

NORTH CAROLINA)
)
ROCKINGHAM COUNTY)

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
05 CVS 999

NANCY E. ODELL, individually and on)
behalf of those similarly situated,)
)
Plaintiff,)
v.)
)
LEGAL BUCKS, LLC, a North Carolina)
Limited Liability Company, JAMES KEITH)
TART and LYNN DAVIES TART,)
)
Defendants.)

AMENDED ANSWER &
COUNTERCLAIM
(ANSW-Response & CTCL)

NOW COME Legal Bucks, LLC, James Keith Tart and Lynn Davies Tart (collectively referred to as the “Defendants”), by and through their undersigned counsel, pursuant to Rule 15 N.C. Rules Civ. Pro. and amend their Answer as a matter of right as follows:

FIRST DEFENSE

Plaintiff’s First Cause of Action for usury fails to state a claim upon which relief can be granted because, *inter alia*, (i) the transaction described in Exhibit A to the Complaint does not impose upon Plaintiff an absolute obligation to repay at least the principal amount of the money advanced to Plaintiff and therefore is not a loan, (ii) usury laws apply only to loans, not bona fide purchases of equitable interests in future property rights, and (iii) it has been established for more than two centuries in North Carolina that usury laws do not apply to advances of money where the principal or a portion thereof is put at risk. *See Charles S. Riley & Co v. W.T. Sears & Co.*, 154 N.C. 509, 70 S.E. 997(1911); *Carter v. Brand*, 1 N.C. 255 (1800). Therefore, pursuant to N.C.R. Civ. P. 12(b)(6), Plaintiff’s First Cause of Action must be dismissed.

SECOND DEFENSE

Plaintiff's Second Cause of Action for maintenance fails to state a claim upon which relief can be granted because, *inter alia*, (i) Odell was referred to Legal Bucks by her attorney (Egerton), (ii) Odell contacted the Company and requested financial assistance, (iii) Odell entered into an agreement with Legal Bucks at arms length, (iv) Legal Bucks purchased and Odell assigned an equitable interest in the prospective proceeds of Odell's personal injury claim and not the claim itself and North Carolina law permits equitable assignments of proceeds. Charlotte-Mecklenburg Hospital Authority v. First of Georgia Ins. Co., 340 N.C. 88, 455 S.E.2d 655(1995); N.C. Baptist Hospitals, Inc. v. Mitchell, 323 N.C. 528, 374 S.E.2d 844 (1988); Alaimo Family Chiropractic v. Allstate Ins. Co., 155 N.C. App. 194, 574 S.E.2d 496 (2002), *disc. rev. denied*, 356 N.C. 667, 577 S.E.2d 108 (2003), (v) the express purpose of the agreement (Exhibit A) was to "afford Plaintiff an opportunity to meet current financial needs," not to create strife or continue litigation, and (vi) Legal Bucks acquired no right and assumed no responsibility with respect to the conduct of the underlying litigation and Odell retained all such rights and responsibilities. Therefore, pursuant to N.C.R. Civ. P. 12(b)(6), Plaintiff's Second Cause of Action must be dismissed.

THIRD DEFENSE

Plaintiff's Third Cause of Action for champerty fails to state a claim upon which relief can be granted because, *inter alia*, (i) Odell was referred to Legal Bucks by her attorney (Egerton), (ii) Odell contacted the Company and requested financial assistance, (iii) Odell entered into an agreement with Legal Bucks at arms length, (iv) Legal Bucks purchased and Odell assigned an equitable interest in the prospective proceeds of Odell's personal injury claim and not the claim itself and North Carolina law permits equitable assignments of proceeds.

Charlotte-Mecklenburg Hospital Authority v. First of Georgia Ins. Co., 340 N.C. 88, 455 S.E.2d 655(1995); N.C. Baptist Hospitals, Inc. v. Mitchell, 323 N.C. 528, 374 S.E.2d 844 (1988); Alaimo Family Chiropractic v. Allstate Ins. Co., 155 N.C. App. 194, 574 S.E.2d 496 (2002), *disc. rev. denied*, 356 N.C. 667, 577 S.E.2d 108 (2003); (v) the express purpose of the agreement (Exhibit A) was to “afford Plaintiff an opportunity to meet current financial needs,” not to create strife or continue litigation, and (vi) Legal Bucks acquired no right and assumed no responsibility with respect to the conduct of the underlying litigation and Odell retained all such rights and responsibilities. Therefore, pursuant to N.C.R. Civ. P. 12(b)(6), Plaintiff’s Third Cause of Action must be dismissed.

FOURTH DEFENSE

Plaintiff’s Fourth Cause of Action for unlawful gaming fails to state a claim upon which relief can be granted because, *inter alia*, (i) Legal Bucks purchased and Odell assigned an equitable interest in the prospective proceeds of Odell’s personal injury claim and North Carolina law permits equitable assignments of proceeds of personal injury claims, Charlotte-Mecklenburg Hospital Authority v. First of Georgia Ins. Co., 340 N.C. 88, 455 S.E.2d 655(1995); N.C. Baptist Hospitals, Inc. v. Mitchell, 323 N.C. 528, 374 S.E.2d 844 (1988); Alaimo Family Chiropractic v. Allstate Ins. Co., 155 N.C. App. 194, 574 S.E.2d 496 (2002), *disc. rev. denied*, 356 N.C. 667, 577 S.E.2d 108 (2003), and (ii) the offense of illegal gambling requires that the defendant bet money on a game of chance, *see* State v. Kassouf, 22 N.C. App. 186, 205 S.E.2d 763 (1974); a game of chance forbidden by N.C. Gen. Stat. § 16-1 is “such a game as is determined entirely or in part by lot or mere luck, and in which judgment, practice, skill or adroitness have honestly no office at all, or are thwarted by chance.” Collins Coin Music Co. of North Carolina, Inc. v. North Carolina Amusement Machines Association, Inc., 117 N.C. App. 405, 451 S.E.2d 306 (1994),

quoting State v. Eisen, 16 N.C. App. 532, 535, 192 S.E.2d 613, 615 (1972); in State v. Gupton, 30 N.C. 271, 273--274 (1848), the court held that the game of tenpins (bowling) is not a game of chance; in State v. Eisen, 16 N.C. App. 532, 192 S.E.2d 613 (1972) the court held that whether the game of blackjack was a game of chance or a game of skill was for the jury, and therefore Plaintiffs' characterization of the Company's purchase of an equitable interest in her personal injury claim as "unlawful gaming" is not only sheer nonsense but also an insult to the North Carolina judicial system. Consequently, pursuant to N.C.R. Civ. P. 12(b)(6), Plaintiff's Fourth Cause of Action must be dismissed.

FIFTH DEFENSE

Plaintiff's Fifth Cause of Action under the Consumer Finance Act fails to state a claim upon which relief can be granted because, *inter alia*, (i) the transaction described in Exhibit A to the Complaint does not impose upon Plaintiff an absolute obligation to repay at least the principal amount of the money advanced to Plaintiff and therefore is not a loan, (ii) usury laws apply only to loans, not bona fide purchases of property, (iii) the State Banking Commission has no jurisdiction over the sale and assignment of equitable interests in the proceeds of personal injury claims, and (iv) it has been established for more than two centuries in North Carolina that usury laws do not apply to advances of money where the principal or a portion thereof is put at risk. See *Charles S. Riley & Co v. W.T. Sears & Co.*, 154 N.C. 509, 70 S.E. 997(1911); *Carter v. Brand*, 1 N.C. 255 (1800). Therefore, pursuant to N.C.R. Civ. P. 12(b)(6), Plaintiff's Fifth Cause of Action must be dismissed.

SIXTH DEFENSE

Plaintiff's Sixth Cause of Action for unjust enrichment fails to state a claim upon which relief can be granted because, *inter alia*, (i) Odell was referred to Legal Bucks by her attorney

(Egerton), (ii) Odell contacted the Company and requested financial assistance, (iii) Odell entered into an agreement with Legal Bucks at arms length and with advice of counsel, (iv) Legal Bucks purchased and Odell assigned an equitable interest in the prospective proceeds of Odell's personal injury claim and not the claim itself, and (v) the price paid by Odell to preserve and protect her assets and transfer a portion of the risk of loss to Legal Bucks was controlled by the open market, (vi) the terms of the transaction were clear, express and unambiguous, (vii) Odell has paid nothing to any of the defendants and therefore none of them could possibly have been unjustly enriched, (viii) when there is a contract between the parties to an action, the contract governs and an equitable remedy such as unjust enrichment is not available, and (ix) if plaintiff has a claim against defendants, which is denied, plaintiff has an adequate remedy at law and an equitable remedy such as unjust enrichment is not available. Therefore, pursuant to N.C.R. Civ. P. 12(b)(6), Plaintiff's Sixth Cause of Action must be dismissed.

SEVENTH DEFENSE

Plaintiff's Seventh Cause of Action for unfair and deceptive trade practices fails to state a claim upon which relief can be granted because, *inter alia*, (i) Odell was referred to Legal Bucks by her attorney (Egerton), (ii) Odell contacted the Company and requested financial assistance, (iii) Odell entered into an agreement with Legal Bucks at arms length, (iv) Legal Bucks purchased and Odell assigned an equitable interest in the prospective proceeds of Odell's personal injury claim and not the claim itself, (v) the price paid by Odell to preserve and protect her assets and transfer a portion of the risk of loss to Legal Bucks was controlled by the open market, and (vi) the terms of the transaction were clear, express and unambiguous. Therefore, pursuant to N.C.R. Civ. P. 12(b)(6), Plaintiff's Seventh Cause of Action must be dismissed.

EIGHTH DEFENSE

Plaintiff's Eighth Cause of Action for rescission and restitution fails to state a claim upon which relief can be granted because, *inter alia*, (i) Odell was referred to Legal Bucks by her attorney (Egerton), (ii) Odell contacted the Company and requested financial assistance, (iii) Odell entered into an agreement with Legal Bucks at arms length, (iv) Legal Bucks purchased and Odell assigned an equitable interest in the prospective proceeds of Odell's personal injury claim and not the claim itself, (v) the price paid by Odell to preserve and protect her assets and transfer a portion of the risk of loss to Legal Bucks was controlled by the open market, (vi) the terms of the transaction were clear, express and unambiguous, and (viii) North Carolina law allowed and encouraged Odell to avoid or minimize damages caused by the defendant's conduct in the underlying tort claim. Therefore, pursuant to N.C.R. Civ. P. 12(b)(6), Plaintiff's Eighth Cause of Action must be dismissed.

NINTH DEFENSE

Plaintiff's Ninth Cause of Action for intentional interference with fiduciary duty fails to state a claim upon which relief can be granted because, *inter alia*, (i) Odell's attorney (Egerton) assumed no duties to Legal Bucks other than the ministerial duties of conveying information and disbursing proceeds to the Company in the event of a recovery (*see* Exhibit B to the Complaint); (ii) the North Carolina State Bar, in 2000 FEO 4, expressly permits attorneys to refer their clients to Legal Bucks if "the Attorney is satisfied that the company's financing arrangement is legal, Attorney receives no consideration from Finance Company for making the referral, and, in Attorney's opinion, the referral is in the best interest of the client," and (iii) the Company acquired no right and assumed no responsibility with respect to the conduct of the underlying

litigation; all such rights and responsibilities remained with Odell and her attorneys. Therefore, pursuant to N.C.R. Civ. P. 12(b)(6), Plaintiff's Ninth Cause of Action must be dismissed.

TENTH DEFENSE

Plaintiff's Tenth Cause of Action for a constructive trust fails to state a claim upon which relief can be granted because, *inter alia*, (i) Odell was referred to Legal Bucks by her attorney (Egerton), (ii) Odell contacted the Company and requested financial assistance, (iii) Odell entered into an agreement with Legal Bucks at arms length and with advice of counsel, (iv) Legal Bucks purchased and Odell assigned an equitable interest in the prospective proceeds of Odell's personal injury claim and not the claim itself, (v) the price paid by Odell to preserve and protect her assets and transfer a portion of the risk of loss to Legal Bucks was controlled by the open market, (vi) the terms of the transaction were clear, express and unambiguous, (vii) Odell's attorney (Egerton) assumed no duties to Legal Bucks other than the ministerial duties of conveying information and disbursing proceeds to the Company in the event of a recovery (*see* Exhibit B to the Complaint), (viii) the North Carolina State Bar expressly permitted Odell's attorney to provide confidential information to Legal Bucks and remit payment to the Company in the event of a recovery (*see* 2000 FEO 4), and (ix) if plaintiff has a claim against defendants, which is denied, plaintiff has an adequate remedy at law and an equitable remedy such as constructive trust is not available.. Therefore, pursuant to N.C.R. Civ. P. 12(b)(6), Plaintiff's Tenth Cause of Action must be dismissed.

ELEVENTH DEFENSE

Plaintiff's Eleventh Cause of Action for a judgment declaring the Company's business to be illegal fails to state a claim upon which relief can be granted because, *inter alia*, (i) Odell was referred to Legal Bucks by her attorney (Egerton), (ii) Odell contacted the Company and

requested financial assistance, (iii) Odell entered into an agreement with Legal Bucks at arms length and with advice of counsel, (iv) Legal Bucks purchased and Odell assigned an equitable interest in the prospective proceeds of Odell's personal injury claim and not the claim itself and North Carolina law permits equitable assignments of proceeds. Charlotte-Mecklenburg Hospital Authority v. First of Georgia Ins. Co., 340 N.C. 88, 455 S.E.2d 655(1995); N.C. Baptist Hospitals, Inc. v. Mitchell, 323 N.C. 528, 374 S.E.2d 844 (1988); Alaimo Family Chiropractic v. Allstate Ins. Co., 155 N.C. App. 194, 574 S.E.2d 496 (2002), *disc. rev. denied*, 356 N.C. 667, 577 S.E.2d 108 (2003), (v) the price paid by Odell to preserve and protect her assets and transfer a portion of the risk of loss to Legal Bucks was controlled by the open market, (vi) the terms of the transaction were clear, express and unambiguous, (vii) Odell's attorney (Egerton) assumed no duties to Legal Bucks other than the ministerial duties of conveying information and disbursing proceeds to the Company in the event of a recovery (*see* Exhibit B to the Complaint), (viii) the North Carolina State Bar expressly permitted Odell's attorney to provide confidential information to Legal Bucks and remit payment to the Company in the event of a recovery (*see* 2000 FEO 4), (ix) the transaction described in Exhibit A to the Complaint does not impose upon Plaintiff an absolute obligation to repay at least the principal amount of the money advanced to Plaintiff and therefore is not a loan, (x) usury laws apply only to loans, not bona fide purchases of equitable interests in future property rights, and (xi) it has been established for more than two centuries in North Carolina that usury laws do not apply to advances of money where the principal or a portion thereof is put at risk. *See Charles S. Riley & Co v. W.T. Sears & Co.*, 154 N.C. 509, 70 S.E. 997(1911); *Carter v. Brand*, 1 N.C. 255 (1800). Therefore, pursuant to N.C.R. Civ. P. 12(b)(6), Plaintiff's Eleventh Cause of Action must be dismissed.

TWELFTH DEFENSE

Plaintiff's Twelfth Cause of Action for an injunction prohibiting the Company's non-recourse funding business fails to state a claim upon which relief can be granted because, *inter alia*, (i) Odell was referred to Legal Bucks by her attorney (Egerton), (ii) Odell contacted the Company and requested financial assistance, (iii) Odell entered into an agreement with Legal Bucks at arms length and with advice of counsel, (iv) Legal Bucks purchased and Odell assigned an equitable interest in the prospective proceeds of Odell's personal injury claim and not the claim itself, (v) the price paid by Odell to preserve and protect her assets and transfer a portion of the risk of loss to Legal Bucks was controlled by the open market, (vi) the terms of the transaction were clear, express and unambiguous, (vii) Odell's attorney (Egerton) assumed no duties to Legal Bucks other than the ministerial duties of conveying information and disbursing proceeds to the Company in the event of a recovery (*see* Exhibit B to the Complaint), and (viii) the North Carolina State Bar expressly permitted Odell's attorney to provide confidential information to Legal Bucks and remit payment to the Company in the event of a recovery (*see* 2000 FEO 4). Therefore, pursuant to N.C.R. Civ. P. 12(b)(6), Plaintiff's Twelfth Cause of Action must be dismissed.

THIRTEENTH DEFENSE

Venue in Rockingham County, North Carolina is improper pursuant to Paragraph 16 of Exhibit A to the Complaint. Therefore, pursuant to N.C.R. Civ. P. 12(b)(3), Plaintiff's Complaint must be dismissed. Alternatively, venue should be transferred to Forsyth County.

FOURTEENTH DEFENSE

NOW, THEREFORE, responding to the enumerated paragraphs of the Complaint, the Defendants state and allege as follows:

1. The allegations of paragraph 1 are admitted upon information and belief.
2. Admitted. Defendants further admit that “Legal Bucks®” is a registered trademark of Legal Bucks, L.L.C.
3. Admitted.
4. Admitted.
5. Defendant Lynn Tart admits that since August 1999, she has been a member, manager and President of Legal Bucks, LLC f/k/a Plaintiff & Appellant Funding, LLC (hereinafter referred to herein as “Legal Bucks” or the “Company”). Except as admitted, the allegations of paragraph 5 are denied.
6. Defendant Keith Tart admits that since July 1, 2001, he has been a member, manager, Vice-President, Secretary, Treasurer and General Counsel of Legal Bucks, LLC. Except as admitted, the allegations of paragraph 5 are denied.
7. Defendants Lynn Tart and Keith Tart admit they are the sole owners, members, managers and officers of Legal Bucks, LLC. Defendants Lynn Tart and Keith Tart expressly deny that they conspired to commit any tortious acts, either individually or in their capacities with the Company. Except as admitted and expressly denied, the allegations of paragraph 7 are denied.
8. Defendants admit that their mission is to provide financial assistance to injured persons with legal claims for money damages (hereinafter referred to as “nonrecourse funding”). Except as admitted, the allegations of paragraph 8 are denied.

9. Defendants admit that they are in the business of providing financial assistance to injured persons with legal claims for money damages by purchasing an equitable interest in the potential proceeds of the legal claims. Except as admitted, the allegations in paragraph 9 are denied.

10. Defendants admit that they are in the business of providing financial assistance to injured persons with legal claims for money damages by purchasing an equitable interest in the potential proceeds of the legal claims. Except as admitted, the allegations in paragraph 10 are denied.

11. The allegations in paragraph 11 are admitted upon information and belief.

12. Admitted, except that Legal Bucks denies that Egerton signed Exhibit A.

13. Legal Bucks admits that pursuant to Exhibit A Plaintiff granted the Company a security interest in order to secure the conveyance and assignment of certain prospective proceeds but expressly denies that Plaintiff provided any collateral for a loan.

14. Legal Bucks admits that it has purchased the rights to prospective proceeds of litigation and provided financial assistance to injured persons other than Plaintiff in North Carolina and in other states. Except as admitted, denied.

15. Legal Bucks admits that Odell agreed to the terms of Exhibit A, which speaks for itself. Except as admitted, the allegations in paragraph 15 are denied.

16. With respect to whether the underlying claim has been settled, the Company is without knowledge or information sufficient to form a belief as to the truth of the allegation and the same is therefore denied. Defendants further admit that if the underlying claim has been settled, then pursuant to the terms of Exhibit A, Legal Bucks owns the rights to proceeds totaling \$9,750. The remaining allegations of paragraph 16 require no response by these defendants. To

the extent a response is required, Defendants admit that on June 15, 2005 Odell filed a Motion and Order to Place Funds With Clerk.

17. Defendants admit that Odell and Legal Bucks voluntarily and at arms length entered into the transaction that is Exhibit A. Except as admitted, denied.

18. Defendants admit that other injured persons who are residents of the State of North Carolina have voluntarily and at arms length sold, and assigned to Legal Bucks the rights to prospective proceeds of various legal claims for money damages. Except as admitted, denied.

19. Defendants admit that once an injured person requests and accepts an advance from Legal Bucks, that person must take Legal Bucks' rights into account when considering whether to settle, try or appeal her claims, just as she has to take into account her attorneys' contingent fees, medical liens, expert witness fees, costs, expenses, and the risks of litigation.

20. Defendants admit that once an injured person requests and accepts an advance from Legal Bucks, Legal Bucks has a pecuniary interest in the outcome of the litigation under the terms of Exhibit A. Except as expressly admitted, the allegations in paragraph 20 are denied. It is expressly denied that Legal Bucks interferes with its customers' decisions with respect to whether to settle their claims or pursue them to trial.

21. Defendants admit that when Legal Bucks' customers resolve their underlying claims, they are contractually bound to pay Legal Bucks the amount owed pursuant to the contracts that they entered into voluntarily and at arms length, although these amounts are frequently negotiated and compromised. Except as admitted denied.

22. Defendants admit that when Legal Bucks' customers resolve their underlying claims, they are contractually bound to pay Legal Bucks the amount owed pursuant to the

contracts that they entered into voluntarily and at arms length, although these amounts are frequently negotiated and compromised. Except as admitted, denied.

23. Defendants admit that in order to evaluate a claim for personal injuries, the Company must evaluate information that oftentimes is confidential. Defendants further admit that, before entering into the transaction that is Exhibit A, the Company requested and received information concerning Odell's claim from her attorney, Lawrence Egerton, and that the Company generally requests and receives similar information from its other customers and their attorneys. Defendants further admit that the North Carolina Rules of Professional Conduct and various opinions of the North Carolina State Bar, in particular 2000 Formal Ethics Opinion 4, expressly permit attorneys to provide confidential information to funding companies on behalf of their clients so that the companies may evaluate their clients' claims. Defendants also admit that Legal Bucks does not request any documents or information that might be protected by the attorney-client privilege (*see* Exhibit A to the Complaint, ¶10). Except as admitted, denied.

24. Defendants admit that in order to evaluate a claim for personal injuries, the Company must evaluate information that oftentimes is confidential. Defendants further admit that, before entering into the transaction that is Exhibit A, the Company requested and received information concerning Odell's claim from her attorney, Lawrence Egerton, and that the Company generally requests and receives similar information from its other customers and their attorneys. Defendants further admit that the North Carolina Rules of Professional Conduct and various opinions of the North Carolina State Bar, in particular 2000 Formal Ethics Opinion 4, expressly permit attorneys to provide confidential information to funding companies on behalf of their clients so that the companies may evaluate their clients' claims. Defendants also admit that Legal Bucks does not request any documents or information that might be protected by the

attorney-client privilege (*see* Exhibit A to the Complaint, ¶10). Defendants further admit that other than requesting a brief update from Egerton as to the status of Odell's underlying tort claims, Legal Bucks never requested or received any documents or information concerning the underlying claim after the initial documents were received. Except as admitted denied.

25. Defendants admit that in order to evaluate a claim for personal injuries, the Company must evaluate information that oftentimes is confidential. Defendants further admit that, before entering into the transaction that is Exhibit A, the Company requested and received information concerning Odell's claim from her attorney, Lawrence Egerton, and that the Company generally requests and receives similar information from its other customers and their attorneys. Defendants further admit that the North Carolina Rules of Professional Conduct and various opinions of the North Carolina State Bar, in particular 2000 Formal Ethics Opinion 4, expressly permit attorneys to provide confidential information to funding companies on behalf of their clients so that the companies may evaluate their clients' claims. Defendants also admit that Legal Bucks does not request any documents or information that might be protected by the attorney-client privilege (*see* Exhibit A to the Complaint, ¶10). Defendants further admit that Legal Bucks provides a decal to its customers' attorneys that may be used anyway they see fit or not at all. Except as admitted, denied.

26. Defendants admit that Egerton executed the acknowledgement attached to the Complaint as Exhibit B, which document speaks for itself; that the acknowledgement was a condition to advancing money to Odell, and that the Company generally requires the attorneys representing its customers on their claims to execute similar acknowledgements as condition to advancing money. Defendants further admit that the North Carolina Rules of Professional Conduct and various opinions of the North Carolina State Bar, in particular 2000 Formal Ethics

Opinion 4, expressly permit attorneys to provide confidential information, acknowledge financial advances, and remit payment to Legal Bucks, provided certain conditions are met. Except as admitted, denied.

27. Defendants admit that since 1999, only approximately 246 residents of the State of North Carolina have either made payment to Legal Bucks in some amount or lost their cases entirely. The Company expressly denies that the factual and legal circumstances underlying each customer's personal and legal situations, and the terms of the respective assignments, were similar to Odell's. Except as admitted, denied.

28. Defendants admit that Legal Bucks has approximately 92 customers who are residents of North Carolina and who have pending legal claims for money damages, but denies that the factual and legal circumstances underlying each customer's personal and legal situations, and the terms of the respective assignments, are similar to Odell's. Except as admitted, denied.

29. Defendants admit that Legal Bucks has no business or personal relationship with Odell other than the transaction that is exhibit A and that the Company has no business or personal relationship with most of its clients other than the purchase sale and assignment transactions that constitute its line of business. Except as admitted, denied.

30. The allegations in paragraph 30 are denied.

31. The allegations in paragraph 31 are denied.

32. The allegations in paragraph 32 are denied.

33. The allegations in paragraph 33 are denied.

34. Defendants admit that Odell purports to bring this case as a class action pursuant to Rule 23 N.C.R. Civ. Pro., otherwise the allegations in paragraph 34 are denied. It is expressly denied that this case meets the requirements for class certification under Rule 23.

35. Defendants deny that the “class” Plaintiff purports to define in paragraph 35 meets the requirements for class certification under Rule 23 N.C.R. Civ. Pro.

36. Defendants admit that approximately 338 residents of the State of North Carolina have either made payment to Legal Bucks in some amount, lost their cases entirely, or have pending claims. Except as admitted, denied. It is expressly denied that this case meets the requirements for class certification under Rule 23 N.C.R. Civ. Pro.

37. The allegations in paragraph 37 are denied. Defendants expressly deny that there are any questions of fact and law common to any of its customers, past or present; that its business practices constitute usury, maintenance, champerty, unfair and deceptive trade practices, intentional interference with fiduciary relationships, or gaming; and that they have violated any state banking regulations or the public policy of this state.

38. The allegations in paragraph 38 are denied.

39. The allegations in paragraph 39 are denied.

40. Admitted.

FIRST CAUSE OF ACTION - USURY

41. Defendants reassert their responses to paragraphs 1-40 and incorporate them as if set forth herein.

42. Defendants admit that Odell and the purported class members are residents of the State of North Carolina, but Defendants deny that nonrecourse funding is governed by Chapter 24 of the North Carolina General Statutes.

43. The allegations in paragraph 43 are denied. Defendants expressly deny that nonrecourse funding is governed by Chapter 24 of the North Carolina General Statutes.

44. The allegations in paragraph 44 are denied. Defendants expressly deny that nonrecourse funding is governed by Chapter 24 of the North Carolina General Statutes.

SECOND CAUSE OF ACTION - MAINTENANCE

45. Defendants reassert their responses to paragraphs 1-44 and incorporate them as if set forth herein.

46. The allegations in paragraph 46 are denied.

47. The allegations in paragraph 47 are denied.

THIRD CAUSE OF ACTION – CHAMPERTY

48. Defendants reassert their responses to paragraphs 1-47 and incorporate them as if set forth herein.

49. The allegations in paragraph 49 are denied.

50. The allegations in paragraph 50 are denied.

FOURTH CAUSE OF ACTION – UNLAWFUL GAMING

51. Defendants reassert their responses to paragraphs 1-50 and incorporate them as if set forth herein.

52. Defendants admit that whether the Company receives money back from its advance depends on whether its customers recover on their underlying claims, whether by settlement or judgment. Except as admitted, the allegations in paragraph 52 are denied.

53. The allegations in paragraph 53 are denied.

54. The allegations in paragraph 54 are denied.

FIFTH CAUSE OF ACTION – CONSUMER FINANCE ACT

55. Defendants reassert their responses to paragraphs 1-54 and incorporate them as if set forth herein.

56. Defendants admit that Legal Bucks is not licensed by the State Banking Commission because the Commission does not have jurisdiction over nonrecourse funding. Defendants expressly deny that Legal Bucks makes loans or that its business practices are governed by Chapters 24 or 53 of the General Statutes. Except as expressly admitted, the remaining allegations in paragraph 56 are denied.

57. The allegations in paragraph 57 are denied.

58. The allegations in paragraph 58 are denied.

SIXTH CAUSE OF ACTION – UNJUST ENRICHMENT

59. Defendants reassert their responses to paragraphs 1-58 and incorporate them as if set forth herein.

60. The allegations in paragraph 60 are denied.

SEVENTH CAUSE OF ACTION – UNFAIR AND DECEPTIVE TRADE PRACTICES

61. Defendants reassert their responses to paragraphs 1-60 and incorporate them as if set forth herein.

62. The allegations in paragraph 62 are denied.

63. The allegations in paragraph 63 are denied.

EIGHTH CAUSE OF ACTION – RESCISSION/RESTITUTION

64. Defendants reassert their responses to paragraphs 1-63 and incorporate them as if set forth herein.

65. The allegations in paragraph 65 are denied.

66. The allegations in paragraph 66 are denied.

NINTH CAUSE OF ACTION – INTENTIONAL INTERFERENCE
WITH FIDUCIARY DUTY

67. Defendants reassert their responses to paragraphs 1-67 and incorporate them as if set forth herein.

68. The allegations in paragraph 68 are denied.

69. The allegations in paragraph 69 are denied.

TENTH CAUSE OF ACTION – CONSTRUCTIVE TRUST

70. Defendants reassert their responses to paragraphs 1-70 and incorporate them as if set forth herein.

71. The allegations in paragraph 71 are denied.

ELEVENTH CAUSE OF ACTION – DECLARATORY JUDGMENT

72. Defendants reassert their responses to paragraphs 1-71 and incorporate them as if set forth herein.

73. The allegations in paragraph 73 are denied.

TWELFTH CAUSE OF ACTION – INJUNCTION

74. Defendants reassert their responses to paragraphs 1-73 and incorporate them as if set forth herein.

75. The allegations in paragraph 75 are denied.

FIFTEENTH AFFIRMATIVE DEFENSE

The Complaint is barred by the applicable statutes of limitation.

SIXTEENTH AFFIRMATIVE DEFENSE

The Complaint is barred by laches, waiver and/or estoppel.

SEVENTEENTH AFFIRMATIVE DEFENSE

The Complaint is barred by the doctrine of unclean hands.

COUNTERCLAIM

Defendants hereby restate their responses to the allegations in Plaintiffs' Complaint, and their Defenses, set forth hereinabove, and in support of their counterclaim against the Plaintiff, allege and state as follows:

1. Pursuant to paragraph 9 of her contract with Legal Bucks, which is set forth as Exhibit A to the Complaint and incorporated as if set forth herein (hereinafter referred to as the "Contract"), Plaintiff agreed to give written notice, by certified mail, return receipt requested, to Legal Bucks within five (5) business days of the last date of representation. Plaintiff failed to give any such notice to Legal Bucks when she discharged Egerton.

2. Pursuant to paragraph 9 of the Contract, Plaintiff agreed to direct any new attorney(s) to acknowledge receipt of the Contract within five (5) business days of new counsel's hire. Plaintiff failed to give any such notice to Legal Bucks when she hired Frederick Berry.

3. Plaintiff fired her first attorney, Lawrence Egerton, in an effort to avoid the Contract with Legal Bucks, among other things.

4. Plaintiff failed to advise her new attorney, Frederick Berry, of the existence of the Contract and of her obligations under said Contract.

5. Plaintiff, by and through her agent Frederick Berry, by letter dated, April 14, 2005, terminated and breached the Contract.

6. Plaintiff failed to act in good faith with respect to the Contract by, among other things, advising Legal Bucks through her agent and attorney, Frederick Berry, not to contact Plaintiff directly.

7. Plaintiff failed to act in good faith with respect to the Contract when, through her agent and attorney, Frederick Berry, she advised Legal Bucks that she was “considering the matter” when in fact she had settled the underlying tort claim and was preparing this lawsuit.

BREACH OF CONTRACT

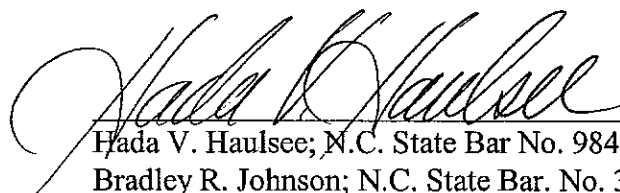
8. The preceding paragraphs are incorporated herein by reference.

9. Plaintiff terminated and/or breached her Contract with Legal Bucks, and the Company has been damaged thereby.

WHEREFORE, Defendants pray for the following relief:

1. That this action be dismissed in its entirety; and
2. That the Court release the interpleaded funds (\$9,750) and pay them unto Legal Bucks, LLC, the rightful owner; and
3. That Defendants be awarded liquidated damages pursuant to Paragraph 13 of the Contract; and
4. That Defendants be awarded a reasonable attorney fee pursuant to N.C. Gen. Stat. §75-16.1 because Plaintiff knew or should have known that the institution of this action was frivolous and malicious; and
5. That the Court grant such other and further relief as may be just and proper.

This 30th day of August, 2005.



Hada V. Haulsee; N.C. State Bar No. 9846
Bradley R. Johnson; N.C. State Bar. No. 31357
Attorneys for Defendants

OF COUNSEL:

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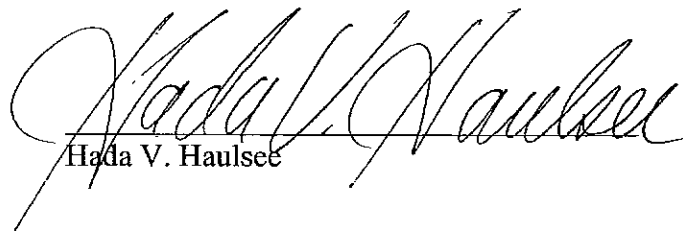
CERTIFICATE OF SERVICE

The undersigned attorney hereby certifies that on the 30th day of August, 2005, she served a copy of the foregoing AMENDED ANSWER & COUNTERCLAIM on counsel in this matter by placing said copy in a postpaid envelope and by depositing said envelope in the United States mail.

ADDRESSEE:

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