# IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON IN AND FOR THE COUNTY OF KING

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8 9 Case No.: 13-2-03663-1 GARY WOOLEVER. 10 Plaintiff. 11 FIRST AMENDED COMPLAINT FOR VS. BREACH OF CONTRACT; FRAUD; 12 MISREPRESENTATION; CONVERSION; ANDREW W. MORRISON; "JOHN DOE" AND 13 VIOLATION OF THE WASHINGTON "JANE DOE" 1-50, CONSUMER PROTECTION ACT; 14 Defendants. CRIMINAL PROFITEERING; AND TO PIERCE THE CORPORATE/LLC VEIL 15 16 COMES NOW the plaintiff above named, by and through his attorney Bruce O. ` 17 Danielson of the Danielson Law Office, P.S., and state and allege as follows: 18 19 I. PARTIES. 20 Defendant Andrew W. Morrison a/k/a "Drew Morrison", is believed to be a 1.1 21 single man residing in Seattle, King County, Washington. 22 "John Doe" and "Jane Doe" 1-50 are believed to be individuals, relatives of 1.2 23 Andrew Morrison, business entities, corporations or limited liability companies as yet 24 25 unidentified who may be liable to the plaintiff for the claims and allegations made herein. 26 27 DANIELSON LAW OFFICE, P.S. PAGE 1 1001 4<sup>TH</sup> AVENUE, SUITE 3200 28 SEATTLE, WA 98154

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- 1.3 Jurisdiction and venue are proper in the King County Superior Court in and for the reason the defendant Morrison resides in, and conducts business in, Seattle, Washington.
  - 1.4 The plaintiff is a resident of Florida.

#### II. BACKGROUND.

- 2.1 The defendant Morrison holds himself out and promotes himself to the public as a successful entrepreneur, real estate expert, hedge fund investor and business manager. The defendant Morrison claims he is a specialist in start ups, real estate investments, residential rehab, private and commercial loans and trustee sales.
- 2.2 The defendant Morrison has never held a real estate license, a securities license or a contractor's license.
- 2.3 Relying upon the misrepresentations of the defendant Morrison that he was a successful business man with specialized knowledge and skills, the plaintiff was convinced to invest funds with the defendant Morrison in a business to buy, renovate and sell residential properties for a profit in Washington and Arizona. The plaintiff tendered approximately \$484,000.00 to the defendant Morrison to be used for investments.
- 2.4 The plaintiff provided the start up capital and, relying upon the representations of the defendant Morrison, the defendant Morrison was to provide his expertise and business connections.
- 2.5 Relying upon the advice and documents prepared by or at the direction of the defendant Morrison, the plaintiff became the managing member of a company called Finish Touch Investments, LLC, an Colorado limited liability company. The plaintiff's status as managing member was in name only. Defendant Drew Morrison, without authorization or PAGE 2

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authority, held himself as the authorized agent and/or managing member of Finish Touch Investments, LLC. and conducted the operation of Finish Touch Investments, LLC. without regard to the authority of the plaintiff and withheld from the plaintiff the fact that the defendant Morrison was operating the company outside the scope of his authority.

- 2.6 The defendant Morrison represented to the plaintiff that only investments approved by the plaintiff would be made and only investments would be made after consulting with the plaintiff.
- 2.7 The defendant Morrison opened a bank account for the receipt and deposit of the plaintiff's funds. This account was to be used for the business of Finish Touch Investments, LLC. The defendant Morrison refused to allow the plaintiff to become a signatory on the bank account.
- 2.8 The plaintiff made repeated demands on the defendant Morrison for a certified accounting and disposition of the plaintiff's funds. The defendant Morrison refused to provide any accountings.
- 2.9 The plaintiff instructed the defendant Morrison to cease any further use of his investment funds unless and until the plaintiff received an accounting of the funds used and unless approved by the plaintiff.
- 2.10 The plaintiff subsequently learned that the defendant Morrison converted plaintiff's investment funds to purchase real property without the plaintiff's knowledge, agreement or consent.
- 2.11 Without authorization of authority, the defendant Morrison took out a mortgage on the real property purchased with the plaintiff's funds. The mortgage payments were not made PAGE 3

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1001 4<sup>TH</sup> AVENUE, SUITE 3200 SEATTLE, WA 98154 206-652-4550 and it was later learned that a notice of default and a threat of foreclosure were sent to the defendant Morrison. The defendant Morrison later sold and assigned the real property to a company known as Coyote Capital Investments. This sale was without the plaintiff's knowledge or consent.

- 2.12 The plaintiff demanded from the defendant Morrison that all of the plaintiff's funds from Finish Touch Investments, LLC. be refunded and an accounting be made by the defendant Morrison for all of the plaintiff's funds.
- 2.13 In response to the demand for an accounting and repayment of the investment funds, the defendant Morrison stated that all of the funds were gone and spent. The defendant Morrison refused to provide an accounting of the disposition of the plaintiff's funds.
- 2.14 The defendant Morrison personally agreed to repay the plaintiff his investment funds so as to avoid a criminal complaint against the defendant Morrison. To evidence his personal promise to pay the plaintiff, the defendant Morrison executed a promissory note and had his signature notarized. A copy of the promissory note is attached hereto as Exhibit "A" and is incorporated herein by this reference.
- 2.15 In exchange for the promissory note, the defendant Morrison requested and received a Release of his security interest in certain projects of the defendant Morrison. A copy of the release is attached hereto and incorporated herein by this referenced as Exhibit "B."
- 2.16 When the defendant Morrison failed to make his first payment under the terms of the promissory note, Exhibit "A" hereto, the defendant Morrison requested a modification of the promissory note. On or about June 4, 2012, the defendant Morrison executed a modified promissory note before a notary public, Exhibit "C" hereto.

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- 2.17 The defendant Morrison failed and refused to pay the promissory notes.
- 2.18 The plaintiff commenced a lawsuit against the defendant Morrison alleging breach of contract.
  - 2.19 The defendant Morrison Answered the complaint claiming lack of consideration.
- 2.20 A judgment was entered against the defendant Morrison by the King County Superior Court in August of 2013.
- 2.21 The defendant Morrison moved to have the motion vacated and alleged, for the first time, that the promissory notes were forged and that he never executed a promissory note in his individual capacity and that the obligation is that of Path Investments Group, LLC.
- 2.22 The defendant Morrison claims that the promissory note was signed by him in his capacity as an officer or agent of Path Investments Group, LLC. despite the express language of the promissory notes, Exhibits "A" and "C" hereto making the defendant Morrison personally liable.
- 2.23 At the time he signed the promissory note and the modification of the promissory note, Path Investments Group, LLC. was not a recognized or active limited liability company.
- 2.24 The defendant used the plaintiff's funds to support and pay for his lifestyle and his other business venture, On the Go Technologies, k/n/a Cityguru, Inc.
- 2.25 Defendant Andrew Morrison uses investor funds, including the funds of the plaintiff, for his personal living expenses.
- 2.26 Defendant Morrison secures the majority of his funds for living expenses and business ventures he controls, such as Cityguru, Inc. not through his work or earnings

independent of his fund raising, but rather by convincing people to invest in his business schemes.

- 2.27 The defendant Morrison is engaged in a pattern of fraud, misrepresentation, and conversion for the purposes of securing funds from investors, such as the plaintiff and those who invest in Cityguru, Inc.
- 2.28 The defendant Morrison engages in the practice of filing corporations or limited liability companies for the purposes of persuading investors as the legitimate operation of the business.
- 2.29 In truth and fact, the defendant Morrison creates corporations or limited liability companies yet fails to secure needed business licenses and permits and fails to pay taxes.

  Furthermore, the defendant Morrison misrepresented to the plaintiff and to other investors as to the fact his companies do not prosper or become self supporting and fails to inform investors that he operate the businesses as his alter ego and for his personal gain and benefit.
- 2.30 As part of his ongoing investor schemes, the defendant Morrison is soliciting investors for Cityguru, Inc. Cityguru, Inc. is a Delaware corporation with unpaid taxes from 2012 in the sum of over \$77,000.00, has failed to file an annual report with Delaware for 2013, operates in Washington without registering in Washington with the Secretary of State, fails and refuses to secure business licenses or permits and fails to advise investors of its true corporate status and difficulties.
- 2.31 The defendant used the plaintiff's investment as part of a Ponzi Scheme to pay off other investors in his failed schemes, for his personal investment in Cityguru, Inc. and to support his lifestyle.

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- 2.32 In truth and fact, the defendant Morrison is a failed businessman and promoter who preys upon investors and individuals such as the plaintiff for his personal benefit.
- 2.33 While in business with the plaintiff, Andrew Morrison was using the funds secured from the plaintiff for his other business ventures, including the business of Cityguru. The assets of the plaintiff were transferred to the defendant Cityguru with the intent to hinder, delay or defraud the plaintiff as a creditor of Andrew Morrison.
- 2.34 Andrew Morrison transferred funds of the plaintiff to the defendant Cityguru with the intent to hinder, delay or defraud the plaintiff and to place the funds out of reach of the plaintiff as a creditor.
- 2.35 Plaintiff's funds were transferred to Cityguru after a lawsuit was commenced by the plaintiff against Andrew Morrison. The assets transferred by Andrew Morrison were substantially all of Andrew Morrison's assets. The transfer was an intent to hide, shield or otherwise defraud the plaintiff.
- 2.36 As part of the illegal transfer of assets belonging to the plaintiff, Andrew Morrison used the plaintiff's funds to improve his holdings and position with Cityguru and to increase his personal corporate holdings.

#### III. CAUSE OF ACTION: BREACH OF CONTRACT

- 3.1 Plaintiff reincorporates and realleges paragraphs 1.1 through 2.36, inclusive.
- 3.2 The defendant breached his promises of payment pursuant to the promissory notes. Exhibits "A" and "B" hereto.
- 3.3 As a result of the breach of the defendant's promise of payment, the plaintiff has been damaged in the sum of \$489,181.28 with interest thereon.

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## IV. CAUSE OF ACTION: FRAUD AND MISRPRESENTATION

- 4.1 Plaintiff reincorporates and realleges paragraphs 1.1 through 3.3, inclusive.
- 4.2 The acts of the defendant complained of herein constitute fraud and misrepresentation thereby causing the plaintiff to suffer damages in an amount to be proven at the time of trial.

### V. CAUSE OF ACTION: CONVERSION

- 5.1 Plaintiff reincorporates and realleges paragraphs 1.1 through 4.2, inclusive.
- 5.2 The acts of the defendant complained of herein constitute conversion thereby causing the plaintiff to suffer damages in an amount to be proven at the time of trial.

# VI. CAUSE OF ACTION: VIOLATION OF THE WASHINGTON CONSUMER PROTECTION ACT.

- 6.1 Plaintiff reincorporates and realleges paragraphs 1.1 through 5.2, inclusive.
- 6.2 The acts of the defendant Morrison complained of herein took place in trade and commence, were unfair and deceptive and resulted in the plaintiff suffering damages in excess of \$489,000.00
- 6.3 The acts of the defendant Morrison complained of herein are in violation of the Washington Consumer Protection Act, RCW 19.86.

## VII. CAUSE OF ACTION: CRIMINAL PROFITEERING.

- 7.1 Plaintiff reincorporates and realleges paragraphs 1.1 through 6.3, inclusive.
- 7.2 The acts of the defendant complained of herein constitute theft in violation of RCW 9A.56, forgery in violation of RCW 9A.60 and money laundering in violation of 9A.83.

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- 7.3 The acts of the defendant Morrison complained of herein constitute acts of equity skimming in violation of RCW 61.34.020 in that the defendant Morrison diverted value from property by taking proceeds from the superior title interest of the plaintiff for the defendant Morrison's own benefit.
- 7.4 In accordance with RCW 19.40, the plaintiff is entitled to a judgment against the defendant Cityguru for all sums illegally or improperly received from the defendant Morrison.
- 7.5 The defendant Morrison used funds secured from a patter of criminal profiteering for the operation of a business in violation of RCW 9A.82.080.
- 7.6 That this Court issue an injunction preventing the defendant Morrison, acting in his individual or in any capacity as an officer, agent or member, from transferring, conveying or otherwise disposing of funds, accounts or assets to be identified.

## XIII. CAUSE OF ACTION: PIERCING CORPORATE VEIL.

- 8.1 Plaintiff reincorporates and realleges paragraphs 1.1 through 7.6, inclusive.
- 8.2 At all times the defendant Morrison co-mingled his assets and the debts and improperly used corporate or limited liability funds for his personal use and benefit to the detriment of the company(ies).
- 8.3 The defendant Morrison is personally liability for any obligations or debts he incurred for corporations or limited liability companies which were not in good standing at the time he executed the obligations.

WHEREFORE, the plaintiff prays for judgment and relief against the defendant Morrison as follows:

- 1. For a judgment against the defendant Andrew W. Morrison in the sum of \$489,181.28 or such other sum as may be determined by the Court plus interest thereon.
- 2. That the plaintiff be awarded, pursuant to RCW 9A.82.100 a judgment in sum of \$250,000.00 plus costs and the plaintiff's attorneys' fees.
- 3. For a judgment against the defendant for all sums determined to be funds and assets of the plaintiff wrongfully transferred and conveyed to the defendant.
- 3. That this Court issue an injunction preventing the defendant from disbursing any assets from any accounts pending trial in this matter.
- 4. For a judgment for plaintiff's attorney's fees and costs for being forced to maintain this action.
- 5 In accordance with RCW 19.86, that the plaintiff be awarded treble his damages, actual damages, costs and attorneys' fees.
- 6. That the plaintiff be allowed to amend this Complaint to add additional parties as necessary.
  - For such other and further relief as the Court deems just and equitable.
     Dated this 28<sup>th</sup> day of April, 2014.

/S/ Bruce O. Danielson

Bruce O. Danielson, WSBA #14018 Attorney for the Plaintiff.

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