



SPECTRUM GAMING GROUP, LLC

DSE INVESTIGATION OVERVIEW

Introduction

Spectrum Gaming Group LLC has conducted a Due Diligence investigation on KK Dream Stage Entertainment (DSE), including its Key Employees and Vendors, as part of the acquisition process by Zuffa LLC (the client). Spectrum was instructed to conduct investigations into the six Directors of DSE and the existing Vendors of the company. The client has requested that Spectrum prepare this overview report due to the difficult nature and extended length of the investigation.

At the outset of our investigation, all DSE management and employees were advised in detail as to the reasons for the investigation, and exactly what would be required from them. However, it quickly became apparent that all of the Directors were reluctant to cooperate with the Due Diligence process. A number of incidents occurred ranging from Directors stalling or failing to provide relevant documentation to their refusing to answer questions, being untruthful during the interview process and even verbally abusing Spectrum staff.

The lack of cooperation by the Directors necessitated Spectrum making numerous requests to them, by email, telephone and official letter, to provide completed Personal History Disclosure Forms (PHDs) and supporting documentation, as well as to be interviewed by Spectrum investigators. The lack of cooperation and the obstructive attitude and actions of the Directors caused a considerable increase in Spectrum's workload, and resulted in significant delays in the investigation.

Problems began at the very first meeting with DSE Directors and staff on 24 April 2007. Spectrum provided Japanese language versions of the PHDs to all staff, and requested that they complete them within two weeks, by 7 May 2007. Spectrum intended to provide document request forms to each of the Directors on 7 May so that they could prepare for their respective interviews.

None of the Directors provided a completed PHD by the due date. Despite numerous email requests and telephone calls, Spectrum still had not received all of the required documentation by the end of May, even after four of the Directors had been interviewed. As a result, on 1 June 2007, Spectrum sent each of the Directors a final formal letter requesting the submission of outstanding

documentation. To date, none of the Directors has ever provided a fully completed PHD or supporting documentation. The PHDs that were submitted were incomplete, and in most cases, inaccurate. Supporting documentation was provided on piecemeal basis, and was also often incomplete. When they finally agreed to be interviewed, each of the Directors tended to be evasive, aggressive, non-cooperative, and in some cases dishonest. Consequently, Spectrum was not able to recommend any of the Directors as being suitable to work with the new company.

Full details of each Director's lack of cooperation and efforts to hinder the investigation are set out below.

At the beginning of the investigation the client provided a full list of DSE's existing Vendors. Efforts were made to contact the majority of these Vendors on three separate occasions - by registered mail and on at least two occasions by telephone. Although Spectrum investigators managed to speak to some staff at various Vendors to advise them of our role in the Due Diligence process, none was willing to cooperate. In fact, most Vendors contacted were non-cooperative to the point of refusing to take Spectrum's calls, or in one case, even threatening legal action.

Due to the Vendors' lack of cooperation, Spectrum agreed with the client to conduct online media and Internet research only, concentrating on the five companies nominated by the client as "Tier 3" Vendors. Despite the fact that our investigation of the five Tier 3 Vendors comprised only research and checks for Organized Crime links, only one was deemed suitable to be a Vendor of the new company.

Full details of the Vendors' lack of cooperation and efforts to hinder the investigation are set out below.

It should be pointed out that all of the Non-Key Employees were cooperative during the investigation. They were easy to deal with and they did their utmost to provide all of the information and documentation requested.

We have retained copies of all correspondence with the DSE Directors and Vendors, which can be produced if required.

Directors

Nobuyuki Sakakibara – Chief Executive Officer

As CEO of DSE, Sakakibara was required to make all of the executive decisions for the organization. According to Hiroyuki Kato and some of the other Directors, he was the only person who could in fact sign off on all contacts made by the company, even though the other Directors may be so authorized.

Spectrum anticipated that Sakakibara would lead by example for the rest of the DSE management and staff, and cooperate fully with the investigation.

However, this was not to be the case; in fact, he proved to be the least cooperative and most obstructive of all of the Directors. Late and non-submission of documents by Sakakibara delayed and significantly extended the completion of the probity process.

During the conduct of the investigation, Spectrum maintained records of all correspondence and contact with Sakakibara and his assistants. Detailed below is a list of the most blatant examples of his lack of cooperation and/or egregious dishonesty:

1. In his capacity as CEO, Sakakibara was requested to provide a completed Corporate History Disclosure Form (CHD) with respect to DSE, but he declined to do so. Spectrum never received a CHD for DSE from him or any other DSE official.
2. Sakakibara was requested to have a completed PHD with one original and one copy of requested documents for submission by 14 May 2007, three weeks after the original request was made. Despite several telephone calls, no documents had been received from him by the end of May. On 1 June 2007, Spectrum sent an official letter to him again requesting that he provide documentation. Once again, he failed to comply with this request.¹
3. Sakakibara postponed his interview on several occasions, stating that documents were not yet available. An initial interview finally took place on 12 June 2007, some 10 weeks after the original request for interview was made. This interview was described Spectrum investigator Rodney Klinge as so unsatisfactory in terms of the applicant's co-operation that Sakakibara was required to be interviewed again on two subsequent occasions on 13 and 14 June respectively. Although each of these interviews lasted between 3-4 hours they failed to resolve a number of outstanding key issues.
4. During his interview Sakakibara was evasive and non-cooperative in a about a number of key issues relating to his PHD. At his first interview he could provide no documentation at all, despite the 8-week delay allegedly so that he could arrange to obtain these documents. (Refer to Sakakibara's Key Employee report).
5. Sakakibara failed to disclose the fact that he was the owner and Representative Director of KK Ubon, and that he owned KK Three Two One. Spectrum identified both of these companies as Vendors of DSE, which represents a clear conflict of interest.²
6. Sakakibara was accompanied by Yuki Sone throughout his three interviews with Spectrum investigators. This is noteworthy for the following reasons:

¹ A copy of this letter can be provided upon request.

² English translations of the respective Company Registrations for KK Ubon and KK Three Two One have been retained, and can be provided upon request.

- a. Sone was the DSE accountant until his sudden resignation from DSE shortly after being handed a PHD to complete.
 - b. Although no longer an employee of DSE, Sakakibara had no hesitation in asking Sone to leave the interview room and search the DSE offices for the requested documents. Sakakibara also did not mind or interfere when Sone answered questions on his behalf.
 - c. Yuki Sone is a Director of KK Three Two One.
7. A number of statements made by Sakakibara during his interview did not stand up under scrutiny, and he was judged as evasive and unreliable. For example, he failed to disclose on his PHD that:
 - He owns 400 shares of KK Ubon representing a 100% ownership interest. He personally owns 400 shares of KK Three Two One representing a 50% ownership interest and KK Ubon owns 45% of KK Three Two One giving the applicant a 95% interest in KK Three Two One. KK Three Two One is a food trading company whose main product is mushrooms. Two individuals each own a 2.5% interest in KK Three Two One. They are Momoru Ozawa and Keiichi Yanagisawa, who also owns an undisclosed interest in a company called Seresu Nogaku Japan. Sakakibara stated that that he does not know the major clients of KK Three Two One. He advised that he is only a shareholder.
 - He made no declarations in the Loans Notes and other Payables section of his PHD. However in his Net Worth Statement he declared a [REDACTED] loan as being carried from Schedule G. At first, Sakakibara could not remember this loan. With some help from Yuji Sone, he remembered that he had borrowed [REDACTED] from a person named Nobuo Kawagami in April 2006. The loan is due in April 2016 at loan duration interest rate of 10% with the total amount due of [REDACTED]. During interview, Sakakibara would not provide any further detail about this loan, and could provide no paperwork relating to, or supporting details for, the loan. The primary purpose of the loan was allegedly for the applicant to purchase, among other things, DSE stock. Sakakibara refused to provide contact details for Nobuo Kawagami, advising that he was the CEO of a publicly traded Japanese company, and he did not want to reveal his details.
 - He failed to disclose his Directorship of YK Waka (He resigned in March 2006) in accordance with Sections C and D of the "Business Affiliations" section of his PHD.
8. Sakakibara was unable or unwilling to provide answers to the most simple and innocuous questions posed by Spectrum investigators. These included his current residential address or the model and brand of his car.

9. All of his financials are questionable, and Sakakibara claimed only to have two bank accounts containing less than the equivalent of US\$100,000. This seems highly unlikely for a person of his net worth.
10. Although he was requested to complete CHDs for KK Ubon and KK Three Two One respectively, Sakakibara never returned a completed CHD for either company. Spectrum has never had any further communication with him about this matter.
11. Sakakibara failed to disclose the fact that DSE was the subject of litigation in the United States until he was specifically asked about it during the course of his second interview.

The accuracy of the information provided by Sakakibara on his PHD, or during his three interviews, must therefore be treated with skepticism, as it is extremely doubtful that he provided a true or accurate view of his personal situation.

[REDACTED] – Managing Director

As Managing Director of DSE, Spectrum again anticipated that [REDACTED] would lead by example, and cooperate fully with the investigation. However this was not to be the case and he proved to be as non-cooperative and obstructive as Sakakibara. Late and non-submission of documents by [REDACTED] delayed and significantly extended the completion of the probity process.

During the conduct of the investigation, Spectrum maintained records of all correspondence and contact with [REDACTED]. Detailed below is a list of the most blatant examples of his lack of cooperation and/or egregious dishonesty:

1. Despite repeated requests and numerous explanations [REDACTED] failed to produce much of the required documentation at his interviews on 23 and 24 May 2007 respectively. An additional document request letter was sent to Kato on 1 June 2007 with a final deadline of 8 June 2007. However, he failed to comply with this request.
2. During his interview [REDACTED] advised that he was not asked by anyone to go to work for DSE but that he “sort of volunteered” to join that company. Kato would not explain what he meant by this statement. It can certainly be considered unusual by any standard.
3. [REDACTED] failed to disclose his 100% ownership of KK Marble Eyes, a DSE Vendor, on either his PHD or during his interview. Although he subsequently identified KK Marble Eyes as a DSE Vendor during interview, he claimed not to know the owner of the company.
4. [REDACTED] identified Nishikawa Communications KK as a DSE Vendor, but said that he was not aware of any contracts between the company and DSE. His statement lacks credibility as Nishikawa Communications is a Tier 3 Vendor [REDACTED] and the Nishikawa family and Nishikawa Communications KK made substantial

investments in the organization of DSE when the company was originally founded. As the Managing Director of the company and the second in charge, it is highly unlikely that [REDACTED] would not be aware of contracts between DSE and one of its largest vendors, especially as he indicated that one of his key areas of focus in the company was on domestic sales.

5. [REDACTED] failed to disclose his Directorship of KK Ubon, a company owned by Sakakibara that is also a DSE Vendor, on either his PHD or during his two interviews.
6. [REDACTED] failed to mention that he was a previous Director of Sakakibara's company KK Three Two One until he resigned his directorship in March 2006.
7. [REDACTED] failed to disclose his shareholding in DSE through his ownership of YK Nation (a Tier 3 Vendor) that owns 300 Shares in the company. This represents a 5.97% shareholding valued at [REDACTED]
8. [REDACTED] failed to disclose his Directorship of YK Waka (He resigned in March 2006) in accordance with Sections C and D of the "Business Affiliations" section of his PHD.

The accuracy of the information provided by Kato on his PHD, or during his interview, must therefore be treated with skepticism, as it is extremely doubtful that he provided a true or accurate view of his personal situation.

[REDACTED] – Director of Marketing

[REDACTED] was originally part of the KRS Group that started Pride Fighting Championship (Pride) and DSE. He worked at YK Nation ([REDACTED]'s company) at that time and was asked to support KRS by Hiroyuki Kato and Nobuyuki Sakakibara.

The initial interview with [REDACTED] that took place on 21 May 2007, some four weeks after Spectrum first requested him to complete a PHD, can only be described as completely unsatisfactory in terms of his co-operation, as Kamei did not have any of the requested documents and copies, despite repeated requests. He was also not cooperative during his interview and did not answer questions put to him in a manner that would be expected of a competent company Director. Late and non-submission of documents by [REDACTED] delayed and significantly extended the completion of the probity process

During the conduct of the investigation, Spectrum maintained records of all correspondence and contact with [REDACTED]. Detailed below is a list of the most blatant examples of his lack of cooperation and/or egregious dishonesty:

1. As with the other directors, [REDACTED] failed to produce much of the required documentation in support of his PHD at his interview on 21 May 2007, despite repeated requests and numerous explanations. An additional document request letter was sent to Kamei on 1 June 2007 with a final deadline of 8 June 2007; again, he failed to comply with this request.

2. During the course of the interview, [REDACTED] displayed a limited understanding of his own job. When asked about such general subjects as licenses, copyrights, commissions and royalties, he stated that all of these words are very similar in meaning and that he was unable to distinguish between them. This seemed a strange statement coming from the Director of Merchandising.
3. [REDACTED] did not have a very clear understanding of his own job responsibilities, and could not identify with which DSE Vendors he associates.
4. [REDACTED] was also very vague about his financial affairs. Spectrum discovered that his average annual earnings have exceeded [REDACTED] year for the past three years, yet he only disclosed a net worth amounting to [REDACTED].
5. [REDACTED] failed to disclose on his PHD or during his interview that he was the registered auditor of KK Ubon, a company owned by Sakakibara and also a DSE Vendor.

The accuracy of the information provided by Kamei on his PHD, or during his interview, must therefore be treated with skepticism, as it is extremely doubtful that he provided a true or accurate view of his personal situation.

[REDACTED] – Director of Public Relations

As with the other Directors, [REDACTED] proved non-cooperative and obstructive. The initial interview with [REDACTED] that took place on 21 May 2007, some four weeks after Spectrum first requested him to complete a PHD, can only be described as completely unsatisfactory in terms of his co-operation, as Sasahara did not have any of the requested documents and copies, despite repeated requests. He was also not cooperative during his interview and did not answer questions put to him in a manner that would be expected of a competent company Director. Late and non-submission of documents by [REDACTED] delayed and significantly extended the completion of the probity process.

During the conduct of the investigation, Spectrum maintained records of all correspondence and contact with [REDACTED]. Detailed below is a list of the most blatant examples of his lack of cooperation and/or egregious dishonesty:

1. [REDACTED] failed to produce much of the required documentation in support of his PHD at his interview on 21 May 2007, despite repeated requests and numerous explanations. An additional document request letter was sent to Kamei on 1 June 2007 with a final deadline of 8 June 2007; again, he failed to comply with this request although he did submit some documents on 14 June 2007.
2. During the course of his interview, [REDACTED] was vague with his answers, and had to be prompted many times by Spectrum investigators to obtain even the most basic information from him.

3. [REDACTED] failed to disclose any consumer finance debt on either his PHD or during his interview. However during the course of the investigation Sasahara was found to have both credit card debt and consumer finance debt. (Refer to [REDACTED]'s Key Employee report.)

The accuracy of the information provided by Sasahara on his PHD, or during his interview, must therefore be treated with skepticism, as it is extremely doubtful that he provided a true or accurate view of his personal situation, especially in regard to his finances where he failed to disclose his credit card and bank debts.

[REDACTED] – Director of Broadcasting

As [REDACTED] is relatively new to DSE, he has very little knowledge about DSE aside from the technical aspects of broadcasting the fight events. His roll in the company appears to be organizing camera crews and equipment and video production.

[REDACTED] also proved non-cooperative and obstructive. The initial interview with [REDACTED] that took place on 22 May 2007, some four weeks after Spectrum first requested him to complete a PHD, can only be described as completely unsatisfactory in terms of his co-operation, as Sato did not have any of the requested documents and copies, despite repeated requests. He was also not cooperative during his interview and did not answer questions put to him in a manner that would be expected of a competent company Director. Late and non-submission of documents by [REDACTED] delayed and significantly extended the completion of the probity process

During the conduct of the investigation, Spectrum maintained records of all correspondence and contact with [REDACTED]. Detailed below is a list of the most blatant examples of his lack of cooperation:

1. [REDACTED] failed to produce much of the required documentation in support of his PHD at his interview on 22 May 2007, despite repeated requests and numerous explanations. An additional document request letter was sent to Kamei on 1 June 2007 with a final deadline of 8 June 2007. Although [REDACTED] submitted additional documents on 8 June 2007, he was still submitting documents up until 19 June 2007.
2. During the first 10 days of June, [REDACTED] entered into a number of phone calls and three email correspondences with Spectrum investigators during which he made derogatory comments about Spectrum personnel and the probity process in general. He told Spectrum staff they were being rude and stupid, and he questioned the abilities of Spectrum staff member Tomoko Mitsuoka, who was acting as interpreter during the interview. On several occasions, he questioned the probity process and why he had to submit documents.
3. [REDACTED] continually told Spectrum investigators that he wanted to resign from DSE due to the volume of documents he had been requested to provide.

He said that he felt intimidated by the need to supply such a large volume of personal information.

4. During his interviews, [REDACTED] proved non-cooperative and continually made disparaging remarks in Japanese to Spectrum staff. At the conclusion of the second interview, as Spectrum investigators were leaving, [REDACTED] told Tomoko Mitsuoka to "back off" (in Japanese).
5. [REDACTED] was found to be acting as a subcontractor to KK Ubon, a company owned by Sakakibara and a DSE Vendor. This represents a clear conflict of interest, especially as [REDACTED] failed to disclose this information on his PHD. During interview, [REDACTED] confirmed the fact that DSE allows him to perform subcontract work outside of his DSE employment. His responses to all inquiries about this issue were, however, vague and general, and he would not specifically name of the companies for whom he is working.

The accuracy of the information provided by [REDACTED] on his PHD, or during his interview, must therefore be treated with skepticism, as it is extremely doubtful that he provided a true or accurate view of his personal situation.

[REDACTED] – Director of Overseas Business Development

[REDACTED] displayed a surprisingly aggressive attitude towards Spectrum investigators and staff throughout the investigation process. Given that [REDACTED] has a history of working in the United States, Spectrum anticipated that he would be the Director who would most likely act as liaison between Spectrum and DSE. Instead, Shinoda revealed himself to be one of the least professional and the most aggressive of the six DSE Directors. His actions and words did not reflect the type of professionalism usually associated with the Director of a high profile Japanese company.

[REDACTED] was advised to have one original and one copy of the requested documents submitted by 14 May 2007. However, [REDACTED] also proved non-cooperative and obstructive. The initial interview with Shinoda that took place on 23 May 2007 can only be described as completely unsatisfactory in terms of his cooperation, as [REDACTED] did not have any of the requested documents and copies, despite repeated requests. He was also not cooperative during his interview and did not answer questions put to him in a manner that would be expected of a competent company Director. Late and non-submission of documents by Shinoda delayed and significantly extended the completion of the probity process, and he was still submitting documents as of 25 June 2007.

During the conduct of the investigation, Spectrum maintained records of all correspondence and contact with [REDACTED]. Detailed below is a list of the most blatant examples of his lack of cooperation and attempts to interfere with the investigation process:

1. On 7 May 2007 at 2330 hours [REDACTED] called Spectrum investigator Kenji Okamoto. Shinoda tried to instigate an argument on why Spectrum required the requested documents. The applicant used abusive and profane

language to insult Okamoto, the investigation in general and Spectrum personnel.

2. On 8 May 2007, [REDACTED] called the Spectrum office, and asked for an explanation as to why Spectrum needed employee payroll documents, advising that Spectrum should not be concerned about these.
3. On 28 May 2007, [REDACTED] called the Spectrum office, and asked aggressively for a checklist of the documents that Spectrum required. They were sent a checklist of what documents had been submitted and what documents were outstanding in order to speed the process.
4. On 5 June 2007, Spectrum investigator Kenji Okamoto received an email message from [REDACTED] on behalf of [REDACTED] which read: *"I think [REDACTED] has already asked your company why the documents you are requesting needs to be submitted, (which we intend to submit anyway), so can you please explain why such documents are necessary? This is especially in regards to your Friday letter asking our directors to submit documents pertaining to balances of their family bank accounts. I did not receive any explanation and you are asking us for more and more documents each time, which I feel is suspicious. It is inconvenient but can you put in writing how the documents will be used."*
5. [REDACTED] failed to cooperate to the extent that he either failed to produce important documents or only submitted unverified extracts or copies.
6. [REDACTED] supplied his residential address as [REDACTED]. Although the property is leased in his name and the landlord still receives rent, Shinoda has not been seen at these premises since March 2007.

The accuracy of the information provided by Shinoda on his PHD, or during his interview, must therefore be treated with skepticism, as it is extremely doubtful that he provided a true or accurate view of his personal situation.

DSE Vendors

The client originally requested that Spectrum conduct varying levels of Due Diligence on the DSE Vendors. The client provided a list of 58 Vendors, which were then separated into three Tiers, with those companies listed in Tier 1 generating only a small amount of revenue from DSE, while those in Tiers 2 and 3 respectively generating increasingly larger amounts of revenue. It should be noted that Tier 3 Vendors derive annual revenue from DSE in excess of [REDACTED]

It is believed that the Directors provided the list of Vendors to the client, and it is interesting to note that YK Nation is the only company associated with Directors that is included in the list. Other important Vendor companies that Spectrum identified as being connected to the DSE Directors during the

investigation included KK Marble Eyes, KK Ubon, KK Three Two One and YK Waka, but none of these companies was identified on the Vendor list.

A flowchart highlighting the links between some of the DSE Directors and the Vendor Companies is enclosed below:

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TIFF (LZW) decompressor
are needed to see this picture.

Spectrum initially obtained each Vendor company's Corporate Registration records and undertook online research in order to obtain contact details and to identify each company's Representative Directors and major shareholders.

On 18 June 2007, Spectrum sent letters in formal Japanese business language by registered mail to each Vendor and the Representative Directors of the Vendor companies advising them of the sale of DSE and requesting their cooperation with the Due Diligence investigation. The letter included an introduction from Jaime Pollack on behalf of the client requesting the Vendor's cooperation and completion of a CHD form and PHDs for the Directors and/or major individual shareholders.

Spectrum subsequently received just one telephone enquiry call from Tsunibura Travel Agent, one of the Tier 3 Vendors, asking about some of the information that had to be submitted. No other Vendor company responded or provided any information whatsoever.

As there was an overwhelming silence to the request letter, two Spectrum investigators contacted each of the Vendor companies by telephone during the course of 26 and 27 of June 2007. Spectrum staff received a range of responses to their telephone calls, ranging from requests to leave a message to indignation at having to provide personal information, and even the threat of legal action.³

On 4 July 2007⁴, as a result of the lack of response from any of the Vendors, Spectrum sent a final request letter to each vendor by registered mail. Again, there was a minimal response, and it became apparent that none of the Vendors was willing to complete the requisite documentation.

Consequently, the client decided that no more effort should be made by Spectrum to contact the Vendors or undertake further inquiries, and that only reports on five Tier 3 Vendors would be required.

Reports have been provided on the five Tier 3 Vendors, and four of the five companies have been found to have links to organized crime entities, and thus not suitable to do business with the new DSE company.

U.S. Litigation

During the course of the investigation Spectrum was advised by the client about civil action being taken against DSE in the USA by the Nevada Athletic Commission (NAC).

None of the Directors any made disclosure concerning this litigation, and CEO Sakakibara acknowledged the litigation only when he was specifically questioned on this matter during interview.

Post interview, our research identified that the NAC filed suit against DSE on 19 June 2007 in Nevada where DSE is a licensed sports promoter. The suit alleges, inter alia, that DSE failed to pay to the NAC commission due on television broadcast rights on martial arts contests promoted by DSE, and failed to allow the NAC to review accounts and receipts concerning the matters alleged. None of the Directors of DSE acknowledged or provided any information about this suit during interview.

It cannot be determined at this time if this litigation will proceed now that DSE has been liquidated and no longer holds any assets.

Conclusion

Based on the information detailed in this report, it is apparent that from the very outset the Directors of DSE were non-cooperative, and impeded Spectrum from carrying out the requested investigation in a timely fashion. There were also

³ A call log containing relevant information including comments by Vendors has been retained, and can be provided upon request.

⁴ Copies of letters dated 18 June 2007 and 4 July 2007 respectively have been retained together with Post Office records of delivery, and can be provided upon request.

many attempts at intimidation of Spectrum's Japanese staff in order to get Spectrum to stop or curtail the investigation.

While Spectrum cannot speculate about their precise motives in not wishing to cooperate with the investigation, it is clear that a number of the Directors, especially Sakakibara and Kato, had much to hide, including major conflicts of interest through their personal interests in various DSE vendor companies, opaque financing and possible links to organized crime. Although none of the Directors was known to Japanese law enforcement to be a Yakuza member, media information alleges possible organized crime connections regarding DSE operations and Sakakibara. It should be pointed out that the use of "front companies" or companies that are "one step removed", such as the Vendor companies, is a traditional method used by Yakuza Organized Crime Families in Japan to hide their association or involvement in high profile companies such as DSE.

It is also evident that the Directors of DSE were making more money from DSE than they were willing to admit. Although Spectrum uncovered many anomalies, it is still not possible to assess accurately the true level of their remuneration from the company, as Spectrum was never provided with a truthful or accurate financial picture by any of the Directors. It is recommended that a proper investigation or audit of DSE's financial records would provide a more revealing picture of the true state of the company and any criminality and/or breaches of regulations that may have occurred. The Directors were, without doubt, most anxious to avoid this.

Despite all the obstacles and time delays, we believe that we have successfully demonstrated that none of the Directors is a suitable or fit individual with whom the client should be associated. Likewise, four of the five Tier 3 Vendors are not suitable to do business with the new company.



SPECTRUM GAMING GROUP, LLC

APPLICANT: Nobuyuki Sakakibara

Case No. 1303

Summary

Spectrum Gaming Group has conducted a background investigation on Nobuyuki Sakakibara (the applicant) to determine if he is suitable to be employed by an entity of Zuffa, LLC (the client). The applicant was required to complete a comprehensive Personal History Disclosure Form (PHDF) and provide documentation in support of the information provided in the PHDF (See Exhibit 1). This information was partly verified at interview and through various sources, including media, intelligence sources and database searches.

The applicant is the Chief Executive Officer (CEO) of Dream Stage Entertainment (DSE) and he is also one of the original founders of Pride Fighting Championship (Pride). He has been a part of the evolution of Pride from its beginnings as Kakutogi Revolution Spirits (KRS) to its current structure as DSE. As the CEO of DSE the applicant made all of the executive decisions for the organization. In his capacity as CEO, he was additionally requested to provide a completed Company History Disclosure Form (CHDF) for DSE, but declined to do so.

All applicants were advised to have one original and one copy of requested documents submitted by May 14, 2007, with interviews to be scheduled subsequently, (See Exhibit 2 Initial Request for Documents letter dated, May 7, 2007). On several occasions the applicant postponed his interview on the basis that documents were not yet available. A second request letter for outstanding documents was sent to the applicant on June 1, 2007 with a final deadline of June 8, 2007 (See Exhibit 3 Request for Outstanding Documents). An initial interview that finally took place on June 12, 2007 can be described as unsatisfactory in terms of the applicant's co-operation with the investigation. Subsequent interviews on the 13th and 14th of June respectively failed to resolve a number of key points, which can be summarized as :

- Failure to submit a completed Personal History Disclosure Form (PHDF);
- Failure to complete a Net Worth statement (NWS) supported by requested documentation;

- Failure to disclose full details of personal and company loans when requested;
- Failure to disclose full details of tax anomalies;
- Failure to disclose full details of his interests in other entities;
- Failure to disclose all relevant civil litigation;
- Failure to provide a full and accurate account of his business involvement with KK Ubon and KK Three Two One; and
- Failure to submit a CHDF for DSE

In addition, the applicant has, at the very least, failed to observe the norms of corporate governance in relation to the clear conflicts of interest that are inherent in his ownership of KK Ubon, a DSE vendor, and KK Three Two One, which appears also to have been set up to provide goods or services to DSE. (See Exhibit 4, Detailed information relative to DSE Vendors).

Another major concern remains the fact that a number of Japanese media articles have cited the applicant as being closely involved with Organized Crime entities in Japan. One particular article stated an allegation by a named individual that he was unlawfully detained and threatened by the applicant together with a known Yakuza member (See Exhibit 5, Organized Crime Media Article). Although there is no public record evidence or official documentation on file corroborating the applicant's alleged Organized Crime ties or the specific published allegations, the applicant's apparent inaction after repeated publication of the articles together with his lack of co-operation with this investigation lead us to believe there may be some validity to this information.

Non-compliance with requests for Documentation and Information

1. On Tuesday April 24, 2007, Spectrum staff, together with Jaime Pollack representing the client, attended a meeting with all Key and non-Key employees at the offices of DSE. During this meeting each of the employees, including the applicant, was provided with a Personal History Disclosure Form (PHDF) and requested to complete their form and provide supporting documentation by Monday May 1, 2007. The applicant failed to supply his completed PHDF and supporting documentation by the due date. The applicant did submit his PHDF on Friday May 25, 2007, but did not provide any supporting documentation as requested (Exhibit 1).
2. On Monday May 7, 2007, a letter was forwarded to each DSE staff including the applicant. This letter outlined the need for Spectrum to conduct an interview with the applicant and requested that he indicate a time suitable to him prior to 30 May 2007. A list of documents that needed to be reviewed by Spectrum investigators during the interview was also attached to this letter (Exhibit 2).
3. The applicant failed to provide all of the requested documentation by May 30, 2007 despite repeated requests verbally and in writing. As a result, a final letter

requesting all outstanding documentation was prepared and forwarded to the applicant on June 1, 2007 requesting that outstanding documentation be provided by no later than Friday June 8, 2007. This letter was hand delivered on Monday June 1, 2007 to Mr. Hara, the HR Manager of DSE, who signed for receipt of same. No documentation was provided by the applicant in response. The applicant was subsequently interviewed on 12th, 13th and 14th of June 2007, respectively, but still did not produce all of the required documentation (Exhibit 3). To date, some of the documentation requested of the applicant still remains outstanding.

4. Throughout the investigation Mr. Matsumoto from DSE's HR Section contacted Mr. Okamoto, Spectrum Operations Manager, on many occasions on behalf of the applicant. On May 26, 2007, Mr. Matsumoto requested during a telephone call that Mr. Okamoto explain in detail each of the documents requested of Sakakibara and why they were required. He then requested that Spectrum forward another PHDF and document request list to Sakakibara although this was the third time the documentation list was supplied to the applicant (See Exhibit 6 for e-mails from Matsumoto on behalf of Sakakibara).
5. Numerous email correspondence took place throughout the investigation between Spectrum's Mr. Okamoto and representatives of DSE on behalf of the applicant. This communication included last minute changes to the applicant's interview times and excuses for the applicant's failure to provide documents, which are included in Exhibit 6 noted above in item 4).

Applicant's Personal Information

- Family Register Submitted post interview.

- Name: Nobuyuki Sakakibara

Mailing Address:



Home Address:



This address was disclosed as the applicant's residence. At interview the applicant disclosed a different address (see below).

Date of Birth: [REDACTED]

Place of Birth: Aichi Prefecture

- Passport: Japan
- Number: [REDACTED]
- Date/Place of Issue: December 12, 2005 - Aichi
- Expiration Date: December 12, 2015

The above information was verified during the course of this investigation.

Operator Licenses

Motor Vehicle

License No: [REDACTED]

Issue Date: December 12, 1999

Expiration Date: December 18, 2010

Suspensions: None

Violations: None

Restrictions: None

The above information was verified during the course of this investigation.

Current Address

- [REDACTED]

This address was disclosed in the applicant's PHDF as his residence. At his interview, the applicant disclosed that he does not in fact reside at this address.

- [REDACTED]

The applicant advised during his interview that he "often stays" at this serviced apartment, which is rented by KK Ubon. The unit has been leased on a bi-monthly over the past two years. A copy of the lease agreement for this unit was submitted on June 12, 2007. The lease agreement confirmed that KK Ubon is the lessee. It should be noted that Mr. Sakakibara is a director in KK Ubon (See Exhibit 7, corporate records for KK Ubon).

On Tuesday July 3, 2007, investigators visited Roppongi Hills Residence D Service Apartment, an 18-story condominium complex, located at [REDACTED] Tokyo. Security at the apartment block was found to be very tight, and the guards on duty would not allow the investigators access to the premises, even after they had explained the purpose of their visit. Building management personnel also refused to provide any information about the present occupant of [REDACTED]. Mailboxes are located in a secure area not accessible to the general public.

The utilities for room [REDACTED] were subsequently found to be contracted under the name of [REDACTED], whereas the registered owner of Room [REDACTED] is Hiroo Kurokawa [REDACTED].

Consequently, it was not possible to confirm where the applicant actually resides. Given the applicant's obstructive attitude and obfuscation throughout the investigation about his actual place of residence, the investigators decided not to press him further on this point, as he seemed unlikely he would be forthcoming with this information.

Spouse – Marital Status (Divorced)

Spouse

Name	None
Date of Marriage:	Currently Single
Date of Birth:	None
Place of Birth:	None

Previous Marriages

Name	[REDACTED]
Date of Marriage:	November 19, 1990
Date of Divorce:	May 13, 2003
Date of Birth:	Not disclosed
Place of Birth:	Aichi

The above information was verified during the course of this investigation from review of official government records, including the applicant's family register.

Other Relevant Disclosures

None

Employment

Positions Held in the past 10 years

- KK Dream Stage Entertainment
3F Hanamo Bldg. 3-12-9, Kita Aoyama, Minato-ku, Tokyo
Chief Executive Officer
April 2003 To Present
(See Exhibit 8 Dream Stage Corporate Record).
- KK Dream Stage Entertainment
3F Hanamo Bldg. 3-12-9, Kita Aoyama, Minato-ku, Tokyo
Representative Director
June 2002 To April 2003
- Tokai TV KK
1-14-27 Higashisakura
Higashi-ku
Nagoya-shi, Aichi
Director / Event Production, Operation
April 1987 to May 2002

The applicant's position with DSE was verified. His previous employment with Tokai TV KK could not be verified as the HR section refused to confirm employment citing the Japanese Privacy Laws.

Other Appointments

None

Other Relevant Disclosures

None

Education

- Aichi University
Graduated on 20 March 1987
Degree in Economics

The applicant's educational degree was verified by review of documents provided. Attempts were made to verify the applicant's degree through telephonic and written requests to Aichi University, but all requests were unsuccessful.

Criminal History Record

The applicant did not disclose any criminal record. Investigators were unable to verify criminal history records due to stringent Government restrictions in Japan. However, based on intelligence, media research and other sources, we did not identify any information which would suggest that the applicant has a criminal record.

Media Search

A comprehensive media search was also undertaken on the applicant. Substantial derogatory information was found in the Japanese and US press and on the Internet relating to applicant's alleged associations to Japanese organized crime entities, which are noted in the organize crime connection portion of this report.

Reference Checks

Available references contacted did not reveal any derogatory information, and all stated that the applicant was of good standing.

Organized Crime Connections

Based on the review of various public record information sources the applicant has no known connections to organized crime entities. However, many media articles allege that the applicant is directly involved with organized crime figures in Japan. We attempted to contact the editor of Shukan Gendai, the tabloid magazine that first published these allegations, and officials at Kodansha, the publisher of Shukan Gendai (Exhibit 5 Organized Crime in Japan and Sakakibara). None of the individuals contacted at Shukan Gendai would agree to speak with us about the applicant or DSE.

Litigation (Civil & Criminal)

- **Personal**

Searches of databases for the Tokyo and Osaka District Courts, the Tokyo Supreme Court and media searches did not disclose or identify any instances of personal civil litigation involving the applicant.

- **DSE**

The applicant made no disclosures concerning litigation involving DSE. However, this investigation revealed that Ed Fishman, former President of DSE USA, and the Nevada Athletic Commission are separately suing DSE in the USA. Only when specifically questioned on the matter of litigation during his interview did the applicant acknowledge some of the litigation involving DSE.

The applicant revealed that negotiations with some of the DSE fighters about the transfer of their contracts are ongoing, however no litigation has resulted. There have also been threatened actions of civil litigation from DSE toward Shukan Gendai, however none of these issues have moved forward at this time.

Post interview, our research identified that the Nevada Athletic Commission (NAC) issued a writ in the USA against DSE on June 19, 2007 in Nevada where DSE is a licensed sports promoter. The writ (inter alia) alleges that DSE failed to pay the NAC money due on television broadcast rights on martial arts contests promoted by DSE and failed to allow the NAC to review accounts and receipts concerning the matters alleged. The applicant did not acknowledge or provide any information about this suit during his interviews noted below, which were conducted Wednesday through Friday (See Exhibit 9 Civil Litigation).

Interviews

Dates: June 12, 2007

June 13, 2007

June 14, 2007

**Venue: 3F Hanamo Bldg. 3-12-9,
Kita Aoyama, Minato-ku,
Tokyo, Japan**

The applicant was interviewed on the above dates at the DSE offices. Spectrum personnel Rodney Klinge and Tomoko Mitsuoka conducted the interviews. Each interview lasted between 3-4 hours. Although this report concerns the applicant's personal history, he was also questioned on DSE matters.

Interviews were originally scheduled to take place on May 14, 2007. The interview was postponed several times because the applicant was unable, or unwilling, to provide the requested documents. That said, he was completely unprepared and non-cooperative during the first interview. During the second and third interviews, the applicant was forthcoming on some issues, but not others, and no better prepared with his documentation.

He constantly interrupted the interviewers, requesting his colleagues to obtain information and documents. In addition, Mr. Yuji Sone, the former DSE in-house accountant who suddenly resigned on April 17, 2007 when the investigation commenced, was in attendance at all three interviews. He appeared

to be the most knowledgeable person about the company and where documents could be located, and still had full access to all areas of the DSE office. The applicant frequently asked Mr. Sone to retrieve financial documents during the interview process.

On June 22, 2007, a PHDF was given to Mr. Sone to be completed. At that time, he denied being employed by DSE, denied being an independent contractor or vendor, and denied having any business of his own. He also refused to complete the PHDF. It is interesting to note that in the Corporate Records for DSE, Yuji Sone was listed as a Director and also the Liquidator of the company up until the company was dissolved on April 17, 2007, which is noted on Exhibit 8).

The main points raised during the interviews are summarized below:

- **Background**

The applicant joined DSE as the Executive Director in June 2002 after 15 years of employment with Tokai TV (Jigyoku KK) in Nagoya. He is currently the Company Representative and CEO.

The interviewers encountered difficulty in ascertaining the applicant's residence, which this investigation showed was not correctly reported in his PHDF. The applicant claimed to have no permanent home in order to avoid the attentions of the media. He would not answer any other specific questions on this subject.

- **Civil & Financial Suits (None Declared)**

We discovered three media articles referencing potential litigation relevant to DSE (See Exhibit 9 Civil Litigation Media Articles).

1) A dispute between contracted fighters and DSE relevant to the fighters' contracts being assigned over to the new company. A media article reported that the fighters were threatening a class action suit against DSE. The applicant advised that this involved 50 to 100 fighters, and that all but three have now agreed to have their contracts assigned to the new company. The applicant stated that the deadline for the fighters to sign contracts with the new company is July 8, 2007. If they do not sign by this date, the contract amounts will be deducted from the asset purchase price of the company.

2) There are a number of media articles relating to the filing a civil suit in the US against DSE by Ed Fishman, the former Pride USA President, alleging breach of contract. The suit involves a contract agreement between Fishman and DSE whereby DSE was to pay certain monies to Fishman for consulting services and a percentage of ticket sales. Fishman alleges DSE's failure to meet its contractual obligations by not paying Fishman certain specified monies.

The applicant at first responded that he did know about this law suit, and then changed his mind and advised that he was aware of it and would look for the

litigation paperwork and submit it at a later date. To date, this has not been received. The applicant stated that he is not aware of any adjudication with regard to this action.

Before we began the third interview, the applicant introduced DSE's legal counsel, who was representing them in the Fishman case. He briefly confirmed that Ed Fishman had filed a case against DSE in Nevada, and that they were in the process of working out a settlement.

3) Media reports identified that DSE had filed a lawsuit against tabloid publication Shukan Gendai in relation to the article they published about DSE's ties to organized crime. DSE claimed for defamation and damages resulting from the termination of the DSE/Fuji TV contract. The article alleged that an additional criminal case was filed by DSE charging forcible obstruction of business. The article advised that the civil lawsuit had not been filed.

The applicant advised that neither the civil action nor the criminal action have been filed.

• Personal Tax Returns

In his PHD, the applicant denied that his personal taxes have ever been audited or adjusted. The applicant's tax returns revealed that he made more than one tax filing in both 2004 and 2005 (See Exhibit 10 Tax Returns for 2004 and 2005). The applicant then advised that the Japanese tax authorities had questioned his initial return and that of DSE for the past three years. A much higher gross income was reported in a second filing in both 2004 and 2005 respectively with the Japanese tax authorities. The applicant stated that no legal action was taken, and no records of an audit were ever supplied to him.

His personal income on his 2004 tax return was originally filed with a gross income of [REDACTED]. It was re-filed after intervention from Japanese tax authorities with an income of [REDACTED].

The applicant's personal income on his 2005 tax return was originally filed with a gross income of [REDACTED]. It was re-filed after intervention from Japanese tax authorities with an income of [REDACTED].

DSE Tax Returns

Investigations indicated that for the years of 2006, 2005 and 2004 there has been a review of both DSE and the applicant by the Japanese tax authorities. The applicant offered no information, and Mr. Sone would only say that it involved under reported income brought about by late payments of receivables and money not getting booked to accounts in a timely manner.

The applicant claimed that no legal action has been taken, and no records of an audit were ever supplied to the applicant by the tax authorities. The

applicant and Mr. Sone advised that, aside from the tax authorities, DSE has never been audited internally or by an outside independent agency.

Investigators were unable to verify independently tax information for the applicant and DSE with tax authorities due to the Government's stringent privacy restrictions.

- **Financial Data**

In his PHDF, the applicant declared an interest in an un-named company from April 2002 to present called, KK Ubon, which he confirmed during his interview

A subsequent search of corporate records revealed that the registered corporate address for KK Ubon is the same as that for YK Marble Eyes in Nagoya. YK Marble Eyes is listed in corporate records as 100% owned by H. Kato. This fact was not disclosed in H. Kato's PHDF. YK Nation and YK Marble Eyes are Kato-owned companies while KK Ubon and KK Three Two One are Sakakibara owned companies. Based upon their stated business purposes, it appears that all of these companies were formed to provide goods and services to DSE (Please refer to the report on all of the DSE vendors for further details ref. Exhibit 4.)

- **Cash In Bank**

The applicant claimed only to have two bank accounts, including overseas. He produced two bank books during the second interview for the two accounts declared in his PHDF. The account balances were quite different from those disclosed in his PHDF. One account listed [REDACTED] understated in the PHDF and the other was about [REDACTED] overstated in the PHDF (See Exhibit 11 Bank Books).

- **Loans, Notes and Other Receivables**

In his PHDF, the applicant declared two receivables, named [REDACTED] [REDACTED] due from DSE and [REDACTED] from KK Ubon. These were reportedly repayments of interest-free cash loans from the applicant to both companies in the amounts stated. There are no "due dates" on the loans and nothing was pledged as security for either loan. Yuji Sone provided a couple of computer printouts that appeared to be cut outs of a spreadsheet. One showed that the KK Ubon loan has been repaid, but no supporting documentation was provided (See Exhibit 12 KK Ubon Loan).

The applicant advised that he made both of these cash loans to improve the cash flow of each company due to poor business conditions. Over the past year the applicant has "loaned" [REDACTED] to DSE and been [REDACTED]. As his loan to KK Ubon has reportedly been repaid and his loan to DSE is growing it would appear that business for KK Ubon

is improving over the course of the year and the DSE business has worsened from the time of the original loan.

- **Securities**

The applicant made the following declarations in his PHDF:

- [REDACTED]
Common Stock [REDACTED]
- [REDACTED]
Common Stock [REDACTED]
- [REDACTED]
Common Stock [REDACTED]

The applicant claimed that prior to April 2006 he did not own any stock in DSE. In April 2006, he acquired [REDACTED] personal unsecured cash loan from Nobuo Kawagami (CEO of KK Dowango) to be used for the purchase of DSE stock and "other purposes", which are discussed below. After the applicant acquired his stock in DSE, the DSE shareholdings were represented as follows:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

The applicant advised that he purchased shares from three entities: Planet, Mrs. Morishita and Insatsu Nishikawa, who is a member of the Nishikawa family that owns and operates Nishikawa Communications KK, a printing company and DSE Level 3 vendor. Mrs. Morishita is the widow of the former Naoto Morishita.

The applicant owns 400 shares of KK Ubon representing a 100% ownership interest (Exhibit 7).

He personally owns 400 shares of KK Three Two One representing a 50% ownership interest and KK Ubon owns 45% of KK Three Two One giving the applicant a 95% interest in KK Three Two One. KK Three Two One is a food trading company whose main product is mushrooms. Two individuals each own a 2.5% interest in KK Three Two One. They are Momoru Ozawa and Keiichi Yanagisawa. K. Yanagisawa also owns an undisclosed interest in a company called Seresu Nogaku Japan. The applicant said that he does not know the major clients of KK Three Two One. He advised that he is only a shareholder (See Exhibit 13 KK Three Two One).

- **Loans, Notes and Other Payables**

The applicant made no declarations in this section of his PHDF. In his Net Worth Statement he declared [REDACTED] loan as being carried from Schedule G. At first, the applicant could not remember this loan. With some help from [REDACTED] he remembered that he had borrowed [REDACTED] from a person named [REDACTED] in April 2006. The loan is due in April 2016 at loan duration interest rate of 10% with the total amount due of [REDACTED]

The primary purpose of the loan was for the applicant to purchase, among other things, DSE stock. The applicant advised that the money was allocated in the following manner:

- DSE Share Purchase by N. Sakakibara [REDACTED]
- Loan to DSE from N. Sakakibara [REDACTED]
- Loan to KK Ubon from N. Sakakibara [REDACTED]
- Total [REDACTED]

The applicant refused to provide contact details for Nobuo Kawagami, advising that he was the CEO of a publicly traded Japanese company, and he did not want to reveal his address. Nobuo Kawagami is the CEO of KK Dowango. This company is involved with the manufacture and sale of cell phone components and a provider of cell phone Internet services. The applicant advised that they became friends as a result of Nobuo Kawagami's interest in MMA Pride Fighting events.

- **DSE Directors Annual Salaries**

[REDACTED] provided the following information during the applicant's interviews:

- Nobuhiko Sakakibara [REDACTED]
- Hiroyuki Kato [REDACTED]
- Daisuke Sato [REDACTED]
- Sotaro Shinoda [REDACTED]
- Keiichi Sasahara [REDACTED]
- Tetsuya Kamei – The applicant advised that T. Kamei does not receive a salary from DSE, but only from YK Nation.

- **Alleged Organized Crime Connections**

The tabloid magazine *Shukan Gendai*, published a series of articles in 2006 alleging DSE connections to organized crime entities. Media sources allege that the severing of the Fuji TV contract with DSE was brought about as a result of these articles. The following allegations have been published in a variety of media publications, subsequent to the original *Shukan Gendai* articles.

1. The media reported that N. Sakakibara was negotiating with Nippon TV to move the Pride event over to Nippon TV and away from Fuji TV.
2. Seiya Kawamata claims through the media that N. Sakakibara and two members of the Yamaguchi-gumi crime family threatened him over Seiya Kawamata's use of Feder Emelianenko in a K-1 fighting event. Feder Emelianenko was alleged to have been under contract with Pride.
3. On December 21, 2003, Seiya Kawamata claimed in an interview with *Shukan Gendai* that he was held against his will at the Akasaka Tokyo Hotel by yakuza gangsters who threatened him to not use Feder Emelianenko in a K-1 fight event. The article identifies Takashi Ishizaka as the yakuza owner of Pride. Another yakuza member, Sakamoto, was present during the meeting in addition to N. Sakakibara. The applicant advised that he has no knowledge of any individual named Sakamoto.
4. Feder eventually did appear in the K-1 fight event on the Inoki Bom-Ba-Ye 2003 show. On 31 December 2003, at the Hotel Okura in Kobe, Seiya Kawamata alleged that he had been forced to sign a contract under which he acknowledged that DSE had an exclusive contract with Fedor. Allegedly present at that time were yakuza member Sakamoto, another unnamed high-ranking yakuza member and N. Sakakibara.

The applicant advised that Kazuyoshi Ishii (the founder of K-1) introduced him to Takashi Ishizaka about 13 years ago in Nagoya. T. Ishizaka manages celebrities and is associated with a real estate company named Aoyama Mainland. The applicant claims that he has no business dealings with T. Ishizaka.

The applicant advised that he never attempted to negotiate with Nippon TV to move the Pride event away from Fuji TV to Nippon TV. He stated that their relationship with Fuji TV was too strong and that Nippon TV promoted fighting events produced by DSE competitors, specifically K-1 events. The applicant stated that Seiya Kawamata and Nippon TV (NTV) are involved in a litigation case of an unspecified nature. Seiya Kawamata filed the action against NTV. The applicant does not know the particulars of the case.

The applicant claims no knowledge of any of these events (numbers 2 – 4) and stated that the content of the media articles are all lies. The applicant advised that Seiya Kawamata represented K-1, a rival MMA event. He identified two other individuals as being associated with K-1, namely Kazuyoshi Ishii and Ken

Imai. He stated that K Ishii is currently in Kosuge Prison in Tokyo serving a sentence for tax fraud after being arrested in 2003.

The applicant advised that at some time in the past S. Kawamata called him and suggested that his (Kawamata's) group close down their operation and support Pride. This would bring additional fighters to Pride under an agent contract with S. Kawamata. The undoing of this arrangement, according to the applicant, was the opposite of what S. Kawamata claimed. The applicant says that he was the one who was being threatened by S. Kawamata, and not the other way around.

The applicant advised that DSE is considering filing a lawsuit against Shukan Gendai, and that Shukan Gendai has advised that they have another article ready to publish if DSE does file suit against them. The applicant advised that the fact that Shukan Gendai may publish another article is no reason why DSE has not yet filed an action against the magazine. The applicant stated that this decision would now have to be made by the new company.

The applicant advised that between February and March 2006, the Kanagawa Prefecture Police called him in on three different occasions in regard to the alleged threats against S. Kawamata. The applicant stated that the Kanagawa Police in Yokohama were investigating the case as S. Kawamata first tried to file his complaint with the Tokyo Metro Police, but they rejected his complaint. The applicant noted that there have been no formal charges filed against him as a result of the accusations. Attempts were made to interview S. Kawamata, however, he could not be located.

Current Directorships

Disclosed

- DSE – Representative Director

Undisclosed

- KK Ubon – Representative Director and 100% owner

Sakakibara disclosed an interest in KK Ubon a Tier 3 Vendor to DSE, as a direct result of questioning during one of his interviews. However, he failed to disclose that he was the owner and Representative Director of KK Ubon, in accordance with Sections C and D of the "Business Affiliations" section of his PHDF (Exhibit 4).

- KK Three Two One – 95% owner but not listed as a Director (Exhibit 13)
- YK Waka – Director (Exhibit 14)

See also reference under Tax returns below.

Prior Business Applications – Professional, gaming, business or occupational license

None

Tax Returns – Copies of last 3 years tax filings

Gross Income Filed:

- 2006 Earnings
- KK DSE
- KK Ubon
- YK Waka

[REDACTED]

The applicant finally provided this data during his third interview on June 14, 2007. The earnings data relating to DSE was subsequently verified from copies of certifications of income provided by DSE.

During the interview, the applicant advised that he also earned additional income (above his DSE earnings) from KK Ubon. This cannot be verified as the applicant produced no income certifications for 2006 from any source other than DSE.

The applicant made no verbal disclosure about his earnings from YK Waka despite the fact that these were listed in his tax filings (See Exhibit 14 YK Waka). Investigators only identified the earnings from this company post interview, and were subsequently not able to ask him further questions about this company. Corporate records revealed that the applicant was previously a director of this company for only two months in 2006, and that the company's business purposes appear similar in nature to KK Three Two One. (Please refer to the report on all of the DSE vendors for further details in exhibit 4)

- 2005 Earnings
- 2005 Earnings
- 2005 Earnings

[REDACTED]

These were verified from copies of the applicant's 2005 tax filing. Due to intervention by tax officials, the applicant was required to submit a second tax return reflecting higher earnings. Again, we were unable to verify the applicant's earnings from YK Waka.

- 2004 Earnings
- 2004 Earnings

[REDACTED]

This was verified from copies of the applicant's 2004 tax filing. Due to intervention by tax officials, the applicant was required to submit a second tax return reflecting higher earnings.

Financial Data – Any ownership interest in any business within the past 10 years
(Exclude Publicly Traded Companies)

Refer to the Securities Section for financial breakdown

1. KK Dream Stage Entertainment
3F Hanamo Bldg. 3-12-9,
Kita Aoyama, Minato-ku,
Tokyo, Japan
Interest Held: 91.65% (73.75% personally and 17.9% through KK Ubon)
April 2006 To Present
(Exhibit 9)

2. KK Ubon
2-4-14 Marunouchi
Naka-ku
Nagoya-shi, Aichi
Interest Held: 100%
April 2002 To Present
(Exhibit 6)

3. KK Three Two One
6-2-7, Roppongi
Minato-ku
Tokyo
Interest Held: 95% (50% personally and 45% through KK Ubon)
January 2005 To Present
(Exhibit 14)

This information was not disclosed by the applicant in his PHDF as ownership interests, but was listed in the Securities Section as stock ownership. His ownership interests have been verified from searches of corporate registrations.

Bankruptcy, Insolvency and Garnishment

None

Checks of online Bankruptcy records in Japan did not identify any record associated with the applicant.

SUPPLEMENTARY SCHEDULES TO THE NET WORTH STATEMENT

Schedule A: Cash in Bank - Bank Information

Accounts

[REDACTED]

Account Name: Nobuyuki Sakakibara

Account: [REDACTED]

Account Type: Ordinary

Current Balance: As of 11 June [REDACTED]

Verified by investigators from review of originals and copies of bank books submitted by the applicant at the second interview on June 13, 2007.

2 [REDACTED]

Account Name: Nobuyuki Sakakibara

Account: [REDACTED]

Account Type: Ordinary

Current Balance: [REDACTED]

This was verified through review of originals and copies of bank books submitted by the applicant at the second interview on June 13, 2007 (Exhibit 11).

Bank Consolidated Balances: [REDACTED]

Schedule B: Loans, Notes and Other Receivables

1. [REDACTED]
Amount of Loan: [REDACTED]
Start of Loan: June 2006
Current Balance: [REDACTED]

This was supported, but not verified, from a DSE spreadsheet submitted by Yuji Sone.

[REDACTED]
Amount of Loan: [REDACTED]
Start of Loan: September 2006
Current Balance: [REDACTED]

This was supported, but not verified, from a DSE spreadsheet submitted by Yuji Sone (Exhibit 13).

Schedule C: Securities

1. KK Dream Stage Entertainment
Owner: Nobuyuki Sakakibara
Shares or Contracts Held: 3,709 Shares [REDACTED]
 KK Ubon 900 Shares [REDACTED]
 YK Nation (T. Kato) 300 Shares [REDACTED]
 KK East Rights 120 Shares [REDACTED]
Type: Common Stock
Date of Purchase: April 2006
Percentage of Ownership: 91.65%
Date of Valuation: April 2006
Current Market Value: [REDACTED]

This was supported, but not verified, from DSE internal documents submitted by Yuji Sone.

2. KK Ubon

Owner: Nobuyuki Sakakibara

Shares or Contracts Held: 400 Shares

Type: Common Stock

Date of Purchase: April 2002

Percentage of Ownership: 100%

Initial value: [REDACTED]

This was verified from corporate records searches.

3. KK Three Two One

Owner: Nobuyuki Sakakibara (50%)

Shares or Contracts Held: [REDACTED]

KK Ubon (45%) [REDACTED]

Mamoru Ozawa (2.5%) [REDACTED]

Koichi Yanangisawa [REDACTED]

Type: Common Stock

Date of Purchase: January 2005

Percentage of Ownership: 95%

Initial Value [REDACTED]

This was verified from corporate records searches.

Schedule D: Real Estate Interests

None

Vehicles

1. Vehicle Type Not disclosed

Current Value: [REDACTED]

This could not be verified, as the applicant would not state the model or brand of his car and refused to supply any registration documentation. Vehicle registration records are not a matter of public record in Japan, and cannot be searched by the owner's name.

Other Assets

None

Schedule E: Life Insurance

- Life Insurance Policy
Carrier: Nissay Insurance Company
Policy Holder: Nobuyuki Sakakibara
Policy Number [REDACTED]
Beneficiary [REDACTED]
Face Value: Unknown
Current Cash Surrender Value [REDACTED]

- Health & Whole Life Insurance Policy
Carrier: Nissay Insurance Company
Policy Holder [REDACTED]
Policy Number [REDACTED]
Beneficiary [REDACTED]
Face Value: Unknown
Current Cash Surrender Value: Unknown [REDACTED]

- Life Insurance Policy
[REDACTED]
Policy Holder: Nobuyuki Sakakibara
Policy Number [REDACTED]
Beneficiary [REDACTED]
Face Value: Unknown
Current Cash Surrender Value [REDACTED]

All were verified from copies of the applicant's policy documents submitted post interview.

Schedule F: Pension/Retirement Funds

None disclosed

The Japanese government operates a mandatory retirement scheme in which all citizens must participate. No value can be attributed to government pension funds. The government provides no statements, and individuals cannot obtain their account balances. Account balances are not available through any database access.

Schedule G: Loans, Notes and Other Payables

None disclosed under this section. There was [REDACTED] loan disclosure made in the Net Worth section, but the data provided was incomplete.

- Loan Owner [REDACTED]
Account Number None
Name and Address of Creditor [REDACTED]
Date Incurred 01 April 2006
Interest Rate 10% over the term of the loan
Nature of Account Cash
Original Amount of Liability [REDACTED]
Nature of Security None
Current Amount Outstanding [REDACTED]

Schedule H: Taxes Payable

None

Schedule I: Mortgages or Liens on Real Estate

None

Schedule J: Loans against Insurance/Pension

None

Schedule K: Other Indebtedness

Credit Cards:

1. AmEx Platinum
Credit Limit: Unknown

[REDACTED]

[REDACTED]

This was verified through copies of the applicant's credit card statements submitted post interview.

2. Diners Club International
Credit Limit: Unknown
3695-707879-7007, Exp 07/07
Balance as of 23 May, Unknown

This could not be verified, as the applicant did not submit any statements.

3. UFJ MasterCard Gold
Credit Limit: Unknown
5296-0518-9161-1084, Exp 03/11
Balance as of 23 May, Unknown

This could not be verified, as the applicant did not submit any statements.

Credit Check

Credit Card Debt:

The applicant disclosed the fact that he has three credit cards. He submitted credit card statements for only one card.

Consumer Finance Debt:

None disclosed

A credit check of the applicant did not reveal additional credit card debt. Credit Reports in Japan will only show the number of companies with which the individual has had transactions and will not identify the actual card company. Specific credit card debt therefore cannot be attributed to any one individual credit card.

Net Worth Calculation (USDS)

<u>Asset Description</u>	<u>Amount</u>
Cash	[REDACTED]
Real Estate Interests	[REDACTED]
Retirement Funds	[REDACTED]
Vehicles – Not Verified	[REDACTED]
Other Assets	[REDACTED]
Loans Receivable	[REDACTED]
DSE Shares	[REDACTED]
KK Ubon Shares	[REDACTED]
KK Three Two One Shares	[REDACTED]
Life Insurance	[REDACTED]
<u>Total Assets</u>	[REDACTED]

<u>Liability Description</u>	<u>Amount</u>
Notes Payable; Tax due	[REDACTED]
Mortgages on Real Estate	[REDACTED]
Loans Against Insurance/Pension	[REDACTED]
Contingent Liabilities	[REDACTED]
Credit Card Debt	[REDACTED]
<u>Total Liabilities</u>	[REDACTED]
<u>NET WORTH</u>	[REDACTED]

Conclusion

A review of the financial and banking information supplied by the applicant or disclosed through this investigation revealed no information that would impinge on his financial viability. It should be noted that the applicant's Net Worth stated in this report is based primarily upon information provided by the applicant, some of which was not fully disclosed and some may not have been independently verified. Furthermore the applicant failed to sign and date the application to confirm the contents of the information in addition to failure to provide some information which only resulted from his interviews and additional investigative inquiries.

The applicant has failed to co-operate with this investigation to the extent that he has demonstrably not acted in good faith. Important documents have not been supplied or only supplied as unverified extracts or copies. The investigation has been further hindered or obstructed by his failure to provide information and documents in a timely manner. The applicant would not provide clear answers to multiple questions, including innocuous issues such as his present residence and car brand.

This investigation did not find any evidence of the applicant being a known or registered member of any Organized Crime entity. However, his alleged collaboration with Organized Crime entities published in the Japanese media has thus far gone unchallenged by the applicant despite the seriousness and repetition of the allegations in numerous publications over an extended period (more than one year). He has never filed any libel suits against the publications or the authors, or gone out of his way to deny the allegations publicly, apart from at one press conference (held for other purposes) on June 8, 2006.

Moreover, the applicant appeared not to have any concern or understanding of the clear conflicts of interest that are inherent in his ownership of KK Ubon, a DSE vendor, and KK Three Two One, a company set up apparently to supply goods or services to DSE.

As a result of all of the aforementioned issues, we have been forced to determine that the applicant is not a person of suitable character.

Recommendation

Based on this investigation, it would be difficult to recommend the applicant as being suitable.