

NO. 17-2905-211

TE	NT, INC	§	IN THE DISTRICT COURT
		§	
Plaintiff,		§	
		§	
V.		§	_____ JUDICIAL DISTRICT
		§	
INVERSE INVESTMENTS, LLC		§	
AND SCOTT CARSON,		§	
Defendants.		§	OF DENTON COUNTY, TEXAS

ORIGINAL PETITION

TE: _____ ENT INC., PLAINTIFF, by and through its President, _____; complains of INVERSE INVESTMENTS, LLC, and SCOTT CARSON, Defendants, and for cause of action shows:

DISCOVERY CONTROL PLAN

1. Plaintiff believes that this suit is properly classified under the Discovery Control Plan Requirements specified by Texas Rule of Civil Procedure 190.2, and Plaintiff affirmatively states that it intends to pursue discovery under Level 2 of that rule.

PARTIES AND SERVICE

2. Plaintiff is a corporation, with its principal office and place of business at 1611 Villa Court, Corinth, Denton County, Texas.

3. Defendant Inverse Investments, LLC is a limited liability company with its principal office at 13492 Research Blvd, Ste 120-515, Austin, Texas. Service of citation may be had upon Defendant by serving the registered agent, Scott A. Carson at Defendant’s principal office, the registered agent’s address of 2813 Pioneer Way, Round Rock, Texas 78665, or wherever he may be found.

4. Defendant Scott Carson is an individual who is a resident of Texas and may be served with process at 2813 Pioneer Way, Round Rock, Texas 78665, or wherever he may be found.

JURISDICTION AND VENUE

5. The subject matter in controversy is within the jurisdictional limits of this court. Plaintiff seeks monetary relief of more than \$500 but less than \$200,000.00.

6. This court has jurisdiction over the parties because Defendant Inverse Investments is a limited liability company with its principal place of business in Texas and Defendant Scott Carson is a resident of Texas.

7. Venue is proper in this county because this is a county in which all or a substantial part of the events or omissions giving rise to this claim occurred and because Defendant contracted in writing to perform an obligation in this county. Civ. Prac. Rem. Code §15.002(1), Civ. Prac. Rem. Code §15.035. The place for payment under the contract is Denton County, Texas, the contract was executed by Plaintiff in Denton County, Texas, and Defendants made fraudulent representations To Plaintiff, who was in Denton County.

FACTUAL ALLEGATIONS

8. Scams come in all shapes and sizes. This one came in the form of a real estate investment hawked by a smooth-talking con man. On or about April 10-13, 2014, Plaintiff Tester attended a seminar in Atlanta, Georgia, put on by Scott Carson, who claimed to be a self-made expert on making money from investments in non-performing notes and residential properties. Tester was flattered when, after the conference, Carson sought him out and offered to partner on some properties. Carson said that he, through his company Inverse Investments, would enter into an investment deal on two properties with Tester, through Tester's company Tester Management. Carson guaranteed a 12% return on Tester's initial investment if the properties weren't sold within one year; however, the expected return was much higher than 12% because the plan was to split the proceeds from selling the properties, which Carson asserted would be extremely lucrative. Carson said that each company would own 50% of two pieces of real property to be acquired once Plaintiff invested. Carson asserted that he "work[ed] these deals all the time" and that there was no risk associated with the investment, only guaranteed return of at least 12%. Based on the guarantees and representations made by Carson, Tester agreed to enter into the joint venture agreement for two properties.

9. Carson supplied the written contract (hereinafter the "contract"). A true and correct copy of the contract is attached hereto as *Exhibit A* and incorporated herein by reference for all purposes. Under the terms of the contract, Tester and Plaintiff agreed to contribute \$67,500.00 towards the acquisition, management, and sale of the two notes/properties listed in the contract, one of which is in Fort Worth and one of which is in Houston. If the properties were sold, each company would receive fifty percent (50%) of the profits. The terms further provided that if the properties listed in the contract were not sold within twelve (12) months of the execution of the contract, Tester and Plaintiff had the right to be refinanced out of the contract at 12% annualized interest on its original investment amount of \$67,500.00. Carson's company, Inverse Investments, was then obligated to pay Tester and Plaintiff in full for the original principal plus 12% annualized interest within ninety (90) days of notice. In addition, the legal title to both properties covered by the contract was to be held in the name of both parties.

10. Tester and Plaintiff fulfilled its obligation and paid \$67,500.00 to Inverse Investments. The properties did not sell within twelve (12) months of the execution of the contract. On or about April 11, 2016, Tester and Plaintiff notified Carson and Inverse Investments in writing that it was exercising the right to be refinanced out of the contract.

11. The time for payment came and went, without payment being made. Finally, on September 6, 2016, Inverse Management made a partial payment of only \$20,000.00. No further payments have been made, despite Te [redacted] nt's numerous demands for compliance.

12. To make things even worse, Te [redacted] discovered that Inversement Management and Carson had failed to title the two properties in Te [redacted] nt's name. The property located at 2923 Knotty Oaks Trail, Houston, Texas is titled only in the name of Inverse Investments LLC. The property located at 1605 Michael Street, Ft. Worth, Texas is titled in the name of Helping Hands Housing LLC.

13. On or about October 31, 2016, Te [redacted] nt presented a claim to Carson and Inverse Management for payment. More than 30 days after the date of the demand for payment, payment for the just amount owed has not been tendered.

14. Despite being called a "Joint Venture Agreement," the relationship between Plaintiff and Defendants was a partnership governed by Section 152 of the Business Organizations Code. As such, Defendants owe Plaintiff a duty of loyalty and accountability but has failed to provide an accounting. In the filing of this Petition, Plaintiff hereby demands an immediate accounting of all partnership activities.

BREACH OF CONTRACT

15. Plaintiff brings a cause of action for breach of contract against Defendants.

16. Plaintiff incorporates by reference the allegations set forth above as if the same were fully set forth herein.

17. All conditions precedent to contract formation and to Defendant's liability under the contract have occurred.

18. The contractual obligations of Plaintiff have been fully performed.

19. Defendant has failed to perform its contractual obligations.

20. Plaintiff has suffered damages in excess of the Court's jurisdictional minimum as a result Defendant's breach of contract described herein above. Plaintiff has lost the benefit of the funds owed to him under the contract in the amount of his principal contribution of \$67,500.00, plus 12% annualized interest from the date of execution of the contract, less the \$20,000.00 payment made by Defendant. Defendant's actions have caused Plaintiff further damage in that Petitioner has been required to retain legal counsel and has incurred necessary attorney's fees as a result of instituting and prosecuting this action.

COMMON LAW FRAUD

21. Plaintiff further brings a cause of action for common law fraud against Defendants and incorporates by reference the allegations set forth above as if the same were fully set forth herein.

22. Defendant Carson made representations to Plaintiff, claiming that he was highly experienced in deals such as theirs, that there was a guaranteed return of at least 12% interest on Plaintiff's investment with no risk of loss, that the real properties listed in the contract would be acquired by him or Defendant Inverse Investments and would be titled with Plaintiff as an equal owner, and that a complete buyout would occur at Plaintiff's option.

23. Defendant Carson was acting on behalf of and as the owner of Defendant Inverse Investments when he made these representations.

24. These representations were material in that they were important to Plaintiff in making its decision to enter into the contract, and a reasonable person would attach importance to and be induced to act on the information.¹

25. These representations were false. The representation that Defendant Carson was highly experienced in handling these deals was a false statement of fact. The representation that there was a guarantee of 12% return with no risk of loss was a false statement about future events, and Defendant Carson (1) purported to have special knowledge of the facts that were to occur in the future, (2) had present knowledge that the statement was false, and (3) offered an opinion based on facts known to be false.² The representation that Defendant Carson or Defendant Inverse Investments would acquire both properties and would retitle them naming Plaintiff as joint owner was a false statement of future performance.

26. When Defendant Carson made these representations, he knew they were false in that he was aware of the falsity of the representations.³

27. Defendant Carson made these representations with the intent that Plaintiff act on them. Defendant Carson intended for Plaintiff to act in reliance on these representations, and Plaintiff incurred pecuniary loss in the type of transaction in which Defendant Carson intended.⁴

28. Plaintiff relied on the representations and entered into a binding agreement based on the representations. Plaintiff's reliance on the representations was justifiable.⁵

¹ *Italian Cowboys Partners v. Prudential Ins.*, 341 SW3d 323, 327 (Tex. 2011)

² *Transport Ins. V. Faircloth*, 898 SW2d 269, 277 (Tex. 1995); *Trenholm v. Ratcliff*, 646 SW2d 927, 930 (Tex. 1983); *Guevara v. Lackner*, 447 SW3d 556, 577 (Tex. App.- Corpus Christi 2014, no pet.)

³ *Landers v. Aurora Loan Servs*, 434 SW3d 291, 296 (Tex. Ap.- Texarkana 2014, no pet.)

⁴ *Exxon Corp. v. Emerald Oil & Gas Co.*, 348 SW3d 194, 218-19 (Tex. 2011)

⁵ *Haase v. Glazner*, 62 SW3d 795, 797-98 (Tex. 2001); *Sawyer v. E.I. Du Pont de Nemours & Co.*, 430 SW3d 396, 401 (Tex. 2014)

29. The representations caused Plaintiff injury. Plaintiff suffered out-of-pocket damages in the failure of Defendant Inverse Investments to return his principal investment and benefit-of-the-bargain damages in the failure of Defendant Inverse Investments to pay Plaintiff 12% annualized interest on the principal investment.

FRAUD IN REAL ESTATE

30. Plaintiff further brings a cause of action for Fraud in Real Estate pursuant to Section 27.01 of the Business and Commerce Code and incorporates by reference the allegations set forth above as if the same were fully set forth herein.

31. As stated above, Defendants made a false representation of a past or existing material fact, and such representation was

- A. made to a person for the purpose of inducing that person to enter into a contract; and
- B. relied on by that person in entering into that contract; or

32. In the alternative, Defendants made a false promise to do an act, and the false promise was

- A. material;
- B. made with the intention of not fulfilling it;
- C. made to a person for the purpose of inducing that person to enter into a contract; and
- D. relied on by that person in entering into that contract.

33. This fraud caused Plaintiff damages as previously stated herein. Actual damages were caused in the amount of Plaintiff's original investment, plus 12% annualized interest since the execution of the agreement, less the \$20,000 paid by Defendant Carson, plus attorney's fees and costs of court.

34. Pursuant to Section 27.01 of the Business and Commerce Code, exemplary damages are also applicable.

BREACH OF FIDUCIARY DUTY

35. Plaintiff further brings a cause of action for breach of fiduciary duty and incorporates by reference the allegations set forth above as if the same were fully set forth herein.

36. A breach of fiduciary duty has occurred because

- a. there was a fiduciary relationship between Plaintiff and Defendants as a result of the position of trust into which Defendant Carson placed himself and as a result of the partnership created by the agreement between the parties;

- b. the Defendants breached their fiduciary duty to Plaintiff by taking Plaintiff's funds and failing to retitle the real estate or return Plaintiff's investment; and
- c. the Defendants' breach resulted in injury to Plaintiff and benefit to Defendants as stated herein. *Jones v. Blume*, 196 S.W.3d 440, 447 (Tex. App.-Dallas 2006, pet. denied).

DAMAGES

37. As stated herein above, Plaintiff has sustained damages in the amount of \$67,500.00, plus 12% annualized interest from the date of execution of the agreement, less the \$20,000.00 payment made by Defendant.

38. As a result of Defendants' actions, Plaintiff has been required to retain the undersigned legal counsel to institute and prosecute this action. Plaintiff is, therefore, entitled to recover reasonable and necessary attorneys' fees.

39. In an action for common law fraud, real estate fraud, and breach of fiduciary duty, Plaintiff can recover exemplary damages, and Plaintiff so requests.⁶

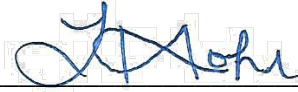
PRAYER

WHEREFORE, Plaintiff requests that Defendants be cited to appear and answer, and that on final trial, Plaintiff has judgment as follows:

1. For general damages in the sum of \$67,500.00 plus 12% annualized interest from the date of execution of the agreement, less the \$20,000.00 payment made by Defendant, plus interest accrued from the date of filing until payment is received.
2. Prejudgment interest as provided by law.
3. Reasonable attorneys' fees.
4. Post-judgment interest as provided by law.
5. Costs of suit.
6. Exemplary damages.
7. Such other and further relief to which plaintiff may be justly entitled.

⁶ *Tony Gullo Motors I, LP v. Chapa*, 212 SW 3d 299, 304 (Tex. 2006)

Respectfully submitted,



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