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7 **UNITED STATES DISTRICT COURT**
 8 **DISTRICT OF NEVADA**

9 CENTER FOR LEGAL REFORM, a Nevada
 10 Non-Profit Corporation as Successor-in-
 11 interest to Resolution Settlement Corporation,
 12 a former Nevada Corporation,

12 Plaintiff,

13 v.

14 JOHN RAKOWSKY, an individual; and Doe I-X
 15 Defendants.

Case No.

COMPLAINT AND JURY DEMAND

17 Plaintiff, Center for Legal Reform, by and through its counsel, Guinness
 18 Ohazuruike, Esq. of Guinness Law Firm, hereby alleges against Defendant,
 19 John Rakowsky, as follows:

20 PARTIES

- 21 1. Plaintiff, Center for Legal Reform, is a Nevada non-profit corporation and
 22 successor-in-interest to Resolution Settlement Corporation, a former Nevada
 23 corporation, herein after referred to as "RSC".
 24 2. Defendant, John Rakowsky, is an individual domiciled in the State of South
 25 Carolina, and at the relevant time, hereto, was practicing as an attorney at law.
 26 3. Defendants Doe I-X are individuals, entities, and corporations, and the true names
 27 and capacities, are unknown to Plaintiff, who therefore sues these Defendants by
 28 such fictitious names. Plaintiff alleges that each Defendant, designated as a Doe,
 is specifically responsible in part for the conduct alleged herein that wrongfully

1 injured Plaintiff and the proximate cause of damage thereby to the Plaintiff, as
2 alleged herein. Plaintiff shall seek leave of this court to amend the Complaint to
3 substitute the true names and the capacities of each Doe Defendant when that
4 name is ascertained.

5 JURISDICTION

- 6 4. This Court has subject matter jurisdiction over this action, pursuant to 28
7 U.S.C. §1332, because complete diversity of citizenship exists between the parties
8 in this action and the amount in controversy exceeds \$75,000, exclusive of interest
9 and costs.
- 10 5. This Court may also exercise pendant jurisdiction over Plaintiff's state law claims
11 arising under the common law of Nevada, and which arise from a common
12 nucleus of operative fact pursuant, to 28 U.S.C. Section 1367.

13 VENUE

- 14 6. Venue is proper in the United States District Court for the District of Nevada,
15 pursuant to 28 U.S.C. Section 1391(b), wherein Plaintiff resides and Defendants
16 regularly conducted business in these matter and where all the alleged wrongful
17 conduct occurred and by virtue of a Nevada choice of law forum agreed to by the
18 parties.

19 GENERAL ALLEGATIONS

- 20 7. Plaintiff is informed and believes and thereon alleges, that Defendants, at all times
21 relevant hereto, acted in concert with some individuals, entities, and corporations,
22 the true names and capacities are unknown to Plaintiff.
- 23 8. Plaintiff's predecessor-in-interest, RSC, was involved in the business of providing
24 funds for litigation expenses to litigating parties and attorneys.
- 25 9. In March 2005, Defendant contacted RSC, stating he was coming to Las Vegas to
26 negotiate a case representation for Southern Holdings, Inc., a Nevada corporation.
- 27 10. Defendant represented that he had the requisite license or permission to practice
28 as an attorney in federal courts in the District of Nevada.

1 11. Defendant stated, that based on his extensive personal experience in federal
2 courts including civil RICO litigation, that the case had great potential for verdict for
3 his prospective client.

4 12. At a conference attended by other investors, Defendant met with RSC executives
5 and represented that he had secured representation of the plaintiffs in the case
6 and that he was seeking financing for the case.

7 13. While Defendant was in Las Vegas, Nevada on or about March 2005, Defendant
8 entered into a funding agreement with RSC, whereby RSC agreed to provide initial
9 funding in the amount of \$45,000.00 and agreed to provide an additional
10 \$25,000.00 in funds for the non-lawyer litigation expenses, on or before June 30,
11 2005. None of the \$70,000 in funding was to be used for lawyer compensation
12 expenses.

13 14. In return for the investment, RSC was entitled to a payment of \$70,000.00 in
14 "security interests" (equivalent to funds advance by RSC) and from proceeds
15 (being the gross recovery less attorney fees as applicable, estimated at 40%), plus
16 monthly payments of \$4,500.00, beginning the first day of the month following the
17 advancement of the final payment of \$25,000.00 per the agreement.

18 15. In addition to other terms of the agreement, Defendant personally and specifically
19 agreed (1) to abide by the ministerial terms of the funding agreement; (2) to
20 provide RSC full accounting of the sources and uses of all litigation funds; (3) to
21 disburse amount recovered from the litigation, in accordance with the agreement
22 (4) in the event of any dispute in any manner related to the agreement including,
23 but not limited to, regarding disbursement of monies, to interplead any amount
24 recovered from the litigation; (5) that all disputes over the funding, any proceeds,
25 and/or related to any aspect of the entire agreement would be interplead and/or
26 litigated in Nevada Courts.

27 16. On or about March 22, 2005, RSC transferred the sum of \$45,000.00 from a local
28 Nevada bank account into, what Defendant stated was, his "trust account", with
Security Federal Bank in South Carolina.

17. On or about July 1, 2005, Defendant received a second payment, a check in the
amount of \$25,000.00, drawn on Nevada Colonial Bank, which Defendant

1 deposited again, into what he stated was his "trust account" with Security Federal
2 Bank of South Carolina.

3 18. In the Fall of 2006, RSC began to express concern about the actions of
4 Defendant, constantly seeking additional funding from RSC, without providing
5 explanations for why additional funds were needed.

6 19. In 2008, RSC requested, in writing, a full accounting of the \$70,000.00 it had so far
7 contributed towards the Southern Holdings, Inc. litigation.

8 20. Defendant, through retained counsel Desa Ballard, responded in writing that all the
9 litigation funds have conflicting claims, thereby refused to provide an accounting of
10 the use of funds, as required under the contract.

11 21. Defendant, through counsel Desa Ballard, filed an interpleader action over the
12 litigation funds in South Carolina courts.

13 22. Defendant did not include RSC in the interpleader action and RSC never had the
14 opportunity to file a claim for its funds.

15 23. Defendant used his position, as a local judge in South Carolina, to breach his
16 obligation, under contract, to provide a complete accounting for the use of funds.

17 24. Defendant's failure to provide an accounting for use of the litigation funds is also in
18 violation of the Nevada Rules of Professional Conduct.

19 25. Defendant settled the Southern Holdings Inc. case, without the client's consent,
20 and eventually withdrew from representation, without advising RSC of his
21 withdrawal, as required under the funding contract.

22 26. During discovery in the interpleader case filed by Defendant, Defendant denied
23 knowledge of any and all funds provided by RSC.

24 27. As a result of discovery requests in the Interpleader case concerning Defendants
25 handling of the litigation funds advanced to Defendant by RSC, in 2010 Defendant
26 changed the legal designation of the account into which he deposited the money
27 he obtained from RSC to a trust account in an act of obstruction of justice to
28 conceal the true nature of the account the money was deposited into.

28 28. Defendant misappropriated the litigation funds, provided by RSC, for the Southern
Holdings case for non lawyer expenses by depositing the funds into his personal
account instead of a trust account.

1 29. Defendant settled the Southern Holdings, Inc. case, without permission of his
2 client and improperly interplead the proceeds in South Carolina, instead of
3 Nevada.

4 30. Defendants' settlement of the case was an act of negligent misrepresentation that
5 was a proximate cause of financial damages to RSC.

6 31. As of this date, Plaintiff is entitled to the amount of \$475,000.00, under the funding
7 contract, which covers the damages by Defendant including the security interests
8 and accruing monthly payments due and payable to RSC as of this date.

9 FIRST CAUSE OF ACTION
(BREACH OF CONTRACT)

10 32. Plaintiff repeats every allegation contained in preceding paragraphs by reference.

11 33. RSC and Defendant had a valid contract, wherein they agreed to observe and
12 perform the terms and provisions of the contract.

13 34. Plaintiff is, in fact and at law, the successor-in-interest of RSC and invested with all
14 the contractual rights and obligations of RSC, including the contract in this matter.

15 35. RSC performed its contractual obligations, as required under the referenced
16 contract.

17 36. In August 2008 or thereabout, Defendant breached its contractual obligations to
18 RSC by failing: (1) to abide by the terms of the funding agreement; (2) to provide
19 RSC full accounting of the sources and uses of all litigation funds; (3) to disburse
20 the litigation funds and amount recovered from the litigation, in accordance with
21 the agreement (4) to interplead any funds from the litigation in Nevada courts; (5)
22 to include RSC in the interpleader case; (6) to deposit the litigation funds in a trust
23 account, rather he deposited the funds into his own personal account.

24 37. Defendant also breached his contractual and/or obligations to RSC under law, by
25 failing to deposit the litigation funds into a trust account.

26 38. Defendant also breached his contractual obligations by using the litigation funds
27 for his own personal purpose and personal expenses.

28 39. Defendant also breached his contractual obligations to RSC by failing to notify
RSC of his resignation from legal representation of the client.

1 40. As a result, Plaintiff has been caused to suffer damages of an amount of \$475,000
2 and counting, the actual amount to be determined at trial.

3 41. It has been necessary for Plaintiff to obtain the services of legal counsel to pursue
4 this action and Plaintiff is entitled to recover attorney's fees and costs herein.

5 SECOND CAUSE OF ACTION
6 (BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING)

7 42. Plaintiff repeats every allegation contained in preceding paragraphs by reference.

8 43. Nevada law implies a covenant of good faith and fair dealing in every written
9 contract and Defendant owed Plaintiff a duty of good faith and fair dealing in
10 performing the terms of the RSC funding contracts.

11 44. Defendant breached his duty, by not fulfilling his obligations and performing the
12 contracts in a manner that was not fair nor in good faith, to the purpose of and
13 spirit of the RSC funding contracts.

14 45. Defendant committed negligent misrepresentations when Defendant
15 communicated untruthful information to litigant financed by RSC in a lawsuit that
16 resulted in loss of financial gain for the RSC financed litigant.

17 46. Defendant had an obligation to fulfill the terms of the contract in good faith, but
18 failed to do so, knowing that its failure would result to Defendants financial benefit
19 and to the financial detriment of RSC.

20 47. As a result of Defendants negligent misrepresentations to third parties Plaintiff has
21 suffered pecuniary damages in an amount of \$475,000 and counting, the actual
22 amount to be determined at trial.

23 48. It has been necessary for Plaintiff to obtain the services of legal counsel to pursue
24 this action and Plaintiff is entitled to recover attorney's fees and costs.

25 THIRD CAUSE OF ACTION
26 (INTENTIONAL MISREPRESENTATION)

27 49. Plaintiff repeats every allegation contained in preceding paragraphs by reference.

28 50. At the time Plaintiff and Defendant entered into the litigation funding Agreement,
on or about June 5, 2005, Defendant made false representations to Plaintiff,

1 including the following:

- 2 1. That Defendant had the requisite license or permission to practice as an
3 attorney in the United States District Court, District of Nevada;
- 4 2. That based on his extensive personal experience in federal courts,
5 including civil RICO litigation, that the case had great potential for verdict;
- 6 3. That Defendant would deposit the payments for the litigation funds into a
7 trust account;
- 8 4. That Defendant would use the litigation funds for the purpose of non lawyer
9 compensation expenses in litigating the Southern Holdings, Inc. case, not
10 for his personal purpose; and
- 11 5. That Defendant would manage the funds and disburse case proceeds in
12 accordance with the terms of the funding agreement, including
13 interpleading the funds in Nevada, in the event of dispute.

14 51. Defendant knew, at the time those statements were made, that they were false.

15 52. Defendant made the false representations, as alleged above, with the intention to
16 induce RSC to enter into the funding Agreement and to make a total investment of
17 \$70,000.00.

18 53. Plaintiff justifiably relied on Defendant's false representations when the funding
19 Agreement was signed.

20 54. As a direct and proximate result of Defendant's false representations, Plaintiff has
21 suffered damages in an amount of \$475,000.00.

22 55. As a direct and proximate result of Defendant's intentional misrepresentation,
23 Plaintiff has been forced to obtain legal counsel to file this action, and is entitled to
24 recover the costs and fees incurred herein.

25 56. Pursuant to NRS 42.005, Defendant's actions, as alleged herein, were done with
26 oppression, fraud, or malice, sufficient to support an award of punitive damages.

27 57. As a direct and proximate result of Defendant's violation of said statutes and
28 codes, and said consent judgment and settlement agreement, Plaintiff has

1 suffered damages of an amount to be determined at trial.

2 58. It has been necessary for Plaintiff to obtain the services of legal counsel to pursue
3 this action and Plaintiff is entitled to recover attorney's fees and costs incurred
4 herein.

5
6 FOURTH CAUSE OF ACTION
(CONVERSION OF PROPERTY)

7 59. At all times herein mentioned, the litigation funds and proceeds, from the
8 Southern Holdings, Inc. case, were under the domain and control of Defendant.

9 60. Defendant intentionally misappropriated the litigation funds by depositing the
10 funds into his own personal account and using it for personal purposes;
11 intentionally failed to give written accounting for the use of litigation funds;
12 intentionally failed to disburse the proceeds from the Southern Holdings, Inc.
13 case, as required by the funding Agreement; intentionally failed to interplead the
14 case in Nevada court, as stated in the Agreement; intentionally omitted RSC in
15 the interpleader case and denied knowledge of the funding, provided by RSC,
16 during discovery; thereby causing RSC to be permanently deprived of the
17 ownership and use of its share of the funds or proceeds from the Southern
18 Holdings, Inc. case.

19 61. At all times herein mentioned and in particular, since August 2008 to the present
20 date, RSC or its successor-in-title was, and still is, entitled to an amount
21 equivalent to the \$70,000.00, in the security interests, and entitled to its monthly
22 charges from the Southern Holdings, Inc. case, in the amount of \$405,000.00,
23 and counting and which has ownership and is entitled to the possession of.

24 62. The present value of Plaintiff's (RSC) ownership or security interest, and monthly
25 payments for the advancement of the litigation funds, is in the amount of
26 \$475,000.00.

27 63. Plaintiff has severally requested for written accounting of the use of litigation
28

1 funds and/or proceeds of the Southern Holdings, Inc. case and for immediate
2 payment of the amount owed by the Defendant but Defendant has failed or
3 refused, and continues to fail or refuse, to refund the "security interests" for the
4 money advanced or disburse the monthly payments due RSC as agreed in the
5 funding Agreement.

6 64. Defendant failed or refused to interplead the dispute, regarding the funds, in
7 Nevada as required under contract and refused or failed to summon or involve
8 RSC in the interpleader case, thereby denying RSC the opportunity to recover its
9 security interest or get its monthly fees from the Southern Holdings, Inc. case
10 litigation.

11 65. As a result of Defendants' negligent misrepresentation in the matter which RSC
12 had a pecuniary interest in, Defendants negligently supplied false information for
13 the guidance of others which was the proximate cause for RSC to lose an amount
14 of \$475,000.00 and counting.

15 66. As a result the conversion of RSC funds and negligent misrepresentation by the
16 Defendant, Plaintiff has been directly and proximately caused to suffer financial
17 damages in the amount of \$475,000.00 and counting.

18 67. Further, Defendant's continuous failure or refusal to account for, pay the security
19 interests, and pay RSC its earned monthly payments is willful, fraudulent, and
20 oppressive, and therefore, Plaintiff seeks punitive and exemplary damages.

21 68. It has been necessary for Plaintiff to obtain the services of legal counsel to pursue
22 this action and Plaintiff is entitled to recover attorney's fees and costs incurred
23 herein.

24
25 PRAYER FOR RELIEF

26 WHEREOF Plaintiff demands judgment against Defendant as follows:

- 27 1. Award of special and general damages in the amount of \$475,000.00;
28 2. Award of punitive damages, as provided by Nevada law;

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- 3. Award of attorney's fees and court costs, incurred in this action;
- 4. Such other and further relief, as the Court may deem just and proper.

DEMAND FOR JURY

Plaintiff, Center for Legal Reform, exercises its right under the United States Constitution and applicable statutes and rules and requests that all issues of fact, in this action, be determined by a jury.

DATED this 14th day of December, 2012.

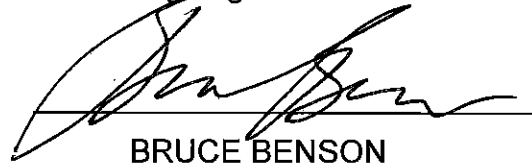
/s/ Guinness Ohazuruike
 Guinness Ohazuruike, Esq.
 Nevada Bar No. 11231
 GUINNESS LAW FIRM
 2704 Kennington Circle
 Las Vegas, NV 89117
Attorney for Plaintiff.

VERIFICATION OF COMPLAINT.

I, BRUCE BENSON, as Vice President and Secretary, of the Center for Legal Reform, successor-in-interest to Resolution Settlement Corporation, states that I have read and reviewed the forgoing Complaint, that I have personal knowledge of the facts contained therein, and that the facts contained therein are true and correct. "I declare under penalty of perjury under the law of the United States that the foregoing is true and correct."

12/15/12

DATE


 BRUCE BENSON