IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NORTH DAKOTA
SOUTHWESTERN DIVISION

Abdul Aleem s/o MM Ibrahim, Jamilah Binte Abdullah, Pok Siok Kee, Eng Ooi Hieng, Swee Hang Danny Tan, Tong Lay Yeen Giovanna, Hooi Hian Lee, Jaryl Tan Hock Seng, Roger Teo Kok Wei, Teo Khim Ho, Man Hong Lee, Gatewoods Investment PTE. LTD., Panircelvan S/O Kaliannan, Thong Juay Koh, Siew Geok Tong, Sze Seng Tan, Tan Chin Hiang, Tan Sweet Keong, and Marcus Ian Tan Guan Xing, individually and on behalf of themselves and all others similarly situated,

Plaintiffs,

vs.

PEARCE & DURICK, and JONATHAN P. SANSTEAD,

Defendants

CLASS ACTION COMPLAINT

DEMAND FOR JURY TRIAL

Plaintiffs Abdul Aleem s/o MM Ibrahim, Jamilah Binte Abdullah, Pok Siok Kee, Eng Ooi Hieng, Swee Hang Danny Tan, Tong Lay Yeen Giovanna, Hooi Hian Lee, Jaryl Tan Hock Seng, Roger Teo Kok Wei, Teo Khim Ho, Man Hong Lee, Gatewoods Investment PTE. LTD., Panircelvan S/O Kaliannan, Thong Juay Koh, Siew Geok Tong, Sze Seng Tan, Tan Chin Hiang, Tan Sweet Keong, and Marcus Ian Tan Guan Xing, individually and on behalf of themselves and all others similarly situated bring this non-opt out class action on behalf of themselves and all purchasers/investors of North Dakota Development, LLC ("NDD") who paid for the legal services of Pearce & Durick, and Jonathan P. Sanstead ("Sanstead") (collectively referred to as "Defendants") performed in connection with their NDD investments. Plaintiffs complain of

Defendants upon knowledge as to themselves, and otherwise upon information and belief, as follows:

I. INTRODUCTION

1. Plaintiffs, Defendants' clients, are the victims of Defendants' failure to adequately review deal documents pertaining to Plaintiffs' investment in an unlawful securities offering called North Dakota Developments, LLC.

2. Defendants are a Bismarck, North Dakota law firm and attorney, whose practice is focused on corporate law and financial institution law, among others.

3. Plaintiffs are investors in a fraudulent, unregistered securities offering orchestrated by NDD out of North Dakota (the "NDD Scheme").

4. The NDD Scheme purported to capitalize on the shale oil boom in North Dakota and claimed to be in the business of developing housing units for temporary oil workers in the North Dakota and Montana shale oil industry.

5. The NDD Scheme offered two types of securities: units in North Dakota LLCs that were supposed to purchase land upon which such housing units were to be placed, and sale-leaseback investment contracts in such housing units.

6. The sale-leaseback investment contracts consisted of (1) a sale of one or more housing units to investors coupled with (2) an agreement between the investors and an NDD subsidiary for the NDD subsidiary to manage (rent) those housing units and pay the investor an annual return.

7. The notorious sale-leaseback securities scheme has been used as a vehicle for numerous fraudulent investment programs in the United States for decades, in part because it is not immediately apparent to a layperson that such sales coupled with a management agreement

providing for the payment of "passive" returns are deemed to be securities, which need to be registered with the regulators (or qualify for an exemption from registration) in order to be lawfully offered to investors.

8. The securities issued by the NDD Scheme were unregistered and not exempt from registration under the federal securities laws and regulations, thus unlawful.

9. The NDD Scheme perpetrators never told investors, including Plaintiffs, that they were offering securities, much less that such securities were issued and offered in violation of the federal securities rules and regulations.

10. Rather, the NDD Scheme perpetrators claimed they were simply offering housing units for sale, coupled with agreements to manage (rent) those units after their sale.

11. Concomitantly with, and separate from, their investment, Plaintiffs were required to pay, and did in fact pay, lawyers' fees to Defendants, for Defendants to review Plaintiffs' deal documents.

12. Defendants were aware that they were to receive lawyers' fees from Plaintiffs, for Defendants to review Plaintiffs' deal documents.

13. An attorney-client relationship was formed between Plaintiffs and Defendants.

14. Defendants reviewed Plaintiffs' deal documents.

15. However, Defendants' review of Plaintiffs' deal documents was perfunctory, negligent, and slap-dash – or worse.

16. Defendants never warned or advised Plaintiffs that Plaintiffs were about to invest in unlawful securities.

17. Defendant never told Plaintiffs, following Plaintiffs' investments in the unlawful NDD Scheme securities, that Plaintiffs had the right to rescission, that is, the right to undo the transaction and receive their money back.

18. In reliance upon Defendants' professional review of their deal documents, and upon payment of Defendants' legal fees for such review, Plaintiffs invested in the NDD Scheme.

19. As a result of Defendants' failure to warn or advise Plaintiffs that they were investing in fraudulent, unregistered securities, in addition to failing to inform Plaintiffs that they had the right to rescind their purchase, Plaintiffs were financially injured and incurred substantial losses.

20. On May 5, 2015, the Securities and Exchange Commission (the "SEC") sued the NDD Scheme for fraud in the United States District Court for the District of North Dakota.[1]

21. In its lawsuit, the SEC stated that the NDD Scheme's investments were "designed to appear to be a real estate investment[s]" but in reality were securities under the federal securities laws and were unlawfully issued.

22. In its lawsuit, the SEC also stated that the NDD Scheme's perpetrators stole and misused a substantial portion of investors' money, including Plaintiffs and members of the putative class.

23. On May 18, 2015 the Court granted the SEC's request for an asset freeze and the appointed attorney Gary Hansen, of the law firm Oppenheimer Wolff & Donnelly LLP, as receiver over the assets of the NDD Scheme.

24. Following the SEC's action and the Court order appointing a receiver over the NDD Scheme, Plaintiffs realized they invested in fraudulently-issued securities, and their money was lost.

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[1] United States Securities and Exchange Commission v. North Dakota Developments, LLC *et al.*, Case No. 4:15-cv-00053-DLH-CSM (May 5, 2015) (the "SEC Case").

25. Defendants, who reviewed the NDD Scheme's fraudulently issued sale-leaseback securities pursuant to their attorney-client relationship with Plaintiffs, were familiar with the NDD Scheme because they had also been retained to serve as NDD Scheme's counsel in connection with its securities offering, in September 2012.

26. Defendants never disclosed to Plaintiffs that Defendants were conflicted, both professionally and ethically, and were unable to impartially review Plaintiffs' deal documents for their investments in the NDD Scheme.

27. Defendants nonetheless were content to receive payment from the NDD Scheme for legal services provided to it in connection with its securities offering, while also receiving payment from the NDD Scheme investors to review their deal documents in connection with that same securities offering.

II. JURISDICTION AND VENUE

28. This Court has subject matter jurisdiction over all Counts under the Class Action Fairness Act of 2005 and section 28 U.S.C. 1332, as revised, pursuant to which this Court has diversity jurisdiction because some members of the classes are citizens of States different than Defendants, and because the amount in controversy exceeds the sum or value of $5,000,000.

29. Venue is proper in this District because many of the illegal acts giving rise to this case occurred in this District and Defendants are headquartered in this District and do substantial business in the District.

III. PARTIES

30. Plaintiffs Abdul Aleem s/o MM Ibrahim and Jamilah Binte Abdullah, both of whom reside in Singapore, invested $53,261 in the NDD Scheme in or around October 2013.

31. Plaintiffs Pok Siok Kee and Eng Ooi Hieng, both of whom reside in Singapore, invested $49,732.90 in the NDD Scheme in or around July 2013.

32. Plaintiff Swee Hang Danny Tan, who resides in Singapore, invested $54,772 in the NDD Scheme in or around October 2013.

33. Plaintiff Tong Lay Yeen Giovanna, who resides in Singapore, invested $50,912.90 in the NDD Scheme in or around July 2013.

34. Plaintiff Hooi Hian Lee, who resides in Singapore, invested $48,025 in the NDD Scheme in or around October 2013.

35. Plaintiffs Jaryl Tan Hock Seng and Roger Teo Kok Wei, both of whom reside in Singapore, invested $46,816 in the NDD Scheme in or around September 2013.

36. Plaintiff Teo Khim Ho, who resides in Singapore, invested $231,766 in the NDD Scheme in or around January 2013.

37. Plaintiff Man Hong Lee, who resides in Singapore, invested $93,632 in the NDD Scheme from July 2013 through September 2013.

38. Plaintiff Gatewoods Investment PTE. LTD., an entity based in Singapore, invested $46,816 in the NDD Scheme in or around September 2013.

39. Plaintiff Panircelvan S/O Kaliannan, who resides in Singapore, invested $54,740 in the NDD Scheme in or around July 2013.

40. Plaintiffs Thong Juay Koh and Siew Geok Tong, both of whom reside in Singapore, invested $617,063 in the NDD Scheme from December 2012 to October 2013.

41. Plaintiff Sze Seng Tan, who resides in Singapore, invested $49,732.90 in the NDD Scheme in or around February2013.

42. Plaintiff Tan Chin Hiang, who resides in Singapore, invested $49,732.90 in the NDD Scheme in or around March 2013.

43. Plaintiffs Tan Sweet Keong and Marcus Ian Tan Guan Xing, both of whom reside in Singapore, invested $53,261 in the NDD Scheme in or around June 2013.

44. Defendant Pearce & Durick is a law firm based in Bismarck, North Dakota. Defendant Pearce & Durick, starting in September 2012, undertook to provide legal services to NDD. Pearce & Durick also provided legal representation to Plaintiffs and members of the putative class by reviewing documents relating to their investments in the NDD Scheme.

45. Defendant Jonathan P. Sanstead ("Sanstead") is a Partner at Pearce & Durick and one of the firm's owners. Sanstead signed the Retainer Agreement entered into by Defendant Pearce & Durick and NDD. Defendant Sanstead was Defendant Pearce & Durick's representative who agreed to provide legal services to NDD. Defendant Sanstead also provided legal services to Plaintiffs and members of the putative class.

IV. FACTS

A. The NDD Scheme Purportedly Seeks to Capitalize on Lack of Housing for Bakken Oil Field Workers.

46. The NDD Scheme and its perpetrators, Robert L. Gavin ("Gavin") and Daniel Hogan ("Hogan"), raised over $62 million from investors in the United States and across the world by selling interests – securities – in the supposed development of short-term housing for those employed in the oil industry in the Bakken oil field region of North Dakota and Montana.

47. The NDD Scheme raised funds for the housing projects starting in 2012 and continued to do so until the SEC brought an action against NDD, Gavin, and Hogan and asked the United

States District Court for the District of North Dakota to enjoin NDD, Gavin, and Hogan from continuing to raise money for the NDD projects.

48. The NDD Scheme offered investors in the United States, the United Kingdom, France, Spain, Australia, Singapore, and other countries the supposed opportunity to invest in four temporary housing projects in the Bakken oil field region of North Dakota and Montana.

49. The four projects were:

- Watford West – a man camp using modular housing units on State Road 85 in Amegard, North Dakota;
- Montana – a man camp using modular housing units in Culbertson, Montana;
- Watford East – a proposed man camp using modular housing units east of Watford City, North Dakota on Route 23; and
- Transhudson Hotel – a proposed hotel development also suing modular construction on Route 23 in Parshall, North Dakota

50. The NDD Scheme marketed the four projects to the general public, primarily through its website (nddgroup.com), print and online advertisements, email blasts, in-person meetings and seminars, conference calls, and flyers.

51. The NDD Scheme's primary and standard marketing materials that were used to solicit investors were colorful, glossy flyers that were distributed via email or made available for download online.

52. The flyers distributed to investors were project-specific, and separate flyers were used for each of the projects.

53. Despite the fact the each of the projects was in different locations and marketed separately, the investment structure and the benefits to investors were presented in a substantially similar fashion.

54. Investors bought "units" in NDD's projects motivated by the potential returns that NDD would provide by allowing NDD to jointly manage all of the units in a fully-developed "man camp," complete with amenities typically found in a hotel or motel.

55. The Watford West brochure projected first year investor income of 36% to 42% and average investor income over ten years of 48% to 56%. Later on, NDD continued to tout its "massive" annual returns from the Watford project, but also offered investors the option of a 23.5% guaranteed annual return for investment in the Watford West project.

56. Similarly, the Montana brochure projected first year investor income of 33% to 39% and average investor income over ten years of 46% to 55%. The Watford East brochure projected first year investor income of approximately 33%. In the Transhudson brochure, NDD promised investors a 20% guaranteed return, with a guaranteed buy-back of the investment after three years at the purchase price plus 10%.

57. The Montana, Watford East, and Transhudson brochures each touted NDD "success" with the Watford West project. The brochures highlighted NDD's rapid completion of the project and promised high occupancy and high rental rates to investors.

58. While NDD marketed its investments as purchases of "units" in real estate developments, as explained in this Complaint and in the SEC case the investments were in fact securities under federal securities law.

59. Investments in NDD were designed to appear to be a real estate investment, however, Plaintiffs and members of the putative class were never provided with any documentation showing that title for any real property was ever transferred to any investor.

60. NDD investor "units" represented a fractional interest in a modular housing unit at one of the four sites developed by NDD. However, investors were never provided with a title or deed to the property evidencing their ownership.

61. The purchase price for the units varied, but typically ranged from $50,000 to $90,000, in addition to a "booking fee" paid directly to NDD.

62. When investors agreed to make their investment, they also executed a management agreement with NDD.

63. NDD's collective management of the units as an integrated man camp was an essential element of the investment. NDD "strongly recommend[ed]" that investors select NDD to manage their own units. NDD required investors to pay prohibitive and economically irrational "lease" fees to NDD, ostensibly for leasing the ground under their unit, of $24,000 per year, fees that NDD waived if NDD managed the unit.

64. Every investor agreed to have NDD manage their units.

65. Under the management agreement, NDD agreed to pay either a fixed return to investors of up to 25 percent per year based on the purchase price of the unit – which NDD touted as "guaranteed" or "assured" – or a variable rate of return based on half of the gross rents collected by NDD.

66. In marketing materials, NDD agreed to pay so-called "guaranteed" returns "regardless of the actual rental income received, whether higher or lower than the actual income derived from" investor units.

67. Investors agreeing to variable returns based on rental income expected to participate in profit-sharing or rental pooling.

68. In the Watford West project, NDD pooled the rental income among all units and paid it out to investors, pro rata.

69. For the Montana and Watford East projects, NDD agreed to manage all of the units on the site collectively so that all units were rented for approximately the same number of nights at similar rates.

70. The Transhudson project provided only an "assured" return of 20%, unrelated to actual unit rental occupancy or rental rates.

71. Despite the lofty projections that were present in the offering materials, NDD's projects were delayed, unprofitable, or non-existent.

72. Sometime around the fall of 2013, NDD, Gavin, and Hogan knew that the Watford West projected was suffering delays in construction and was significantly less profitable than expected.

73. At the time the SEC's complaint against NDD, Gavin, and Hogan ("SEC Complaint") was filed, the Watford West project was only partially operational. The Montana project has had some units on-site, but was not operational and it does not have any of the promised amenities, such as food or laundry. The Transhudson project has yet to have units placed on site or manufactured. Additionally, the Watford East project did not even start. There are no ground works and no units are in the process of being manufactured for the project.

B. The NDD Scheme and Its Perpetrators Defraud Investors.

74. Unfortunately for investors, delays and failed expectations were not the only issues plaguing their investments. According to the SEC Complaint, Gavin and Hogan were, among other things, misappropriating investor funds and making Ponzi-like payments to early investors.

75. According to the SEC Complaint, Gavin and Hogan misappropriated investor funds by spending it on unrelated projects for Gavin's and Hogan's benefit.

76. For example, Gavin and Hogan used $1.9 million of investor funds from its main operating account to finance an oil and gas project in the name of Augusta Explorations, LLC, of which NDD is a member. Gavin and Hogan also used at least $5.5 million of investor funds from its main operating account to engage in several real estate transactions in the United States that were unrelated to any of the investor projects.

77. Gavin and Hogan also were accused of misappropriating over $1.3 million of investor funds for their direct personal benefit. Hogan transferred over $1 million from the NDD operating account to his personal account in the United States and transferred $350,000 from NDD's operating account to a bank account in Malaysia for Gavin's benefit.

78. Additionally, NDD, Gavin, and Hogan spent at least $2.2 million of investor funds on items characterized by NDD as administrative overhead, including $1.97 million transferred from NDD's U.S. operating account into bank accounts in the United Kingdom in the name of NDD UK. These funds were used, among other things, to provide additional compensation to Gavin and Hogan and pay commissions to NDD employees for raising money for NDD's projects. Hogan also spent almost $250,000 from the NDD operating account on meals, alcohol, entertainment, and other expenses while working in the United States, even though inadequate accounting records exist to substantiate the business purpose of these amounts.

C. The NDD Scheme Made Ponzi-Like Payments to Early Investors.

79. According to the SEC Complaint, the Watford West project operated at a loss. As such, the Watford West project did not generate the profits necessary to pay the promised, "guaranteed" returns to investors.

80. To cover the cost of the shortfall, NDD transferred money from the primary NDD operating account that contained money from later stage investors to accounts in the name of North Dakota Developments Property Management LLC in order to pay returns to early stage investors.

81. Over $2.4 million in funds from later stage investors have been used by NDD to pay returns to investors in the Watford West project, according to the SEC Complaint. However, NDD ran out of money, and due to the fact that Watford West was unprofitable, NDD stopped paying Watford West investors their "guaranteed" returns.

D. The NDD Scheme's Securities Offerings Were Part of a Single, Integrated Offering.

82. As stated above, and as more fully detailed below, the sale of housing units coupled with management agreements of the same units, offering passive returns to investors, were "sale-leaseback" securities.

83. Such securities were publicly offered to investors in the United States and across the world.

84. The Watford West, Montana, Watford East, and Transhudson securities offerings overlapped and were conducted in parallel over a considerable period of time.

85. All NDD projects offered the same type (class) of securities and were marketed with similar offering documents, through the same channels and methods, and to the same investors.

86. All NDD projects were managed, overseen, and promoted by the same individuals.

87. All NDD projects raised money for the same purported purpose, and the description of such purpose is nearly identical in all the NDD projects' offering documents: to develop and manage short-term housing for those employed in the oil industry in the Bakken oil field region of North Dakota and Montana.

88. Units ostensibly purchased by investors were subject to the same sale-and-leaseback provisions as other units purchased and managed by the NDD Scheme.

89. As more fully described above, money invested in the NDD projects was commingled misappropriated, used for the benefit of Hogan and Gavin, and used to make Ponzi-like payments to early investors.

90. The NDD Scheme's offerings were part of a single plan of financing, were integrated, and compromised a single, unitary, and fraudulent securities offering that victimized all of the NDD Scheme investors.

91. Hence, investors in each and any of the offerings orchestrated by each of the NDD projects are similarly-situated investors in the NDD Scheme's integrated, single offering of securities.

92. The NDD Scheme's integrated, public offering of securities was unregistered, nonexempt, and fraudulent.

E. Plaintiffs and Members of the Putative Class Are Defendants' Clients.

93. Plaintiffs and members of the putative class, upon agreeing to invest in the NDD Scheme were mandated to pay legal fees for Defendants to review the documents relating to their purchases of investments from NDD.

94. Defendants were aware that Plaintiffs and members of the putative class were paying legal fees for Defendants to review documents relating to the purchase of the NDD investment made by Plaintiffs and members of the putative class.

95. The payment of such fees by Plaintiffs was made directly to Defendants, and as a separate amount from Plaintiffs' investments in the NDD Scheme securities.

96. Plaintiffs and members of the putative class paid Defendants considerable legal fees for Defendants' review of their investment-related documents.

97. In many instances, investors paid over $1,800 in legal fees for Defendants to review documents related to their NDD investment.

98. The payment of legal fees by Plaintiffs and members of the putative class to Defendants for Defendants to review such NDD investment-related documents, and Defendants' acceptance of such fees created an attorney-client relationship between the attorneys of Defendant Pearce & Durick and Plaintiffs and members of the putative class.

99. In addition to serving as attorneys to Plaintiffs and members of the putative class, Defendant Pearce & Durick served as the escrow agent/transfer agent for the NDD Scheme, and in its capacity as escrow agent/transfer agent, communicated with Plaintiffs and members of the putative class.[2]

F. Defendants Failed to Warn or Advise Members of the Putative Class That They Were Purchasing Unregistered Securities.

[2] Defendants played two separate and distinct roles in connection with the NDD Scheme: lawyers and escrow agents. In documents related to Defendants' role as escrow agent/transfer agent and setting forth Defendants' duties as escrow agent, investors were required to acknowledge, among others, that Defendants, in their capacity as escrow agent/transfer agent, offered no opinion or advice regarding the investor's investment. Plaintiffs are not asserting any claims against Defendants arising out of Defendants' role as escrow agent, the escrow relationship between themselves and Defendants, or the provision of escrow-related services.

100. Plaintiffs and members of the putative class became Defendants' legal clients upon paying legal fees for the review of their NDD investment-related documents.

101. Defendants never communicated to their clients, Plaintiffs, that what they were ultimately purchasing from NDD were securities in the form of investment contracts and LLC units.

102. The NDD projects offered to investors were "investment contracts," and are therefore securities under the Securities Act and the Exchange Act. The definition of a "security" under Section 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)] and Section 3(a)(10) of the Exchange Act [15 U.S.C. § 77c(a)(10)] includes "any. . . participation in any profit-sharing agreement [or] . . . investment contract."

103. The United States Supreme Court – in addition to numerous lower courts across the country – has repeatedly opined on the subject of sale-and-leaseback programs similar to the NDD Scheme, and has found such sale-and-leaseback arrangements are "investment contracts" within the meaning of federal securities laws.

104. Such United States Supreme Court seminal cases discussing "investment contract"/sale-leaseback securities as *Howey* (*SEC v. W.J. Howey Co.*, 328 U.S. 293 (1946)) (citrus groves sold to investors, coupled with management agreements where the sellers purported to manage the groves and pay passive returns to investors create "investment contract" securities) and *Edwards* (*SEC v. Edwards*, 540 U.S. 389 (2004)) (payphones sold to investors, coupled with management agreements where the sellers purported to manage the payphones and pay passive returns to investors create "investment contract" securities) are typically included in textbooks for Securities Regulation courses taught in law school, and are familiar to legal practitioners who advise investors and/or practice in the area of corporate law and/or financial regulations.

105. The NDD Scheme investments were investment contracts because investors made an investment of money in a common enterprise, with an expectation of profits to be derived solely from the efforts of the NDD Scheme (*see generally Howey, supra*).

106. The NDD Scheme marketed the projects as "investments" and referred to the prospective purchasers as "investors."

107. Plaintiffs and other investors sent money to NDD with the expectation of sharing in profits from NDD's real estate development activities.

108. Consistent with the management agreements signed by investors, *which were reviewed by Defendants*, investors expected that NDD would pool investor funds to develop the projects, manage investor units collectively once the project was operational, and distribute profits based on the project's overall success.

109. NDD also promised investors returns "regardless of the actual rental income received, whether higher or lower than the actual income derived from the" unit.

110. The investment contract was structured by NDD to ensure that no investor chose to manage their own unit.

111. NDD "strongly" recommended investors to select NDD to manage the unit and required that investors pay a punitive "lease" payment for renting the ground under their unit, a payment that was waived if an investor agreed to have NDD manage the unit.

112. Furthermore, NDD's promise of "guaranteed" returns was only available if NDD managed the unit.

113. Unsurprisingly, every investor selected NDD to manage their unit.

114. Investors expected the profits to come solely from NDD's real estate development and management activities. The investors were not required or expected to do anything besides

provide funds in order to receive their returns. NDD described investors' roles as "passive" in marketing materials.

115. NDD's offerings were never been registered with the SEC, or any other state securities authority, nor were they exempt from registration.

116. It is a violation of the securities laws and regulations to publicly offer or sell unregistered, nonexempt securities.

117. Such violation triggers, among other consequences, the right of rescission for every investor in the offering.

118. The fact that Plaintiffs and members of the Class were purchasing unregistered securities was never mentioned to them by Defendants.

119. Defendants failed to warn or advise Plaintiffs and members of the putative class they were purchasing unregistered securities, despite being paid legal fees by Plaintiffs and members of the putative class to review documents pertaining to their investment.

120. Plaintiffs and members of the putative class even received certificates for their investments. The receipt of certificates in return for a payment of money is *prima facie* evidence that Plaintiffs and members of the putative class purchased securities.

121. Basic knowledge of securities law would have provided the Defendants the ability to detect that NDD was selling unregistered securities, and as a result of being unregistered, were fraudulent.

122. Defendants failed to detect that their clients were in the process of purchasing unregistered securities while collecting legal fees to review documents that, if reviewed by an attorney with a basic knowledge of securities law, would have indicated NDD was selling securities.

123. Defendants were also unable to provide Plaintiffs and members of the putative class with an impartial review of the deal documents as Defendants were professionally and ethically conflicted because they represented both NDD and investors.

124. If Defendants would have warned or advised Plaintiffs and members of the putative class that they were purchasing fraudulent, unregistered securities, then Plaintiffs and members of putative class would not have invested in the NDD Scheme, or could have exercised their right of rescission immediately after their investment and before their funds would have been misused.

125. However, Defendants failed to detect and/or advise that NDD was selling unregistered securities to their clients, the Plaintiffs, and their clients were injured as a direct and proximate result of Defendants' failure.

V. CLASS ACTION ALLEGATIONS

126. Pursuant to Fed. R. Civ P. 23, Plaintiffs bring this action on behalf of themselves and putative class members as defined below:

> All persons who have purchased and/or invested in NDD-issued securities and paid legal fees to Defendants for the review of documents related to their purchase of and/or investment in NDD-issued securities.

Excluded from the proposed class: (a) Defendants, any entity in which Defendants have a controlling interest or which has a controlling interest in Defendants, and (b) Defendant's legal representatives, predecessors, successors and assigns. The requirements for maintaining this action as a class action are satisfied as follows.

127. Fed. R. Civ. P. 23(a)(1): Numerosity. The proposed class is so numerous and so geographically dispersed that the individual joinder of all absent class members is impracticable. While the exact number of absent class members is unknown to Plaintiffs at this time, it is

ascertainable by appropriate discovery and Plaintiffs are informed and believe, based on the nature of trade and commerce involved, that the proposed class may include hundreds of members, thus satisfying the requirements of Rule 23(a)(1).

128. Fed. R. Civ. P. 23(a)(2),: Common Questions of Law or Fact Predominate. Common questions of law or fact exist as to all members of the proposed class and predominate over any questions which affect only individual members of the proposed class. These common questions of law or fact include, but are not limited to:

a. whether Defendants were Plaintiffs' lawyers with regard to Plaintiffs' investments in securities offered and sold by the NDD Scheme;

b. whether Defendants owed Plaintiffs duties in their capacity of Plaintiffs' lawyers;

c. whether the investments offered by the NDD Scheme were securities;

d. whether such NDD Scheme securities were offered and sold in violation of the securities rules and regulations;

e. whether the NDD Scheme perpetrators defrauded the NDD Scheme investors;

f. whether Defendants committed legal and professional malpractice/negligence involving Plaintiffs and members of the putative class;

g. whether Plaintiffs and members of the putative class have suffered damages as a result of Defendants' conduct;

h. whether Plaintiffs and members of the putative class are entitled to damages, including punitive damages, and, if so, in what amount.

i. whether Defendants were unjustly enriched.

129. Fed. R. Civ. P. 23(a)(3) and (4): Typicality and Adequacy. Plaintiffs' claims are typical of the claims of the members of the putative class, and Plaintiffs will fairly and adequately represent the interests of the members of the class. Plaintiffs have retained counsel with substantial experience in prosecuting securities-related cases, and class actions and in complex litigation. Plaintiffs and their counsel are committed to vigorously prosecuting this action on behalf of the class, and have the financial resources to do so. Neither Plaintiffs nor their counsel has any interests adverse to those of the members of the class.

130. Fed. R. Civ. P. 23(b)(1)(B): A class action is appropriate because, the prosecuting of separate actions by or against individual members of the class would create a risk of adjudications with respect to individual class members that, as a practical matter, would be dispositive of the interest of the other members not parties to the individual adjudications or would substantially impair or impede their ability to protect their interests (non-opt out class).

131. Fed. R. Civ. P. 23(b)(2): A class action is appropriate because Defendants have acted, and/or failed to act, on grounds generally applicable to the representative Plaintiffs and the class, thereby making appropriate final injunctive relief and or declaratory relief with respect to the class.

132. Further, a class action is an appropriate method for the fair and efficient adjudication of this controversy, because there is no special interest in the members of the class or individually controlling the prosecution of separate actions. Absent a class action, most members of the class would likely find the cost of litigating their claims to be prohibitive, and will have no effective remedy at law. Absent class action, class members will continue to suffer harm and Defendants misconduct will proceed without remedy. The class treatment of common questions of law or fact is also superior to multiple individual actions or piecemeal litigation in that it conserves the resources of the courts and the litigants, and promotes consistency and efficiency of adjudication.

VI. COUNTS

COUNT I: Professional Malpractice / Negligence

133. Plaintiffs and the putative class members hereby incorporate by reference the preceding paragraphs as though fully set forth herein.

134. Defendants had an attorney client relationship with Plaintiffs and the putative class members.

135. Defendants owed duties as attorneys to Plaintiffs and the putative class members.

136. Defendants breached those duties to Plaintiffs and the putative class members including the following which is not exhaustive:

a) Defendants failed to recognize that NDD was conducting an offering of unregistered securities, despite the fact that it reviewed documents that, on their face, indicated that NDD was conducting a securities offering; and

b) Defendants failed to alert Plaintiffs that they were purchasing unregistered securities issued by NDD.

137. Defendants breached their duties to Plaintiffs and the putative class members which was the proximate cause of damages to Plaintiffs and the putative class members.

138. Plaintiffs and members of the putative class were injured as a result of Defendants' breaches of their duties.

139. Had Defendants not breached their duties to Plaintiffs and members of the putative class, then Plaintiffs and members of the putative class would not have been injured.

COUNT II: Unjust Enrichment

140. Plaintiffs and the putative class members hereby incorporate by reference the preceding paragraphs as though fully set forth herein.

141. Defendants were enriched by their taking legal fees of the Plaintiffs and putative class members.

142. Plaintiffs and the putative class members were impoverished by Defendants taking of legal fees as set forth above.

143. The enrichment and impoverishment set forth above are related and interconnected because of the relationship between Defendants and the Plaintiffs and the putative class members.

144. Defendants had no justification for their own enrichment, and the resulting impoverishment by the Plaintiffs and putative class members

145. Plaintiffs and the putative class members suffered damages as a proximate cause of the above.

COUNT III: Third Party Beneficiary of Attorney-Client Relationship

146. Plaintiffs and the putative class members hereby incorporate by reference the preceding paragraphs as though fully set forth herein.

147. An attorney-client relationship existed between Defendants and NDD.

148. Plaintiffs and members of the putative class were third-party beneficiaries of the attorney-client relationship between Defendants and NDD.

149. Defendants had a duty to advise Plaintiffs and members of the putative class that NDD was selling unregistered securities, not housing units, to Plaintiffs and members of the putative class.

150. Defendants were negligent in the following ways, which is not exhaustive:

a) Defendants failed to recognize that NDD was conducting an offering of unregistered securities, despite the fact that it reviewed documents that, on their face, indicated that NDD was conducting a securities offering; and

b) Defendants failed to alert Plaintiffs that they were purchasing unregistered securities issued by NDD.

151. Plaintiffs and the putative class members suffered damages which was proximately caused by Defendants' negligence.

DISCOVERY RULE / TOLLING OF STATUTE OF LIMITATIONS

152. Plaintiffs and the putative class members hereby incorporate by reference the preceding paragraphs as though fully set forth herein.

153. Defendants' conduct was and is, by its nature, self-concealing. Through a series of affirmative acts or omissions, Defendants suppressed the dissemination of truthful information regarding the illegal conduct, and have actively foreclosed Plaintiffs and the putative class members from learning of their illegal, unfair and/or deceptive acts.

154. By reason of the foregoing, the claims of Plaintiffs and the putative class members are timely under any applicable statute of limitations, pursuant to the discovery rule, the equitable tolling doctrine, and fraudulent concealment.

WHEREFORE, Plaintiffs and the putative class members respectfully request that the Court enter judgment in their favor and against Defendants as follows:

A. Determine that the action is a proper class action pursuant to Fed. R. Civ. P. 23; appoint Plaintiffs as class representatives; and appoint Plaintiffs' counsel as counsel for putative class members;

B. Enter judgment in favor of Plaintiffs and putative class members and against Defendants;

C. Find that Defendants are liable to the Plaintiffs and the putative class members as a result of their failure to identify that Plaintiffs were purchasing unregistered securities and, as a result, failed to warn or advise the Plaintiffs that they were purchasing unregistered securities;

D. Award Plaintiffs and putative class members compensatory damages;

E. Award Plaintiffs and putative class members their consequential and incidental damages;

F. Award Plaintiffs and putative class members pre-judgment and post-judgment interest as provided by law;

G. Award Plaintiffs and putative class members punitive damages as provided by law;

H. Impose a constructive trust and equitable lien in favor of Plaintiffs, and putative class members, against all money paid to and/or wrongfully withheld by the Defendants;

I. Award Plaintiffs, and putative class members, attorneys' fees and costs as provided by law; and

J. Award Plaintiffs, and putative class members, such other and further relief as may be just and proper.

B. JURY DEMAND

Plaintiffs and putative class members requests that all issues herein shall be tried to a jury.

June 24, 2015

Respectfully submitted

By:/s/ Mac J. Schneider__________
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