

Richard J. Kraniak and Roger Kazanowski, private investors in Power3 Medical Products, Inc. (PWRM.OB), have filed a Counterclaim against Power3 and its Management.

In an amended counterclaim filed in federal District Court in Houston, Texas, Kraniak and Kazanowski have alleged extensive fraud perpetrated by Power3 directors, officers, and control persons Ira Goldknopf, Helen Park, John Ginzler and professed “consultant” Thomas Waite.

The counterclaim, based largely on sworn deposition testimony, alleges that executives and insiders of Power3 are perpetrators of an ongoing fraud upon them and other members of the investing public, through which Goldknopf and Helen Park have ceded control of Power3 to Waite, a known securities laws violator with an extensive background in penny stock offerings. It is alleged that through Park and Waite’s control of Power3, and with Goldknopf’s participation, these insiders have attempted to enrich themselves through mergers with shell entities they control for, at minimum, a 10-1 stock payoff. In fact, current merger “partner” Rozetta-Cell Life Sciences, Inc. is controlled by Park and Waite and was incorporated by a Power3 administrative assistant.

It is further alleged that entities owned and controlled by Power3 management, including Rozetta-Cell, have financed Power3’s ongoing operations through debt obligations. The financing of Power3 by the shell merger partner (with money from Waite’s alter-ego “consulting” entity) raise serious questions relating to Power3 management’s ongoing Form 4 stock sales. As reported to the SEC through Form 4 disclosures, Park and Goldknopf have regularly sold Power3 shares on the open market “so that the net proceeds [can] be used by the reporting person to pay certain debt obligations that Power3 owe[s] to third parties.” These “third parties” appear largely to be entities owned and controlled by Power3 management (including Thomas Waite).