

FILED

NORTH CAROLINA

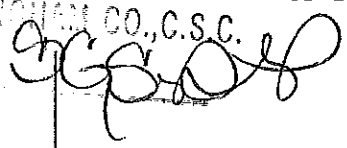
IN THE GENERAL COURT OF JUSTICE
2019 DEC 14 AM 10:48 SUPERIOR COURT DIVISION

ROCKINGHAM COUNTY

05 CVS 999

ROCKINGHAM CO., C.S.C.

NANCY E. ODELL, Individually and on behalf of those similarly situated,



Plaintiff,

v.

PLAINTIFF'S MOTION TO AMEND AND ADD PARTIES - RULES 15, 19, 20

LEGAL BUCKS, LLC, J. KEITH TART, and LYNN D. TART,

Defendants.

Now comes the Plaintiff and moves the Court to amend the Complaint to add John and Jane Doe Defendants as set out in the attached Proposed Amended Complaint, and in support of the motion says:

1. In this putative class action Plaintiff seeks the recovery of illegal interest charged to and paid by Plaintiff and putative class members to the Defendants. Plaintiffs also seek a declaratory judgment that contracts for almost \$2,000,000 in outstanding advances by Defendants to Plaintiffs and putative class members are completely or partially unenforceable.

2. Through discovery it has become apparent that the money which Plaintiff and class members have paid to Legal Bucks has been distributed to investors in Legal Bucks, LLC ("the investors"). The identity of these investors is unknown at the present time and they are identified as John and Jane Does in the amended complaint.

3. Prior to investing the investors were informed that the practices of Defendants were possibly illegal, yet they went ahead and invested in the scheme and have received portions of the illegal payments paid by Plaintiff and putative class members. Having received what they knew to be money that was potentially the result of illegal activities, the investors hold

said funds in constructive trust for Plaintiff and putative class members.

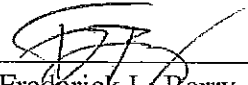
4. Also, discovery has shown that the investors claim a *direct interest* in contract payments from Plaintiff and putative class members which are allegedly due on the outstanding advances. Based on this perceived right the investors, or some of them, claim the right to control the resolution of the case. As the outstanding contracts in which the investors claim rights is the subject of this litigation the investors are real parties in interest.

5. The Proposed Amended Complaint set out claims against the investors for Constructive Trust, and that they are real parties in interest in the dispute to determine the enforceability of the contracts in which they claim the right to proceeds

6. Based on the foregoing the investors are necessary parties and justice requires they be added to this action.

Wherefore, Plaintiff prays the Court to allow the Amended Complaint to add the John and Jane Doe Defendants and to allow the substitution of the individual investors once their identities are known.

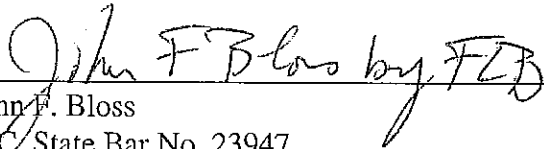
This the 11 day of December, 2009.



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CERTIFICATE OF SERVICE

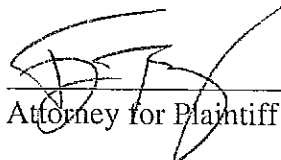
I hereby certify that the foregoing document was served on attorneys of record by mailing a copy thereof, first class, postage prepaid, to the following:

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This the 11 day of December, 2009.



Attorney for Plaintiff

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,
J. KEITH TART,
LYNN D. TART,

Defendants.

**PROPOSED
AMENDED CLASS ACTION
COMPLAINT**
(Amendments in bold)

Plaintiff, complaining of defendants, says:

1. Plaintiff is a citizen and resident of Rockingham County.
2. Upon information and belief, defendants J. Keith and Lynn D. Tart are citizens and residents of Forsyth County.
3. Upon information and belief, defendants, J. Keith and Lynn D. Tart, own and operate defendant LegalBucks, LLC, (Legal Bucks) which is a North Carolina Limited Liability Company.
4. Defendants are engaged in the business of loaning money to individuals who have personal injury claims in North Carolina.
5. Alternatively defendants are in the business of investing in personal injury claims in North Carolina.
6. Alternatively defendants are engaged in the business of speculating in lawsuits.
7. On or about July 27, 2002, plaintiff was injured in an automobile accident wherein she suffered personal injuries. In this regard, she engaged the services of a law firm in

Greensboro, North Carolina, Egerton & Associates, to pursue her claim for compensation. This claim is referred to herein as the underlying claim.

8. On or about March 27, 2003, defendants advanced plaintiff \$3,000 against the proceeds of the recovery of her personal injury claim.

9. Alternatively, on or about March 27, 2003, defendants invested \$3,000 in plaintiff's lawsuit.

10. Alternatively, defendants purchased an interest in the proceeds of plaintiff's lawsuit.

11. As collateral for the loan to plaintiff, Legal Bucks purported to acquire a security interest in the proceeds of plaintiff's underlying claim.

12. On or about March 27, 2003, plaintiff and Legal Bucks, LLC, executed an agreement, a copy of which is attached as EXHIBIT A.

13. On information and belief, since 2000, Legal Bucks, LLC, has entered into similar agreements with personal injury claimants throughout North Carolina. These personal injury claimants are referred to herein as class members.

14. In return for advancing plaintiff \$3,000, defendants were to receive interest of at least 13% per month for the first three months and then 7.8% per month thereafter, payable from the proceeds of her underlying claim.

15. In May 2005, plaintiff settled her underlying personal injury claim for \$18,000. At that time, defendants claimed to be entitled to the sum of \$9,582.00 from the proceeds of plaintiff's claim. These funds are presently being held in escrow in the trust account of Barron & Berry, LLP, pending the direction of the court.

16. Defendants intended to enter into this transaction with plaintiff.

17. Defendants intended to enter into similar transactions with class members.
18. Once plaintiff 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.
19. Defendants have an interest in seeing that plaintiff and class members pursue their underlying claims so that defendants recover their loans and interest.
20. Once class members resolve their underlying claims they are required to divide the proceeds with defendants.
21. Once plaintiff and class members recover on their underlying claims, Legal Bucks' claims an absolute right to money from plaintiff and class members.
22. As a condition of advancing money to plaintiff and class members, defendants required them to authorize the disclosure of confidential information to Legal Bucks.
23. Defendants required plaintiff and class members to provide confidential information so defendants could decide whether to advance the money and in order to stay informed about their investment.
24. Defendants request and receive confidential information during the pendency of class members personal injury claims. Defendants also request that the attorneys for class members place Legal Bucks' labels on class members' files to ensure that the attorneys protect defendants' interests.
25. Upon information and belief hundreds of class members in North Carolina have paid defendants pursuant to agreements with Legal Bucks.
26. Upon information and belief hundreds of class members currently have personal injury actions pending where they have contracted with defendants for advances pursuant to

contracts and with interest rates similar to plaintiff's.

27. Other than the financial transaction complained of herein, defendants had no other business or personal relationship with plaintiff or class members.

28. Legal Bucks actively markets its financing to personal injury claimants in North Carolina.

29. Legal Bucks actively markets its financing because advancing money to personal injury claimants is very profitable.

30. Defendants conspired among themselves to engage in the actions complained of herein.

31. 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 relief is appropriate with respect to the class as a whole.

32. The proposed class is defined as all individuals in North Carolina who entered into contracts with Legal Bucks similar to plaintiff'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.

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

34. The questions of law and fact which are common to the class include whether defendants' actions constitute Usury, Maintenance, Champerty, Unfair and Deceptive Trade

Practices the intentional interference with fiduciary relationships and are void as against public policy.

35. 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.

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

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

FIRST CAUSE OF ACTION - USURY

38. The preceding paragraphs are incorporated herein by reference.

39. Defendants' actions are loans and advances prohibited by N.C.G.S. § 24-1.1. The interest charged and received by defendants from plaintiff and class members is greater than allowed by law and constitutes usury.

SECOND CAUSE OF ACTION - MAINTENANCE

40. The preceding paragraphs are incorporated herein by reference.

41. Defendants' actions to plaintiff and class members constitute maintenance.

THIRD CAUSE OF ACTION - CHAMPERTY

42. The preceding paragraphs are incorporated herein by reference.

43. Defendants' actions in their dealings with plaintiff and class members constitute champerty.

FOURTH CAUSE OF ACTION - THE CONTRACTS ARE VOID AND VIOLATE PUBLIC POLICY

44. The preceding paragraphs are incorporated herein by reference.

45. Defendants' actions in speculating in personal injury actions for profit are void as against public policy and therefore the contracts with plaintiff and class members are void.

FIFTH CAUSE OF ACTION - INTENTIONAL INTERFERENCE WITH FIDUCIARY DUTY

46. The preceding paragraphs are incorporated herein by reference.

47. As a further condition of advancing money defendants required plaintiff's and class members' attorneys to sign a paper agreeing to give Legal Bucks' confidential information about plaintiff and class members, to send Legal Bucks' proceeds from the underlying claims and otherwise protect Legal Bucks' interests. EXHIBIT B is a copy of the agreement plaintiff's attorney, Lawrence Egerton, Jr., signed and is representative of the agreements the attorneys for other class members were required to sign.

48. Defendants informed plaintiff's and class members' attorneys that the North Carolina Bar has approved Legal Bucks' practices in advancing money.

49. The North Carolina Bar has not approved Legal Bucks' practices of advancing money.

50. By requiring plaintiff's and class members' personal injury attorneys to make commitments to Legal Bucks, defendants required the attorneys to place defendants' interest ahead of the interest of plaintiff and class members.

51. These actions constitute the intentional interference of the fiduciary duty owed to

plaintiff and class members by their attorneys.

SIXTH CAUSE OF ACTION - CONSTRUCTIVE TRUST

52. The preceding paragraphs are incorporated herein by reference.

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

SEVENTH CAUSE OF ACTION - UNFAIR AND DECEPTIVE TRADE PRACTICES

54. The preceding paragraphs are incorporated herein by reference.

55. Defendants' actions were in or affecting commerce.

56. Defendants' actions constitute Unfair and Deceptive Trade Practices in violation of N.C.G.S. § 75-1.1 et seq.

EIGHTH CAUSE OF ACTION - DECLARATORY JUDGMENT

57. The preceding paragraphs are incorporated herein by reference.

58. Plaintiffs are entitled to a declaration under the Uniform Declaratory Judgment Act, G.S. § 1-253 through 1-267, that the defendants' practices are illegal and that the contracts are void.

CLAIMS AGAINST THE DOE DEFENDANTS

59. The preceding paragraphs are incorporated herein by reference.

60. The John and Jane Doe Defendants ("Doe Defendants") are, upon information and belief, primarily citizens of North Carolina, whose identities are unknown because the Defendants have refused to disclose them. These fictitious parties are so identified pursuant to N.C.G.S. § 1-166. When the true identities are learned, the actual individuals will be substituted for the Doe defendants.

61. The Doe Defendants are investors in Defendant LBFund I, LLC and Legal Bucks. They invested in these companies with the knowledge that the business may be illegal. In fact, the following statement, or language similar to it, was provided to these Defendants:

It is conceivable that the courts will find litigation funding to be an illegal practice and, additionally, void all outstanding advance contracts. Should this happen, an investor may lose his entire investment.

62. Knowing the business was potentially illegal the Doe Defendants have received money from LBFund I, LLC and/or Legal Bucks. This money consists of interest payments illegally charged to the Plaintiffs and putative class members. These Defendants hold these funds in constructive trust for the benefit of the Plaintiffs and putative class members.

63. Upon information and belief the Doe Defendants also claim they have direct contractual rights in the proceeds LBFund I, LLC and Legal Bucks claim they are entitled to receive from Plaintiffs and putative class members. Consequently these Defendants are, or may be, real parties in interest.

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

1. That the Court determine that agreements in question are illegal, void and unenforceable.
2. That all class members who have paid defendants usurious interest pursuant to the agreements with defendants have and recover of defendants double damages pursuant to

N.C.G.S. § 24-2 for all usurious interest.

3. That all class members who have paid defendants money pursuant to the Security Agreements have and recover of defendants all sums paid.

4. That all damages be trebled pursuant to N.C.G.S. § 75-16.2.

5. That attorney's fees be awarded pursuant to N.C.G.S. § 75-16.1.

6. That the court determine that this action proceed as a class action.

7. For such other and further relief which the court deems just and proper.

This the _____ day of _____, 2005.

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