

Velva L. Price
District Clerk
Travis County
D-1-GN-19-001295
Adrian Rodriguez

CAUSE NO. D-1-GN-19-001295

ASSOCIATE	§	IN THE DISTRICT COURT OF
LTD	§	
<i>Plaintiff,</i>	§	
	§	
	§	TRAVIS COUNTY, TEXAS
	§	
INVERSE ASSET FUND, LLC & SCOTT A. CARSON	§	
	§	
<i>Defendants.</i>	§	<u>250TH</u> JUDICIAL DISTRICT

PLAINTIFF’S ORIGINAL PETITION AND RULE 193.7 NOTICE

TO THE HONORABLE JUDGE OF SAID COURT:

Plaintiff, Associate Ltd (“Associate”), 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 August 8, 2017 and October 30, 2017 Associate entered into two similar Joint Venture Agreements (the “Agreements”) with Inverse to purchase investment notes (the “Notes”) for \$50,000.00 and \$20,000.00, respectively. Associate delivered the full amount of \$70,000.00 to Inverse but it has failed and refused to perform its end of the bargain. After months of phone calls and attempts to contact Inverse, it has become apparent that Inverse does not intend to honor the contract it entered with Associate. Furthermore, upon information and belief, Inverse and Carson’s actions are not isolated to their Agreements with Associate. To date, Inverse has not

received the protection and information required under the Agreements, a return of its \$70,000.00 or an explanation from Inverse or Carson.

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, Associate _____, Ltd is an Illinois corporation.

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 August 1, 2017 and October 30, 2017, Associate entered into two identical Joint Venture Agreements with Inverse (the "Agreements"). In the agreement executed

in August, Associate agreed to pay Inverse \$50,000.00 to acquire real estate Notes and/or real property. In the agreement executed in October, Associate agreed to pay Inverse \$20,000.00 to acquire real estate Notes and/or real property. Other than the amounts paid by Associate, the Agreements are identical.

11. In the Agreements, Inverse agreed to include Associate as a co-owner of the Notes, if feasible. 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 Associate's \$70,000.00. This did not happen.

12. Also, Inverse agreed to create an account for Inverse and Associate to have full access and transparency for all transactions related to the Notes and/or real property purchased using Associate's \$70,000.00. These accounts would track the purchase and subsequent sale of the Notes and/or real property. This did not happen.

13. The parties agreed that all proceeds stemming from the sale of the Notes and/or real property would be distributed as follows: (1) Associate would receive the portion of the \$70,000.00 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 Associate of any sale of the Notes and/or real property.

14. The Agreements specified that, if Inverse failed to sell the Notes and or real property purchased using the \$70,000.00 after 12 months, Associate could terminate the Joint Venture Agreement and Inverse would return the \$70,000.00 plus interest at 12% per annum.

15. It has been over 12 months and Inverse has yet to fulfill any of its obligations under the Agreements. Associate terminated the Agreements per the contract and has yet to receive its \$70,000.00 plus 12% interest. Associate requested an explanation numerous times via email, telephonically, and finally through its attorney to no avail.

16. Associate now seeks its damages from the Defendants for the amount he was promised in the Agreements. Associate 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. Breach of Contract

17. Associate incorporates all the preceding paragraphs in their entirety for all purposes.

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

19. Inverse's failure to perform caused Associate's damages as Associate has yet to receive the \$70,000.00 plus 12 % interest under the Agreements.

B. Money Had and Received

20. Associate incorporates all the preceding paragraphs in their entirety for all purposes.

21. Defendants are holding money that in equity and good conscience belongs to Associate. Defendants are liable to Inverse for at least \$70,000.00 plus 12 % interest they are holding.

C. Fraud

22. Associate incorporates all the preceding paragraphs in their entirety for all purposes.

23. Inverse, through its agent Carson, made materially false representations to Associate with the intent that Associate enter into the Agreements. Associate relied on

Defendants' materially false representations and entered into the contract thereby causing Associate injury.

24. Accordingly, Associate seeks a recovery of its actual damages and consequential damages suffered as a result of Defendants' fraud. Associate 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

25. 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 Associate in this action against Inverse.

E. Attorney's and Other Fees

26. Associate 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). Associate 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

27. Pursuant to Rule 193.7 of the Texas Rules of Civil Procedure, Associate 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.

X. PRAYER

WHEREFORE, Associate respectfully requests that the Court:

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

Respectfully submitted,
RAPP & KROCK, PC

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