

FILED

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

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CLERK, US DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE, FLORIDA

John Demscheck,)
individually and on behalf of)
all others similarly situated,)
)
Plaintiff,)
)
v.)
)
Ginn Development Company, LLC;)
Lubert-Adler Partners, L.P.,)
)
Defendants.)

Case No: 3:09-cv-335-j-257EM

CLASS ACTION COMPLAINT AND DEMAND FOR JURY TRIAL

Plaintiff John Demscheck, by his attorneys, brings this action individually and pursuant to Rule 23 of the Federal Rules of Civil Procedure against Defendants Ginn Development Company, LLC (“Ginn Development Company”) and Lubert-Adler Partners, L.P. (“Lubert-Adler”) for violations of the Interstate Land Sales Full Disclosure Act, 15 U.S.C. §§ 1701 *et seq.* and for violations of the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. §§ 1961 *et seq.*

NATURE OF ACTION

1. Defendants develop, market and sell residential and resort real estate. Plaintiff and class members have purchased real estate in one or more of the Defendants’ developments.

2. This case involves a scheme whereby Defendants create the false

appearance of high demand for properties, artificially manipulate the values of the properties, misrepresent the amenities to be developed and circumvent the legal requirements for the sale of such properties.

3. The scheme resulted in millions, if not billions, of dollars of profits for Defendants and enormous losses for Plaintiff and Class Members.

JURISDICTION AND VENUE

4. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and U.S.C. § 1719 and 18 U.S.C. §§ 1961, 1962 and 1964. This Court also has jurisdiction over this class action pursuant to the Class Action Fairness Act of 2005, 28 U.S.C. § 1332(d), providing for jurisdiction where, as here, “any member of a class of Plaintiffs is a citizen of a State different from any defendant” and the aggregated amount in controversy exceeds five million dollars (\$5,000,000), exclusive of interest and costs. *See* 28 U.S.C. §§ 1332(d)(2) and (6).

5. This Court has personal jurisdiction over the Defendants pursuant to 15 U.S.C. § 1719 and 18 U.S.C. §§ 1965 (b) and (d).

6. Venue is proper in this district pursuant to 15 U.S.C. § 1719 and 28 U.S.C. § 1391(b).

PARTIES

7. Plaintiff John Demsheck, who is at times referred to as Jack Demsheck, is a resident of South Carolina and a citizen of the United States. Plaintiff purchased Lot 89 in the Primrose section of Cobblestone Park, one of Defendants’ property developments located in Blythewood, South Carolina.

8. Defendant Ginn Development Company, LLC is a Georgia company with its principal place of business in Palm Coast, Florida. “The Ginn Company” and “Ginn Clubs & Resorts” are tradenames or brandnames owned by Ginn Development Company. Ginn Development Company at times operates through its own name and at times as The Ginn Company or as Ginn Clubs & Resorts. Ginn Development Company also operates through a maze of subsidiaries and affiliated entities.

9. Defendant Lubert-Adler Partners, L.P. (“Lubert-Adler”) is a real estate private equity firm, domiciled in Delaware with its principal place of business in Philadelphia, Pennsylvania. Lubert-Adler and the Ginn Company have developed properties as joint ventures. Website materials suggest that Lubert-Adler owns 80% of each project. The Ginn Company is the only resort and residential opportunities company in which the Lubert-Adler Fund invests. Lubert-Adler has had an exclusive relationship with Ginn for ten years. Lubert-Adler may have also operated through subsidiaries and affiliated entities with regard to the activities at issue in this litigation.

SUBSTANTIVE ALLEGATIONS

10. To date, Defendants have developed, marketed and sold real estate in the following residential communities: Hammock Beach in Palm Coast, Florida; Cobblestone Park in Blythewood, South Carolina; Tesoro in Port St. Lucie, Florida; Ginn Reunion Resort in Orlando, Florida; and Bella Collina in Montverde, Florida among others.

11. Defendants utilize the same fraudulent scheme with each of their property developments in order to generate sales at elevated prices within each development, thereby exponentially increasing their profits, all at the expense of Plaintiff and Class

Members.

12. As Defendants develop a residential or resort community, they utilize standard practices designed to fraudulently entice buyers by, among other things, misrepresenting the degree of interest in the property, misrepresenting the availability of property, misrepresenting the amenities to be developed and manipulating property values. Defendants' scheme is also designed to circumvent the requirements of the Interstate Land Sales Full Disclosure Act, a statute designed to protect Plaintiff and Class Members in purchasing such property.

13. Defendants have not undertaken these practices in isolation but instead have done so as part of a common scheme and conspiracy. Each Defendant and each member of the conspiracy, with knowledge and intent, has agreed to the overall objective of the conspiracy and has agreed that fraudulent acts would be committed in furtherance of those objectives.

14. Once Defendants undertake the development of a property, Defendants utilize a common promotional plan and provide standardized marketing materials to all prospective buyers, generally utilizing communications in interstate commerce including the United States Mail service.

15. Defendants' marketing materials extol the benefits of buying property within the development and place great emphasis on the amenities Defendants will develop in conjunction with the real estate development.

16. For example, an August 3, 2005 letter to Plaintiff from Don Dawson, whose email address is dddawson@ginncompany.com, promised the following amenities

in Cobblestone Park:

Cobblestone Park is a private gated community emerging in Blythewood and surrounding the University Club Golf Course. Abundant green space and a host of remarkable amenities will come together to create the Columbia area's newest and most inviting lifestyle.

Cobblestone Park combines a superlative collection of private club amenities which will rival the world's best clubs.

Here, each and every resident will also be a privileged Club Member, which entitles your entire family to enjoy a resort-style swimming pool, state-of-the-art fitness facilities and vast athletic fields. At Cobblestone Park, the accent is on providing the highest level of service to our members and their guests.

Cobblestone Park will easily accommodate your notion of play, whatever it may be. From basketball and soccer to aerobics and swimming. From a spirited game of tennis on championship courts to a relaxed round of golf at the inviting University Club Golf Course. When you're ready for a break, you'll find steam rooms and saunas along with quaint village shops and restaurants for your relaxation.

....

At day's end, you'll enjoy making your way home on paved walking and biking trails that link the friendly parks between neighborhoods.

17. The "vision brochure" which accompanied the August 3 letter likewise stressed the amenities that would be available at Cobblestone Park.

18. Despite their representations, Defendants did not develop and, upon information and belief, had no intent to develop all the amenities they promised prospective buyers at Cobblestone Park.

19. For example, despite their representations to the contrary, Defendants have never fully developed the following promised amenities at Cobblestone Park including but not limited to the golf course, the lake and necessary infrastructure.

20. Upon information and belief, Defendants have likewise not developed all

amenities at other developments or have not developed the amenities as represented and had no intent to do so at the time the representations were made.

21. In addition to misrepresenting the amenities to be developed, Defendants' scheme also involves misleading potential buyers regarding the availability of lots and the level of interest in the property during the development stage.

22. As explained on Lubert-Adler's website, "The joint venture [between Lubert-Adler and the Ginn Companies] seeks to generate its primary returns from the sale of real estate through a unique pre-sale approach."

23. Defendants refer to this "unique pre-sale approach" as the "Priority Reservation Selection Program."

24. In order to generate interest in a property development, Defendants promote a "Priority Reservation Selection Event", misrepresenting the availability of offerings and the degree of interest in available properties.

25. The letter sent to Plaintiff on August 3, 2005 urged Plaintiff to act quickly while he still had the opportunity to buy property in Cobblestone Park:

With over 2,000 families already submitting Priority Reservation Agreements the opportunity to purchase here will continue to grow increasingly scarce....We encourage you to participate in the upcoming Priority Reservation Event this fall. During this event only a limited number of homesites will be released, so don't miss this extraordinary ground-floor opportunity....The best way to appreciate the ownership opportunities at Cobblestone Park is to participate in our Priority Selection Event. If you would like to participate, please complete the enclosed agreement with a fully refundable deposit of \$1000.

26. Upon information and belief, Defendants statements were knowingly false and were made with the intent to deceive Plaintiff and other Class members and to induce

Plaintiff and Class members to purchase property.

27. Enclosed with the August 3 letter was a "Priority Reservation Agreement". A "Priority Reservation Selection Program Frequently Asked Questions" was also enclosed which included, *inter alia*, the following questions and answers:

What benefits do I receive by securing a Reservation Certificate?

By securing a Reservation Certificate, you are able to participate in a Ground Floor opportunity of our initial release before it is unveiled to the public. Priority Reservation Holders receive the following benefits:

- **PRIORITY SELECTION** – Be among the first to select property from our brand new community.
- **PRE-DEVELOPMENT PRICING** – Priority Reservation Holders are able to truly get in on the ground floor of this world-class community before completion of our total amenity package including: championship golf, state-of-the-art fitness facility, tennis courts, multi-sports fields, parks and walking trails.
- **SPECIAL INCENTIVES** – During the Priority Reservation Selection Event, only Priority Reservation Holders will be offered special pricing incentives, membership incentives and a special Priority Reservation purchase gift. The overall value of this one-day incentive is over \$20,000.

How many Reservation Certificates are available and why is the timing of when I secure my Reservation Certificate important?

There is a limited number of properties available for release at each Priority Reservation Selection Event. If the program becomes oversubscribed, we will no longer take additional reservations. Also, securing your Priority Reservation earlier rather than later is one factor (of several) that can increase your selection opportunities at the Priority Reservation Selection Event.

Do I have to be at the Priority Reservation Selection Event to purchase property?

No. If you cannot attend the Priority Reservation Selection Event but would like to select property and receive the incentives, you may do so

through the Power of Attorney Process.

28. As set forth in the brochure, during the six years prior to development of Cobblestone Park, Defendants had “used the Priority Selection Program to introduce new neighborhoods at Hammock Beach, Tesoro, Tesoro Preserve, Reunion Resort & Club of Orlando and Bella Collina.”

29. Upon information and belief, Defendants utilize this same program in association with each of their residential developments, misrepresenting the degree of interest in the property and the availability of property within the development.

30. The Priority Selection Program is very profitable for Defendants. As set forth in the brochure sent to Plaintiff on August 3, 2005, the Priority Selection Program resulted in the following sales:

- Ocean Towers Condominiums at Hammock Beach: Sales in excess of \$157 million.
- Tesoro, a 1,400-acre community of luxury homes in Port St. Lucie, Florida: Sales in excess of \$57 million.
- Reunion Resort & Club of Orlando: Sales in excess of \$40 million.
- Reunion West: Sales in excess of \$170 million.
- Bella Collina: Sales in excess of \$174 million.
- Reunion Grande: Sales in excess of \$84 million
- Centre Court Ridge: Sales in excess of \$83 million.

31. On August 10, 2005, Plaintiff received a letter from Don Dawson acknowledging receipt of Plaintiff’s deposit and reservation agreement:

As a Cobblestone Park reservation holder, you will be excited to learn that the response to our upcoming event has been overwhelming. With a limited number of reservations available for the Priority Selection Event, it is likely that this event will be oversubscribed. However, your completed and signed reservation agreement along with your deposit has qualified you for Priority Reservation status and special purchase incentives. It also reserves your invitation to our one of a kind Priority Reservation Selection Event scheduled for fall 2005.

32. The Priority Selection Event for Cobblestone Park was held October 21, 2005 - October 22, 2005. Plaintiff attended the event. The booklet provided for the event reiterated much of the information set forth in the frequently asked questions brochure. In addition, the booklet included materials regarding Ginn Clubs & Resorts and its officers. As stated in the booklet, "Ginn Clubs & Resorts group of companies is a talented group of visionaries dedicated to envisioning, creating and operating world-class Club Communities."

33. One of the primary purposes of the Priority Selection Program is to entice prospective purchasers, including Plaintiff and Class Members, to agree to purchase property prior to receiving federally mandated disclosures.

34. Defendants tell potential purchasers that the demand is so great that lots can only be purchased through a lottery system, utilizing an attorney-in-fact appointed by Defendants.

35. Richard T. Davis, who was selected by Defendants and who purportedly acted as Attorney-in-Fact for Plaintiff, executed a "Site Specific Reservation Agreement" on October 22, 2005 for Lot #9 in the Preston Hills neighborhood of Cobblestone Park for a purchase price of \$234,900. Upon information and belief, Davis is a resident of Florida and is licensed to practice law in Florida. John M. Gantt, Jr., Vice President,

signed the agreement on behalf of Ginn-University Club Ltd., LLP and Ginn-University Club GP, LLC, its General Partner.

36. Plaintiff did not select this lot but was instead told that he had won the right to purchase this lot through the lottery system.

37. At the time this "Site Specific Reservation Agreement" was executed, Plaintiff had not received a copy of the HUD Property Report as required by the Interstate Land Sales Full Disclosure Act.

38. The Specific Reservation Agreement was mailed to Plaintiff as an attachment to a letter dated October 26, 2005 which was signed by Greg Ulmer, Vice President of Sales. As set forth in the letter, "The Priority Selection Event was a great success with 800 homesite purchases and a sales volume of over \$184 million."

39. In order to escalate the values at Cobblestone Park, Defendants intentionally staggered the closing of properties in order to ensure that the first properties to close were cash purchases. These cash sales were then utilized as comparables for later purchases where the financing institution required an appraised value comparable to the amount being financed. Defendants concealed their practice of manipulating appraised values from all property purchasers as well as the financing institutions. Upon information and belief, this practice was utilized at each of Defendants' developments

40. On October 3, 2006, a letter was sent to Plaintiff regarding his escrow noting that his lot was now Lot #89 (old lot #9) in the Primrose Neighborhood.

41. Another letter was sent to Plaintiff on October 3, 2006 signed by Marcia Burch, Contract Coordinator, which enclosed the following materials:

- Three Purchase Contracts (2 contracts for your signature and 1 copy for your records).
- Exhibit “A” – Plat map for the neighborhood.
- Property Report (please sign receipt and send back)
- Master Declaration for Cobblestone Park
- Authorization and Consent to Transfer Reservation Deposit
- Fed Ex Return Envelope with Return Air Bill

42. The purchase price for Lot #89 was \$234,900.00.

43. The contract provided that notices were to be sent to the following

addresses:

Seller: Ginn-LA University Club Ltd., LLLP
1 Hammock Beach Pkwy
Palm Coast, Florida 32137
Attention: Bobby Masters

GREC: Ginn Real Estate Company, LLC
1 Hammock Beach Pkwy
Palm Coast, Florida 32137
Attention: John Gantt

44. The contract also contained the following explanation of “affiliated businesses”:

Several affiliates of Developer are associated with the marketing, sales and financing of Ginn communities. GREC is a broker company which represents Developer in connection with the marketing and sale of Ginn Communities....Developer and these named affiliates have business relationships between and among themselves and such affiliates may be involved in the transaction described in this Contract. The ultimate beneficial owners of Developer and these affiliated entities are substantially the same parties. Because of these relationships, the use of

one or more of the affiliated entities may provide Developer a financial or other benefit.....

45. The executed sales contract was returned to Plaintiff as an attachment to a letter dated October 16, 2006.

46. An appraisal of Plaintiff's property was completed on November 23, 2006 indicating the value of the property to be \$235,000. The appraisal was "based on the development of the lot according to the subdivision plat and the other information provided to the appraiser."

47. Plaintiff was unaware that the first twenty five sales to close at Cobblestone Park were cash sales.

48. The closing of Plaintiff's lot occurred on December 12, 2006 at the law office of Ronald C. Dodson.

49. Prior to closing on the property, Plaintiff did not know and had no reason to know that Defendants had misrepresented the degree of interest in Cobblestone Park or the amenities to be developed or that Defendants had manipulated the appraised value of the property.

50. Plaintiff attempted to sell his lot in Cobblestone Park at a significantly discounted price but was unsuccessful in selling the property.

51. A foreclosure action regarding Plaintiff's property was filed on July 10, 2008.

52. The value of Plaintiff's property at the time of foreclosure was \$54,000.

53. Plaintiff and Class members relied on Defendants' misrepresentations and omissions in buying property within Defendants' developments and in paying inflated

prices for the lots. Absent Defendants' misrepresentations and omissions, Plaintiff and Class members would not have bought property from Defendants or would have bought the property at a significantly reduced price.

54. As a result of Defendants' actions, Plaintiff and Class members have suffered significant injury to their property or business including but not limited to the deposits and payments Plaintiff and Class members paid for property within Defendants' developments as well as closing costs and other costs and fees. Plaintiff and Class members were also injured because the properties they purchased were significantly less valuable than represented by Defendants.

55. Defendants actively concealed their conduct, their manipulation of property values and their intent not to complete all amenities as promised. As a result, Plaintiff and Class members could not have uncovered the unlawful conduct any earlier with the exercise of reasonable diligence.

RICO ALLEGATIONS

The Ginn Development Enterprise

56. Plaintiff, the class members and Defendants are “persons” within the meaning of 18 U.S.C. § 1961(3).

57. Based upon Plaintiff’s current knowledge, the following persons constitute a group of persons associated in fact that Plaintiff refers to as the “Ginn Development Enterprise”: (1) the Ginn Development Company; (2) the Ginn Real Estate Company; (3) Lubert-Adler; (4) the joint venture companies such as Ginn-LA University Club Ltd, LLLP, formed by Ginn and Lubert-Adler to serve as the contracting party for each development; (5) other subsidiaries, agents and affiliated entities of Defendants not named as Defendants.

58. The Ginn Development Enterprise is an ongoing organization which engages in, and whose activities affect, interstate commerce.

59. While the Defendants participated in and are members and part of the Ginn Development Enterprise, they also have an existence separate and apart from the enterprise.

60. The members of the Ginn Development Enterprise act with the common purpose of increasing revenue by increasing both the volume of sales and the sales prices paid for real estate in each Ginn development, thereby increasing the profits received by each Defendant.

61. The Ginn Development Enterprise has an ascertainable structure separate and apart from the pattern of racketeering activity in which Defendants have engaged.

The primary decision-maker within the enterprise is Bobby Ginn who directs the activities of the enterprise.

62. The Defendants control and operate the Ginn Development Enterprise through a variety of means, including, but not limited to, the following:

- a. by investing funds to preliminarily develop each of the Ginn properties;
- b. by agreeing to and by marketing each property in accordance with a common promotional plan designed to mislead prospective buyers regarding the interest in and availability of real estate within the development;
- c. by agreeing to and by marketing each property in accordance with a common promotional plan designed to circumvent the requirements of the Interstate Land Sales Full Disclosure Act
- d. by agreeing to falsely market and represent the properties;
- e. by agreeing to manipulate the values of the properties;
- f. by retaining profits rather than developing the properties as marketed;

Predicate Acts

Mail and Wire Fraud

63. Section 1961(1) of RICO provides that “racketeering activity” includes any act indictable under 18 U.S.C. § 1341 (relating to mail fraud) and 18 U.S.C. § 1343

(relating to wire fraud). As set forth below, Defendants have engaged and continue to engage in conduct violating each of these laws to effectuate their scheme.

64. For the purpose of executing and/or attempting to execute the above described scheme to defraud or obtain money by means of false or fraudulent pretenses, representations or promises Defendants in violation of 18 U.S.C. § 1341 caused matter and things to be delivered by the Postal Service or by private or commercial interstate carriers. These acts were done intentionally and knowingly with the specific intent to advance Defendants' scheme, or with knowledge that the use of the mails would follow in the ordinary course of business, or that such use could have been foreseen, even if not actually intended.

65. Defendants carried out their scheme in different states and could not have done so unless they used the Postal Service or private or commercial interstate carriers.

66. For the purpose of executing and/or attempting to execute the above described scheme to defraud or obtain money by means of false pretenses, representations or promises, Defendants, in violation of 18 U.S.C. § 1343, transmitted, caused to be transmitted and/or received by means of wire communication in interstate and foreign commerce, various writings, signs and signals. These acts were done intentionally and knowingly with the specific intent to advance Defendants' scheme, or with knowledge that the use of wire communications would follow in the ordinary course of business, or that such use could have been foreseen, even if not actually intended.

67. The matter and things sent by Defendants via the Postal Service, private or commercial carrier, wire or other interstate media include, *inter alia*:

- a. Correspondence and marketing materials that intentionally misled Plaintiff and Class Members regarding the interest and availability of property within each Ginn Development;
- b. Correspondence and marketing materials that intentionally misrepresented the amenities to be developed at each Ginn community;
- c. Correspondence, marketing materials, contracts, agreements and other materials that failed to disclose Defendants' fraudulent scheme to feign the amount of interest in and value of properties within each Ginn development;
- d. Correspondence, marketing materials, contracts, agreements and other materials that failed to disclose Defendants' fraudulent scheme to mislead potential buyers and financiers regarding the value of Ginn properties by staggering the closing of such properties with cash sales closing first;
- e. Correspondence, marketing materials, contracts, agreements and other materials that failed to disclose Defendants' intent to remove the profit from the development rather than developing the promised amenities.

68. Other matters and things sent through or received from the Postal Service, private or commercial carrier or interstate wire transmission by Defendants included information or communications in furtherance of or necessary to effectuate the scheme.

69. Defendants' misrepresentations, acts of concealment and failures to disclose were knowing and intentional, and made for the purpose of deceiving Plaintiff and the Class and obtaining their property for Defendants' gain.

70. Defendants either knew or recklessly disregarded the fact that the misrepresentations and omissions described above were material, and Plaintiff and the Class relied on the misrepresentations and omissions set forth above.

71. As a result of Defendants' fraudulent scheme, Defendants have obtained money and property belonging to Plaintiff and Class Members, and the Plaintiff and the Class have been injured in their business or property by the Defendants' overt acts of mail and wire fraud.

Pattern of Racketeering Activity

72. Defendants did knowingly, willfully and unlawfully conduct or participate in the affairs of the Ginn Development Enterprise through a "pattern of racketeering activity," within the meaning of 18 U.S.C. §§ 1961(1), 1961(5) and 1962(c). The racketeering activity was made possible by the Defendants' regular and repeated use of the facilities and services of the Ginn Development Enterprise.

73. Defendants committed or aided and abetted in the commission of at least two acts of racketeering activity, *i.e.*, indictable violations of 18 U.S.C. §§ 1341, 1343, 1956 and 1957 as described above, within the past ten years. In fact, Defendants collectively have committed thousands of acts of racketeering activity. The acts of racketeering were not isolated, but rather had the same or similar purpose, participants, method of commission, and victims, including Plaintiff and Class Members.

74. The multiple acts of racketeering activity which Defendants committed and/or conspired to or aided and abetted in the commission of, were related to each other and amount to and pose a threat of continued racketeering activity, and therefore constitute a “pattern of racketeering activity” as defined in 18 U.S.C. § 1961(5).

CLASS ACTION ALLEGATIONS

75. Plaintiff brings this action against Defendants on his own behalf and, pursuant to Rules 23(a) and (b) of the Federal Rules of Civil Procedure, as a class action on behalf of a class of all persons or entities that purchased real estate in one of Defendants’ residential or resort developments. Excluded from the Class are Defendants, any entity in which any defendant has a controlling interest or is a parent or subsidiary of, or any entity that is controlled by a defendant and any of Defendants’ officers, directors, employees, affiliates, legal representatives, heirs, predecessors, successors and assigns.

76. There are thousands of members of the Class. Accordingly, the Class is so numerous that joinder of all members is impracticable. Although the exact number of Class members is not yet known, on information and belief, thousands of persons or entities have purchased property from Defendants. These customers are geographically dispersed throughout the United States. The Classes are ascertainable, as the names and addresses of all Class members can be identified in business records maintained by Defendants or from other readily accessible records.

77. Plaintiff will fairly and adequately protect the interests of the Class and has no interest adverse to, or which directly or irrevocably conflicts with, the interests of other Class members. Plaintiff is represented by counsel experienced and competent in

the prosecution of complex class action litigation and other complex litigation including federal RICO claims.

78. There are questions of law and fact common to the Classes which predominate over any questions affecting only individual members of the Classes. Such common questions include, *inter alia*:

- a. Whether Defendants have engaged in the schemes or artifices described herein to improperly and unlawfully sell property within their development at significantly inflated values;
- b. Whether Defendants violated the Interstate Land Sales Full Disclosure Act;
- c. Whether Defendants have engaged in mail and wire fraud;
- d. Whether Defendants have engaged in a pattern of racketeering activity;
- e. Whether the Ginn Development Enterprise is an enterprise within the meaning of 18 U.S.C. 1961(4);
- f. Whether Defendants conducted or participated in the affairs of the Ginn Development Enterprise through a pattern of racketeering activity in violation of 18 U.S.C. § 1962(c);
- g. Whether Defendants conspired to violate 18 U.S.C. § 1962(c) as prohibited by 18 U.S.C. § 1962(d);
- h. Whether Plaintiff and Class Members have been harmed as a result of Defendants' conduct as set forth herein;

i. Whether Defendants fraudulently concealed their scheme;

79. Plaintiff's claims are typical of the claims of the members of the Class because they originate from the same illegal and fraudulent practices of Defendants and Defendants acted in the same way toward Plaintiff and the Classes.

80. Plaintiff will fairly and adequately protect the interests of the members of the Class, is committed to the vigorous prosecution of this action, has retained counsel competent and experienced in class litigation and has no interests antagonistic to or in conflict with those of the Class. As such, Plaintiff is an adequate representative of the Class.

81. The prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudications which would establish incompatible standards of conduct for the parties opposing the Class.

82. A class action is superior to other available methods for the fair and efficient adjudication of this controversy since joinder of all members of the Class is impracticable and because of the many questions of law and fact that are common to Plaintiff's claims and those of the Class. Further, the expense and burden of individual litigation make it impossible for all the members of the Class individually to redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

83. Class treatment will permit a large number of similarly situated persons to prosecute their common claims in a single forum simultaneously, efficiently, and without unnecessarily duplicating evidence, effort, and expense that numerous individual actions

would engender.

COUNT I

Violation of 15 U.S.C. § 1703 – The Interstate Land Sales Full Disclosure Act

84. Plaintiff hereby incorporates all preceding paragraphs as if fully set forth herein.

85. Defendants are developers and/or agents within the meaning of 15 U.S.C. § 1701.

86. Plaintiff and Class members are purchasers within the meaning of 15 U.S.C. § 1701.

87. Defendants subdivided their developments into lots within the meaning of 15 U.S.C. § 1701 and offered such lots for sale in accordance with a common promotional plan.

88. The sales at issue in this litigation are not exempt sales as set forth in 15 U.S.C. § 1702.

89. Defendants have violated 15 U.S.C. § 1703 by utilizing instruments of transportation or communications in interstate commerce including the United States mail service with respect to the sale of lots that are not exempt under 15 U.S.C. § 1702.

90. As set forth above, Defendants have employed devices, schemes or artifices to defraud.

91. Defendants' intent has been to obtain money or property by means of untrue statements of material fact, by omitting to state material facts necessary in order to make the statements made (in light of the circumstances in which they were made and

within the context of the overall offer and sale or lease) not misleading, with respect to information pertinent to the lots and subdivisions within Defendants' developments.

92. As set forth in detail above, Defendants have engaged in transactions, practices and course of business which operated as a fraud or deceit upon Plaintiff and Class members as purchasers of property with Defendants' developments.

93. Defendants represented that amenities would be provided or completed by the developer but did not stipulate in the contract of sale that such services or amenities would be provided. All promised amenities have in fact not been provided.

94. As set forth above, Defendants have also violated 15 U.S.C. § 1703 because Defendants failed to provide a property report "in advance of the signing of any contract or agreement" by purchasers in Defendants' developments.

95. As a direct and proximate result, Plaintiff and Class members have been injured.

COUNT II

Violation of 15 U.S.C. § 1707 – The Interstate Land Sales Full Disclosure Act

96. Plaintiff hereby incorporates all preceding paragraphs as if fully set forth herein.

97. Defendants are developers and/or agents within the meaning of 15 U.S.C. § 1701.

98. Plaintiff and Class members are purchasers within the meaning of 15 U.S.C. § 1701.

99. Defendants subdivided their developments into lots within the meaning of

15 U.S.C. § 1701 and offered such lots for sale in accordance with a common promotional plan.

100. The sales at issue in this litigation are not exempt sales as set forth in 15 U.S.C. § 1702.

101. As set forth above, Defendants violated the Act by executing agreements prior to providing purchasers a property report as mandated by the Interstate Land Sales Full Disclosure Act.

102. In addition, the property reports as provided violated 15 U.S.C. § 1707 because the reports contained material omissions.

103. As a direct and proximate result of Defendants' conduct, Plaintiff and Class members have been injured.

COUNT III

Violation of 18 U.S.C. § 1962(c) - RICO

104. Plaintiff hereby incorporates by reference all preceding paragraphs as if fully set forth herein.

105. As set forth above, Defendants have violated 18 U.S.C. § 1962(c) by conducting, or participating directly or indirectly in the conduct of the affairs of the Ginn Development Enterprise through a pattern of racketeering, including acts indictable under 18 U.S.C. §§ 1341 and 1343.

106. As a direct and proximate result, Plaintiff and the members of the Class have been injured in their business or property by the predicate acts which make up the Defendants' pattern of racketeering activity through the Ginn Development Enterprise.

COUNT IV

Violation of 18 U.S.C. § 1962(d) - RICO

107. Plaintiff hereby incorporates by reference all preceding paragraphs as if fully set forth herein.

108. In violation of 18 U.S.C. § 1962(d), Defendants have, as set forth above, conspired to violate 18 U.S.C. § 1962(c). The conspiracy commenced at least as early as 1999 and continues. The object of the conspiracy was to sell real estate in Ginn developments at inflated prices resulting in increased profits for Defendants.

109. As set forth above, each of the Defendants knowingly, willfully, and unlawfully agreed and combined to conduct or participate, directly or indirectly, in the conduct of the affairs and activities of the Ginn Development Enterprise through a pattern of racketeering activity, including acts indictable under 18 U.S.C. §§ 1341 and 1343 in violation of 18 U.S.C. § 1962(c).

110. Defendants committed numerous overt acts of racketeering activity or other wrongful activity in furtherance of such conspiracy.

111. The purpose of the acts that caused injury to Plaintiff and Class members was to advance to overall objective of the conspiracy and the harm to Plaintiff and Class members was a reasonably foreseeable consequence of Defendants' scheme.

112. As a direct and proximate result, Plaintiff and Class members have been injured in their business or property by the Defendants' conspiracy and by the predicate acts which make up the Defendants' pattern of racketeering activity through the Ginn Development Enterprise.

PRAYER FOR RELIEF

The Plaintiff and Class Members request that this Court grant the following relief:

A. Determine that this action is a proper class action and certify Plaintiff as a class representative and Plaintiff's counsel as Class Counsel under Federal Rule of Civil Procedure 23;

B. Declare that Defendants have violated 15 U.S.C. §§ 1703 and 1707 and 18 U.S.C. §§ 1962(c) and (d);

C. Enjoin Defendants from further violations of 15 U.S.C. §§ 1703 and 1701 and 18 U.S.C. §§ 1962(c) and (d);

D. As to all Counts, order Defendants to pay damages in an amount to be determined at trial;

E. As to Counts III and IV, order Defendants to pay treble the amount of damages suffered by Plaintiff and Class members

F. Award Plaintiff and members of the Class, the costs and disbursements of this action, including reasonable attorneys' fees and the reimbursement of expenses in amounts to be determined by the court;

G. Award prejudgment interest; and

H. Grant such other and further relief as the Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff requests a jury trial on any issue so triable.

Respectfully submitted this 8th day of April 2009.



Douglas D. Chunn
Fl. Bar. No. 172586
Douglas D. Chunn, P.A.
One Independent Drive, Suite 3201
Jacksonville, FL 32202
Tel: (904) 355-8800
Fax: (904) 355-8860
Email: dchunn@chunnlaw.com

R. Bryant McCulley
Fl. Bar No. 2115
McCulley McCluer PLLC
One Independent Drive, Suite 3201
Jacksonville, FL 32202
Tel: (904) 482-4073
Fax: (904) 354-4813
Email: bmcculley@mcculleymccluer.com

J. Preston Strom, Jr. (Trial Counsel)
Mario A. Pacella
John R. Alphin
Strom Law Firm, LLC
2110 Beltline Boulevard, Suite A
Columbia, South Carolina 29204
Tel: (803) 252-4800
Fax: (803) 252-4801
Email: petestrom@stromlaw.com
Email: mpacella@stromlaw.com
Email: jalphin@stromlaw.com

Joe R. Whatley Jr. (Trial Counsel)
Edith M. Kallas
Whatley Drake & Kallas, LLC
1540 Broadway, 37th Floor
New York, NY 10036
Tel.: (212) 447-7070
Fax: (212) 447-7077
Email: jwhatley@wdklaw.com
Email: ekallas@wdklaw.com

Charlene P. Ford
Whatley Drake & Kallas, LLC
2001 Park Place North, Suite 1000
P O Box 10647
Birmingham, AL 35203
Tel: (205) 328-9576
Fax: (205) 328-9669
Email: cford@wdklaw.com