

CAUSE NO. D-1-GN-20-000701

QUEST TRUST COMPANY FBO
&
QUEST TRUST COMPANY FBO
Plaintiff,

v.

INVERSE ASSET FUND, LLC, &
SCOTT A. CARSON
Defendant.

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IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

250th JUDICIAL DISTRICT

PLAINTIFF’S ORIGINAL PETITION AND RULE 193.7 NOTICE

TO THE HONORABLE JUDGE OF SAID COURT:

Plaintiffs, Quest Trust Company fka Quest IRA, Inc. FBO
and Quest Trust Company fka Quest IRA, Inc. FBO
 (“F”)(collectively “Plaintiffs”) file 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 March 14, 2018, J entered into a Joint Venture Agreement (the “First Agreement”) with Inverse to purchase investment notes (the “Notes”) for \$70,000.00. J delivered the full amount of \$70,000 to Inverse but it has failed and refused to perform its end of the bargain. J has sent Inverse notice to terminate the Agreement. After months of phone calls

and attempts to contact Inverse, it has become apparent that Inverse does not intend to honor the Agreement.

3. On or about March 14, 2018, F entered into a Joint Venture Agreement (the “Second Agreement”) with Inverse to purchase investment notes (the “Notes”) for \$20,000.00. F delivered the full amount of \$20,000 to Inverse but it has failed and refused to perform its end of the bargain. F has sent Inverse notice to terminate the Agreement. After months of phone calls and attempts to contact Inverse, it has become apparent that Inverse does not intend to honor the Agreement.

4. Furthermore, upon information and belief, Inverse and Carson’s actions are not isolated to their Agreements with J and F : To date, J has not received a return of his \$70,000.00 and F has not received a return of her \$20,000.00.

III. JURISDICTION, VENUE, AND CONDITIONS PRECEDENT

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

6. 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.

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

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

9. All conditions precedent for Plaintiffs to recover have been performed, have occurred, or have been waived or excused.

IV. PARTIES

10. Plaintiff, Quest Trust Company f/k/a Quest IRA, Inc. FBO of Jc
, is a company doing business in Texas.

11. Plaintiff, Quest Trust Company f/k/a Quest IRA, Inc. FBO F
, is a company doing business in Texas.

12. 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.

13. 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

14. On or about March 14, 2018, Plaintiffs entered into separate Joint Venture Agreements with Inverse (the "Agreements"). In his Agreement, Jc agreed to pay Inverse \$70,000.00 to acquire real estate Notes and/or real property. In her Agreement, Fc agreed to pay Inverse \$20,000 to acquire real estate Notes and/or real property. Inverse agreed to include Jc and Fc as a co-owners 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 Jc's \$70,000.00 and Fc's \$20,000.00. This did not happen.

15. Also, Inverse agreed to create an account for Inverse and Jc and for Inverse and Fc to have full access and transparency for all transactions related to the Notes and/or real

property purchased using J... 's \$70,000.00 and F... 's \$20,000.00. These accounts would track the purchase and subsequent sale of the Notes and/or real property. This did not happen.

16. The parties also agreed that all proceeds stemming from the sale of the Notes and/or real property would be distributed as follows: (1) J... and F... would receive the portion of the \$70,000.00 and \$20,000.00, respectively, used to purchase the Notes and/or real property, (2) repayment of any additional contributions, (3) closing costs and expenses, and (4) the Plaintiffs would receive quarterly payments at 12% interest. To date, Inverse has not informed J... or F... of any sale of the Notes and/or real property.

17. The First Agreement specified that if Inverse failed to sell the Notes and or real property purchased using J... 's \$70,000.00 after 12 months, J... could terminate his Agreement and Inverse would have 90 days to return J... 's \$70,000.00 plus interest at 12% per annum.

18. J... has been paid quarterly interest payments in the amount of \$2,100.00 each, but the payments suddenly stopped, even though the Agreement was still in effect.

19. The Second Agreement specified that if Inverse failed to sell the Notes and or real property purchased using F... 's \$20,000.00 after 12 months, F... could terminate her Agreement and Inverse would have 90 days to return F... 's \$20,000.00 plus interest at 12% per annum.

20. It has been over 12 months and Inverse has yet to fulfill multiple obligations under the Agreements. J... and F... terminated their Agreements per the contract and have yet to receive their \$70,000.00 and \$20,000.00, respectively, plus 12% interest. J... and F... requested an explanation numerous times via email, telephonically, and finally through his attorney to no avail.

21. J... and F... now seek their damages from the Defendants for the amount they were promised in the Agreement. J... and F... also seeks their 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

22. Plaintiffs incorporate all the preceding paragraphs in their entirety for all purposes.

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

24. Inverse's failure to perform caused J. [redacted]' and F. [redacted]'s damages as J. [redacted] has yet to receive the \$70,000.00 plus 12 % interest under the Agreement and F. [redacted] has yet to receive the \$20,000.00 plus 12% interest under the Agreement.

B. Money Had and Received

25. Plaintiffs incorporate all the preceding paragraphs in their entirety for all purposes.

26. Defendants are holding money that in equity and good conscience belongs to Plaintiffs. Inverse and Carson are liable to Plaintiffs for at least \$90,000.00 plus the 12 % interest they are holding.

C. Fraud

27. Plaintiffs incorporate all the preceding paragraphs in their entirety for all purposes.

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

29. Accordingly, Plaintiffs seek a recovery of their actual damages and consequential damages suffered as a result of Defendants' fraud. Plaintiffs further seek 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

30. Pursuant to Texas Business Organizations Code §21.223(b), the officers and directors of Inverse are personally liable if the director or officer caused the company to be used for the purpose of perpetrating and did perpetrate an actual fraud on the obligee primarily for the direct personal benefit of the director or officer. As such, Carson is jointly and severally liable for any amounts awarded to Plaintiffs in this action against Inverse.

E. Attorney's and Other Fees

31. Plaintiffs ask the Court to award them 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). Plaintiffs are also entitled to their expert witness fees and other costs provided for in Texas Business and Commerce Code § 27.01(e).

IX. RULE 193.7 NOTICE

32. Pursuant to Rule 193.7 of the Texas Rules of Civil Procedure, Plaintiffs hereby give 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, Plaintiffs respectfully requests that the Court:

- a) award Plaintiffs actual and consequential damages;
- b) award Plaintiffs exemplary damages;
- c) award Plaintiffs his attorney fees;

- d) award Plaintiffs prejudgment interest and post-judgment interest;
- e) award Plaintiffs costs of suit;
- f) grant Plaintiffs all relief in law and in equity to which he is entitled.

Respectfully submitted,

RAPP & KROCK, PC

/s/ R. Alex Weatherford

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