

IN THE DISTRICT COURT OF OTTAWA COUNTY
STATE OF OKLAHOMA

FILED
DISTRICT COURT
OTTAWA CO. OKLA.

FEB 24 2012

BY CASSIE KEY COURT CLERK

EASTERN SHAWNEE TRIBE OF
OKLAHOMA,

Plaintiff,

v.

WILLIAM MORRIS FINANCIAL
SERVICES, LLC; WILLIAM SEGAL; and
MERRY REINIS,

Defendants.

Case No.

CT-D-50

PETITION

The Plaintiff, the Eastern Shawnee Tribe of Oklahoma (the "Eastern Shawnee Tribe" or the "Tribe") for its causes of action against Defendants, and as to each of them, states as follows:

PARTIES, JURISDICTION, AND VENUE

1. The Tribe is a federally recognized Indian tribal government with its headquarters located within Ottawa County, Oklahoma, near Seneca, Missouri. The Tribe consents to the jurisdiction of this Court for the sole purpose of adjudicating its claims against Defendants that are set forth herein. Plaintiff does not waive its sovereign immunity or consent to jurisdiction as to any other claims by or against it. The Tribe maintains its immunity as to all other claims.

2. Defendant William Morris Financial Services, LLC ("WMF") is a limited liability company organized under the laws of the State of Delaware, with its principal place of business in Boca Raton, Florida.

3. Defendant William Segal ("Segal") with a date of birth, upon information and belief of March 25, 1947, is an individual who, upon information and belief, resides in the State of Florida.

4. Defendant Merry Reinis ("Reinis") is an individual who, upon information and belief, resides in the State of California.

5. The claims alleged herein arose out of Defendants' actions within the State of Oklahoma. Venue and jurisdiction are proper in this Court.

BACKGROUND FACTS

6. In 2010, the Eastern Shawnee Tribe began work on a new casino, hotel and resort venue to be located near Wyandotte, Oklahoma (the "Indigo Sky Casino") within Ottawa County, Oklahoma. The Tribe self-funded the initial phase of design and construction. The Tribe could fund portions of the entire approximately \$100 million project, but because of on-going government obligations to provide timely essential services to the Tribe's citizens, the Tribe needed outside capital financing. In order to continue and complete this project, the Eastern Shawnee Tribe required significant additional financing.

7. Defendants Segal and Reinis approached the Eastern Shawnee Tribe and solicited the financing business and came to Ottawa County, Oklahoma to solicit the relationship.

8. Defendant Segal represented that he was the "Chief Executive Officer" of Defendant WMF, and Reinis represented that she was the Vice President of WMF. Reinis has since denied being an employee of WMF. Reinis also claims now that Segal required that she represent herself with the title to gain creditability and trust from his potential financing clients.

9. Reinis claimed that "our lending group has blocked a substantial fund to be utilized solely for Native American projects" in an early solicitation.

10. Defendants made representations to the Tribe that (i) WMF successfully closed 75% of financing transactions that it brings to the financing stage; (ii) that WMF has "not experienced a single financial failure of any of our loans in the past 6 years."; (iii) that WMF's staff has significant experience and "the talents that . . . speed transaction flow"; (iv) that WMF has "an additional investment pool of an additional \$10,000,000,000 USD (sic) if required."; (v) that within the past 24 months preceding the summer of 2010 WMF had successful "performance results" of "closing" 12 financing transactions in Brazil, Canada, France and within the United States totaling \$341 million and had over \$2 billion in "open", "pending", "contract", "phased" and "closed" financing transactions; (vi) that in the first six months of 2010 alone that it had "booked in excess of \$350,000,000 in business"; (vii) that WMF estimated "an additional \$1,800,000,000 in loans for the balance of 2010, for a total possible portfolio of \$3,500,000,000"; and (viii) that WMF had "available assets of \$10,000,000,000" to fund loans that it underwrote.

11. Segal represented that he founded WMF in 1993 and that "during his career . . . of 33 years in the field, he has closed over \$1 Trillion in deals."

12. Segal represented that WMF "finished [2010] with a 19%" return on investment.

13. As part of their attempts to secure the Tribe's business, Defendants had multiple telephone conferences, e-mail, and other communications with the Tribe's representatives in Oklahoma. Defendants Segal and Reinis also visited Oklahoma in October 2010 for a "site visit," which the Defendants invoiced to, and the Tribe paid

\$7,800 by wire transfer to a Florida bank account for the travel expenses of Segal and Reinis.

14. Defendants Segal and Reinis, individually, and/or on behalf of WMF, represented to the Tribe that WMF was willing and able to provide approximately \$75 million in a single package of financing with one closing needed for the Indigo Sky Casino project within the time needed and in timely manner as to not interrupt the construction schedule.

15. All Defendants were aware and agreed that time was of the essence in the project. Indeed, without the financing, the Tribe would have to halt construction of the Indigo Sky Casino project, lose significant daily government gaming revenue, and incur additional equipment, personnel and materials expenses caused by financing delay. Obtaining financing from other sources could require the Tribe to pledge significant income assets generating revenue for its essential governmental functions. The project would provide essential governmental revenue used solely for purposes to fund government operations and programs, provide for the general welfare of the Tribe and its citizens, to promote tribal economic development, to donate to charitable organizations and to help fund the operations of local, non-Indian government agencies.

16. Relying on the representations made by Segal, Reinis, and WMF, the Tribe engaged WMF to provide financing for the Indigo Sky Casino in October 2010.

17. Also in reliance on these representations, in November 2010, the Eastern Shawnee Tribe wire transferred \$125,000 in "underwriting" fees to WMF's bank account in Florida. WMF claimed that the fees were needed for certain expenses to close the

financings. WMF promised to refund the underwriting fees to the Tribe as a discount at the closing of the financing.

18. The Tribe refrained from pursuing other financing opportunities with other companies, banks and financial institutions in reliance on Segal, Reinis and WMF's representations.

19. Following the payment of the underwriting fees and the engagement of WMF, WMF did not provide the financing in the time and manner promised. The Tribe timely provided all information or documentation requested by WMF and then repeatedly would receive little or no return communication from WMF for months at a time. Indeed, WMF and its representatives refused to respond to multiple communications and requests by the Tribe.

20. WMF and Reinis acknowledged as early as January 7, 2011 that "[t]ime is of the essence. Based on our meeting with the Business Council, we know that the tribe has a sense of urgency with regards to the funding." The Tribe promptly responded with requested "check list" documents.

21. Segal and Reinis began to convey various excuses for delaying in responding to increasingly urgent requests for a financing closing date. The excuses ranged from a sick mother in hospice care, to her death, to Mr. Segal attending to administrating her "billion dollar" estate, to an "electrical storm" and "hurricane approaching" interfering with the scheduling of conference calls, as well as purported frequent trips to, and from Europe interfering with the ability to take calls or respond to emails.

22. Finally, in August 2011, Segal claimed he was ill but that he promised to close the financings by September 27, 2011. The Tribe through its representatives repeatedly attempted to contact Segal who in turn did not respond to calls and emails. The purported closing date came and went with no communication from Segal, WMF and little communication from Reinis.

23. By late summer, early fall 2011, the situation for the Indigo Sky Casino project reached a critical juncture and faced a halt in construction operations without the financing Defendants had represented would be forthcoming. In August 2011, rumors began to spread among the Indigo Sky Casino project service providers, contractors and sub-contractors that the Tribe had lost financing and that payments might cease.

24. The Tribe again contacted Defendants on October 3, 2011 with a "final request" and urgently demanded that they show WMF could move forward or the Tribe would be forced to shut down construction, seek its financing elsewhere and consider appropriate legal options. Segal and WMF did not respond. All communication stopped with Mr. Segal.

25. The urgency in response to the Tribe's demand to close the financing reached a crescendo when Reinis responded and emailed the following to Segal on October 3, 2011 with a copy to a tribal representative:

**THIS IS ALL ON YOU! EVERYTHING
CAN BE RESOLVED IF YOU WOULD
JUST COMMUNICATE! IMPERATIVE,
NO MATTER WHAT IS GOING ON AT
YOUR END, THAT YOU CONTACT
MIKE WILKEY!**

(All capital letters and font size original).

26. Shortly thereafter, new excuses started. Reinis now claimed that she "was not an employee of WMFS nor have I ever been" claiming now to be "Principal of MRP Group" in Los Angeles. However, she did email Segal again: "Please help me diffuse this situation and provide me with something concrete to tell them. The total lack of concrete information has created a horrible situation for this client and I am begging you to help me." Emails coming from Segal's address claimed to be written by an assistant named "Bundi Schiele" asserted that the financings "will fund" and that Segal "should be able to call in a few days" and in the meantime Bundi Scheile would travel to New York "to approve the compliance papers for this" with WMF's purported board of directors. Additionally, the email communication purportedly from Bundi Schiele claimed Segal had a "tumor" that "was malignant" and that he was undergoing his fifth eye surgery and that therefore, he could not read his emails.

27. Reinis attempted to contact Segal again on October 11, 2011 with a copy of the email delivered to a tribal representative:

BILL/BUNDI:

AS MIKE WILKEY HAS ADVISED YOU DIRECTLY, HE HAS TO GO BEFORE THE BUSINESS COUNCIL TOMORROW. IT IS IMPERATIVE THAT HE BE GIVEN CONCRETE INFORMATION TO PRESENT TO THEM – THIS PROJECT WILL COME TO A DEAD HALT! YOU HAVE STATED THAT THE DEBT WILL FUND – WHEN IS THE QUESTION.

I AM IMPLORING WHOMEVER READS THIS TO CONTACT HIM DIRECTLY, EITHER BY EMAIL OR PREFERABLY BY PHONE AND PROVIDE HIM WITH WHAT HE NEEDS TO KEEP THIS MOVING.

Merry

(All capital letters and font size are original, yellow highlighting omitted).

28. The Eastern Shawnee Tribe, therefore, was forced to seek financing from several different financial institutions, none of whom could take on the entire risk of a \$75 million financing by themselves. This resulted in three different financings instead of one loan, one closing and no pledged government assets as promised by WMF, Segal and Reinis including: (i) an \$8 million emergency bridge loan, (ii) \$28 million in interim financing, secured with the Tribe's own government investment accounts; and (iii) a \$32 million financing package to be syndicated to many financial institutions and to be financed from revenues from governmental gaming operations. Accordingly, the Tribe incurred significant additional transaction costs above those promised by WMF, Segal and Reinis, including attorneys fees totaling over \$46,000, additional security and collateral requirements, pledging of over \$15 million in government funds invested for income purposes and lost use of those government revenues which would have earned an average of at least 7% from September 27, 2011 to the present, totaling over \$437,500 in lost government revenue. The Tribe had to move approximately \$10 million from actively-managed and invested funds as well as sever a two decade relationship with the investment firm to pledge funds to secure the new loans. The Tribe did not receive monthly casino revenue payments of approximately \$900,000 a month for more

than six months. In the end, the Tribe had to fund an additional \$15 million towards the Indigo Sky Casino Project above the financing promised by Defendants. This resulted in considerable financial damage to the Tribe funding its ongoing governmental operations.

29. The Tribe demanded that Segal, Reinis and WMF return the \$125,000 and provide an accounting of any services actually provided for the Tribe's benefit. Segal, Reinis and WMF has, to date, done neither.

30. Reinis subsequently claimed she would have received personally commissions of \$350,000 to \$400,000 had the financings closed. Upon learning that the Tribe had no intention to deal with WMF or Segal any further, Reinis demanded that Segal take her off of the accounting. She also wrote in an email meant for Bill Segal: **"THE TRIBE IS NOT INTERESTED IN DOING BUSINESS – THE TRUST FACTOR IS GONE."** (emphasis and font size original).

31. An email dated December 27, 2011 coming from Segal's email account purportedly from "Sir Reginald Burk, Vice President. William Morris Global Services NZ. Auckland, New Zealand. 0632" claimed that this person was flying from New Zealand to Germany to join Segal who in turn would fly back to the United States and that "[w]e shall begin the financing process when we return."

32. The Tribe recently learned, upon information and belief, that on May 5, 2011, the State of Florida sentenced "William Segal" "Birth Date: March 25, 1947" to three years community supervision for the felony offense of Grand Theft in *The State of Florida v. William Segal*, No. 0811719 (Broward Co., Florida), offense date: July 1, 2007. The Florida Department of Corrections lists William Segal's "current verified

PERMANENT address" of 18475 Tapadero Terrace, Boca Raton, Florida 33496. This is the same address used by WMF, Segal and Reinis for its office address on correspondence.

33. Upon information and belief WMF appears to be a sham corporation set up for the personal benefit and enrichment of Segal, Reinis and possibly others.

**COUNT I – BREACH OF CONTRACT
(WMF)**

34. The Tribe realleges and incorporates by reference the preceding allegations.

35. The Tribe and WMF entered into a contract pursuant to which the Tribe paid \$125,000 in an underwriting fee and WMF agreed to provide underwriting services.

36. WMF breached this agreement.

37. As a result of WMF's breach, the Tribe has suffered damages in excess of \$75,000.

**COUNT II – DECEIT/FRAUD
(ALL DEFENDANTS)**

38. The Tribe realleges and incorporates by reference the preceding allegations.

39. Defendants made material misrepresentations that were false and/or concealed or failed to disclose facts they had a duty to disclose.

40. Defendants made these representations when they knew they were false and/or recklessly, without any knowledge of their truth, and concealed facts with the intent of creating a false impression of the actual facts in the mind of the Tribe.

41. The Tribe acted in reliance upon the material misrepresentations and omissions.

42. Defendants acted with malice and an intent to deceive.

43. The Tribe was damaged in excess of \$75,000 as a result.

**COUNT III – CONSTRUCTIVE FRAUD
(ALL DEFENDANTS)**

44. The Tribe realleges and incorporates by reference the preceding allegations.

45. Defendants had a legal and/or equitable duty to the Tribe, which had placed its trust and confidence in Defendants.

46. Defendants breached this duty and gained an advantage for themselves by misleading Plaintiff to its prejudice.

47. The Tribe was damaged in excess of \$75,000 as a result.

**COUNT IV – UNJUST ENRICHMENT/CONSTRUCTIVE TRUST
(ALL DEFENDANTS)**

48. The Tribe realleges and incorporates by reference the preceding allegations.

49. The Tribe paid the underwriting fee with the reasonable expectation that underwriting services would be provided in a timely manner, but no services were provided to the Tribe.

50. Defendants knowingly accepted the funds paid by the Tribe.

51. Upon information and belief, some of these funds may have been transferred to others in the form of commissions or fees.

52. Defendants and any other recipients of these funds would be unjustly enriched and unfairly benefited if the funds were not returned to Plaintiff.

53. A constructive trust should be placed over the funds, which exceed \$75,000, until they are returned to the Tribe.

PRAYER FOR RELIEF

Wherefore, Plaintiff demands judgment against Defendants for a sum in excess of **\$2,512,800** comprised of (i) \$125,000 for the underwriting fee; (ii) \$7,800 for travel expenses; (iii) at least \$1,800,000 in lost government investment revenue for pledged capital; (iv) at least \$46,000 in alternative financing attorneys fees for the \$28 million and \$32 million financing packages; (v) \$4,000 in investigator fees; (vi) punitive damages of \$500,000, (vii) pre-judgment interest accruing at the statutory rate per day, (viii) post-judgment interest accruing at the statutory rate per day; (ix) costs, (x) reasonable attorney fees of at least \$30,000; as well as the Court placing a constructive trust on all the funds paid by the Tribe and ordering a return of those funds to the Tribe; and any other relief that the Court deems just and proper.

DATED February 23, 2012

Respectfully submitted,

A handwritten signature in black ink that reads "Mike McBride". The signature is written in a cursive style with a horizontal line underneath it.

D. Michael McBride III, OBA #15431
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