

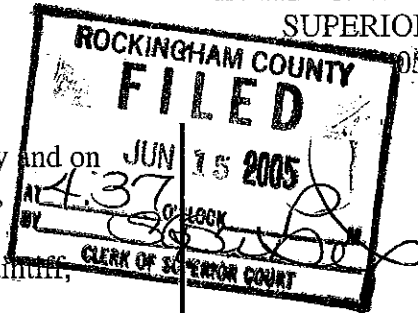
NORTH CAROLINA
ROCKINGHAM COUNTY

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.

COMPLAINT

LEGAL BUCKS, LLC, a North Carolina
Limited Liability Company,
JAMES KEITH TART, and
LYNN DAVIES TART,

Defendants.

The plaintiff, complaining of the defendants, alleges:

PARTIES

1. The plaintiff, Nancy Edwards Odell ("Odell"), is a citizen and resident of Eden, Rockingham County, North Carolina.
2. The defendant Legal Bucks, LLC ("Legal Bucks") is a limited liability company organized under the laws of the State of North Carolina, which has its principal place of business in Forsyth County, North Carolina.
3. The defendant Lynn Davies Tart ("Lynn Tart") is a citizen and resident of Forsyth County.
4. The defendant James Keith Tart ("Keith Tart") is a citizen and resident of Forsyth County, North Carolina.
5. At all times pertinent to this Complaint, Lynn Tart was the president of Legal

Bucks, was a member-manager of Legal Bucks, and was acting in the course and scope of her employment as president, general manager, and agent of Legal Bucks.

6. At all times pertinent to this Complaint, James Keith Tart was the vice-president of Legal Bucks, was a member-manager of Legal Bucks, and was acting in the course and scope of his employment as officer, manager, and agent of Legal Bucks.

7. At all times pertinent to this Complaint, Lynn Tart and Keith Tart were the owners of Legal Bucks, dominated the management of Legal Bucks, authorized and controlled all of the actions of Legal Bucks described in this Complaint, conspired together to commit the tortious acts described in this Complaint, and are jointly and severally liable with Legal Bucks for all of the tortious acts alleged in this Complaint.

8. Defendants are in the business of advancing money to people with personal injury claims in North Carolina.

9. Defendants are engaged in the business of speculating in personal injury claims and lawsuits in North Carolina.

10. Defendants are in the business of making speculative investments that depend on the outcome of personal injury claims in North Carolina.

FACTS

11. On or about July 27, 2002, Odell was injured in an automobile accident wherein she suffered personal injuries. In this regard, she engaged the services of Lawrence Egerton, Jr. ("Egerton"), an attorney practicing law in Greensboro, North Carolina, with the law firm of Egerton & Associates, to pursue her claim for compensation for her injuries ("the underlying claim").

12. On or about March 27, 2003, Legal Bucks advanced \$3,000 to Odell pursuant to the agreement entitled *Transfer and Conveyance of Proceeds and Security Agreement* (“the Agreement”), a true copy of which is attached as EXHIBIT A. Odell and Egerton signed the Agreement on March 28, 2003, as set forth on EXHIBIT A.

13. As collateral for the advance to Odell, Legal Bucks purported to acquire a security interest in the proceeds of Odell’s underlying claim.

14. On information and belief, Legal Bucks has entered into similar agreements with personal injury claimants throughout North Carolina. (These personal injury claimants are referred to herein as “class members,” and their agreements with Legal Bucks are referred to as “the class agreements.”)

15. As set forth in the Agreement with Odell, Legal Bucks exacted interest on the advance at a rate of approximately 100% per year: more than 13% per month for the first three months and then 7.8% per month thereafter, payable from the proceeds of the underlying claim.

16. In May 2005, Odell settled her underlying claim for \$18,000.00. The defendants claim that Legal Bucks is entitled to the sum of \$9,750.00 from the proceeds of the underlying claim. Contemporaneously with this Complaint, plaintiff is moving that this sum be deposited into the office of the Clerk of Superior Court of Rockingham County, North Carolina, pending the resolution of the matters alleged herein.

17. The defendants intended to enter into the transactions with Odell set forth above.

18. The defendants intended to enter into the class agreements with class members.

19. Once Odell and class members accepted an advance from defendants, they were compelled to take defendants’ claims into account when they considered when and whether to

settle their underlying claims.

20. The defendants have a pecuniary interest in seeing that Odell and class members pursue their underlying claims to trial, if necessary, so that the defendants can recover the sums advanced by Legal Bucks and the interest claimed.

21. The defendants assert that when class members resolve their underlying claims they are required to pay Legal Bucks the amount claimed by Legal Bucks from the proceeds of the lawsuits.

22. Once Odell and class members recover on their underlying claims, Legal Bucks claims an absolute right to money from Odell and class members.

23. As a condition of advancing money to Odell and class members, the defendants required them to authorize the disclosure of confidential information to Legal Bucks.

24. The defendants required Odell and class members to provide confidential information so that the defendants could decide whether to advance the money and, once funds were advanced, so that the defendants could stay informed about their advance and speculation in the underlying claims of Odell and the class members.

25. The defendants request and receive confidential information during the pendency of the underlying claims of class members. The defendants also request that the attorneys for class members place Legal Bucks' labels on class members' legal files to ensure that the attorneys shall protect defendants' interests in the underlying claims.

26. As a further condition of advancing money, the defendants required Odell's and class members' attorneys to sign documents agreeing to give Legal Bucks confidential information about Odell and class members, to send Legal Bucks proceeds from the underlying

claims and otherwise protect Legal Bucks' interests. EXHIBIT B is a true copy of the document Odell's attorney, Lawrence Egerton, Jr., signed and is representative of similar documents that the attorneys for other class members were required to sign.

27. Upon information and belief, class members in North Carolina numbering in the hundreds have made paid payments to the defendants pursuant to the Agreements with Legal Bucks.

28. Upon information and belief, class members in North Carolina numbering in the hundreds have pending personal injury actions in which the defendants have entered into Agreements for advances with interest rates similar to the Agreement with Odell.

29. Other than the financial transaction in the Agreements complained of herein, the defendants have no other business or personal relationships with Odell or class members.

30. The defendants actively market the financing of Legal Bucks to personal injury claimants in North Carolina.

31. The defendants actively market the financing of Legal Bucks to personal injury claimants because such persons typically have very limited resources, are in extreme need, have a desperate need for money, and will agree to exorbitant rates of interest in order to obtain funds during the long period of time that may be required for their underlying claims to be resolved. As a consequence, the advancing of money to personal injury claimants is highly profitable if the advances can be deceptively structured as assignments of proceeds so as to avoid the legal prohibitions against usurious interest and against making speculative investments in personal injury claims.

32. The agreement between defendant and Odell and the agreements between

defendants and the class members, which agreements allow Odell and class members to keep the advances from defendants regardless of the outcome of their cases and which include oppressive repayment terms, provide plaintiff and class members with a disincentive to settle their cases.

33. The defendants conspired among themselves and others to engage in the actions complained of herein.

CLASS ALLEGATIONS

34. This is a class action brought pursuant to Rule 23 of the North Carolina Rules of Civil Procedure because questions of law and fact common to all members of the proposed class predominate over any questions affecting individual class members, because a class action lawsuit is superior to other available methods for fair and efficient adjudication of the controversy, and because final monetary and injunctive relief is appropriate with respect to the class as a whole.

35. The proposed class is defined as all individuals in North Carolina who entered into contracts with Legal Bucks similar to Odell's contract and received advances from defendants in the four years prior to the filing of this action and up to and including the present time.

36. Odell's counsel estimates that the proposed class numbers at least several hundred. More precise estimates depend upon information to be produced by the defendants during discovery.

37. The questions of law and fact which are common to the class include whether the defendants' actions constitute usury, maintenance, champerty, unfair and deceptive trade practices, and intentional interference with fiduciary relationships - whether the agreements are

illegal and void pursuant to N.C.G.S. § 16-1 and § 153-165 - and whether the agreements are void as against public policy.

38. This matter is appropriately handled as a class action because of the legal, geographic, and chronological scope of defendants' tortious conduct. If the class is not allowed to control this litigation, not only are the interests of the class members likely to be ignored, since their damages are relatively small in comparison to the cost of litigation and they are presently unaware of their legal rights, but the possibility of widely different legal results may occur.

39. Odell asserts that she is an adequate representative of the class because of the nature of her factual claim. Odell is prepared to go forward with the litigation and act in the best interest of the Odell class. Similarly Odell's counsel are experienced in class action litigation and are willing to go forward and act in the best interest of the proposed class.

40. Upon information and belief, no other litigation regarding this controversy has been commenced against defendants.

FIRST CAUSE OF ACTION - USURY

41. The preceding paragraphs are incorporated herein by reference.

42. The advances that are the subject of this action were accepted by plaintiff and the members of the proposed class while they were residents of this State and therefore, the transactions are governed by Chapter 24 of the North Carolina General Statutes G.S. § 24-2.1 and § 24-8.

43. The defendants' actions are loans and/or advances prohibited by N.C.G.S. § 24-1.1. The interest charged and received by defendants from Odell and class members is greater

than allowed by N.C.G.S. § 24-1.1 and § 24-8 and constitutes usury.

44. Because defendants knowingly took, received, reserved, or charged a greater rate of interest than permitted by Chapter 24 or other applicable law, either before or after the interest accrued, defendants should be required to forfeit the entire amount of interest set forth in the agreements, or which has been agreed to be paid thereon, and, further, defendants should be required to disgorge to plaintiff and members of the proposed class twice the amount of interest paid by them, pursuant to G.S. § 24-2.

SECOND CAUSE OF ACTION - MAINTENANCE

45. The preceding paragraphs are incorporated herein by reference.

46. Defendants, by their actions described herein, have officiously intermeddled in the lawsuits of Odell and the class members, which lawsuits in no way belonged to defendants, by maintaining or assisting Odell and the class members with money or otherwise to prosecute or defend the lawsuits.

47. The defendants' actions to Odell and class members constitute maintenance, and Odell and the class members have been damaged thereby.

THIRD CAUSE OF ACTION - CHAMPERTY

48. The preceding paragraphs are incorporated herein by reference.

49. Defendants, by their actions described herein, have made a bargain with each plaintiff to divide the matter sued for between them if the plaintiff prevails in his or her lawsuit, and defendants have facilitated the financing of each such lawsuit for the purpose of stirring up strife and/or continuing litigation.

50. The defendants' actions in their dealings with Odell and class members constitute

champerty, and Odell and the class members have been damaged thereby.

FOURTH CAUSE OF ACTION - UNLAWFUL GAMING

51. The preceding paragraphs are incorporated herein by reference.

52. Whether defendants receive money back from their advance depends on a contingent and uncertain event - plaintiff and class members prevailing on their underlying claims.

53. Defendants' advances to plaintiff and class members constitute wagers, bets or stakes made to depend upon a contingent event.

54. The actions of the defendants constitute gaming and betting and are unlawful pursuant to N.C.G.S. § 16-1 and the contracts between Legal Bucks and class members are void and plaintiff and class members have been damaged thereby.

FIFTH CAUSE OF ACTION - CONSUMER FINANCE ACT

55. The preceding paragraphs are incorporated herein by reference.

56. The defendants' practices, wherein they loaned less than \$10,000.00 constitute illegal lending practices and are in violation of N.C.G.S. § 53-166 in that defendants exacted charges greater than permitted by Chapter 24 and were not licensed by the State Banking Commission.

57. The defendants have sought to avoid the application of N.C.G.S. § 53-166(a) by device, subterfuge or pretense.

58. Pursuant to N.C.G.S. § 53-166(d), the agreements are void, and defendants have no right to collect, receive or retain any principal or charges whatsoever with respect to the loans to plaintiff or class members.

SIXTH CAUSE OF ACTION - UNJUST ENRICHMENT

59. The preceding paragraphs are incorporated herein by reference.

60. The defendants have been unjustly enriched by their activities and are not entitled to retain the monies that they have unjustly collected from class members.

SEVENTH CAUSE OF ACTION - UNFAIR AND DECEPTIVE TRADE PRACTICES

61. The preceding paragraphs are incorporated herein by reference.

62. Defendants' actions described herein were in or affecting commerce.

63. Defendants' actions described herein constituted Unfair and Deceptive Trade Practices in violation of N.C.G.S. § 75-1.1 *et seq.*, and Odell and the class members have been damaged thereby.

EIGHTH CAUSE OF ACTION - RESCISSION/RESTITUTION

64. The preceding paragraphs are incorporated herein by reference.

65. The defendants' action in speculating in personal injury actions for profit, as described herein, are unconscionable and are void as against public.

66. Defendants have received money which belongs to members of the proposed class and which in equity and good conscience defendants ought to pay to members of the proposed class, along with interest.

NINTH CAUSE OF ACTION - INTENTIONAL INTERFERENCE WITH FIDUCIARY DUTY

67. The preceding paragraphs are incorporated herein by reference.

68. By requiring Odell's and class members personal injury attorneys to make commitments to Legal Bucks, defendants required the attorneys to place defendants' interests ahead of the interests of Odell and class members.

69. These actions constitute the intentional interference of the fiduciary duty owed to Odell and class members by their attorneys, and Odell and class members were damaged thereby.

TENTH CAUSE OF ACTION - CONSTRUCTIVE TRUST

70. The preceding paragraphs are incorporated herein by reference.

71. A constructive trust should be imposed upon monies collected by defendant from Odell and members of the proposed class, and such amounts should be returned to Odell and members of the proposed class, along with interest.

ELEVENTH CAUSE OF ACTION - DECLARATORY JUDGMENT

72. The preceding paragraphs are incorporated herein by reference.

73. Odell and members of the class are entitled to a declaration under the Uniform Declaratory Judgment Act, N.C.G.S. § 1-253 through 1-267, that the defendants' practices are illegal and that the contracts are void.

TWELFTH CAUSE OF ACTION - INJUNCTION

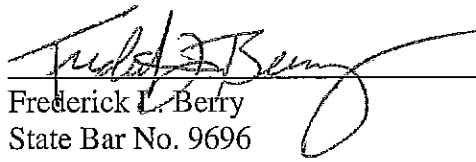
74. The preceding paragraphs are incorporated herein by reference.

75. Plaintiff and members of the class are entitled to injunctive relief permanently enjoining defendants from engaging in the activities complained of in this action and permanently enjoining defendants from seeking to collect from plaintiff and members of the class in the amounts, including principal amounts advanced by defendants pursuant to the agreements.

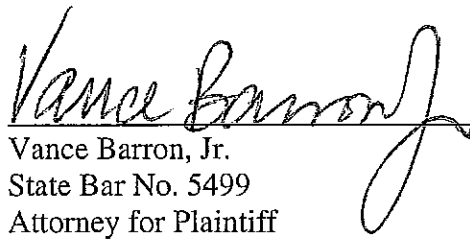
WHEREFORE, Odell prays that she have the following relief for herself and class members:

- a. That the Court determine that this action shall proceed as a class action;
- b. That the Court determine and declare that all of the Agreements are illegal, void and unenforceable;
- c. That all class members who have paid defendants usurious interest pursuant to the Agreements shall have and recover double damages pursuant to N.C.G.S. § 24-2;
- d. That all class members who have paid money to defendants pursuant to the Agreements have and recover of defendants all sums paid;
- e. That all damages be trebled pursuant to N.C.G.S. § 75-16.2;
- f. That attorney's fees be awarded pursuant to N.C.G.S. § 75-16.1;
- g. That all class members recover prejudgment interest at the legal rate on compensatory damages;
- h. That the Court permanently enjoin defendants from engaging in the activities complained of in this action and from collecting or attempting to collect funds from Odell or the class members pursuant to the agreements;
- i. That the Court grant a trial by jury on all issues of fact;
- j. And that the Court grant such other and further relief as may be just and proper.

This the _____ day of June, 2005.

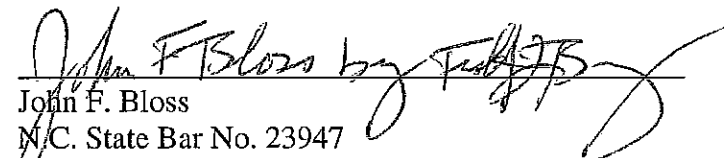


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