonetheless, the court is satisfied that this gift should not be set aside. Mr. Belikov
11 testified that in 2005, shortly after the Tetris sale, it was he who suggested purchasing a
12 condominium in Costa Rica close to his own home for the Huhs family. His wife and he
13 discussed this and were happy to make this gift. This gift was made at a time when the
14 families were extremely close.⁴⁵ RPC 1.8(a) and (c) were intended to address separate
15 concerns, and the court finds that this gift will not be set aside.
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24 ⁴⁴ Although not specifically pleaded, Mr. Belikov appropriately argues that the pleadings here should
25 conform to the proof, as the matter was argued and, to some extent, briefed on this theory.

26 ⁴⁵ The court does find it disturbing that this gift was made after Maryann Huhs began issuing R-Amtech
dividends to herself without credible board authorization.

1
2 VII. DEFENDANTS' COUNTERCLAIMS

3 A. *Tortious Interference with a business relationship and defamation concerning*
4 *the 2008 Fireaway contract*

5 R-Amtech, and its subsidiary, Techno-TM LLC, a Washington LLC, entered into a
6 license agreement with Fireaway in February 2005.⁴⁶ (Exhibit 74) Among other
7 provisions, the license provided for a five year term and minimum payments of \$250,000.
8 Maryann Huhs signed that license agreement on behalf of R-Amtech and Techno-TM LLC
9 (Washington). Maryann Huhs consulted with and sought the approval of Mr. Belikov
10 before signing the license, Mr. Belikov was aware that the license had been entered into
11 with Fireaway. James Lavin signed the license agreement on behalf of Fireaway.
12

13 Until the Russian fire suppression technology passed the Underwriter's Laboratory
14 tests, the contract was only modestly successful for Fireaway. R-Amtech, however, did
15 receive approximately \$685,000 in payments under the 2005 agreement. The most
16 difficult test (the "crib" test) was passed in March 2007. When Marc Gross, at that time
17 president and chief operating officer for Fireaway, informed Maryann Huhs of the result
18 she stated, "Nikolay will be thrilled."
19

20 Partly because of the "skirmishes" between R-Amtech and Fireaway and in great
21 part because Fireaway needed a longer-term licensing agreement to make sale of the
22

23
24 ⁴⁶ As early as 1995, Marc Gross, former president and chief operating officer of Fireaway, developed an
25 interest in the Russian firefighting technology through a company called FireCombat and was involved in a
26 three-four day demonstration of the technology at FireCombat's headquarters in Wisconsin. The parties
entered into a joint partnership agreement, which ultimately proved unworkable. Again, for current purposes,
the history of the negotiations with FireCombat (and its successor company Sensor) need not be explored in
detail.

1 Russian technology commercially viable, James Lavin, Chief Executive Officer of
2 Fireaway, sought to enter into a new agreement. Negotiations began in 2007.

3 On March 12, 2008, the Huhs family formed a LLC entitled Techno-TM Nevada.
4 The members were Maryann and Al Huhs.⁴⁷ This name is remarkably similar to both the
5 wholly-owned R-Amtech subsidiary Techno-TM Washington and the Russian Company,
6 Techno-TM ZAO owned by Mr. Belikov and which is the holder of the Russian fire
7 suppression patents. The court finds use of this name was intended by Maryann and Al
8 Huhs to obfuscate issues of ownership.
9

10 On March 30, 2008, the Technology Licensing Agreement between Fireaway and
11 Techno-TM Nevada was signed. (Exhibit 543) Mr. Lavin, the signatory from Fireaway,
12 was not aware that Techno-TM Nevada was not Belikov-owned business. Marc Gross
13 was informed by Maryann Huhs, during negotiations, that “we formed it for tax purposes.”
14 He understood that the “we” was Maryann Huhs and Mr. Belikov. In fact, there were no
15 tax advantages, and significant tax liability resulted from the change from corporate
16 ownership to an LLC.
17

18 The 2008 contract was very lucrative, with Fireaway paying approximately
19 \$1,147,260 from 2008 through 2011. (Exhibit 707) During this time period, as a result of
20 concerns raised by the Russian inventors about lack of payment, Marc Gross did some
21 investigation and discovered that Techno-TM Nevada LLC was a company owned by the
22 Huhs family and was not connected with the prior Belikov-owned entities.
23

24 Mr. Lavin met with Mr. Belikov on November 30, 2011 to explore issues of the
25 ownership of the licensing and patent rights to the Russian fire suppression technology.
26

⁴⁷ The two Huhs sons apparently also were members, per the trial testimony of Al Huhs.

1 On behalf of Fireaway, on January 12, 2012, Mr. Lavin sent Exhibit 44-a letter suspending
2 all payments to Techno TM-Nevada as "improper self-dealing."

3 Fireaway and Maryann Huhs continued communicating regarding ownership of the
4 patents. Ultimately, on May 8, 2012, Mr. Lavin met with Maryann and Al Huhs at their
5 home to review corporate documents in an effort to resolve ownership. The Huhses
6 showed him a number of corporate documents, including documents purporting to transfer
7 the rights to Russian patents from R-Amtech to showing the resignation of Mr. Belikov from
8 the Board. At trial, Al Huhs admitted he did not create the December 2007 board minutes
9 until January 18, 2012. Al Huhs admitted that he created and backdated the shareholder
10 meeting minutes on May 6, 2012, two days before the meeting with Mr. Lavin.
11

12 Given the court's findings and conclusions that Mr. Belikov was the owner, both
13 legal and equitable, of R-Amtech and that corporate documents were created by Al Huhs
14 in an attempt to perpetuate the theft of R-Amtech and its assets and dupe Fireaway,
15 neither the defendants' claim that Mr. Belikov tortuously interfered with their business
16 relationship with Fireaway nor that he defamed them has merit. They will be dismissed.
17

18 *B. The Huhses' claim that, under a theory of promissory estoppel, they were*
19 *entitled to a lifetime stipend from Mr. Belikov's personal assets.*

20 From 2007 through 2009, Ms. Huhs reported to Mr. Belikov and Techno-TM ZAO
21 that R-Amtech's license with Fireaway had produced virtually no revenue for R-Amtech
22 and that both she and the company were broke.

23 In October 2007, for example, Ms. Huhs wrote to Mr. Belikov a draft message that
24 she later sent to Ms. Batovskaya.⁴⁸ She wrote, "R-Amtech has not received one cent of
25
26

1 royalty income from Marc because Marc_s [sic] company is still not making sales.”

2 (Exhibit 103) In fact, \$250,000 had been paid under the first agreement. (Exhibit 707).

3 Out of concern for his long-term friends and under the mistaken belief that they
4 were destitute, Mr. Belikov promised the Huhses that he would pay them \$300,000 per
5 year for the remainder of his life. This was later revised to be a minimum of \$150,000 per
6 year, up to \$300,000, so long as Belikov’s trust generated \$500,000 annually for his own
7 use, based on a three-year rolling average.⁴⁹ On December 6, 2008, Mr. Belikov
8 renounced his gift in an e-mail. (Exhibit 129).

9
10 . As a general rule, a promise to make a gift is not enforceable.⁵⁰ Here there was
11 no reliance upon Mr. Belikov’s 2007 promise: Ms. Huhs’s resignation from the health care
12 commission in 2005, well before Mr. Belikov agreed to pay a stipend to the Huhses,
13 certainly does not constitute an act in reliance on this promise.⁵¹ At least as significantly,
14 the gift was induced by the Huhs’s false claims of poverty—a situation made worse
15 because the Huhses were in a fiduciary relationship with Mr. Belikov.

16
17 The Huhses’s claim for promissory estoppel has no merit.

18 VIII. CONCLUSION

19 This was a remarkably complicated case. Not every issue or every fact could be
20 addressed in this opinion. Nonetheless, it is clear that over the course of a number of
21 years, the Huhses preyed upon their once good friend Nikolay Belikov. At every turn, they
22

23
24 ⁴⁹ In any event, during the relevant time period, Mr. Belikov’s family trust did not generate the requirement
for the \$300,000.000 stipend.

25 ⁵⁰ H.Hunter, *Modern Law of Contracts* sec. 6.15 (March 2014)

26 ⁵¹ As indicated infra at Page 6 of this opinion, the court finds as a matter of fact that Mr. Belikov never
promised to share the Tetris sale profits with Maryann and Al Huhs.

1 placed their own financial interests above those of Mr. Belikov. They owed him a fiduciary
2 duty and yet lied to him and to others regarding their actions and intentions.

3 Maryann Huhs talked about wearing many hats. The court was equally struck by
4 the number of hats worn by the lawyers involved in these transactions.⁵² Those obligated
5 to protect Mr. Belikov, including Maryann and Al Huhs, failed to do so because their
6 multiple roles became conflated and confused. The rules regarding corporate structure
7 that should have governed the operation of R-Amtech were almost completely ignored.
8

9 Certainly Mr. Belikov could and should have been more assertive. It is clear he had
10 his own reasons for not wanting record ownership of R-Amtech. But it is equally clear that
11 at all times he intended to be, and believed he was the managing owner of R-Amtech. Mr.
12 Belikov's misguided faith in the Huhses does not justify their actions.

13 The court grants the following relief:

14 1. Maryann and Al Huhs's actions, including their breaches of their fiduciary
15 duties, entitle plaintiff Nikolay Belikov to the following relief with respect to R-Amtech:
16

- 17 A. A finding that Nikolay Belikov is the sole owner and sole shareholder
18 of R-Amtech.
- 19 B. Removal of Maryann and Al Huhs as officers, directors, and
20 employees of R-Amtech.
- 21 C. A judgment voiding the December 28, 2007 licensing agreement
22 between R-Amtech and the Nevada Company (Techno TM LLC
23 (Nevada) as fraudulent and *ultra vires*.
24
25

26 ⁵² To be clear, litigation counsel for both parties behaved in an entirely ethical and upright manner.

1 D. A judgment ordering the Huhses to pay to R-Amtech the following
2 amounts.

- 3 i. \$1,429,084 in cash and securities taken from R-Amtech
4 in December 2011 and January 2012.
5 ii. \$485,735 for dividends the Huhses paid to themselves
6 from 2005 to 2010.

7 2. The Court orders that the transfers of the Suncadia property from Mr. Belikov
8 to Maryann and Al Huhs be rescinded based on Al Huhs's violation of RPC 1.8. Maryann
9 and Al Huhs shall immediately transfer title of the Suncadia property to Nikolay Belikov.

10 3. Mr. Belikov has requested attorneys' fees but the matter has not been fully
11 briefed. Mr. Belikov, pursuant to LR 7(b), may file a motion for fees on the schedule set
12 out in the rule.

13 4. Because the Court finds that Mr. Belikov is the owner of R-Amtech, co-
14 plaintiff Techno TM ZAO's claim to \$289,502 in royalties from R-Amtech is moot and will
15 be dismissed.

16 5. Defendants' counterclaims are dismissed.

17 6. If either party plans to appeals, plaintiff shall prepare Findings and Facts and
18 Conclusions of Law consistent with this opinion.

19 7. Plaintiff shall prepare and submit a proposed judgment in conformance with
20 the court's rulings.

21 Dated this 17 day of July, 2014.

22
23 *Signed electronically*

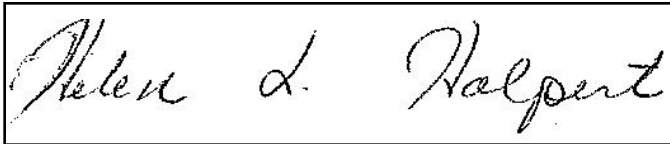
24 _____
25 Helen L. Halpert, Judge
26

King County Superior Court
Judicial Electronic Signature Page

Case Number: 12-2-23972-0
Case Title: BELIKOV ET ANO VS HUHS ET AL

Document Title: OTHER MEMORANDUM OPINION

Signed by: Helen Halpert
Date: 7/17/2014 3:02:48 PM



Judge/Commissioner: Helen Halpert

This document is signed in accordance with the provisions in GR 30.

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