

UNITED STATES DISTRICT COURT
FOR THE
MIDDLE DISTRICT OF FLORIDA

EDWARD R. WEBB; KENNETH W. LILES;
PATRICIA M. LILES; JAMES JOSEPHSON;
WILLIAM J. ANDREWS, JR.; MARK R.
ROODVOETS; JON D. ANDREWS;
CHARLES B. LESESNE; JERRY A.
CICOLANI, JR.; KRIS BRENNEMAN;
SUSAN KHERKHER; THOMAS E. LAMMERTSE;
MARY L. SIPSKI; RONALD P. VAN as trustee of
the Ronald P. Van Jr. Revocable Trust; KATHY JO VAN,
as Trustee of the Kathy Jo Van Revocable Trust,

Plaintiffs,

Case No. 3: 09-cv-00516-MMH-JRK

vs.

DEFENDANTS Ginn Financial
SERVICES; Bahamas Sales
ASSOCIATE, LLC; Ginn-LA West End
LIMITED; THE GINN COMPANIES, LLC;
Ginn Development COMPANY, LLC;
ROBERT F. Robert Masters II; EDWARD R.
GINN, III; WILLIAM William McCracken;
MARK E. Mark Cook; JOHN DOES 1-15,

Defendants.

SECOND AMENDED COMPLAINT AND DEMAND FOR JURY TRIAL

PLAINTIFFS, for their Complaint herein, allege as follows:

JURISDICTION

1. This Court has jurisdiction in this action pursuant to 28 U.S.C. § 1331 and 18 U.S.C. § 1964(a) and (c).
2. This Court has supplemental jurisdiction, pursuant to 28 U.S.C. § 1367(a), over the state common-law claims alleged herein
3. This Court has personal jurisdiction over the Defendants and each of them pursuant to 18 U.S.C. §§ 1965(a) and (d). This Court has personal jurisdiction over the Defendants and each of them because at all times relevant to this Complaint, Defendants, either individually or through their agents, officers or representatives, engaged in and carried on business activities in the State of Florida relating to the allegations herein; maintained business offices in the State of Florida; committed statutory violations within the State of Florida, as alleged herein; and caused injuries to Plaintiffs that arose out of acts or omissions that occurred within the State of Florida, as alleged herein.

VENUE

4. Venue for this action is appropriate in this Court under 18 U.S.C. § 1965 and 28 U.S.C. § 1391(b) and (c) because a substantial part of the events or omissions giving rise to the claims herein occurred in this district and division, and because several of the Defendants reside and/or transact business in this district and division.

THE PARTIES

5. Plaintiff Edward R. Webb ("Webb") is and, at all times relevant to the allegations herein, was a resident of the State of Georgia who entered into a contract for the purchase of and

did purportedly purchase an undeveloped parcel of real property in the Versailles Sur Mer subdivision on Grand Bahama Island (“VSM” or the “VSM Subdivision”), which was alternatively marketed as Ginn Sur Mer.

6. Plaintiffs Kenneth W. Liles and Patricia M. Liles (“Liles”) are and, at all times relevant to the allegations herein, were residents of the State of Florida who purportedly entered into a contract for the purchase of and did purportedly purchase an undeveloped parcel of real property in VSM.

7. Plaintiff James Josephson (“Josephson”) is and, at all times relevant to the allegations herein, was a resident of the State of New York who entered into a contract for the purchase of and did purportedly purchase an undeveloped parcel of real property in VSM.

8. Plaintiff William J. Andrews, Jr. (“W. Andrews”) is and, at all times relevant to the allegations herein, was a resident of the State of South Carolina. Plaintiff Mark R. Roodvoets (“Roodvoets”) is and, at all times relevant to the allegations herein, was a resident of the State of South Carolina. Plaintiff Jon D. Andrews (“J. Andrews”) is and, at all times relevant to the allegations herein, was a resident of the State of South Carolina. Plaintiff Charles B. Lesesne (“Lesesne”) is and, at all times relevant to the allegations herein, was a resident of the State of Florida. Plaintiffs W. Andrews, Roodvoets, J. Andrews and Lesesne (collectively “Andrews Group”) together did enter into a contract for the purchase of and did purportedly purchase an undeveloped parcel of real property in VSM.

9. Plaintiffs Jerry A. Cicolani, Jr. and Kris Brenneman (“Cicolani Partnership”) are and, at all times relevant to the allegations herein, were residents of the State of Ohio who purportedly entered into a contract for the purchase of and did purportedly purchase an undeveloped parcel of real property in VSM.

10. Plaintiff Susan C. Kherkher (“Kherkher”) is and, at all times relevant to the allegations herein, was a resident of the State of Texas who entered into a contract for the purchase of and did purportedly purchase an undeveloped parcel of real property in VSM.

11. Plaintiffs Thomas E. Lammertse and Mary L. Sipski (“Lammertse”) are and, at all times relevant to the allegations herein, were residents of the State of New Jersey who entered into a contract for the purchase of and did purportedly purchase an undeveloped parcel of real property in VSM.

12. Plaintiffs Ronald P. Van, as trustee of the Ronald P. Van Jr. Revocable Trust u/a/d August 25, 2006 and Kathy Jo Van, as Trustee of the Kathy Jo Van Revocable Trust u/a/d August 26, 2006 (“Van”) are and, at all times relevant to the allegations herein, were residents of the State of Illinois who entered into a contract for the purchase of and did purportedly purchase an undeveloped parcel of real property in VSM.

13. Upon information and belief, Defendant Ginn Financial Services (“Ginn Financial”) is a Georgia Limited Liability Company formed in June, 2005 with its principal place of business at 215 Celebration Place, Suite 200, Celebration, Florida 34747. The 2006-2008 Florida Annual Reports for Defendant Ginn Financial list Defendant Robert Masters as its Manager. The 2009 Florida Annual Report for Defendant Ginn Financial lists Defendant Bobby Ginn as its Manager.

14. Defendant Bahamas Sales Associate, LLC (“Bahamas Sales Associate”) is a Delaware corporation formed in August 2006 with its principal place of business at 215 Celebration Place, Suite 200, Celebration, Florida 34747. The 2007 and 2008 Florida Annual Reports for Defendant Bahamas Sales Associate lists Defendant Robert Masters as its Manager. The 2009 Florida Annual Report for Defendant Bahamas Sales Associate lists Defendant Bobby Ginn as its Manager.

15. Defendant Ginn-LA West End, LIMITED ("Ginn-LA West End") is a foreign corporation with its principal place of business at 215 Celebration Place, Suite 200, Celebration, Florida 34747. The 2008 Florida Annual Report for Defendant Ginn-LA West End lists Defendant Bobby Ginn as its Chairman and Defendant Robert Masters as its President. The 2009 Florida Annual Report for Defendant Ginn-LA West End lists Defendant Bobby Ginn as its President.

16. Defendant Ginn Development Company, LLC ("Ginn Development") is a Georgia company with its principal place of business located at 215 Celebration Place, Suite 200, Celebration, Florida 34747. "The Ginn Company" and "Ginn Clubs & Resorts" are trade names or brand names owned by Defendant Ginn Development. Defendant Ginn Development at times operates through its own name and at times as The Ginn Company or as Ginn Clubs & Resorts. The 2004-2005 Annual Reports for Defendant Ginn Development list Defendant Bobby Ginn, Dean S. Adler, Ira M. Lubert, Neil B. Faucett and John G. Morris as its managers. The 2006-2008 Annual Reports for Defendant Ginn Development list Defendant Robert Masters as its manager. The 2009 Annual Report for Defendant Ginn Development lists Defendant Bobby Ginn as its manager.

17. Defendant Robert Masters II ("Robert Masters") resides at 184 Sea Colony Parkway, Saint Augustine, Florida 32080-6765. At certain times relevant to the allegations herein, Defendant Robert Masters served as the President of Defendant Ginn-LA West End. In addition, at certain times relevant to the allegations herein Defendant Robert Masters served as the Executive Vice President of Defendant Ginn Development.

18. Defendant Edward R. ("Bobby") Ginn, III ("Bobby Ginn") resides at 42 Island Estates Parkway, Palm Coast, Florida 32137. At all times relevant to the allegations herein,

Defendant Bobby Ginn has served as the Chairman of Defendant Ginn-LA West End and the Chairman and CEO of Defendant Ginn Development.

19. Upon information and belief, Defendant William McCracken ("William McCracken") resides in the State of Florida. At certain times relevant to the allegations herein, Defendant William McCracken has served as an officer of Defendant Ginn Financial.

20. Upon information and belief, Defendant Mark E. Cook ("Mark Cook") resides in the State of Florida. Upon further information and belief, at all times relevant to the allegations herein, Defendant Mark Cook has served as an officer of Defendant Ginn Financial.

21. At certain times relevant to the allegations herein, Defendant Robert Masters was directly responsible for the management of Defendants Ginn Financial, Bahamas Sales, Ginn-LA West End and Ginn Development.

22. At all times relevant to the allegations herein, Defendant Bobby Ginn was directly responsible for the management of Defendants Ginn Financial, Bahamas Sales, Ginn-LA West End and Ginn Development.

23. At all times relevant to the allegations herein, Defendants William McCracken and Mark Cook were directly responsible for the management of Defendant Ginn Financial.

24. At all times relevant to the allegations herein, Defendant Bobby Ginn was personally and directly involved in the marketing of lots in VSM.

25. At all times relevant to the allegations herein, Defendant Bobby Ginn used the corporate forms of Defendants Ginn Financial, Bahamas Sales, Ginn-LA West End and Ginn Development, as well as other corporate entities bearing the Ginn name but presently unknown to Plaintiffs, for the purpose of defrauding investors in VSM.

26. At all times relevant to the allegations herein, Defendants Ginn Financial, Bahamas Sales, Ginn-LA West End and Ginn Development were corporate entities operated by Defendant Bobby Ginn for a fraudulent purpose. As a result of the actions perpetrated by and through Defendants Ginn Financial, Bahamas Sales, Ginn-LA West End and Ginn Development, Defendant Bobby Ginn engaged in fraud and self-dealing and was unjustly enriched, all to the detriment of investors in VSM.

27. Each Defendant is sued individually as a primary violator and as an aider and abettor. In acting to aid and abet the commission of the fraud and other wrongful conduct complained of herein, each Defendant acted with an awareness of the fraud and other wrongful conduct. Each Defendant rendered substantial assistance or encouragement to the accomplishment of that fraud and was aware of its overall contribution to the conspiracy, scheme, and common course of wrongful conduct alleged herein:

a. The Credit Suisse Fraud:

- i. Fraudulently representing to Plaintiffs that VSM was separately owned by an independent project partnership, Defendants GLA, that was solely and exclusively responsible for the obligations and liabilities incurred in connection with the acquisition, development, financing, marketing, management and operations of VSM.
- ii. Knowing, at the time these representations were made, that they were false and misleading because Defendant Bobby Ginn had pledged his ownership interests, along with the ownership interests of his financial partner Lubert-Adler, in Defendant GLA as collateral for a \$675 million Credit Suisse Credit Facility ("CSCF") that was used to provide a \$332

million distribution to Lubert-Adler and Defendant Bobby Ginn and that was used to fund the development of four theoretically independent Ginn developments, including VSM.

b. The Appraisal Fraud Scheme:

- i. Setting inflated prices for VSM lots in order to obtain the \$675 million CSCF, without first conducting appraisals on those lots, which appraisals met the Uniform Standards of Professional Appraisal Practice.
- ii. Offering mortgage loans for VSM lots through Defendant Ginn Financial, in an effort to control the appraisal process necessary for lot financing.
- iii. Suborning the use of fraudulently inflated appraisals that did not meet the Uniform Standards of Professional Appraisal Practice in order to justify the financing of VSM lot purchases at the pre-established prices originally set for purposes of obtaining the \$675 million CSCF.

28. Each Defendant is joined in this action as a co-conspirator. Liability arises from the fact that each Defendant entered into an agreement with the other Defendants to commit or to participate in the commission of all or part of the unlawful acts, plans, schemes, transactions and artifices to defraud described in Paragraph 27, above.

GENERAL FACTS

I. **August 2005: Ginn-LA International Business Company Buys the VSM Land for \$ 7.5 Million**

29. Ginn-LA International Business Company, Ltd. ("GLA-IBC") is a Bermuda International Business Company that is a parent company for Defendant GINN-LA WEST END.

30. Pursuant to an August 17, 2005 Stock Purchase Agreement, GLA-IBC purchased all of the outstanding capital stock of Grand Bahama Hotel Company ("GBHC") for a purchase price of \$7.5 million. At the time of the August 17, 2005 stock purchase, GBHC's sole asset was 2,035 acres of property located in the Settlement of West End on Grand Bahama Island ("VSM Land"), and GBHC conducted no business operations other than the ownership of the VSM Land. Defendant Robert Masters executed the August 17, 2005 Stock Purchase Agreement as the President of GLA-IBC.

II. June 8, 2006: Defendant Ginn Development Obtains the \$675 Million CSCF

A. The Credit Suisse Syndicated Term Loan

31. On or about late 2004 or early 2005, Credit Suisse began marketing a new loan product referred to as a syndicated term loan.

32. One entity that took out the Credit Suisse syndicated term loan was the Yellowstone Mountain Club in Montana ("Yellowstone Club"). Sometime after it received its Credit Suisse loan, the Yellowstone Club fell into bankruptcy. In Adversary Proceedings in the Yellowstone Club bankruptcy (U.S. Bankruptcy Court for the District of Montana, Case No. 09-00014), the Court issued a June 11, 2009 Memorandum of Decision (Doc. No. 292), in which it set forth the following facts:

- a. "In or around December of 2004, Jeffrey Barcy ("Barcy"), a Director in Credit Suisse's Investment Banking Division, made several attempts to send Blixseth [an owner of Yellowstone] and his secretary or assistant emails that contained a two to three-page teaser, providing Blixseth with a brief overview of Credit Suisse and its new loan product referred to as a syndicated term loan, which was described to

Blixeth as something akin to a 'home-equity loan.'" (Yellowstone Memorandum of Decision at 22.)

- b. "Credit Suisse was specifically trying to 'break new ground with a product by doing real estate loans in the corporate bank loan market.' Through its new syndicated term loans, Credit Suisse was able to offer a loan product the size of which had previously been unavailable to borrowers." (*Id.* at 22-23.)
- c. "Barcy testified that Credit Suisse's syndicated loan product had previously been marketed to other master-planned residential and recreational communities such as Tamarack Resort, Promontory, Ginn, Turtle Bay, and Lake Las Vegas. Each of the above entities received a syndicated loan from Credit Suisse's Cayman Islands branch, which allowed the equity holders in said entities to take sizeable distributions from all or part of the Credit Suisse loan proceeds." (*Id.* at 23.)
- d. "Similar to the syndicated loans to Tamarack Resort, Promontory, Ginn, Turtle Bay and Lake Las Vegas, the Yellowstone Club Credit Agreement was originally drafted to provide that the proceeds of the loan would be used, in part, for 'distributions' to members of the Borrow for purposes unrelated to the Yellowstone Development." (*Id.* at 24.)
- e. "As previously noted, the transfer of loan proceeds out of the Yellowstone Club was a key feature of the product that Credit Suisse used to sell the loan. Yankauer testified that the cornerstone of this loan product was that it allowed preferred resort owners, such as Blixeth, to capitalize on the value of their asset." (*Id.* at 28.)

33. Prior to the Yellowstone Club obtaining its Credit Suisse loan, Cushman & Wakefield was retained to conduct an appraisal of the Yellowstone Club property. Cushman & Wakefield's appraisal was based upon future cash flow projections provided by the Yellowstone Club.

B. Defendants Ginn Development, Bobby Ginn, Robert Masters and Ginn-LA West End Obtain the \$675 Million CSCF, Which Allows Defendant Bobby Ginn and Lubert-Adler to Take a \$332 Million Distribution By Pledging the Future Value and Control of Five Ginn Developments, including VSM

34. Defendants Ginn Development, Bobby Ginn, ROBERT Robert Masters and Ginn-LA West End, caused two other Ginn entities called Ginn-LA CS Borrower, LLC ("CS BORROWER") and Ginn-LA Conduit Lender, Inc. ("CONDUIT LENDER") (collectively, "CSCF Borrowers") to obtain the \$675 Million CSCF.

35. In order to obtain the \$675 Million CSCF, Defendants Ginn Development, Bobby Ginn, Robert Masters and Ginn-LA West End submitted certain information on the CSCF and the CSCF Borrowers to the rating agency Standard & Poor's. In a May 16, 2006 publication entitled, "Research Update: Issuer Credit, Bank Loan Ratings Assigned to Ginn-LA CS Borrower and Ginn-LA Conduit Lender," Standard & Poor's reported the following about the \$675 Million CSCF:

- a. The \$675 Million CSCF was comprised of a \$385 million first-lien term loan, a \$165 million first-lien synthetic revolving credit facility, and a \$125 million second-lien term loan.
- b. The CSCF Borrowers were "single-purpose entities formed to recapitalize five limited liability partnerships that each control a master-planned resort community" (collectively the "CSCF Projects"):

- i. Tesoro, a mature community in Port St. Lucie, Florida;
 - ii. Quail West, a mature community located in Naples, Florida;
 - iii. Hammock Beach River Club, located in Palm Coast, Florida;
 - iv. Laurelmere, a planned development in the Blue Ridge Mountains of North Carolina; and
 - v. The VSM Subdivision on Grand Bahama Island.
- b. Substantially all of the assets of the Co-Borrowers and each subsidiary guarantor, including all land and improvements, secure the loans.
 - c. "Under cash flow projections, which are supported by Cushman & Wakefield appraisals, all debt is expected to be repaid by the end of 2008."

36. The May 16, 2006 Standard & Poor's report also noted factors that could negatively impact the ability of the CSCF Borrowers to meet the repayment obligations under the \$675 million CSCF, including:

- a. "the generally speculative nature of master-planned community development in general"
- b. "the considerable infrastructure requirements at two of the Co-Borrowers' communities"
- c. "In aggregate, the five communities are expected to generate more than \$1.5 billion in cash flow from the sale of single-family lots and condominium lots. Sales are slated to occur through 2016, though nearly 60% is expected to occur by the end of 2008."

- d. “While recent softness in demand for higher-end homes may negatively affect pricing and/or absorption rates for the Co-Borrowers’ land parcels, reasonable cash flow assumptions should provide ample cushion if sales fall modestly below expectations.”
- e. Two of the communities, Laurelmere and VSM, “are more speculative in nature with substantially less investment in completed infrastructure and less applicable sales comparables.”
- f. “West End Grand Bahama Island is the most ambitious of the five communities, covering 1,957 acres along six miles of oceanfront on Grand Bahama Island. Amenities will include two golf courses, a water park, a casino, and one of the world’s largest private marinas. The sale of 1,858 single-family lots and 4,396 condominium lots is expected to generate 41% of anticipated cash flow. Revenue assumptions appear to be supported by 3,000 existing (but noncontractual) reservations. However, escalating development costs could negatively affect ultimate cash flow.”

37. Some portion of the \$675 million CSCF was intended to recapitalize each of the CSCF Projects.

38. The ability of the Credit Suisse Co-Borrowers to meet the payment obligations under the Credit Suisse Credit Facility was dependent upon cash flow from projected lot sales in each of the CSCF Projects in the following percentages:

- a. Tesoro: 14%
- b. Quail West: 10%

- c. Hammock Beach: 6%
- d. Laurelmore: 29%
- e. VSM Subdivision: 41%

39. The VSM lot prices developed in the spring of 2006 to support these cash flow projections were not based upon appraisals meeting the Uniform Standards of Professional Appraisal Practice.

40. The amortization on the Credit Suisse Credit Facility was accelerated, requiring that balances be repaid with excess cash flow until one-half of the first-lien balance was repaid. Thereafter, 50% of excess cash flow was required to be applied to the outstanding balances.

41. Shortly after the June 8, 2006 closing on the \$675 million CSCF, there was disagreement within the Ginn organization about how to close VSM lot sales at a sufficient rate to meet the projected lot sales that were utilized to obtain the \$675 million CSCF. A June 16, 2006 email from John Gantt, the head of sales for Ginn Development, reports:

I just had the pleasure of speaking to Bobby. He asked what we are doing sales wise at Versailles at the moment. I told him that we are getting ready to bring some of the back lots on the market, exactly what I thought we all talked about in Greenville. He told me in no uncertain terms that he had instructed us to sell 110 more Ocean lots and he said he wanted it done in the next 60 days. He also said not to sell back lots until those 110 were sold. He jumped my ass over and over. Please let me know your thoughts ASAP.

42. In a June 19, 2006 email, Myles Newell writes to John Gantt and others, disagreeing with the suggestion from "Bobby" that the sales team only sell Ocean lots instead of other lots at VSM. He indicates that the sales team would attempt to sell Ocean lots and might reach 110 sales, but that they should also attempt to close sales on other VSM lots with reservation holders

who would be more likely to buy the other lots (which were being offered at lower prices). He concludes:

In summation – We have lots available for sale, we have people that want to buy them, we need to generate a large amount of revenue in a very short period of time – I do not know why we would not stay on this plan. It will not take away from trying to sell as many oceanfronts as possible. However, if we do not release any other inventory and put all our eggs in the oceanfront lots we have not fall back plan and our chance for failure rises drastically in my opinion. John, please go over this with Bobby or set up a time for all of us to go over it with him or simply forward him my email. I will do whatever I can to keep us on this path.

43. Faced with the prospect of meeting the staggering projections for lot sales provided in connection with efforts to obtain the \$675 million CSCF, Defendants Ginn Development and Bobby Ginn were expressing concerns only days after closing on the \$675 million CSCF that they would not meet those lot sale projections.

C. The \$675 Million CSCF Provided for a \$332 Million Distribution to Lubert-Adler and Defendant Bobby Ginn, While it Risked Both the Future of Defendant GLA and the Development of VSM

44. The May 16, 2006 Standard & Poor's Report stated that proceeds of the \$675 million CSCF would be used to pay "a very large distribution to the equity sponsors (\$332 million)," referring to "affiliates of" Defendant Bobby Ginn and certain Lubert-Adler funds.

45. Under the terms of the \$675 million CSCF, Defendant Ginn-LA West End was liable for the full amount of the loan in the event of a default.

46. Under the terms of the \$675 million CSCF, Lubert-Adler and Defendant Bobby Ginn pledged as collateral their ownership interests in two entities:

- a. Ginn-LA West End Ltd., LLLP, a limited liability limited partnership organized under the laws of Georgia; and

- b. Ginn-West End GP, LLC, a limited liability company organized under the law of Georgia.

47. Ginn-LA West End Ltd., LLLP owns Ginn-LA International Business Company, Ltd., which in turn owns Defendant Ginn-LA West End, Limited. Ginn-West End GP, LLC owns a part of Ginn-LA West End Ltd., LLLP.

48. Ginn-LA West End Ltd., LLLP and Ginn-West End GP, LLC (collectively the "West End Entities") indirectly own the VSM Land. Thus, by pledging their interests in the West End Entities, Lubert-Adler and Defendant Bobby Ginn:

- a. Pledged as collateral their ownership and control of Defendant Ginn-LA West End, the developer of VSM;
- b. Pledged as collateral Defendant Ginn-LA West End's interests in the VSM Land;
- c. Risked losing control over the development of VSM; and
- d. Risked the future of the development of VSM.

49. In addition, under a Promissory Note dated June 9, 2006, Defendant Ginn-LA West End Limited purportedly borrowed \$276,750,000.00 from Conduit Lender, in exchange for which Defendant Ginn-LA West End gave Conduit Lender a mortgage in the same amount on the VSM Land. Conduit Lender, in turn, transferred the \$276,750,000.00 mortgage on the VSM Land to Credit Suisse. Thus, by mortgaging the VSM Land for \$276,750,000.00:

- a. Defendant Ginn-LA West End took a piece of property purchased on August 17, 2005 for a purchase price of \$7.5 million and encumbered it with a \$276,750,000.00 mortgage.

50. It is unclear whether Defendant Ginn-LA West End Limited actually received any part of the \$276,750,000.00 it purportedly borrowed from Conduit Lender in exchange for the \$276,750,000.00 mortgage on the VSM Land.

III. July 2006 to March 2007: Defendant Ginn-LA West End Fraudulently Represents to Plaintiffs That VSM is Separately Owned by an “Independent Project Partnership” that Is “Solely and Exclusively Responsible for the Obligations and Liabilities Incurred In Connection with the Acquisition, Development, Financing, Marketing, Management and Operations” of VSM

51. On July 28, 2006, Defendant Ginn-LA West End entered into a Contract for Lot Purchase with Plaintiffs Liles (“Liles Contract”). The Liles Contract stated, at Paragraph 36:

Each Ginn Community is separately owned by an independent Project Partnership, and each such Project Partnership is solely and exclusively responsible for the obligations and liabilities incurred in connection with the acquisition, development, financing, marketing, management, and operations of the specific Ginn Community owned by such Project Partnership.

52. On October 5, 2006, Defendant Ginn-LA West End entered into a Contract for Lot Purchase with Plaintiffs the Cicolani Partnership (“Cicolani Partnership Contract”). The Cicolani Partnership Contract stated, at Paragraph 36:

Each Ginn Community is separately owned by an independent Project Partnership, and each such Project Partnership is solely and exclusively responsible for the obligations and liabilities incurred in connection with the acquisition, development, financing, marketing, management, and operations of the specific Ginn Community owned by such Project Partnership.

53. On October 17, 2006, Defendant Ginn-LA West End entered into a Contract for Lot Purchase with Plaintiff Josephson (“Josephson Contract”). The Josephson Contract stated, at Paragraph 36:

Each Ginn Community is separately owned by an independent Project Partnership, and each such Project Partnership is solely and exclusively responsible for the obligations and liabilities incurred in connection with the acquisition, development, financing, marketing, management, and operations of the specific Ginn Community owned by such Project Partnership.

54. On October 23, 2006, Defendant Ginn-LA West End entered into a Contract for Lot Purchase with Plaintiffs the Andrews Group ("Andrews Group Contract"). The Andrews Group Contract stated, at Paragraph 36:

Each Ginn Community is separately owned by an independent Project Partnership, and each such Project Partnership is solely and exclusively responsible for the obligations and liabilities incurred in connection with the acquisition, development, financing, marketing, management, and operations of the specific Ginn Community owned by such Project Partnership.

55. On December 12, 2006, Defendant Ginn-LA West End entered into a Contract for Lot Purchase with Plaintiff Webb ("Webb Contract"). The Webb Contract stated, at Paragraph 36:

Each Ginn Community is separately owned by an independent Project Partnership, and each such Project Partnership is solely and exclusively responsible for the obligations and liabilities incurred in connection with the acquisition, development, financing, marketing, management, and operations of the specific Ginn Community owned by such Project Partnership.

56. On February 5, 2007, Defendant Ginn-LA West End entered into a Contract for Lot Purchase with Plaintiff Kherkher ("Kherkher Contract"). The Kherkher Contract stated, at Paragraph 36:

Each Ginn Community is separately owned by an independent Project Partnership, and each such Project Partnership is solely and exclusively responsible for the obligations and liabilities incurred in connection with the acquisition, development, financing, marketing, management, and operations of the specific Ginn Community owned by such Project Partnership.

57. On February 12, 2007, Defendant Ginn-LA West End entered into a Contract for Lot Purchase with Plaintiffs Lammertse ("Lammertse Contract"). The Lammertse Contract stated, at Paragraph 36:

Each Ginn Community is separately owned by an independent Project Partnership, and each such Project Partnership is solely and exclusively responsible for the obligations and liabilities incurred in connection with the acquisition, development, financing, marketing, management, and operations of the specific Ginn Community owned by such Project Partnership.

58. On March 8, 2007, Defendant Ginn-LA West End entered into a Contract for Lot Purchase with Plaintiffs Van ("Van Contract"). The Van Contract stated, at Paragraph 36:

Each Ginn Community is separately owned by an independent Project Partnership, and each such Project Partnership is solely and exclusively responsible for the obligations and liabilities incurred in connection with the acquisition, development, financing, marketing, management, and operations of the specific Ginn Community owned by such Project Partnership.

59. The representations set forth in Paragraphs 29-36, above were false in that Defendant Ginn-LA West End knew it was liable for the full amount of the \$675 million CSCF, notwithstanding the facts that: (a) the \$675 million CSCF was intended to recapitalize each of the CSCF Projects; and (b) the ability of the CSCF Borrowers to meet the payment obligations under the \$675 million CSCF was dependent upon cash flow from projected lot sales in all of the CSCF Projects.

IV. June 2006 to August 2006: Defendants Bobby Ginn, Robert Masters and Ginn Financial Arrange for VSM Lot Financing with Defendant Ginn Financial In Order to Manipulate the Appraised Value of VSM Lots and the Corresponding Mortgage Loan Amounts Provided to VSM Purchasers

60. Defendant Ginn Financial was formed in June 2005 and became a licensed mortgage lender in the State of Florida on October 4, 2005.

61. In the summer and early fall of 2006, Defendants Ginn Financial, Ginn-LA West End, Ginn Development, Robert Masters, Bobby Ginn, William McCracken and Mark Cook took steps to allow Defendant Ginn Financial to offer 80% loan-to-value financing for VSM lot purchases.

62. Defendants Ginn Development, Ginn Financial, Robert Masters, Bobby Ginn, William McCracken and Mark Cook recommended to Plaintiffs that they could obtain 80% loan-to-value financing for VSM lot purchases through Defendant Ginn Financial.

63. Defendants Ginn-LA West End, Ginn Development, Robert Masters, Bobby Ginn, William McCracken and Mark Cook created and utilized marketing communications naming Defendant Ginn Financial as the preferred lender for VSM lot purchasers.

64. Defendants Ginn-LA West End, Ginn Development, Robert Masters, Bobby Ginn, William McCracken and Mark Cook created or caused to be created a website for VSM ("VSM Website"). The VSM Website stated that Defendant Ginn Financial was "the preferred lender for Ginn buyers," with "specialized loan programs for Ginn Sur Mer." The VSM Website further stated that Ginn Financial Services' "in-house financing eliminates communications issues and expedites the closing process."

65. The VSM Website further stated that Defendant Ginn Financial was "a licensed mortgage lender in the State of Florida; License # L100000558788." This representation was false in that the license number listed on the VSM Website does not match the license number issued to Defendant Ginn Financial by the State of Florida.

66. Defendants Ginn-LA West End, Ginn Development, Robert Masters, Bobby Ginn, William McCracken and Mark Cook caused prospective VSM lot purchasers seeking financing to be directed to Defendant Ginn Financial.

67. Plaintiffs Webb, Liles, Josephson, Andrews Group, Cicolani Partnership, Kherkher and Lammertse (collectively "Mortgagor Plaintiffs") undertook the mortgage loan application process for VSM mortgage loans with loan officers purporting to represent Defendant Ginn Financial.

68. Defendant Ginn Financial provided applications to the Mortgagor Plaintiffs, ordered appraisals for the VSM lots being purchased by the Mortgagor Plaintiffs, underwrote and

approved applications for VSM mortgage loans for the Mortgagor Plaintiffs, and provided the Mortgagor Plaintiffs with federally mandated mortgage loan disclosures.

69. From around August 2006 through March 2007, Defendants Ginn Financial, Robert Masters, Bobby Ginn, William McCracken and Mark Cook sent the Mortgagor Plaintiffs a variety of loan documents, all of which indicated that Defendant Ginn Financial was the lender for the Mortgagor Plaintiffs' VSM mortgage loans.

IX. December 2006 to March 2007: Defendants Ginn Financial, Mark Cook and William McCracken Caused Plaintiffs' Mortgage Loans to Be Closed with Defendant Bahamas Sales Associate as the Lender Rather Than Ginn Financial, Even Though Defendant Bahamas Sales Associate is Not Licensed Mortgage Lender

70. Defendant Ginn Financial did not actually close on any VSM mortgage loans with those Mortgagor Plaintiffs who went through the loan application process with Defendant Ginn Financial.

71. Instead, Defendants Ginn Financial, Ginn-LA West End, Ginn Development, Robert Masters, Bobby Ginn, William McCracken and Mark Cook caused Defendant Bahamas Sales to be formed in August 2006 for the purpose of closing on those VSM mortgage loans provided to the Mortgagor Plaintiffs who had gone through the loan application process with Defendant Ginn Financial.

72. At the time that Defendant Bahamas Sales closed on the mortgage loans with the Mortgagor Plaintiffs, Defendant Bahamas Sales was not a licensed mortgage lender, correspondent mortgage lender or mortgage broker in any state.

VI. October 2006: Defendants Ginn Financial, Mark Cook and William McCracken Unsuccessfully Attempt to Influence an Independent Appraiser to Provide Inflated Appraisals for VSM Lots Based Upon Assumptions That VSM Will Include the Amenities Described in Marketing Materials

73. Defendants Ginn Financial, Bahamas Sales Associate, Robert Masters, Bobby Ginn, William McCracken and Mark Cook suborned the preparation fraudulently inflated appraisals as part of the underwriting process for Plaintiffs' VSM mortgage loans.

74. In the spring of 2006, Defendants Ginn Development, Robert Masters and Bobby Ginn established sales prices for VSM lots as part of their efforts to obtain the \$675 million CSCF. Those Defendants utilized the predetermined sales prices they set as the target value for subsequent appraisals of VSM lots.

75. In the fall of 2006, Robert C. Allen, who is a principal owner of Pomeroy Appraisal Associates ("Pomeroy Appraisal"), was contacted by Defendant William McCracken. Defendant McCracken indicated that he was from Defendant Ginn Financial and that Defendant Ginn Financial was looking for a firm to provide appraisals for lots in VSM. Mr. Allen, along with his partner, was involved in a series of communications between Defendant Ginn Financial and Pomeroy Appraisal relating to appraisals for lots in VSM.

76. In his communications with Defendant Ginn Financial, Mr. Allen usually spoke with Defendant William McCracken (who indicated that he was the CEO of Defendant Ginn Financial), Defendant Mark Cook (who indicated he was the CFO of Defendant Ginn Financial) and others from Defendant Ginn Financial.

77. A short time after Mr. Allen's initial conversation with Defendant William McCracken, Defendant Ginn Financial flew the Pomeroy Appraisal partners to the Bahamas on a Ginn corporate jet for a 1-day trip to meet with various Ginn sales and development people.

78. Shortly after Pomeroy Appraisal's return from that first trip, they had a telephone conference with Defendant Ginn Financial. During that call they spoke about the scope of the engagement and agreed upon Pomeroy Appraisal's charges for conducting appraisals. At that time, Defendant Ginn Financial engaged Pomeroy Appraisal to provide appraisals for lots in VSM, and Pomeroy Appraisal subsequently received several requests for appraisals from Defendant Ginn Financial.

79. Subsequent to its retention by Defendant Ginn Financial, Pomeroy Appraisal made an investigatory trip to the Bahamas to evaluate the real estate market, evaluate VSM, inspect comparable sales properties and speak with local realtors.

80. Upon returning from its first investigatory trip to Grand Bahama, Pomeroy Appraisal received many additional requests from Defendant Ginn Financial for lot appraisals in VSM. Each of the appraisal requests that Pomeroy Appraisal received from Defendant Ginn Financial included a sales price for the lot in question. In addition, many of the appraisal requests included an "Estimated Value" figure for the lot to be appraised.

81. The appraisal requests submitted to Pomeroy Appraisal by Defendant Ginn Financial included:

- a. A September 29, 2006 Request for Appraisal for Lot 104 being purchased by the Cicolani Partnership, which Request for Appraisal showed a "Sales Price" of \$1,018,750 and an "Estimated Value" of the same amount; and
- b. An October 3, 2006 Request for Appraisal for Lot 46 being purchased by Plaintiffs Liles, which Request for Appraisal showed a "Sales Price" of \$993,900 and an "Estimated Value" of the same amount.

82. Defendant Ginn Financial informed Pomeroy Appraisal that the lot sales price was the target value for the appraisals to be issued by Pomeroy Appraisal. In response to the Request for Appraisal Forms and the oral request from Defendant Ginn Financial that Pomeroy Appraisal use the lot sales price as the target value for appraisals, Pomeroy Appraisal informed the Ginn Financial Representatives that Pomeroy Appraisal's analysis would not be based on any predetermined target value, estimate or contract price. Pomeroy Appraisal further informed Ginn Financial that the market value as determined by Pomeroy Appraisal's appraisals would be based only upon Pomeroy Appraisal's investigation and analysis.

83. After Pomeroy Appraisal began putting together a rough analysis for the VSM lot appraisals, Mr. Allen and his partner had a telephone conference with Defendant William McCracken and others from Defendant Ginn Financial. Pomeroy Appraisal discussed with Defendant Ginn Financial how lot prices in VSM measured up against comparable sales on Grand Bahama Island but outside of VSM ("Grand Bahama Comparables").

84. Pomeroy Appraisal informed Defendant Ginn Financial that the VSM lot prices were significantly higher than the sales prices for the Grand Bahama Comparables. Those on the call agreed that the Grand Bahama Comparables did not offer the amenities that Ginn was marketing for VSM. Pomeroy Appraisal informed Defendant Ginn Financial that Pomeroy Appraisal would need to establish the difference between lots with and without the amenities that were being marketed for VSM in order to understand how to measure the Grand Bahama Comparables. Pomeroy Appraisal also informed Defendant Ginn Financial that this would be a difficult task and that it would take some time to do this analysis.

85. Ultimately, Pomeroy Appraisal's retention by Defendant Ginn Financial to provide appraisals for VSM lots lasted a month or less. During the course of Pomeroy

Appraisal's efforts to provide a complete and fully supported analysis in order to determine the appropriate appraised value for VSM lots, Pomeroy Appraisal had disagreements with Defendant Ginn Financial over several issues.

86. One area of disagreement related to the timing of the appraisals. Defendants Ginn Financial, McCracken and Cook pressured Pomeroy Appraisal to provide them with the appraisals very quickly. Pomeroy Appraisal told Defendants Ginn Financial, McCracken and Cook that Pomeroy Appraisal couldn't produce the appraisals without first undertaking a complete investigation and analysis of the market. Pomeroy Appraisal explained that without a complete investigation and analysis, Mr. Allen and his partner would not consider themselves competent in the area and would not be able to provide appraisals.

87. A second area of disagreement related to the issue of what comparable sales were appropriate for use in conducting Pomeroy Appraisal's appraisals of VSM lots. Pomeroy Appraisal informed Defendants Ginn Financial, McCracken and Cook that, as part of Pomeroy Appraisal's complete investigation and analysis, Pomeroy Appraisal would need to consider comparable lot sales on Grand Bahama Island but outside of VSM.

88. In response, Defendants McCracken and Cook pressured Pomeroy Appraisal to consider the closed sales from within VSM as the only comparables and asked why Pomeroy Appraisal needed to go outside the project when Defendant Ginn Financial had the closed sales in VSM for Pomeroy Appraisal to use as comparables.

89. Pomeroy Appraisal agreed to look at the closed sales within VSM in addition to the comparables Pomeroy Appraisal had obtained from outside of VSM. Pomeroy Appraisal informed Defendants Ginn Financial, McCracken and Cook that the problem with using only closed sales within VSM as comparables was that many of the buyers for those sales had been

flown into the private airstrip on VSM by Ginn and had not had an opportunity to price lots offered outside the subdivision before making their purchase decisions.

90. Pomeroy Appraisal explained that it was not comfortable only using closed sales within VSM as comparables because Pomeroy Appraisal had not yet completed its investigation and analysis and thus did not yet understand how the Bahamian real estate market worked. Pomeroy Appraisal further informed Defendants Ginn Financial, McCracken and Cook that any U.S. lender would want to see an appraisal that took into account comparables from outside of VSM.

91. In response, Defendants McCracken and Cook strongly disagreed. In a heated conversation, Defendants McCracken and Cook informed Pomeroy Appraisal that Defendant Ginn Financial only wanted Pomeroy Appraisal to use closed sales within VSM as comparables and that Defendant Ginn Financial did not want Pomeroy Appraisal to use any comparable sales from outside of VSM.

92. A third area of disagreement related to the issue of whether Pomeroy Appraisal could provide an "as-is" appraisal for the VSM lots. Pomeroy Appraisal informed Defendants Ginn Financial, McCracken and Cook that if Pomeroy Appraisal agreed to consider closed sales from within VSM as comparables, Pomeroy Appraisal's appraisals would have to indicate that they were "subject to" the completion of the infrastructure and amenities that Ginn was marketing for VSM. Pomeroy Appraisal informed Defendants Ginn Financial, McCracken and Cook that Pomeroy Appraisal had to protect itself, and thus Pomeroy Appraisal would only agree to provide "subject to" appraisals. Pomeroy Appraisal made it clear that if Ginn Financial would not accept "subject to" appraisals, Pomeroy Appraisal would not provide the appraisals at all.

93. In response, Defendants Ginn Financial, McCracken and Cook asked Pomeroy Appraisal to provide a rough draft of what Pomeroy Appraisal's appraisal would look like for several of the lots. Pomeroy Appraisal provided the rough drafts.

94. In a telephone conference with Defendants McCracken and Cook after they received Pomeroy Appraisal's rough drafts, Defendants McCracken and Cook asked Pomeroy Appraisal to remove the "subject to" comments from the draft appraisals. Pomeroy Appraisal refused.

95. In response, Defendants McCracken and Cook said they would get back to Pomeroy Appraisal. Less than an hour later, Defendants McCracken and Cook called Pomeroy Appraisal to say that Defendant Ginn Financial was "going to go in another direction." That was Pomeroy Appraisal's last communication of any kind with Defendants Ginn Financial, McCracken and Cook.

96. The "subject to" appraisals that Pomeroy Appraisal insisted would be the only appropriate appraisals for the VSM lots are also sometimes referred to as appraisals including "hypothetical conditions." For this type of appraisal, the appraised value remains hypothetical until the "subject to" condition is fully satisfied.

97. Even after the condition has reportedly been satisfied, it is necessary for this type of appraisal for the appraiser to return to the subject property to reevaluate its value in light of the satisfaction of condition. Taking into account the satisfaction of condition and other variables existing at the time of the reevaluation, the appraiser will then issue a final appraised value for the property, which may be higher or lower than the "subject to" value. Only the final appraised value is a valid value for lending purposes.

98. Based upon the investigation Pomeroy Appraisal conducted on its first investigatory trip to Grand Bahama Island, and taking into account the comparable sales outside of VSM, Pomeroy Appraisal determined that the value of a VSM lot on an appraisal that was not made “subject to” completion of the infrastructure and amenities marketed for VSM would have been significantly less than the sales prices that were set for VSM lots.

A. Appraisals for Lots Purchased By Mortgagor Plaintiffs Other than Plaintiff Van

99. None of the other Mortgagor Plaintiffs received a copy of the appraisals for the VSM lots they financed through Defendant Ginn Financial.

100. On information and belief, Defendants Ginn Financial, William McCracken and Mark Cook also utilized W. Carver Grant & Co. to provide appraisals of the lots purchased by the other Mortgagor Plaintiffs.

B. The Appraisal for Lot 189, Purchased by Plaintiff Van

101. Subsequent to terminating the agreement with Pomeroy Appraisal, Defendants Ginn Financial, Bahamas Sales Associate, McCracken and Cook retained an appraiser in the Bahamas, W. Carver Grant & Co. LTD, to provide an appraisal for Lot 189 being purchased by Plaintiff Willis.

102. On information and belief, Defendant Ginn Financial sent to W. Carver Grant & Co a request for appraisal for Lot 189 that was similar to the requests for appraisals provided to Pomeroy Appraisal, in that it included a sales price for the lot in question and an “estimated value” figure for the lot to be appraised.

103. The W. Carver Grant & Co. appraisal that was provided for Lot 189 included approximately one page of analysis, which included the following statements:

- a. "The referenced lot is situated in the Ginn Sur Mer development at the West End, Grand Bahama. This development will comprise of world-class marinas, spa, hotel, casino, and beach club and restaurant facilities planned to occupy to 2,000 plus acre site. In addition to those features previously listed estate home sites are planned along the shore, canals and signature golf courses. The plans are extensive and the development is envisioned to cater to the wealthy and affluent boaters and second home buyers from around the world."
- b. "The subdivision is currently under construction and is anticipated to have all the infrastructure (i.e., electricity potable water and paved roads) are in place prior to being released for development."
- c. Under "Valuation": "The Market Value of a property may be defined as the highest possible price obtainable on an 'open market' in an 'arm's length transaction', i.e. where the buyer and seller are not under duress, the advantages and disadvantages are known to both parties and the property is offered on the open market for a reasonable period of time. The lots in this subdivision have been scheduled to sell for prices ranging from \$500,000 to \$1,100,000, increasing over time. This lot is at the higher end of the scale. In my opinion the present day **Market Value** of this property is **Seven Hundred Thirty-Five Thousand Dollars (\$735,000.00)**." (Emphasis in original.)
- d. "I trust that the above report meets with your requirements."

104. The W. Carver Grant & Co. appraisal that was provided for Lot 189 failed to include any justification for the appraised value of that lot.

105. The W. Carver Grant & Co. appraisal that was provided for Lot 189 included the type of hypothetical conditions noted by Pomeroy Appraisal in its valuation, but failed to note that the appraised value would remain hypothetical until the “subject to” condition was fully satisfied.

106. The W. Carver Grant & Co. appraisal that was provided for Lot 189 failed to comply with the Uniform Standards of Professional Appraisal Practice.

107. Any licensed mortgage lender within the United States should, if it is conducting appropriate due diligence in its underwriting, require that an appraisal submitted in support of a mortgage loan application comply with the Uniform Standards of Professional Appraisal Practice

108. Similarly, any licensed mortgage lender within the United States should, if it is required to follow guidelines set forth for Fannie Mae, Freddie Mac, FHA or VA loans, require that an appraisal submitted in support of a mortgage loan application comply with the Uniform Standards of Professional Appraisal Practice.

109. Defendants Ginn Financial, Bahamas Sales, Ginn-LA West End, Ginn Development, Robert Masters, Bobby Ginn, William McCracken and Mark Cook utilized inflated and unsupported appraisals that did not comply with the Uniform Standards of Professional Appraisal Practice to justify the sale and financing of Plaintiffs’ VSM lot purchases at the predetermined prices they had established in the spring of 2006 in an effort to obtain the \$675 million CSCF.

110. Defendants Ginn Financial, Bahamas Sales, Ginn-LA West End, Ginn Development, William McCracken and Mark Cook ensured that VSM mortgage loans were

approved and that money was disbursed at the closing of VSM lot sales, notwithstanding their knowledge of the use of inflated and unsupported appraisals.

111. Defendants Ginn-LA West End, Ginn Development, Robert Masters and Bobby Ginn utilized the inflated and unsupported appraisals to justify inflated sales prices for all VSM lots, including VSM lots that were purchased by cash buyers like Plaintiffs Van.

XI. June 2008: The Borrowing Entities Default on the \$675 Million CSCF

112. On June 30, 2008, the CSCF Borrowers defaulted on the \$675 million CSCF (“CSCF Default”).

113. The CSCF Default should have come as no surprise to Defendants Ginn Development, Bobby Ginn, Robert Masters and Ginn-LA West End. In its May 1, 2007 Report entitled “Ginn-LA Ratings Lowered on Weak Sales and Diminished Recovery Prospects; Still on Watch Neg,” Standard & Poor’s described the financial situation facing the CSCF Borrowers in the first year after the \$675 million CSCF closed:

Financial flexibility has been curtailed by a 61% drop in revenue (relative to original projections) that contributed to a \$61 million cash flow shortfall through the first quarter of 2007, which the borrowers covered using the revolver. While the borrowers are currently in compliance with financial covenants governing the credit facilities, the sharp housing correction makes it likely that leverage thresholds will be breached. Liquidity is further constrained by a 60-day moratorium on credit facility borrowings imposed by creditors after the borrowers were delayed in providing 2006 audited financial statements. The borrowers intend to deliver delinquent documents, negotiate covenant relief and credit agreement amendments, and finalize a restructuring plan over the next 60 days. As a consequence of the constrained liquidity, the borrowers will use existing cash balances, proceeds from anticipated closings, and a \$20 million cash infusion from their sponsors to fund immediate working capital needs. In the longer term, the borrowers will rely on a significant additional equity investment from their sponsors (\$160 million) that will be used for new development vehicles that will take on some of the infrastructure and amenity construction costs that would have previously been borne by the borrowers. However, the borrowers will need restored access to the credit facility in order to fund the considerable infrastructure improvements necessary to realize the full value of the communities.

114. Just days later, in its May 27, 2007 Report entitled, "Ginn-LA Ratings on Watch Neg; Exposure to Florida's Soft Resort Real Estate Market Cited," Standard & Poor's stated:

The CreditWatch listings reflect the general housing downturn and specific weakness in the discretionary luxury resort and second home niche, as well as the limited visibility into the borrowers' recent operating performance. Of particular concern is the borrowers' concentration in oversupplied Florida housing markets. Currently, the borrowers are marketing resort communities in Port St. Lucie, Naples, and Palm Coast, Fla. In addition, the borrowers are developing speculative resorts in Laurelmere, N.C., and West End Grand Bahama Island. Given the sharp correction in the housing market, we believe original projections for sales absorption and prices are likely now aggressive. The borrowers' fiscal year-end financial reports are due in mid-April. Standard & Poor's will review these reports and recent monthly sales results, at which time we will likely lower the ratings.

XIII. Defendants Bobby Ginn and Ginn Development Make Public Statements About the CSCF Default, but Conceal Material Facts Concerning the Manner in Which the CSCF Default Could Impact the Control and Development of VSM

115. In January 2008, Defendant Bobby Ginn and John Davies (Senior Vice President of Development) embarked on a press tour in the Bahamas to get out the message that the VSM development was moving forward. His statements included the following:

- a. Defendant Ginn: "We believe in five years that we [will be] fully operational in our core facilities with our amenities and the real estate sales continuing to go on, and that will go on for years."
- b. John Davies: "The first vertical construction you are going to see are the condominiums, the bungalows at the core. Later next year, you'll start to see our residences being built. It's going to be about nine months to a year to get all the utilities and all the roads in to where people can start building on the lots. We've sold well over 200 lots at this point and we have a lot of people who want to start building right now."

116. A July 1, 2008 Statement by Ginn President Robert Gidel announced the CSCF default, but assured that it would not affect VSM development:

- a. "Ginn-LA West End Limited previously set up accounts which contain the funds necessary to complete the infrastructure and the initial 18-hole golf course at Ginn sur Mer. These funds are not subject to the credit facility and are unaffected by the current situation, which means there will be no disruption of the continued development of the Ginn sur Mer project or the operations and development of Old Bahama Bay. The properties that are owned by Ginn-LA OBB, including the resort core of the Ginn sur Mer project, are not subject to this or any other credit facility."

117. In an August 2008 press conference at Old Bahama Bay, Defendant Bobby Ginn assured that VSM was not in jeopardy of foreclosure:

- a. "(The West End property) can't get any more secure. I don't know what one could do to put a project in a more secure position than to have the company assets either with no mortgage on it and hundreds of millions of dollars worth of equity, and have anything that has a loan on it separate from that have an escrow account to be sure that regardless of that loan, that those assets got built."
- b. "Under the Credit Suisse loan, there were 868 lots. Two hundred of them have been sold and released, so they are in the hands of the independent owners that bought them. So the loan is only on the 668, and some undeveloped properties."
- c. "But that is where the escrow account is. We don't get paid back for the escrow. A hundred percent of the proceeds of the loan go to pay off Credit Suisse. So

they are going to be fine. This loan is going to be fine. They don't have any costs to finish up those lots. It's all in the escrow. Do the math. They are going to be fine."

- d. "There is a loan in place, it is in default and it is not a bank loan, but is on particular properties only. What the company did was put \$124 million in cash into a bankruptcy-protected escrow account for the sole purpose of finishing up the Ginn Sur Mer project."
- e. "Those properties [referring to a portion of the VSM Land] represent nearly \$200 million worth of investments. It's all cash on our part. There's no loan on it. We have no other loans on it and that's where all the core properties go."
- f. "It's a non-recourse loan. It's about private investors who made a private investment in it. It's not a bank loan, it's not FDIC insured. If something goes wrong, and we're continuing to assume that it's not, all the money to develop all the facilities is in place. It's there now. It's in an escrow account. You can't get any safer than that."

118. An August 2008 statement by Ginn President Robert Gidel concerning the default on the \$675 CSCF was vague and failed to address the potential impact of the CSCF default on any of the affected Borrower Projects:

- a. "As we indicated to you last month, Ginn-LA CS Borrower, LLC and Ginn-LA Conduit Lender, Inc., the borrowing entities that entered into a credit facility with Credit Suisse, had entered into a 30-day agreement with the lending groups to

engage in further negotiations in order to restructure the loan that was secured by property at Tesoro, Quail West, Ginn Sur Mer, Laurelmere.”

- b. “Although negotiations with the lending group have been ongoing and are continuing, our agreement did expire yesterday. Negotiations for a resolution are continuing and at this time we remain optimistic that this credit facility will be restructured in a manner beneficial to all properties.”
- c. “We want you to know that throughout the negotiation with the lending consortium, our primary focus has been on ensuring that our members and property owners are taken care of during, and after, this period. However, the lack of an agreement between the Borrowers and the lenders means that the Borrowers will have to make difficult decisions relating to its management and oversight of these four properties.”
- d. “All of the remaining communities and development projects that The Ginn Companies, LLC, manage are separately owned and funded by the partnerships and the LLC’s that own them. It is very important to understand that these projects have no financial relationship with those properties secured by the Credit Suisse loan, and therefore, this event will not cause any change in the direction or management of these properties.”
- e. “We are managing our way through some very challenging times in both the real estate market and the general economy. As previous cyclical downturns have shown, these times will eventually pass, and in the interim, we intend to do whatever is necessary to position the properties and developments that we manage to survive this period and be ready for growth when the market improves.”

119. After the fall of 2008, Defendants Ginn Development, Ginn-LA West End and Bobby Ginn fell silent. Plaintiffs and other VSM lot owners were left to wonder about the status of the negotiations on the CSCF default and how it might impact the development and control of VSM.

XIV. December 19, 2008: Several Ginn Entities Enter Into a “Master Restructuring Agreement” with Credit Suisse As a Result of the Default on the \$675 Million CSCF

120. On December 19, 2008, Defendants Bobby Ginn and Robert Masters caused the CSCF Borrowers and other Ginn-LA entities to enter into a comprehensive Master Restructuring Agreement, agreeing to certain rights and obligations in connection with a work out of the \$675 million CSCF.

121. Pursuant to the Master Restructuring Agreement, Lubert-Adler and Defendant Bobby Ginn agreed that the CSCF was in default, that the CSCF lenders were entitled to foreclose on Lubert Adler and Defendant Bobby Ginn’s interests in the West End Entities, and that Lubert-Adler and Defendant Bobby Ginn had no defense to such foreclosure.

122. On May 22, 2009, in a Complaint filed in the Supreme Court of the State of New York, County of New York, Index No. 09601622, Credit Suisse brought a lawsuit against, *inter alia*, Defendant Ginn-LA West End Limited and the entity owned by Defendant Bobby Ginn that held an ownership interest in the West End Entities (“West End Foreclosure Lawsuit”). The West End Foreclosure Lawsuit sought to foreclose, pursuant to the agreement in the Master Restructuring Agreement, on the ownership interests held by Lubert-Adler and Defendant Bobby Ginn in the West End Entities.

XV. While Ginn Remains Silent, The Developer of Old Bahama Bay, Which is Adjacent to VSM, Sends a Letter Informing OBB Property Owners About the Circumstances Surrounding The OBB and VSM Projects

123. Around 2005, the Developer of Old Bahama Bay (“OBB”), which is adjacent to VSM, entered into a Club Agreement with some Ginn entity, which provides all existing and future property owners with access to the Ginn Sur Mer Club on the same terms as VSM property owners.

124. Because the amenities marketed for VSM (including two professional golf courses, a water park, spa and hotel casino) were to be part of the Ginn Sur Mer Club, some OBB property owners are interested in the status of the development of VSM, including the amenities package that was marketing for the VSM development.

125. The OBB Developer, Allen Ten Broek of the Mariner Advisory Group, contacted Defendant Bobby Ginn several times throughout 2009, attempting to persuade Defendant Ginn to provide information to OBB and VSM property owners about the current status of VSM development.

126. When Defendant Bobby Ginn failed to provide information to OBB or VSM property owners, Mr. Ten Broek took it upon himself to write a letter to OBB property owners. His September 22, 2009 letter included the following statements:

- a. “I believe communications should have been better and that property owners’ needs should have had more focus and attention. As I hope you would agree and understand, there are no excuses for that other than alligator fighting of this intensity has been very difficult for all concerned.”
- b. “As to the Bahamas project, it is my understanding that this resulted in a Master Restructuring Agreement reached in December whereby the Credit Suisse investors were granted an economic interest in the approximately 630 unsold lots

and a joint venture economic interest in certain future development sites at the far east end of Ginn sur Mer.”

- c. “There are no developer sales operations being conducted at this time. A key question is the Credit Suisse investors’ intentions for the approximately 630 lots that will soon be completed. Ginn and the Credit Suisse investor representatives met on August 18th to review the status of construction at the project and to discuss options going forward. They have established a Steering Committee that plans to meet on a regular basis to further their discussions – with a special focus on a game plan for the lots.”
- d. “It is my understanding that Ginn is seeking new capital partners/development entities to join in the development of the Center Core, the north shore land, and other Ginn owned sites – with special emphasis on a casino hotel and related condominium projects at the Center Core site. Marina development is also a high priority. In my view they fully realize that a return on their enormous existing investment can only be achieved by the further development of their property.”

XVI. Plaintiffs Were Damaged by the Appraisal Fraud Scheme

127. Defendants Ginn Financial, Bahamas Sales, Ginn-LA West End, Ginn Development, Robert Masters, Bobby Ginn, William McCracken and Mark Cook fraudulently concealed their scheme to utilize inflated and unsupported appraisals in support of VSM mortgage loans and to justify inflated sales prices for all VSM lots.

128. Plaintiffs did not discover the Appraisal Fraud Scheme, or that Defendants Ginn Financial, Bahamas Sales, Ginn-LA West End, Ginn Development, Robert Masters, Bobby

Ginn, William McCracken and Mark Cook had fraudulently concealed that scheme, until early June 2009.

129. The appraised value of the VSM lots, as set forth in the inflated and unsupported appraisals, was or should have been material to the underwriting decision whether to approve the VSM mortgage loans.

130. Defendants Ginn Financial, Bahamas Sales, Ginn-LA West End, Ginn Development, William McCracken and Mark Cook all received a direct benefit from the Appraisal Fraud Scheme.

131. In the course of accepting, underwriting, approving and issuing financing for VSM lot purchases, Defendants Ginn Financial, Bahama Sales Associate, Robert Masters, Bobby Ginn, William McCracken and Mark Cook had a duty to ensure that the VSM lot appraisal supporting the loan was accurate and was conducted in compliance with the Uniform Standards of Professional Appraisal Practice.

132. In the course of accepting, underwriting, approving and issuing financing for VSM lot purchases, Defendants Ginn Financial, Robert Masters, Bobby Ginn, William McCracken and Mark Cook had a further duty to act in good faith and with fair dealing in any transaction, practice or course of business associated with the issuance of VSM mortgage loans.

133. As a result, Defendants Ginn Financial, Robert Masters, Bobby Ginn, William McCracken and Mark Cook had a duty not to suborn mischaracterization of the appraised value of any VSM lot securing a VSM mortgage loan.

134. Plaintiffs had a right to rely and did rely on Defendants Ginn Financial, Robert Masters, Bobby Ginn, William McCracken and Mark Cook to meet the duties outlined in Paragraphs 67-69.

135. But for the Appraisal Fraud Scheme perpetrated by Defendants Ginn Financial, Bahamas Sales, Ginn-LA West End, Ginn Development, William McCracken and Mark Cook, Plaintiffs would not have purchased VSM lots or would not have purchased VSM lots at the fraudulently inflated prices.

136. But for the Appraisal Fraud Scheme perpetrated by Defendants Ginn Financial, Bahamas Sales, Ginn-LA West End, Ginn Development, William McCracken and Mark Cook, the VSM mortgage loans for the Mortgagor Plaintiffs should not have been approved for the fraudulently inflated sales prices of the VSM lots.

137. The Appraisal Fraud Scheme damaged Plaintiffs. Plaintiffs' damages include the following:

- a. As soon as the Mortgagor Plaintiffs closed on their VSM lot purchases, those Plaintiffs were saddled with mortgage loans with a debt to equity ratio far in excess of 100% because those mortgage loans were made for amounts far in excess of the true appraised value of the VSM lots.
- b. As soon as all Plaintiffs closed on their VSM lot purchases, they were saddled with lots for which they had grossly overpaid.
- c. As soon as all Plaintiffs closed on their VSM lot purchases, the amount of property taxes on their VSM lots began to accrue based upon the fraudulently inflated purchase price for those lots. The Bahamian government continues to

calculate Plaintiffs' property taxes based on the inflated prices Plaintiffs paid for their VSM lots.

138. As soon as Plaintiffs closed on their VSM lot purchases, they were saddled with lots that were virtually unmarketable except at prices significantly below the inflated prices Plaintiffs had paid for their VSM lots.

XVI. Plaintiffs Were Damaged by the Credit Suisse Fraud

139. Defendants Ginn Development, Ginn- LA West End, Robert Masters and Bobby Ginn, fraudulently concealed the \$675 million CSCF and its potential effects on the development and control of VSM.

140. In addition, Defendant GLA-West End fraudulently represented to Plaintiffs that each Ginn "Project Partnership" was "solely and exclusively responsible for the obligations and liabilities incurred in connection with the acquisition, development, financing, marketing, management, and operation of the specific Ginn Community owned by such Project Partnership."

141. Defendants Ginn Development, Ginn- LA West End, Robert Masters and Bobby Ginn knew at the time these representations were made, that they were false and misleading because:

- a. Defendant Bobby Ginn had pledged his ownership interests, along with the ownership interests of his financial partner Lubert-Adler, in Defendant Ginn-LA West End as collateral for the \$675 million CSCF.
- b. The \$675 million CSCF was used to provide a \$332 million distribution to Lubert-Adler and Defendant Bobby Ginn.

- c. The \$675 million CSCF was used to fund the development of Ginn Communities owned by five theoretically independent Ginn Project Partnerships, including VSM.
- d. The ability of the CSCF Borrowers to repay the debt obligations under the \$675 million CSCF was dependent upon cash flow from sales in the Ginn Communities owned by five theoretically independent Ginn Project Partnerships, including VSM.
- e. Defendant Ginn-LA West End was liable for the full amount of the \$675 million CSCF, even though the proceeds of that credit facility were used for the Ginn Communities owned by five theoretically independent Ginn Project Partnerships, including VSM.
- f. The VSM Land was mortgaged for \$276,750,000 million of the CSCF, even though it is not clear that VSM or Defendant Ginn-LA West End received that amount from the loans.

142. Plaintiffs did not discover the Credit Suisse Fraud, or that Defendants Ginn Development, Ginn- LA West End, Robert Masters and Bobby Ginn had fraudulently concealed that scheme, until July 2008 when Ginn President Robert Gidel announced the CSCF default.

143. The existence of the \$675 million CSCF, and the risks it posed to the development and control of VSM, was material to Plaintiffs' decision whether to purchase VSM lots.

144. Defendants Ginn Development, Ginn- LA West End, Robert Masters and Bobby Ginn all received a direct benefit from the Credit Suisse Fraud.

145. The Credit Suisse Fraud damaged Plaintiffs. Plaintiffs' damages include the following:

- a. As soon as Plaintiffs closed on their VSM lot purchases, Plaintiffs had unwittingly invested in a development that was liable for a \$675 million loan that was used to fund the development of other Ginn Communities owned by theoretically independent Ginn Project Partnerships.
- b. As soon as Plaintiffs closed on their VSM lot purchases, Plaintiffs had unwittingly invested in a development that was liable for a \$675 million loan that was used to provide a \$332 million distribution to Lubert-Adler and Defendant Bobby Ginn.
- c. As soon as Plaintiffs closed on their VSM lot purchases, Plaintiffs had unwittingly invested in a development that was liable for a \$675 million loan that could go into default if the sales in four other Ginn Communities did not meet projections.
- d. As soon as Plaintiffs closed on their VSM lot purchases, Plaintiffs had unwittingly invested in a development where the ownership interests in the Project Partnership that owned the development had been pledged as collateral for a \$675 million loan.
- e. As soon as Plaintiffs closed on their VSM lot purchases, Plaintiffs had unwittingly invested in a development where the land for the development was mortgaged for \$276,750,000 million of the CSCF, even though it is not clear that VSM or Defendant Ginn-LA West End received that amount from the loans.

RICO Allegations

The Ginn Financial Enterprise

146. Plaintiffs and Defendants are all "persons" within the meaning of 18 U.S.C. § 1961(3).

147. Based upon Plaintiffs' current knowledge, the following persons constitute a group of individuals associated in fact that Plaintiffs refer to as the "Ginn Enterprise": (1) Defendant Ginn Financial; (2) Defendant Bahamas Sales; (3) Defendant Ginn-LA West End; (4) Defendant Ginn Development; (5) Defendant Robert Masters; (6) Defendant Bobby Ginn; (7) Defendant William McCracken; (8) Defendant Mark Cook; and (9) other subsidiaries, agents and affiliated persons or entities of Defendants presently unknown to Plaintiffs.

148. The Ginn Enterprise is an ongoing organization that engages in, and which activities affect, interstate and foreign commerce. At all time relevant to the allegations herein, Defendants Ginn Financial, Bahamas Sales, Ginn-LA West End, Ginn Development, Robert Masters, Bobby Ginn, William McCracken and Mark Cook did knowingly and willfully make use of the means and instruments of transportation and communications of interstate and foreign commerce to communicate with one another, with prospective purchasers of lots in VSM and with applicants for VSM lot financing.

149. Although Defendants participate in and are members and part of the Ginn Enterprise, each Defendant also has an existence separate and apart from the Ginn Enterprise.

150. At all relevant times, the Ginn Enterprise has had an ascertainable structure separate and apart from the pattern of racketeering activity in which Defendants have engaged and their conspiracy to engage in such activity. The primary decision-maker for the Ginn Enterprise was and is Defendant Bobby Ginn, who directed and continues to direct the activities of the Ginn Enterprise.

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

- a. by investing funds to develop VSM;
- b. by agreeing to create and creating Defendants Ginn Financial and Bahamas Sales Associate in order to offer VSM mortgage loans;
- c. by agreeing to set and setting inflated and unsupported sales prices for VSM lots in order to obtain the \$675 million CSCF;
- d. by suborning inflated and unsupported appraisals intended to support the Mortgagor Plaintiffs' VSM mortgage loans;
- e. by utilizing inflated and unsupported appraisals to inflate the lot prices for all VSM lots, including the lot purchased by Plaintiffs Van;
- f. by agreeing to facilitate and facilitating the approval and closing of the Mortgagor Plaintiffs' VSM mortgage loans at amounts that were based upon the inflated and unsupported appraisals;
- g. by agreeing to conceal and concealing their fraudulent scheme to set inflated and unsupported sales prices for VSM lots;
- h. by agreeing to conceal and concealing their fraudulent scheme to facilitate the approval and closing of the Mortgagor Plaintiffs' VSM mortgage loans at amounts that were based upon the inflated and unsupported appraisals; and
- i. by agreeing to conceal and concealing their fraudulent scheme to suborn inflated and unsupported appraisals intended to support the Mortgagor Plaintiffs' VSM mortgage loans; and

- j. by agreeing to conceal and concealing their fraudulent scheme to suborn inflated and unsupported appraisals to inflate the lot prices for all VSM lots, including the lot purchased by Plaintiffs Van.

152. The Ginn Enterprise has pursued a course of deceit, misrepresentation, concealment and conspiracy to defraud VSM lot purchasers and to collect profits from the fraudulent, misleading and unlawful actions of the Ginn Enterprise. Those actions continue to the present and threaten to continue into the future.

153. The formation, existence and actions of the Ginn Enterprise were and are essential to the success of its fraudulent, misleading and unlawful actions.

Predicate Acts

Mail and Wire Fraud

154. 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), and 18 U.S.C. § 1344 (relating to bank fraud). Defendants have engaged and continue to engage in conduct violating each of these laws in an effort to effectuate the Appraisal Fraud Scheme and the Credit Suisse Fraud.

155. 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 did cause 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' schemes, or with knowledge that the use of mails would follow in the ordinary course of business, or that such use could have been foreseen, even if not actually intended.

156. Defendants carried out their scheme in different states within the United States and in other countries and could not have done so unless they used the Postal Service or private or commercial interstate carriers.

157. 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. § 1343 did transmit, cause 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.

158. The matter and things sent by Defendants via the Postal Service or private or commercial carrier, wire or other interstate media include, but are not limited to, the following:

- a. On a date presently unknown to Plaintiffs but known to Defendant Ginn-LA West End, Defendant Ginn-LA West End sent an Agreement of Purchase and Sale to Plaintiff Webb, which was executed by Plaintiff Webb on December 12, 2006 and included the fraudulent statement set forth in Paragraph 33, herein.
- b. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent Plaintiff Webb a mortgage loan application, which Plaintiff Webb executed. This mortgage loan application listed

Defendant Ginn Financial as the lender for Plaintiff Webb's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

- c. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent Plaintiff Webb a Good Faith Estimate of closing costs for Plaintiff Webb's mortgage loan dated December 26, 2006. This Good Faith listed Defendant Ginn Financial as the lender for Plaintiff Webb's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- d. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial caused to be sent a packet of mortgage loan closing documents dated February 16, 2007 to Plaintiff Webb. This packet of closing documents for Plaintiff Webb's VSM mortgage loan listed Defendant Ginn Financial as the lender for Plaintiff Webb's mortgage loan, even though prior loan documents had listed Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender. This packet of closing documents included a Truth in Lending Statement; an Indenture of Mortgage; Adjustable Rate Balloon Note; and other loan documents listing Bahamas Sales Associate as the lender for Plaintiff Webb's VSM mortgage loan. This packet of closing documents also included other documents dated February 16, 2007 all showing Defendant Ginn Financial Services as the lender, including a Privacy Policy Disclosure, Servicing Disclosure Statement, Affiliated Business Arrangement

Disclosure Statement Notice, Borrower Signature Authorization, and Notice to Applicant of Right to Receive Copy of Appraisal Report.

- e. On a date presently unknown to Plaintiffs but known to Defendant Ginn-LA West End, Defendant Ginn-LA West End sent an Agreement of Purchase and Sale to Plaintiffs Liles, which was executed by Plaintiffs Liles on July 28, 2006 and included the fraudulent statement set forth in Paragraph 29, herein.
- f. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent Plaintiffs Liles a mortgage loan application, which Plaintiffs Liles executed on September 1, 2006. This mortgage loan application listed Defendant Ginn Financial as the lender for Plaintiffs Liles' mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- g. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent a Good Faith Estimate of closing costs for Plaintiffs Liles' mortgage loan dated August 25, 2006 to Plaintiffs Liles. This Good Faith listed Defendant Ginn Financial as the lender for Plaintiffs Liles' mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- h. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent a disclosure concerning interest rates to Plaintiffs Liles, which Plaintiffs Liles executed on September 1, 2006. This disclosure concerning interest rates listed Defendant Ginn Financial as the lender for Plaintiffs Liles' mortgage loan, when in fact that loan was closed with

Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

- i. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent a Privacy Policy Disclosure to Plaintiffs Liles, which Plaintiffs Liles executed on September 1, 2006. This Privacy Policy Disclosure listed Defendant Ginn Financial as the lender for Plaintiffs Liles' mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- j. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent a Servicing Disclosure Statement to Plaintiffs Liles, which Plaintiffs Liles executed on September 1, 2006. This Servicing Disclosure Statement listed Defendant Ginn Financial as the lender for Plaintiffs Liles' mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- k. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent a Privacy Policy Disclosure to Plaintiffs Liles, which Plaintiffs Liles executed on September 1, 2006. This Privacy Policy Disclosure listed Defendant Ginn Financial as the lender for Plaintiffs Liles' mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- l. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent a Servicing Disclosure Statement to

Plaintiffs Liles, which Plaintiffs Liles executed on September 1, 2006. This Servicing Disclosure Statement listed Defendant Ginn Financial as the lender for Plaintiffs Liles' mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

- m. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent an Affiliated Business Arrangement Disclosure Statement Notice to Plaintiffs Liles, which Plaintiffs Liles executed on September 1, 2006. This Affiliated Business Arrangement Disclosure Statement Notice listed Defendant Ginn Financial as the lender for Plaintiffs Liles' mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- n. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent a Borrowers' Certification and Authorization to Plaintiffs Liles, which Plaintiffs Liles executed on September 1, 2006. This Borrowers' Certification and Authorization listed Defendant Ginn Financial as the lender for Plaintiffs Liles' mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- o. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent a Borrower Signature Authorization to Plaintiffs Liles, which Plaintiffs Liles executed on September 1, 2006. This Borrower Signature Authorization listed Defendant Ginn Financial as the lender

for Plaintiffs Liles' mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

- p. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial caused to be sent a packet of mortgage loan closing documents dated December 13, 2006 to Plaintiffs Liles. This packet of closing documents for Plaintiffs Liles' VSM mortgage loan listed Defendant Ginn Financial as the lender for Plaintiffs Liles' mortgage loan, even though prior loan documents had listed Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender. This packet of closing documents included a Truth in Lending Statement; a letter from Defendant Bahamas Sales Associate concerning enrollment in their Automatic Payment Program; an Indenture of Mortgage; Adjustable Rate Balloon Note; and other loan documents listing Bahamas Sales Associate as the lender for Plaintiffs Liles' VSM mortgage loan.
- q. On a date presently unknown to Plaintiffs but known to Defendant Ginn-LA West End, Defendant Ginn-LA West End sent an Agreement of Purchase and Sale to Plaintiff Kherkher, which was executed by Plaintiff Kherkher on February 5, 2007 and included the fraudulent statement set forth in Paragraph 34, herein.
- r. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent Plaintiff Kherkher a letter dated January 5, 2007 concerning the terms of Plaintiff Kherkher's VSM mortgage loan and the paperwork Ginn Financial needed to process her loan application. This letter included a loan application that listed Defendant Ginn Financial as the lender for

Plaintiff Kherkher's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

- s. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent Plaintiff Kherkher a Good Faith Estimate of closing costs for Plaintiff Kherkher's mortgage loan dated February 20, 2007. This Good Faith listed Defendant Ginn Financial as the lender for Plaintiff Kherkher's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- t. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial caused to be sent to Plaintiff Kherkher a packet of mortgage loan closing documents dated March 20, 2007. This packet of closing documents for Plaintiff Kherkher's VSM mortgage loan listed Defendant Ginn Financial as the lender for Plaintiff Kherkher's mortgage loan, even though prior loan documents had listed Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender. This packet of closing documents included a letter from Defendant Bahamas Sales Associate concerning enrollment in their Automatic Payment Program; an Indenture of Mortgage; an Adjustable Rate Balloon Note; a form for enrollment in an Automatic Payment Program; a Notice to Applicant of Right to Receive Copy of Appraisal Report and other loan documents listing Bahamas Sales Associate as the lender for Plaintiff Kherkher's VSM mortgage loan. This packet of closing documents also included a loan

application dated March 20, 2007 showing Defendant Ginn Financial Services as the lender.

- u. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent Plaintiff Kherkher a second form for enrollment in an Automatic Payment Program. This form listed Defendant Ginn Financial as the lender for Plaintiff Kherkher's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- v. On a date presently unknown to Plaintiffs but known to Defendant Ginn-LA West End, Defendant Ginn-LA West End sent an Agreement of Purchase and Sale to Plaintiff Josephson, which was executed by Plaintiff Josephson on October 17, 2006 and included the fraudulent statement set forth in Paragraph 31, herein.
- w. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent Plaintiff Josephson a mortgage loan application, which Plaintiff Josephson executed on October 17, 2006. This mortgage loan application listed Defendant Ginn Financial as the lender for Plaintiff Josephson's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- x. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent Plaintiff Josephson a letter dated December 13, 2006 concerning enrollment in its Automatic Payment Program. This letter listed Defendant Ginn Financial as the lender for Plaintiff Josephson's

mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

- y. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent Plaintiff Josephson Good Faith Estimate of the closing costs for Plaintiff Josephson's VSM mortgage loan. This Good Faith Estimate listed Defendant Ginn Financial as the lender for Plaintiff Josephson's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- z. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent Plaintiff Josephson a Privacy Policy Disclosure, which Plaintiff Josephson signed on November 7, 2006. This Privacy Policy Disclosure listed Defendant Ginn Financial as the lender for Plaintiff Josephson's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- aa. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent Plaintiff Josephson a Privacy Policy Disclosure, which Plaintiff Josephson signed on November 7, 2006. This Privacy Policy Disclosure listed Defendant Ginn Financial as the lender for Plaintiff Josephson's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

- bb. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent Plaintiff Josephson a Servicing Disclosure Statement, which Plaintiff Josephson signed on November 7, 2006. This Servicing Disclosure Statement listed Defendant Ginn Financial as the lender for Plaintiff Josephson's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- cc. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent Plaintiff Josephson an Affiliated Business Arrangement Disclosure Statement, which Plaintiff Josephson signed on November 7, 2006. This Affiliated Business Arrangement Disclosure Statement listed Defendant Ginn Financial as the lender for Plaintiff Josephson's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- dd. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial caused to be sent to Plaintiff Josephson a packet of mortgage loan closing documents dated December 13, 2006. This packet of closing documents for Plaintiff Josephson's VSM mortgage loan listed Defendant Ginn Financial as the lender for Plaintiff Josephson's mortgage loan, even though prior loan documents had listed Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender. This packet of closing documents included an Indenture of Mortgage, an Adjustable Rate Balloon Note

and other loan documents listing Bahamas Sales Associate as the lender for Plaintiff Kherkher's VSM mortgage loan.

ee. On a date presently unknown to Plaintiffs but known to Defendant Ginn-LA West End, Defendant Ginn-LA West End sent an Agreement of Purchase and Sale to Plaintiffs Andrews Group, which was executed by Plaintiffs Andrews Group on October 23, 2006 and included the fraudulent statement set forth in Paragraph 32, herein.

ff. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent Plaintiffs Andrews Group a mortgage loan application, was executed on March 19, 2007. This mortgage loan application listed Defendant Ginn Financial as the lender for Plaintiffs Andrews Group's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

gg. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent Plaintiffs Andrews Group a Good Faith Estimate of the closing costs for Plaintiff Josephson's VSM mortgage loan, which was executed on March 23, 2007. This Good Faith Estimate listed Defendant Ginn Financial as the lender for Plaintiffs Andrews Group's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

hh. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial caused to be sent to Plaintiffs Andrews

Group a packet of mortgage loan closing documents dated March 23, 2007. This packet of closing documents for sent Plaintiffs Andrews Group's VSM mortgage loan listed Defendant Ginn Financial as the lender for sent Plaintiffs Andrews Group's mortgage loan, even though prior loan documents had listed Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender. This packet of closing documents included an Indenture of Mortgage, an Adjustable Rate Balloon Note and other loan documents listing Bahamas Sales Associate as the lender for Andrews Group's VSM mortgage loan. This packet of closing documents also included an Automatic Payment Program form showing Defendant Ginn Financial Services as the lender.

- ii. On a date presently unknown to Plaintiffs but known to Defendant Ginn-LA West End, Defendant Ginn-LA West End sent an Agreement of Purchase and Sale to Plaintiffs Lammertse, which was executed by Plaintiffs Lammertse on February 12, 2007 and included the fraudulent statement set forth in Paragraph 35, herein.

- jj. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent Plaintiffs Lammertse a Good Faith Estimate of the closing costs for Plaintiff Lammertse's VSM mortgage loan, which was executed on April 13, 2007. This Good Faith Estimate listed Defendant Ginn Financial as the lender for Plaintiffs Lammertse's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

kk. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent Plaintiffs Lammertse a Truth in Lending Statement for Plaintiff Lammertse's VSM mortgage loan, which was executed on April 13, 2007. This Good Faith Estimate listed Defendant Ginn Financial as the lender for Plaintiffs Lammertse's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

ll. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial caused to be sent to Plaintiffs Lammertse a packet of mortgage loan closing documents dated March 23, 2007. This packet of closing documents for Plaintiffs Lammertse's VSM mortgage loan listed Defendant Ginn Financial as the lender for Plaintiffs Lammertse's mortgage loan, even though prior loan documents had listed Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender. This packet of closing documents included an Indenture of Mortgage, an Adjustable Rate Balloon Note and other loan documents listing Bahamas Sales Associate as the lender for Plaintiff Lammertse's VSM mortgage loan. This packet of closing documents also included an Automatic Payment Program form showing Defendant Ginn Financial Services as the lender.

mm. On a date presently unknown to Plaintiffs but known to Defendant Ginn-LA West End, Defendant Ginn-LA West End sent an Agreement of Purchase and Sale to Plaintiffs Van, which was executed by Plaintiffs Van on March 8, 2007 and included the fraudulent statement set forth in Paragraph 36, herein.

nn. On a date presently unknown to Plaintiffs but known to Defendant Ginn-LA West End, Defendant Ginn-LA West End sent an Agreement of Purchase and Sale to Plaintiffs Cicolani Partnership, which was executed by Plaintiffs Cicolani Partnership on October 5, 2006 and included the fraudulent statement set forth in Paragraph 30, herein.

oo. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial sent Plaintiffs Cicolani Partnership a Truth in Lending Statement for Plaintiff Cicolani Partnership's VSM mortgage loan, which was executed on December 8, 2006. This Good Faith Estimate listed Defendant Ginn Financial as the lender for Plaintiffs Cicolani Partnership's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

pp. On a date presently unknown to Plaintiffs but known to Defendant Ginn Financial, Defendant Ginn Financial caused to be sent to Plaintiffs Cicolani Partnership a packet of mortgage loan closing documents dated December 13, 2006. This packet of closing documents for Plaintiff Cicolani Partnership's VSM mortgage loan listed Defendant Ginn Financial as the lender for Plaintiff Cicolani Partnership's mortgage loan, even though prior loan documents had listed Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender. This packet of closing documents included an Indenture of Mortgage, an Adjustable Rate Balloon Note and other loan documents listing Bahamas Sales Associate as the lender for Plaintiff Cicolani Partnership's VSM mortgage loan.

- qq. On a date presently unknown to Plaintiffs but known to Defendants Ginn Development, Bobby Ginn, Robert Masters and Ginn-LA West End, Defendants Ginn Development, Bobby Ginn, Robert Masters and Ginn-LA West End did submit or cause to be submitted certain information on the CSCF and the CSCF Borrowers to the rating agency Standard & Poor's.
- rr. On a date presently unknown to Plaintiffs but known to Defendant Mark Cook, Defendant Cook sent a Notice of Demand of Balloon Rate Note dated August 7, 2009 to Plaintiff Webb.
- ss. On a date presently unknown to Plaintiffs but known to Defendant Mark Cook, Defendant Cook sent a Notice of Demand of Balloon Rate Note dated August 7, 2009 to Plaintiffs Liles.
- tt. On a date presently unknown to Plaintiffs but known to Defendant Mark Cook, Defendant Cook sent a Notice of Demand of Balloon Rate Note dated August 7, 2009 to Plaintiffs Cicolani Partnership.
- uu. On a date presently unknown to Plaintiffs but known to Defendant Mark Cook, Defendant Cook sent a Notice of Demand of Balloon Rate Note dated August 7, 2009 to Plaintiffs Andrews Group.
- vv. On a date presently unknown to Plaintiffs but known to Defendant Mark Cook, Defendant Cook sent a Notice of Demand of Balloon Rate Note dated August 7, 2009 to Plaintiffs Lammertse.

ww. On a date presently unknown to Plaintiffs but known to Defendant Mark Cook, Defendant Cook sent a Notice of Demand of Balloon Rate Note dated August 7, 2009 to Plaintiffs Van.

xx. On a date presently unknown to Plaintiffs but known to Defendant Mark Cook, Defendant Cook sent a Notice of Demand of Balloon Rate Note dated August 7, 2009 to Plaintiff Kherkher.

yy. On a date presently unknown to Plaintiffs but known to Defendant Mark Cook, Defendant Cook sent a Notice of Demand of Balloon Rate Note dated August 7, 2009 to Plaintiff Josephson.

zz. On a date presently unknown to Plaintiffs but known to Defendant William McCracken, Defendant William McCracken sent a letter dated July 26, 2006 to Plaintiffs Liles, informing them that Ginn Financial had negotiated special terms to offer lot financing to purchasers in the VSM Subdivision.

aaa. On a date presently unknown to Plaintiffs but known to Defendant William McCracken, Defendant William McCracken sent a letter dated January 5, 2007 to Plaintiff Kherkher, informing her that Ginn Financial had negotiated special terms to offer lot financing to purchasers in the VSM Subdivision.

bbb. August 2008 Defendant Bobby Ginn gave a press conference at Old Bahama Bay, to assure the public that VSM was not in jeopardy of foreclosure, with knowledge that the press conference was being recorded and would be transmitted by wire and on the Internet. A video of this press conference was seen by all of the Plaintiffs.

ccc. Defendants Ginn Development, Ginn-LA West End, Bobby Ginn and Robert Masters did cause to be sent to each Plaintiff a VSM Marketing Book. The VSM Marketing Book includes elaborate descriptions of how Defendant BOBBY GINN would develop the VSM Subdivision. The VSM Marketing Book states, in an introductory message signed by Bobby Ginn: "The fact is, we would not have compromised the integrity of our vision, nor would we have shared any plans that we weren't 100% certain we could both develop and operate to the level you've come to expect from the Ginn Clubs and Resorts team." This representation was false inasmuch as Defendants Ginn Development, Ginn-LA West End, Bobby Ginn and Robert Masters agreed under the \$675 million CSCF that Defendant Bobby Ginn would pledge his interest in Defendant Ginn-LA West End as collateral for the loan.

ddd. Defendants Ginn Development, Ginn-LA West End, Bobby Ginn and Robert Masters caused to be sent to each Plaintiff a Ginn Discovery Kit that includes the following quote from Defendant Bobby Ginn on the last page: "Our commitment is for life." This representation was false inasmuch as Defendants Ginn Development, Ginn-LA West End, Bobby Ginn and Robert Masters agreed under the \$675 million CSCF that Defendant Bobby Ginn would pledge his interest in Defendant Ginn-LA West End as collateral for the loan.

159. Other matters and things sent through or received from the Postal Service and private or commercial carrier or interstate wire transmission by Defendants included information or communication in furtherance of or necessary to effectuate the schemes outlined above.

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

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

162. As a result of Defendants' fraudulent schemes, Defendants have obtained money and property belonging to Plaintiffs, and Plaintiffs have been injured in their business or property by the Defendants' overt acts of mail and wire fraud.

Pattern of Racketeering Activity

163. Defendants did knowingly, willfully and unlawfully conduct or participate in the affairs of the Ginn Financial 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 Financial Enterprise.

164. 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 and 1343 as described above, within the past five years ("Racketeering Acts"). Defendants' Racketeering Acts were not isolated, but rather had the same or similar purpose, participants, method of commission, and victims, including Plaintiffs. Each of the Racketeering Acts were committed pursuant to and in furtherance of the Ginn Financial Enterprise, and such acts include false and misleading

statements, as well as other uses of the mails and wire transmissions, to further and execute Defendants' scheme and artifice to defraud.

165. The multiple Racketeering Acts that Defendants committed and/or conspired to commit and/or aided and abetted 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).

COUNT I

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

166. Plaintiffs re-allege the allegations set forth in Paragraphs 1-28 and 34-167 as though fully set forth below.

167. Defendants violated 18 U.S.C. §§ 1962(c) by conducting, or participating directly or indirectly in the conduct of the affairs of the Ginn Financial Enterprise through a pattern of racketeering activity, including acts indictable under 18 U.S.C. §§ 1341 and 1343.

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

COUNT II

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

169. Plaintiffs re-allege the allegations set forth in Paragraphs 1-28 and 34-167 as though fully set forth below.

170. 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 2004

and continues. The object of the conspiracy was to sell and finance VSM lots at inflated prices resulting in increased profits for Defendants.

171. As set forth above, each Defendant knowingly, willfully and unlawfully agreed and combined to conduct or participate in, directly or indirectly, the conduct of the affairs and activities of the Ginn Financial 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).

172. Defendants committed numerous overt acts of racketeering activity or other wrongful activity in furtherance of said conspiracy.

173. The purpose of the acts that caused injury to Plaintiffs was to advance the overall objective of the conspiracy, and the harm to Plaintiffs was a reasonably foreseeable consequence of Defendants' schemes.

174. As a direct and proximate result, Plaintiffs have been injured in their business or property by Defendants' conspiracy and by the predicate acts that make up the Defendants' pattern of racketeering activity through the Ginn Financial Enterprise.

PRAYER FOR RELIEF

Plaintiffs hereby pray for the following relief:

- A. A determination that Defendants have violated 18 U.S.C. §§ 1962(c) and (d);
- B. An injunction prohibiting Defendants from further violations of 18 U.S.C. §§ 1962(c) and (d);
- C. A determination that the mortgages entered into by the Mortgagor Plaintiffs should be declared null and void as a consequence of the Appraisal Fraud Scheme;

- D. A determination that the Contract for Lot Purchase entered into by each Plaintiff should be declared null and void as a consequence of the Credit Suisse Fraud;
- E. As to all counts, an order that Defendants pay damages in an amount to be determined at trial;
- F. As to Counts I and II, an order that Defendants pay treble the amount of damages suffered by Plaintiffs;
- H. An order of restitution of all payments and charges that Defendants improperly collected from Plaintiffs;
- I. A determination that Defendants are jointly and severally liable as to all Counts herein;
- J. An award to Plaintiffs of the costs and disbursements incurred in connection with this action, including reasonable attorneys' fees and the reimbursement of expenses in amounts to be determined by the Court;
- K. An award to Plaintiffs of prejudgment interest;
- L. Trial by Jury of all issues triable as of right by a jury; and
- M. Such other and, further relief as the Court may deem just and proper.

December 14, 2009

s/ Dana L. Ballinger

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**CERTIFICATE OF SERVICE FOR PLAINTIFFS' SECOND AMENDED COMPLAINT
AND DEMAND FOR JURY TRIAL**

I HEREBY CERTIFY that on this 14th day of December, 2009, I electronically filed the following with the Clerk of the Court by using the CM/ECF system, which will send a notice of electronic filing and complete service to:

Attorney for Defendants Ginn Financial Services; Bahamas Sales Associate, LLC; Ginn-LA West End, Limited; The Ginn Companies, LLC; Ginn Development Company, LLC; Robert F. Masters, II; Edward R. Ginn, III; and Mark E. Cook

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December 14, 2009

s/ Dana L. Ballinger

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