

Velva L. Price
District Clerk
Travis County
D-1-GN-19-005144
Carrisa Stiles

CAUSE NO. **D-1-GN-19-005144**

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|--|-----|---|---------------------------------------|
| GENUS | LLC | § | IN THE DISTRICT COURT OF |
| | | § | |
| <i>Plaintiff,</i> | | § | |
| | | § | |
| v. | | § | TRAVIS COUNTY, TEXAS |
| | | § | |
| INVERSE ASSET FUND, LLC & SCOTT A. CARSON | | § | |
| | | § | |
| <i>Defendants.</i> | | § | <u>419TH</u> JUDICIAL DISTRICT |

PLAINTIFF’S ORIGINAL PETITION AND RULE 193.7 NOTICE

TO THE HONORABLE JUDGE OF SAID COURT:

Plaintiff, Genus] LLC (“Genus”), files this Original Petition and Rule 193.7 Notice, complaining of Defendants, Inverse Asset Fund, LLC (“Inverse”), and Scott A. Carson (“Carson”), (collectively “Defendants”) and would respectfully show the following:

I. DISCOVERY

1. Plaintiff requests that discovery in this case proceed under Discovery Control Plan Level 2 pursuant to the Texas Rules of Civil Procedure.

II. NATURE OF THE CASE

2. On or about December 8, 2017, Genus entered into a Joint Venture Agreement (the “Agreement”) with Inverse to purchase investment notes (the “Notes”) for \$50,000.00. Genus delivered the full amount of \$50,000.00 to Inverse but it has failed and refused to perform its end of the bargain. Once the Agreement reached the maturity date, Genus sent Inverse written notice to terminate the Agreement. After months of phone calls and attempts to be recompensated, it has become apparent that Inverse does not intend to honor the Agreement. Furthermore, upon information and belief, Inverse and Carson’s actions are not isolated to their Agreement with Genus. To date, Genus has not received a return of its \$50,000.00.

III. JURISDICTION, VENUE, AND CONDITIONS PRECEDENT

3. This Court has jurisdiction over this matter because the amount in controversy exceeds the minimum jurisdictional limits of this Court.

4. Venue is proper in Travis County under Section 15.002(a)(3) of the Texas Civil Practice & Remedies Code because defendant's principal office is located in Travis County, Texas.

5. Plaintiff seeks monetary relief of \$100,000 or less and nonmonetary relief. Plaintiff reserves the right to amend its claim for relief in the event that Plaintiff learns of additional damages in discovery.

6. All conditions precedent for Plaintiff to recover have been performed, have occurred, or have been waived or excused.

IV. PARTIES

7. Plaintiff, Genus LLC is a foreign limited liability company.

8. Defendant, Inverse Asset Fund, LLC is a Texas limited liability company, whose principal place of business is in Travis County, Texas and may be served with process through its registered agent Scott A. Carson at 13785 Research Boulevard, Suite 125-146, Austin, Texas 78750 or wherever he may be found. Issuance of Citation is hereby requested.

9. Defendant, Scott A. Carson is an individual doing business in Travis County, Texas and may be served with process at 13785 Research Boulevard, Suite 125-146, Austin, Texas 78750 or wherever he may be found. Issuance of Citation is hereby requested.

V. FACTS

10. On or about December 8, 2017, Genus entered into a Joint Venture Agreement with Inverse (the "Agreement"). In the Agreement, Genus agreed to pay Inverse \$50,000.00 to acquire real estate Notes and/or real property. Should Inverse need to acquire the underlying real property

described in the Notes, Inverse agreed to record a lien or deed of trust to secure Genus's \$50,000.00. This did not happen.

11. Also, Inverse agreed to create an account for Inverse and Genus to have full access and transparency for all transactions related to the Notes and/or real property purchased using Genus's \$50,000.00. These accounts would track the purchase and subsequent sale of the Notes and/or real property. This did not happen.

12. The parties agreed that all proceeds stemming from the sale of the Notes and/or real property would be distributed as follows: (1) Genus would receive the portion of the \$50,000.00 used to purchase the Notes and/or real property, (2) repayment of any additional contributions, (3) closing costs and expenses, and (4) the parties would split the remaining amount 50/50. To date, Inverse has not informed Genus of any sale of the Notes and/or real property.

13. The Agreement specified that, if Inverse failed to sell the Notes and or real property purchased using the \$50,000.00 after 12 months, Genus could terminate the Agreement and Inverse would return the \$50,000.00 plus a 12% annualized return.

14. It has been over 12 months and Inverse has yet to fulfill any of its obligations under the Agreement. Genus terminated the Agreement per the contract and has yet to receive its \$50,000.00 plus its 12% annualized interest. Genus requested an explanation numerous times via email, telephonically, and finally through its attorney to no avail.

15. Genus now seeks its damages from the Defendants for the amount he was promised in the Agreement. Genus also seeks its reasonable and necessary, equitable and just attorneys' fees incurred in pursuing collection of these amounts through this lawsuit.

VI. CAUSES OF ACTION

A. Brach of Contract

16. Genus incorporates all the preceding paragraphs in their entirety for all purposes.

17. Genus has a valid contract with Inverse for the purchase and sale of Notes and/or real property. Genus performed under the contract. Inverse breached the contract. Genus has suffered damages as Inverse has failed to fulfill any of its obligations under the contract.

18. Inverse's failure to perform caused Genus's damages as Genus has yet to receive the \$50,000.00 plus a 12 % annualized return under the Agreement.

B. Money Had and Received

19. Genus incorporates all the preceding paragraphs in their entirety for all purposes.

20. Defendants are holding money that in equity and good conscience belongs to Genus. Defendants are liable to Inverse for at least \$50,000.00 plus a 12 % annualized return they are holding.

C. Fraud

21. Genus incorporates all the preceding paragraphs in their entirety for all purposes.

22. Inverse, through its agent Carson, made materially false representations to Genus with the intent that Genus enter into the Agreement. Genus relied on Defendants' materially false representations and entered into the contract thereby causing Genus injury.

23. Accordingly, Genus seeks a recovery of its actual damages and consequential damages suffered as a result of Defendants' fraud. Genus further seeks exemplary damages pursuant to TEX. CIV. PRAC. & REM. CODE § 41.003(a)(1) because of Defendants' fraud.

D. Liability of Carson Pursuant to the Texas Tax Code

24. Pursuant to Texas Tax Code §171.255, the officers and directors of the Inverse are personally liable for the debts Inverse created or incurred after the time of the forfeiture and before the corporate privileges are revived. Prior to and at the time of the transaction which makes the basis of this lawsuit, Inverse's existence was in forfeiture and remained in forfeiture until

December 11, 2017. As such, Carson is jointly and severally liable for any amounts awarded to Genus in this action against Inverse.

E. Attorney's and Other Fees

25. Genus asks the Court to award it reasonable and necessary attorney fees from Defendants under Texas Civil Practice and Remedies Code § Chapter 38.001 and the Texas Business and Commerce Code § 27.01(e). Genus is also entitled to his expert witness fees and other costs provided for in Texas Business and Commerce Code § 27.01(e).

VII. RULE 193.7 NOTICE

26. Pursuant to Rule 193.7 of the Texas Rules of Civil Procedure, Genus hereby gives actual notice to Defendants that any and all documents produced by Defendants may be used against Defendants at any pretrial proceeding and/or at the trial of this matter without the necessity of authenticating the documents.

VIII. PRAYER

WHEREFORE, Genus respectfully requests that the Court:

- a) award Genus actual and consequential damages;
- b) award Genus exemplary damages;
- c) award Genus its attorney fees;
- d) award Genus prejudgment interest and post-judgment interest;
- e) award Genus costs of suit;
- f) grant Genus all relief in law and in equity to which it is entitled.

Respectfully submitted,
RAPP & KROCK, PC

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