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Civil Action Cover Sheet - Case Initiation **12-Person Jury** (05/27/16) CCL 0520

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, LAW DIVISION

FILED
10/18/2019 1:53 PM
DOROTHY BROWN
CIRCUIT CLERK
COOK COUNTY, IL
2019L011544

CHICAGO TRANSIT AUTHORITY RETIREE HEALTH CARE TRUST ET AL.

7018485

v.

DILWORTH PAXSON, LLP, TIMOTHY ANDERSON, GREENBERG TRAURIG, LLP

No. _____

CIVIL ACTION COVER SHEET - CASE INITIATION

A Civil Action Cover Sheet - Case Initiation shall be filed with the complaint in all civil actions. The information contained herein is for administrative purposes only and cannot be introduced into evidence. Please check the box in front of the appropriate case type which best characterizes your acrion. Only one (1) case type may be checked with this cover sheet.

Jury Demand ■ Yes ☐ No

(FILE STAMP)

PERSONAL INJURY/WRONGFUL DEATH

CASE TYPES:

- ☐ 027 Moror Vehicle
- ☐ 040 Medical Malpracrice
- ☐ 047 Asbesros
- ☐ 048 Dram Shop
- ☐ 049 Product Liability
- ☐ 051 Construction Injuries (including Srructural Work Act, Road Consrruction Injuries Acr and negligence)
- ☐ 052 Railroad/FELA
- ☐ 053 Pediatric Lead Exposure
- ☐ 061 Other Personal Injury/Wrongful Dearh
- ☐ 063 Intentional Tort
- ☐ 064 Miscellaneous Statutory Action (Please Specify Below**)
- ☐ 065 Premises Liability
- ☐ 078 Fen-phen/Redux Litigation
- ☐ 199 Silicone Implant

TAX & MISCELLANEOUS REMEDIES

CASE TYPES:

- ☐ 007 Confessions of Judgment
- ☐ 008 Replevin
- ☐ 009 Tax
- ☐ 015 Condemnation
- ☐ 017 Detinue
- ☐ 029 Unemployment Compensation
- ☐ 031 Foreign Transcript
- ☐ 036 Administrative Review Action
- ☐ 085 Petition to Register Foreign Judgment
- ☐ 099 All Other Extraordinary Remedies

COMMERCIAL LITIGATION

CASE TYPES:

- ☐ 002 Breach of Contract
- ☐ 070 Professional Malpractice (other than legal or medical)
- ☐ 071 Fraud (orher than legal or medical)
- ☐ 072 Consumer Fraud
- ☐ 073 Breach of Warranty
- ☐ 074 Staturory Action (Please specify below.**)
- ■ 075 Orher Commercial Litigation (Please specify below.**)
- ☐ 076 Retaliatory Discharge

OTHER ACTIONS

CASE TYPES:

- ☐ 062 Property Damage
- ☐ 066 Legal Malpractice
- ☐ 077 Libel/Slander
- ☐ 079 Petirion for Qualified Orders
- ☐ 084 Petirion to Issue Subpoena
- ☐ 100 Perition for Discovery

** Aiding and Abetting, Civil Conspiracy, Tortious Interference, Negligence

By: /s/ Eric P. VanderPloeg
(Atrorney) (Pro Se)

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Pro Se Only: ☐ I have read and agree to the terms of the *Clerk's Office Electronic Notice Policy* and choose to opt in to electronic notice form the **Clerk's Office** for this case at this email address: _____

DOROTHY BROWN, CLERK OF THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS

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COOK COUNTY, IL
2019L011544

CHICAGO TRANSIT AUTHORITY RETIREE HEALTH CARE TRUST; and THE BOARD OF TRUSTEES FOR THE CHICAGO TRANSIT AUTHORITY RETIREE HEALTH CARE TRUST;	)	
Plaintiffs,	)	Case No.
v.	)	JURY DEMANDED
DILWORTH PAXSON, LLP; TIMOTHY ANDERSON; and GREENBERG TRAURIG, LLP;	)	
Defendants.	)	

COMPLAINT

The Chicago Transit Authority Retiree Health Care Trust and the Board of Trustees of the Chicago Transit Authority Retiree Health Care Trust (collectively, "**RHCT**") complain against Defendants Dilworth Paxson, LLP ("**Dilworth**"), Timothy Anderson ("**Anderson**") (Dilworth and Anderson, collectively, the "**DP Defendants**") and Greenberg Traurig, LLP ("**Greenberg**") (the DP Defendants and Greenberg, collectively, "**Defendants**") as follows:

STATEMENT OF THE CASE

1. This lawsuit arises from the Defendants' participation in, and assistance with, the issuance of $43 million in worthless bonds (the "**Bonds**") to unwitting public pension funds, including RHCT. The Bonds were not part of a legitimate public finance project, but rather a criminal scheme to enrich several individuals connected to the Defendants, including well-known fraudster, John Galanis, his son, Jason Galanis (collectively, the "**Galanises**"), and fly-by-night tribal financiers, Steven Haynes and Raycen Raines, the latter of whom was romantically involved with the Greenberg partner representing the issuer during the transaction.

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2. The fraud, which was concealed from the bondholders until May of 2016, involved the use of bond proceeds to purchase an annuity contract with a fictious offshore entity, which is unheard of in legitimate municipal finance transactions. Only a fraction of the bond proceeds were paid to the issuer, while the majority of funds were instead wired to the offshore annuity. Not surprisingly, the annuity company turned out to be fake, allowing the Galanises and their friends to steal almost $40 million in retirement funds from a variety of public pension funds, including those serving public school teachers, sanitary workers, and in RHCT's case, retired CTA employees and their dependents.

3. The Bonds have been the subject of criminal, SEC and civil litigation in various jurisdictions throughout the country. In its wake, several individuals have pleaded or been found guilty of criminal charges, and multiple investment companies have been forced out of business.

4. None of this would have occurred without the Defendants' assistance. As more fully alleged herein, the Defendants—national law firms with supposedly sophisticated municipal finance practices—both served as bond counsel in the transaction, assisting not only their "clients," but several other parties in carrying out what reasonably prudent lawyers would have recognized to be an obvious financial crime.

5. In addition to preparing transaction documents and supervising the bond issuance, the Defendants authored misleading opinion letters containing statements inconsistent with facts of which they were aware, and which failed to disclose material facts that would have prevented the transaction from closing. Through their opinion letters, the Defendants gave the transaction the appearance of legitimacy necessary for the Bonds to issue. Defendants received hundreds of thousands of dollars in stolen retirement funds as payment for their assistance with the issuance.

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6. Through their conduct, and in disregard of the duties they owed foreseeable victims like the bondholders, the Defendants directly and proximately caused RHCT in excess of $6,000,000 in losses, which RHCT seeks to recover in this case.

PARTIES

7. Plaintiff RHCT is a pension fund and body politic and corporate of the State of Illinois, established under the Illinois Pension Code (40 ILCS § 5/22-101B). RHCT's legislative purpose is to provide healthcare benefits to retirees of the Chicago Transit Authority.

8. RHCT has its principal place of business in Chicago, Illinois, from which RHCT is administered and where its employees work.

9. As a body politic and corporate of the State of Illinois that was targeted as part of the financial crime alleged herein, and as the holder of a Wakpamni Bond, RHCT is the real party in interest in these proceedings.

10. RHCT's Board of Trustees, who are officials of the body politic and corporate, are all residents of Illinois and are named as a party plaintiff in the alternative.

11. Defendant Dilworth is a law firm operating as a limited liability partnership, with partners residing in several states.

12. Defendant Anderson is an attorney and former employee of Dilworth. Anderson is believed to reside in Philadelphia, Pennsylvania.

13. At all times relevant to the allegations alleged herein, Anderson was an employee and partner, and therefore an agent of Dilworth, and was acting in his capacity as such.

14. Defendant Greenberg is a national law firm operating as a limited liability partnership. Greenberg maintains both a business and registered office in Chicago, and several of its partners are residents of Illinois.

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JURISDICTION AND VENUE

15. This Court has jurisdiction over each of the Defendants pursuant to 735 ILCS 5/2-209(a)(1), (a)(2) and (a)(7).

16. Venue is appropriate in Cook County, Illinois, as Greenberg is a partnership with an office and a registered office in Chicago, Illinois. 735 ILCS 5/2-101(1); 5/2-102(b).

17. Venue is also appropriate in Cook County, Illinois, as a part of the transaction giving rise to this lawsuit took place in Cook County. 735 ILCS 5/2-101(2).

GENERAL ALLEGATIONS

A. RHCT's Investment Manager, Hughes Capital Management.

18. To provide healthcare benefits for CTA retirees, RHCT invests assets in securities and other investments designed to generate stable and reliable returns.

19. In 2009, RHCT entered into an Investment Management Agreement (hereinafter, the "**RHCT Agreement**") with Hughes Capital Management ("**HCM**"), a reputable fixed-income investment manager with several pension fund clients. A true and correct copy of the relevant portions of the RHCT Agreement is attached hereto as **Exhibit A**.

20. HCM was a "non-custodial" investment manager, meaning that it did not have custody of RHCT's assets. Instead, RHCT's investment assets at issue in this case were, at all times, held in accounts with its custodian bank, Northern Trust, located here in Chicago, Illinois.

21. HCM was responsible for managing certain RHCT retirement funds in accordance with the RHCT Agreement and the investment guidelines attached thereto, which prevented HCM from investing in high-risk or speculative securities, such as private equity investments.

22. Under the terms of the RHCT Agreement, and as an investment advisor with investment control over RHCT's assets, HCM was a fiduciary to RHCT.

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B. The Galanises' Legacy of "Greed and Fear."

23. John "Yanni" Peter Galanis has been the subject of numerous prior criminal proceedings and SEC enforcement actions dating back to the late 1960s.

24. In 1973, John Galanis was charged in the Southern District of New York with mail fraud and conspiracy to make false statements to the SEC in connection with a scheme to hide investment losses by Microthermal Applications, Inc. from its investors through a fraudulent and backdated reverse merger.

25. In May 1987, John Galanis was again charged in the Southern District of New York with conspiracy to defraud the IRS, tax fraud, racketeering, securities fraud, bank fraud and bribery in connection with a scheme connected to the Transpac Drilling Venture Program.

26. Several months later, in January 1988, John Galanis was charged in New York County Supreme Court with Grand Larceny in the Second Degree, arising out of a separate criminal scheme focused on the real estate industry. John Galanis was subsequently sentenced to 27 years imprisonment for his various financial crimes.

27. John Galanis was eventually paroled in 1998, but later absconded from a work release program and remained a fugitive for over a year, before being remanded to state custody in November, 2001. He was subsequently paroled in 2007.

28. In 2004, Forbes Magazine published a detailed internet article about John Galanis's son, Jason Galanis, and Jason's connections to various internet pornography finance companies. The Forbes article, which also discussed John Galanis's criminal past, dubbed Jason Galanis as "Porn's New King."

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29. Subsequently, Jason Galanis was the subject of a SEC enforcement action, *SEC v. Penthouse Int'l, Inc.*, 05 Civ. 0780 (S.D.N.Y.), involving accounting fraud and financial reporting violations by Galanis's pornography finance company.

30. In connection with the above-referenced SEC action, on April 27, 2007, Jason Galanis was enjoined from violating securities laws and was barred from serving as an officer and director of a public company for a period of five years.

31. During the 2018 criminal trial in *United States v. Galanis et al.*, Case No. 16-cr-0037I-PKC (SDNY) related to the Wakpamni Bond scheme (the "**Criminal Case**"), one of Jason's accomplices, Hugh Dunkerley, testified that he learned about Jason Galanis's reputation and financial frauds through an internet search in 2011. Jason Galanis also attempted to hire a reputation consultant in early 2014 to help remove negative news about him from the internet.

32. At all times relevant in 2014, the facts alleged in paragraphs 24–31 were publicly available to Defendants through an internet search.

C. John and Jason Galanis Develop a Plan to Steal Pension Funds.

33. In or about 2013, John and Jason Galanis developed a scheme to sell bonds issued by a sovereign tribal entity, the proceeds from which would be used as a "slush-fund" for John and Jason's various business ventures.

34. To carry out the scheme, John and Jason needed to find professionals who had the sophistication and credentials to legitimize their plan, but who also had the personal and financial motivation to ignore warning signs, including the Galanises themselves.

35. Dilworth partner, Timothy Anderson, is a member of the National Association of Bond Lawyers and, prior to the transactions herein, had significant experience in municipal and public finance.

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36. Anderson had previously represented the tribal corporation that issued the Bonds, the Wakpamni Lake Community Corporation ("**WLCC**"), in other commercial ventures, including online payday lending businesses operated by its CEO, Raycen Raines ("**Raines**").

37. WLCC is a tribal corporation set up by the Wakpamni Lake Community (the "**Community**"). The Community is, itself, a geographical and political subset of the Wakpamni District ("**District**") within the Oglala Sioux Tribe ("**OST**"), which is located on the Pine Ridge Reservation in South Dakota.

38. By analogy only, the OST is similar to the federal level of government; the District is similar to a state level of government; the Community is similar to a municipal level of government; and WLCC is similar to a municipal corporation.

39. In March, 2014, Anderson, while attending a tribal economic development conference in Las Vegas, was asked by Raines to attend a meeting with John Galanis to discuss a proposal for a bond offering by WLCC.

40. During the meeting, John Galanis explained his proposal to have WLCC issue debt in the form of bonds. Unlike other municipal bonds, the vast majority of the bond proceeds under Galanis's plan would be invested in an annuity contract with an offshore insurance company. The revenues from the annuity contract would then be used to pay the principal and interest payments due on the bonds (*i.e.*, the debt service).

41. If the plan worked, it would essentially generate free money for WLCC, which would never have to spend its own funds to repay the bonds. If the plan failed, WLCC could rely on its sovereign status to protect it from recourse to the bondholders.

42. During the 2018 trial in the Criminal Case, Anderson testified that the use of the proposed annuity was "novel," and that "the annuity concept was something new."

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43. John Galanis told Anderson that the bonds would be primarily marketed to pension funds, which typically had a need to invest a certain percentage of proceeds in Socially Responsible Investments (SRIs), which benefit charitable and philanthropic causes.

44. On May 19, 2014, John Galanis sent Anderson an email with the subject line "Engagement." (**Exhibit B**.) In the email, John Galanis stated: "Following is the information on the engagement of your firm for the prospective Oglala bond transaction . . . :"

45. Galanis's May 19, 2014 email identified a company called COR Fund Advisors, LLC ("**CORFA**") as the primary party for the engagement and identified Hugh Dunkerley ("**Dunkerly**") as COFRA's Managing Director.

46. CORFA was a financial services firm related to the Banc of California [NYSE: BANC], to which John's son, Jason, was loosely affiliated through certain business contacts, including Dunkerley and individuals named Devon Archer ("**Archer**") and Jason Sugarman.

47. Archer, himself, was connected to an opaque investment company, called Rosemont Seneca Bohai, LLC, which on information and belief, was affiliated with Rosemont Seneca Partners, LLP, an investment company run by Archer's friend and former college roommate, Hunter Biden.

48. Galanis's email also indicated that Dunkerley was a director in "Burnham Securities" as well as a company called "Wealth Assurance Holdings, Ltd., parent of Wealth Assurance AG," which Galanis stated "may play a role in the transaction." Galanis also informed Anderson in this email that "the contact for this transaction will be: Jason Galanis whose contact information was previously sent to you."

49. During the criminal trial, Anderson admitted that he performed his own research of the entities listed in John Galanis's May 19, 2014 email.

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50. Jason Galanis had no official role with "Burnham Securities." Instead, Burnham Securities, Inc. (hereinafter, "**Burnham**") had been acquired by CORFA in 2013 as part of a leveraged buyout. After the buyout, Archer and Dunkerley were put in control of Burnham's Board and Dunkerley became its President.

51. Between April and June, 2014, John Galanis emailed Anderson several documents outlining various iterations of his plans for WLCC to issue tribal bonds. The documents did not identify any specific economic development project that would be funded with the proceeds of the bonds.

52. Based on these communications, Anderson knew that the proposed bond transaction had no real economic development purpose and was simply a way for Galanis and his son Jason to raise money for their related companies.

53. On June 14, 2014, at Galanis's direction, Anderson prepared an engagement letter addressed to and signed by, Hugh Dunkerley as the president of Burnham, which would ostensibly act as the placement agent for the Bonds.

54. Anderson chose to represent Burnham over WLCC, because Burnham was closer to his offices in Pennsylvania and presented more business opportunities than WLCC.

D. Raines Turns to His Romantic Interest at Greenberg for Representation.

55. In or about May, 2014, Anderson informed Raines that he would be representing the Galanis's and their companies in the bond transaction, and not his former client WLCC. As a result, Raines needed to find separate counsel to represent WLCC.

56. Heather Dawn Thompson ("**Thompson**") is a partner with Greenberg affiliated with its Denver office, but lives in South Dakota near or on the Oglala Sioux's Pine Ridge Reservation.

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57. Thompson, who specializes in matters related to tribal law and economic development, served as Greenberg's primary client relationship attorney for the bond transaction.

58. Thompson was dating Raines, WLCC's CEO, at the time Greenberg represented WLCC in the Wakpamni bond transactions, and the two are now married.

59. Thompson was assisted by two partners from Greenberg's Denver office: Michael McGinnis and Jennifer Weddle. McGinnis is an experienced bond lawyer and member of the National Association of Bond Lawyers.

60. Prior to the bond transaction, Raines and WLCC had been publicly criticized for being involved in predatory online payday lending practices and for attempting to exercise undue influence over the financially distressed Wakpamni Lake Community.

61. Raines's disreputable businesses and influence over the Wakpamni Lake Community has, on several occasions, put him in conflict with OST tribal leadership.

62. On June 19, 2014, Anderson drafted two resolutions to be signed by the President of OST and the President of the Wakpamni District praising Raines for his online payday lending companies. Anderson sent the draft resolutions in an email to Raines and Thompson (at an email address heather@heatherthompson.org) stating "Raycen - this is what I had in mind and will go a long way in calming everyone down and keeping these projects on track."

63. Anderson's reference to "these projects" was a reference to the proposed bond transaction. Anderson was worried that recent bad publicity about WLCC and Raines would prevent the bond transaction from going forward and wanted to have formal resolutions from the District and OST commending Raines and his economic development projects.

64. However, instead, on June 24, 2014, the OST's Tribal Council passed a resolution stripping Raines of authority to act with respect to tribal economic development matters,

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including "Tribal Economic Development (TED) Bonds," but also "any other economic development projects." (**Exhibit C**, June 24, 2014 OST Resolution.) The resolution specifically noted that Raines had exerted undue influence over OST's then-president to gain support for economic development projects.

65. Raines served as WLCC's primary business representative and contact for the Wakpamni bond transaction. However, the tribal resolution stripping Raines of authority over tribal economic development matters was never disclosed to the bondholders or the Indenture trustee, U.S. Bank, by Greenberg or Dilworth during the transaction.

E. Defendants Organize and Execute the First Offering, Injuring RHCT.

66. Based on term sheets provided by John Galanis, Anderson prepared a series of transaction documents for an initial $28,000,000 Bond issuance (the "**First Offering**").

67. In a customary bond transaction, there is usually one "bond counsel" who prepares transaction documents and who issues an opinion letter on the validity of the transaction. Ordinarily, counsel to the issuer, here Greenberg, acts as bond counsel.

68. The Bond issuance here was unusual in that both Greenberg and Dilworth performed functions as "bond counsel," including the issuance of opinion letters on the validity and enforceability of the Bonds.

69. The role of municipal bond counsel is different than that of other transactional counsel, who act solely as advocates for their own clients. In contrast, the function of bond counsel is to facilitate a transaction intended to benefit multiple parties, including the issuer and the investors/bondholders.

70. The National Association of Bond Lawyers ("**NABL**"), the leading industry association for bond counsel, has described the public importance of bond counsel as follows:

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> The practice of submitting state and municipal bonds to independent counsel for an opinion regarding their validity grew out of the widespread defaults which occurred in the late 1870's and early 1880s. . . . In order to assure investors in public securities that the bonds were legally issued, the dealers in municipal bonds began the practice of employing lawyers of outstanding reputation in the field of municipal law and of the highest reputation for integrity to examine the proceedings under which the bonds were authorized to be issued and to render an opinion as to the validity of the bonds. . . . The validity of a bond issue is of utmost importance to the issuer, the bondholder, the bond underwriter, and bond counsel. Invalid bonds may not be paid and the measure of damages to a bondholder may well be the loss of the entire debt service on the bonds.

FUNDAMENTALS OF MUNICIPAL BOND LAW (2004), at 1.

71. Because bond counsel serve an important non-advocacy function, particularly with respect to their opinion letters, they owe duties of care not only to their clients, but also the investors who are purchasing the bonds.

72. The "non-advocacy" role of bond counsel has been further recognized by the NABL's professional guidance, THE FUNCTION AND PROFESSIONAL RESPONSIBILITIES OF BOND COUNSEL (3d Ed. 2011).

73. Specifically, the Third Edition of NABL's FUNCTION AND PROFESSIONAL RESPONSIBILITIES OF BOND COUNSEL, which was the current edition at all relevant times, states: "general legal principals impose duties on bond counsel running to clients and non-clients which are of equal force and which frequently have more severe consequences if breached. These principles arise primarily from common law concepts of agency, representation and reliance, and from statutory rules, both civil and criminal, relating to securities transactions."

74. As members of the NABL, McGinnis and Anderson would have been aware of the duties they owed the prospective purchasers of the Bonds in carrying out the transaction and opining on its validity.

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75. Municipal bonds are also regulated by self-regulatory organizations (SROs), primarily the Municipal Securities Rulemaking Board ("**MSRB**"), which outlines specific rules for the sale and placement of municipal securities.

76. MSRB Rule G-32 requires any broker, dealer or municipal securities dealer (which would include Burnham), to deliver to the customer purchasing the security (*i.e.*, the bondholder), no later than settlement date, a copy of a disclosure document known as an "official statement" or a written notice that an official statement has not been prepared.

77. Despite these legal duties to the bondholders, between June, 2014 and August, 2014, Dilworth and Greenberg engaged in a series of actions intended to help the Galanises carry out and legitimize their bond issuance, disregarding clear warning signs of the fraud they were facilitating in the process.

1. Defendants Forgo Customary Disclosure Documents.

78. Dilworth prepared several key transaction documents for the First Offering, including: (a) a Trust Indenture ("**Indenture**") (**Exhibit D**); (b) a Closing Agenda (**Exhibit E**); (c) a Closing Statement (**Exhibit F**); and (b) the Bonds themselves.

79. In a typical bond issuance, disclosure documents are prepared to provide investors with information about the terms of the transaction, the economic purpose of the transaction, any financing for the bonds, the collateral or security for the bonds, the risks to the bondholders, information about any pending or potential litigation, tax matters, legal matters, and other important considerations for investors.

80. In a public municipal bond transaction, the disclosure document is known as an "official statement." In a public corporate bond offering, the disclosure document is typically referred to as a "prospectus."

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81. Official statements and prospectuses are typically lengthy documents, providing investors with a high-degree of factual detail about the transaction so the investor can make informed decisions about whether to purchase the bonds.

82. In rare cases, municipal or corporate bonds are privately placed with accredited investors and therefore are exempt from securities registration requirements. Even in such "private placements," a private placement memorandum ("**PPM**") is ordinarily prepared outlining the same general facts, risks and considerations as would be disclosed in an official statement or prospectus in a public offering.

83. The absence of any disclosure documents in a bond offering is highly unusual in a municipal finance transaction.

84. On or about June 7, 2014, Anderson sent Raines a preliminary letter agreement under which WLCC would engage Burnham as the Placement Agent for the Bonds.

85. In a private placement, the placement agent acts as the marketer for the bonds and locates investors to purchase the securities.

86. Section I(iv) of Anderson's June 7, 2014 letter provided that "the Placement Agent will review the official statement for the bonds in accordance with, and as part of, their [sic] respective responsibilities to the investors under federal securities laws, as applied to the facts and circumstances of this transaction."

87. On June 12, 2014, Anderson sent Greenberg a memorandum that had been drafted by John Galanis, outlining the basic terms of the Bond transaction as well as a new, short-form "Engagement Agreement," for Burnham to serve as Placement Agent.

88. Both Anderson's June 7, 2014 letter and June 12, 2014 Engagement Agreement referenced the applicability of MSRB rules to the transaction.

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89. The memorandum Anderson sent Greenberg on June 12, 2014 identified several "challenges" associated with the bond transaction, including "successfully placing an unrated bond with a *willing* buyer or buyers" and "find[ing] and investment strategy that provides a sufficient yield to service the borrowing costs." (emp. add.")

90. As early as June 12, 2014, Dilworth and Greenberg knew from the memorandum that it would be difficult to find "willing" investors for the unrated bonds and that the annuity concept created an exceedingly high risk of default.

91. On June 25, 2014, McGinnis (Greenberg) emailed Anderson with handwritten comments to his June 7, 2014 letter. **Exhibit G**, June 25, 2014 Email. In his email, McGinnis informed Anderson that given the proposed value of the bonds and the "unique structure of the financing," WLCC wanted a placement agency agreement with Burnham that "more completely describes the financing as well as the obligations and responsibilities of the parties." **Ex. G.**

92. In addition, McGinnis stated as follows:

> After some consideration, Raycen and I think it may be appropriate under these circumstances to have WLCC prepare for distribution to the potential bondholders, **a private placement memorandum** describing the issuer, the provisions of the bonds, the sources of revenue for payment of debt service, the risk factors (investment considerations) and other related and relevant information. Since time is of the essence, and you have significant drafting responsibilities already, we propose to prepare the PPM as counsel to the issuer. **Ex. G** (emp. added).

93. Despite McGinnis's recommendations and the fact that such a private placement memorandum was customary in bond transactions, no PPM, official statement, or prospectus was prepared for the First Offering or discussed again in writing between the attorneys after McGinnis's June 25, 2014 email.

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2. The Annuity Contract.

94. During the trial in the Criminal Case, Anderson acknowledged that the "economic performance of the annuity was important to the bond" and that the deal would not work if the annuity failed to make payments to WLCC. Anderson further testified that "the legal structure [of the bonds] worked if the economics were good."

95. In original term sheets prepared by John Galanis, the annuity provider was identified as a Lichtenstein insurance company called "Wealth Assurance AG."

96. However, early in the transaction, it was clear to Dilworth and Greenberg that the "annuity provider" for the transaction was not actually "Wealth Assurance AG."

97. On July 7, 2014, John Galanis emailed Anderson with the subject line "form of annuity," attaching a word version of an annuity contract (hereinafter, "**Annuity Contract**"). The provider named in the Annuity Contract was not "Wealth Assurance AG" in Lichtenstein, but a different company called "**Wealth Assurance Private Client Corporation**" (hereinafter, "**WAPCC**"), which was identified as a British Virgin Islands company.

98. On July 8, 2014, John Galanis emailed Anderson another version of the draft Annuity Contract, with the subject line "I proofed the annuity and made several changes."

99. John Galanis had no affiliation with Wealth Assurance AG. Thus, the fact that Galanis was revising the Annuity Contract should have raised Anderson's concerns about whether WAPCC was related to Wealth Assurance AG, or was a real annuity company at all.

3. Anderson Arranges for U.S. Bank to Act as Indenture Trustee.

100. In June, 2014, Anderson contacted U.S. Bank to serve as the indenture trustee for John Galanis's bond issuance.

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101. US Bank's Corporate Trust Business Development Manager ("**Employee G**") for the territory that includes South Dakota was officed in Chicago, Illinois, at all relevant times.

102. As a Business Development Manager, Employee G acted as U.S. Bank's primary sales person with respect to the Wakpamni offerings.

103. Between June 20, 2014 and July 7, 2014, Anderson and Employee G engaged in emails and telephone calls about U.S. Bank serving as the indenture trustee for the Wakpamni bond transaction.

104. On July 1, 2014, Anderson emailed Employee G in Chicago with a draft of the Indenture, a rough timeline for closing, and a request to set up a conference call to discuss the structure of the transaction with the bond participants.

105. On July 1, 2014, Anderson forwarded Employee G in Chicago an updated bond term sheet that Anderson had received from John Galanis. Anderson did not forward Galanis's original email, but instead forwarded the term sheet in a new email.

106. On July 7, 2014, Anderson forwarded McGinnis and Employee G, in Chicago, a copy of the Annuity Contract he had received from John Galanis, stating "I received the attached. I thought I'd share. We can discuss tomorrow."

107. Like the term sheet, Anderson sent the Annuity Contract to McGinnis and Employee G in a new email so that John Galanis's name was not reflected.

108. On information and belief, Anderson removed John Galanis's name from the email chain because he was concerned that U.S. Bank would investigate John Galanis, learn about his criminal past, and refuse to participate in the bond offering.

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109. The draft Annuity Contract reflected that the funds used to purchase the annuity would be invested in unspecified private equity investments at the direction of an investment manager called "**Private Equity Management, LLC.**"

110. On July 8, 2014, Anderson participated in a conference call with US Bank Employee G (in Chicago), his colleagues at U.S. Bank, and McGinnis during which the parties discussed the transaction.

111. Based on the information Anderson had provided him about the transaction, Employee G prepared a fee schedule for U.S. Bank and sent it to Anderson on July 9, 2014.

112. U.S. Bank's fee schedule, prepared by Employee G in Chicago, contained important disclosures to WLCC, without which U.S. Bank would not have served as indenture trustee. Thus, without the fee schedule, the Wakpamni Bond transaction could not have proceeded.

4. The OST Refuses to Support the Wakpamni Bonds.

113. As of July 1, 2014, the first Wakpamni bond offering was scheduled to close by the end of the month, July 31, 2014.

114. Although the annuity concept had always been a part of the proposed transaction, as of July 1, 2014, less than a month before closing, the parties were still uncertain about what company would act as the annuity provider. For example, a July 1, 2014 draft of the Indenture prepared by Anderson simply left the definition of "Annuity Provider" in Section 1.2 blank.

115. On July 16, 2014, Anderson forwarded Greenberg a revised draft Indenture which changed the definition of the "Annuity Provider" in Section 1.2 of the Indenture to "Wealth Assurance Private Client Company, a British Virgin Islands company."

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116. The July 16, 2014 draft Indenture also identified an entirely new entity, the Wakpamni Lake Community Development Corporation ("**WLCDC**"), as the issuer of the Bonds.

117. Between June, 2014 and August, 2014, Dilworth, Greenberg and U.S. Bank exchanged dozens of emails regarding the Bond transaction. However, the reasons that WLCDC was proposed as the issuer of the Bonds, instead of WLCC, was never discussed in those emails.

118. Over the next several days, Greenberg worked to secure the OST's approval for the bond transaction. On July 17 and July 18, 2014, Thompson (Greenberg) worked with WLCC to prepare a resolution for the OST Tribal Council to approve at an upcoming council meeting.

119. According to Greenberg's billing entries, the purpose of the resolution was to have OST formally support the transaction and clarify that WLCC had the power to issue the bonds under a tribal ordinance, Ordinance 12-17.

120. On July 23, 2014, Anderson circulated a revised draft Indenture, which indicated for the first time that the Bond proceeds would be used to finance a "gaming facility" located on the OST's lands.

121. Section 1.2 of the July 23, 2014 draft Indenture also changed the definition of the "Annuity Provider" once again to be defined simply as "a company that provides Annuity Investments as part of its regular trade or business."

122. The reason for these significant late changes in the Indenture just days prior to the anticipated July 31, 2014 closing were not discussed by the parties in their written communications.

123. On July 25, 2014, McGinnis emailed U.S. Bank with copies of executed certificates that purported to allow the new entity, WLCDC, to carry out the bond issuance.

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124. On July 29, 2014, WLCC made a motion before the OST Tribal Council to support the bond offering and amend Ordinance 12-17. However, instead of passing WLCC's motion to approve the bond issuance, on July 29, 2014, the OST Tribal Council overwhelmingly voted to table the motion and not approve the resolution that Greenberg had drafted.

125. According to Greenberg's billing entries, after the resolution failed, Thompson (Greenberg partner) conducted a call with the WLCC Board to "discuss paths forward in order to protect our business partners and move quickly . . . ."

126. On July 30, 2014, Thompson emailed certain representatives of WLCC and Anderson stating as follows:

> Good news.
>
> I met with the OST attorney. She met with OST council law and order committee.
>
> They are putting our resolution clarifying the Community's powers back on the agenda for a special council session August 11th.
>
> I am not yet sure if they will require edits. And we know not to count our chickens before they hatch.

127. From records subsequently produced during litigation, however, the OST tribal council does not appear to have ever approved the Wakpamni bond offering or amended Ordinance 12-17.

5. As Closing Approaches, the Annuity Becomes Increasingly Suspect.

128. Closing for the First Offering was eventually delayed from July 31, 2014, to early August, which Anderson explained was due to difficulty obtaining finalized annuity documents from the British Virgin Islands.

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129. On August 1, 2014, McGinnis (Greenberg) emailed Anderson with comments to the draft Annuity Contract. In his comments, McGinnis raised questions about the investment manager identified in the Annuity Contract, "Private Equity Management, LLC."

130. As McGinnis and Anderson could have easily ascertained at the time, Private Equity Management, LLC was not a real investment company and, on information and belief, no limited liability company by that name existed at the time.

131. On August 5, 2014, Jared Galanis, a lawyer in San Francisco and Jason's brother/John's son, emailed Anderson with a revised copy of the Annuity Contract. The revised Annuity Contract continued to reflect that the annuity would be issued by WAPCC.

132. Jared Galanis's role in the transaction was unusual as well. Jared Galanis had communicated with Anderson in June, 2014 regarding documents he had prepared for Burnham. Thus, the fact that Galanis was now also drafting or revising annuity contracts for WAPCC should have raised concerns about the entity and its relationship to the Galanises.

133. In addition to the Annuity Contract, Jared Galanis sent Anderson a separate draft investment management agreement ("**IMA**") with a company called "**Private Equity Management, Limited**," which purported to be another British Virgin Islands company. Under the draft IMA, Private Equity Management, Limited would serve as the investment manager to the annuity provider and direct how the annuity proceeds were to be invested.

134. That same day, Anderson forwarded the email from Jared Galanis to McGinnis and U.S. Bank's counsel along with the attachment. The Annuity Contract attached to Jared Galanis's August 5, 2014 email contained track changes reflecting the addition of several new material terms, including:

a. A provision that obligated the Annuity Contract to be physically executed in the British Virgin Islands by signers sent by both parties to that location; and

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b. A provision that required the funds used to purchase the annuity to be wired from U.S. Bank to a bank account held by a financial institution with no branches in the United States (*i.e.*, not a United States bank).

135. The new terms in the Annuity Contract were important and would have been noted by prudent attorneys, as the Annuity Contract now required both funds and party representatives to travel offshore to complete the transaction.

136. Neither Anderson nor Greenberg performed any diligence to evaluate whether the proposed annuity provider, WAPCC, or "Private Equity Management" had any connection with the Lichtenstein insurance company, Wealth Assurance AG, or had ever issued an annuity prior to the Wakpamni transaction, as required by the Indenture.

137. Had either firm performed any basic diligence or internet search, they would have learned through public records that WAPCC was not a real British Virgin Islands company, but instead a Florida corporation set up by Hugh Dunkerley on July 7, 2014.

138. At the time the First Offering closed, WAPCC had never issued an annuity, had no legal relationship to Wealth Assurance AG, had no authority to act on behalf of Wealth Assurance AG, had no capitalization or assets, and had no business existence.

139. Dilworth and Greenberg received no written representations at closing that would have led them to reasonably believe that WAPCC was a real company or operated an annuity business.

6. Jason Galanis Calls on Anderson to Help HCM Acquire Bonds for its Clients' Accounts.

140. In early August, the plan to use WLCDC to issue the Bonds was abandoned, and Greenberg prepared new resolutions for WLCC to issue the Bonds. Again, the reason for this late, material change was not discussed in written communications between the parties.

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141. Under WLCC's resolutions, only certain members of WLCC could execute documents related to the transaction, and Raines was not authorized to do so.

142. By August 11, 2014, both U.S. Bank's and WLCC's representatives had already signed the Indenture. However, Anderson understood from Jason Galanis that closing had to be pushed back because Galanis was having trouble finding a purchaser for the bonds.

143. In early 2014, Galanis had been introduced to business partners Michelle Morton ("**Morton**") and Richard Deary ("**Deary**"), who were seeking funding to acquire HCM from its then current owner.

144. Galanis recognized that HCM had investment authority over its clients' assets and believed that if he gained control over HCM, he could arrange for HCM's clients to purchase the Bonds he had been unable to market.

145. In August 2014, Galanis and Dunkerley arranged to have one of CORFA's subsidiaries acquire HCM through a new entity called GMT Duncan, LLC, which would be ultimately controlled by CORFA.

146. After the acquisition of HCM, Morton, Deary and another of Galanis's associates, Gary Hirst, took control of HCM's client accounts and directed HCM's employees to carry out the acquisition of the Wakpamni bonds for certain HCM clients.

147. Morton and Hirst, at all times, knew that the bonds were outside of the investment guidelines for the pension fund clients based on the amount of the holding and the fact that bond proceeds were to be invested in private equity, which is not a fixed-income investment.

148. Morton and Hirst also knew that the bonds were speculative, likely to default, and were not suitable investments for pension funds or under general fiduciary standards.

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149. Morton and Hirst were both promised payments from Galanis—essentially kickbacks—for carrying out the bond issuance.

150. Nearly all modern bond transactions are conducted through an electronic clearing house called the Depository Trust Company or "DTC."

151. Prior to the First Offering, Burnham had never acted as a placement agent in a bond transaction and therefore had no account with DTC.

152. Galanis and Hirst therefore directed that the bonds be issued through a physical delivery trade instead of through the DTC, such that a paper bond certificate would be physically prepared and delivered to the individual bondholders.

153. Until August, 2014, HCM had been a traditional fixed income manager and did not invest client funds in private placements or physical delivery bonds. As a result, HCM's staff was unfamiliar with the private placement and physical delivery process and was having difficulty completing the trades within the settlement deadline.

154. HCM maintained no independent counsel assisting or advising it in the Wakpamni bond transaction. To ensure that the transaction was carried out on time, Anderson began assisting HCM's employees with acquiring the bonds for HCM's clients, including RHCT.

(i) Dilworth Prepares the "Big Boy" Private Placement Letter.

155. As noted above, the Wakpamni bond issuance was carried out as a "private placement," which is a securities offering exempt from federal and state securities registration requirements. To qualify for an exemption to the securities registration requirements under Regulation D, the bonds had to be sold to "accredited investors."

156. To secure the exemption in a private placement, investors provide the issuer with documentation acknowledging that the investor is "accredited," that the investor understands the

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security is being offered as part of a private placement, and that the investor understands there may be material non-public information regarding the security that has not been disclosed.

157. On July 16, 2014, McGinnis (Greenberg) circulated a draft Placement Agency Agreement between WLCC and Burnham. Section 7(a) of the Placement Agency Agreement, titled "Conditions Precedent to Placement of the Bonds," required WLCC to provide the following delivery at closing:

> (a) At the time of issuance of the Bonds ("Closing Date"), the Issuer shall cause to be delivered to it and to the Placement Agency . . . (v) *a certificate of each purchaser of the Bonds* certifying that it is a Qualified Investor, in form and substance reasonably satisfactory to the Issuer . . . . (emp. add.)

158. On July 30, 2014, Anderson circulated a proposed closing agenda for the Wakpamni bond transaction, which identified one of the closing documents as "Purchaser's letter re: Private Placement." The party responsible for preparing this document was identified as "Counsel for Placement Agent" (*i.e.*, Dilworth).

159. These investor letters are colloquially known in the industry as "Big Boy" letters, because the investor is acknowledging its sophistication with privately placed securities.

160. Because HCM's staff had no familiarity with the private placement process, Anderson prepared an investor letter for HCM to use for the transaction.

161. Using Anderson's draft, on or about August 21, 2014, HCM executed a single investor letter on behalf of nine different private and public pension funds that were to purchase Wakpamni Bonds.

162. The August 21, 2014 investor letter was not prepared on HCM letterhead; instead HCM's name and address were suspiciously typed on the top of the letter in plain font.

163. The August 21, 2014 investor letter bore Dilworth's electronic document ID number, reflecting it had originated with Dilworth/Anderson, not with HCM.

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164. The August 21, 2014 investor letter was not executed by the individual pension funds, but instead was executed by Gary Hirst, someone with no actual authority to execute documents or make investment decisions on behalf of HCM's clients.

165. Prior to acquiring the Bonds, HCM never contacted RHCT, or on information and belief, any of the other bondholders, to discuss or authorize the purchase of the Bonds or the execution of the investor letter.

166. The August 21, 2014 investor letter identified one of the bondholders as "Chicago Transit Authority." However, the Chicago Transit Authority is not a pension plan and did not have an investment management agreement with HCM. Instead, the pension fund referred to in the investor letter actually a truncated version of RHCT's full name, the "Chicago Transit Authority Retiree Health Care Trust."

167. When asked at the trial in the Criminal Case whether "Usually, in the normal course of events, the pension funds themselves would sign that type of letter," Anderson responded "Correct, yes."

168. Neither Anderson nor Greenberg performed any due diligence with respect to the investors who were purchasing the bonds to determine whether they were, in fact, accredited investors or were aware of the unusual private placement transaction.

169. Without the HCM investor letter, the 2014 WLCC Bonds would not have closed, as the placement would have had to be registered with the securities regulators.

170. Using the HCM investor letter, Anderson prepared face pages for each of the individual bond certificates, which bore his law firm's document ID number. One of the face pages Anderson prepared identified RHCT as the "Chicago Transit Authority."

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(ii) Dilworth Coordinates The Trades.

171. Eventually, a new closing date of August 21, 2014 was set. Despite the obligations under the Placement Agency Agreement, neither Burnham nor WLCC had obtained certificates from "each investor" reflecting that the investor was "qualified" or "accredited."

172. At Galanis's direction, Gary Hirst commenced the trades for HCM's clients on Thursday, August 21, 2014. Based on this trade date, the participants had a settlement deadline of Monday, August 25, 2014, by which time the transaction needed to have closed.

173. As of August 21, 2014, U.S. Bank had not received the funds from all of the bondholder's individual accounts, as required to close by August 25, 2014.

174. On August 21, 2014, Anderson emailed U.S. Bank and Greenberg and noted:

> The custodian banks missed the wire cut off but I advised them to send the wire anyway and forward the fed reference numbers. If we get reference numbers is U.S. Bank okay with current documents? If not and the wires come in tomorrow are you guys ok closing on the current docs with agreement (written via email) that they'll be replaced with docs dated August 22nd by Monday?

175. On or about August 22, 2014, HCM's Firm Operations Manager prepared a spreadsheet identifying the legal names of the eight HCM clients whose accounts would be used to acquire Wakpamni Bonds, along with the name, location, and contact information for each bondholder's custodian bank.

176. HCM's spreadsheet identified the full name of "**Chicago Transit Authority Retiree Health Care Trust**" as a bondholder, and listed RHCT's custodian bank as "Northern Trust," with a corporate address of 801 S. Canal, Chicago, Illinois, and a phone number with a (312) area code.

177. Northern Trust, in Chicago, also served as the custodian bank for two other bondholders identified on the HCM spreadsheet: one in South Carolina and one in Maryland.

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178. On August 24, 2014, Galanis forwarded HCM's spreadsheet identifying RHCT and the other bondholders to Anderson and suggested that Anderson should contact the custodian banks to ensure that the funds would be wired by the settlement deadline of August 25, 2014.

179. At the trial in the Criminal Case, Anderson admitted to receiving the spreadsheet identifying the legal names of the bondholders, including RHCT, on August 24, 2014, at the latest.

180. Despite his receipt of the spreadsheet prior to closing, Anderson failed to update the bond face pages that he had prepared with the full names of HCM's pension plan clients.

181. On August 25, 2014, Anderson called a Northern Trust employee located in Chicago at a number with a (312) area code. In the phone call, which was recorded, Anderson identified himself as calling about a transaction involving Burnham Securities, U.S. Bank and the "Transit Authority."

182. RHCT is the only Wakpamni bondholder with the words "Transit Authority" in its name, reflecting that Anderson was specifically referring to RHCT in his phone call. In fact, RHCT was the only bondholder specifically referred to by Anderson during the call.

183. The purpose of Anderson's call was to ensure that Northern Trust was wiring the funds, including RHCT's funds, to U.S. Bank and to obtain a fed wire reference number so he could close the transaction that day, which was the settlement deadline.

184. Following his call to Northern Trust, Anderson followed up with not one, but two emails on August 25, 2014 to the same employee, located in Chicago.

185. In response to Anderson's call and emails, the Northern Trust employee in Chicago provided Anderson with three fed wire reference numbers for funds being transferred

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from Chicago to purchase Wakpamni bonds for three pension plans, including $4,073,499 that was being wired from RHCT's custodial account in Chicago.

186. In all, in excess of $16,000,000 in pension funds used to purchase the First Offering—over half of the total purchase price—came from custodial accounts located in Chicago, Illinois.

7. To Close the Transaction, Greenberg and Dilworth Author Misleading Opinion Letters.

187. Section 2.11 of the Indenture required both Dilworth and Greenberg to provide opinion letters to U.S. Bank as a necessary condition to the transaction.

188. Without opinion letters from both firms, U.S. Bank would not have closed the transaction and the bondholders, including RHCT, would not have been injured.

189. The NABL's FUNCTION AND PROFESSIONAL RESPONSIBILITIES OF BOND COUNSEL provides that bond counsel's opinion will ordinarily address the following subjects:

a. that the bonds have been duly authorized and executed by and are valid and binding obligations of the issuer;

b. the source of payment or security for the bonds; and

c. whether and to what extent interest on the bonds is exempt from federal income taxes and from other taxes, if any, imposed by the state of issue.

190. Bond counsel who issue opinion letters have an obligation to disclose known facts about the transaction that may qualify or cast doubt on the opinions in the opinion letter.

191. In its opinion letter (attached hereto as **Exhibit H**) Dilworth rendered opinions and made statements that were inconsistent with facts it knew about the transaction.

192. For one, Dilworth stated that the Bonds were being issued to fund an Annuity Investment, as "described in the Indenture."

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193. As detailed above, at the time of his opinion letter, Anderson knew or should have known that the "Annuity Provider" identified in the Annuity Contract—Wealth Assurance Private Client Corporation—was not a company that provided annuities in the "regular course of its trade or business," as described in the Indenture, but was in fact a shell company related to the Galanises with no history of providing annuities and which lacked the capital and operations to issue such annuities.

194. Further, in rendering opinions about the transaction, Dilworth failed to investigate or disclose numerous issues with the First Offering, of which Anderson had knowledge of or should have known, relating to statements its opinion letter, including:

a. the fact that the Tribe had stripped Raines of authority to carry out tribal economic development projects;

b. the fact that OST had refused to approve the resolution drafted by Greenberg to carry out the transaction;

c. the fact that WLCC had not adopted or identified any viable economic development project that would be funded with the bonds;
d. and the fact that Galanis and his accomplices appeared to represent the placement agent, the annuity provider, and through HCM, the purchasers, presenting an irreconcilable conflict of interest.

195. To opine on the validity of the bonds and the source of payment for the bonds, the standard of care required bond counsel to investigate and perform basic due diligence on the above-mentioned items.

196. Similarly, Dilworth's opinion letter was also based on assumptions that were unreasonable in light of the facts of which Dilworth/Anderson had knowledge, such as the assumption that the proceeds from the bonds would be expended as required by the Indenture. Without an "Annuity Provider" or an economic development project, this assumption could not have been correct.

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197. Dilworth's opinion letter also included a troubling disclaimer that, in rendering its opinion, Dilworth had relied on "the investor letter, dated the date hereof, relating to each investor's status as an 'accredited investor' under relevant securities laws."

198. Putting aside that the investor letter was, in fact, dated several days earlier, this disclaimer about the investor letter is highly unusual in a bond counsel opinion letter as bond counsel does not opine on matters relating to the investors.

199. The unusual disclaimer reflected that Anderson was, in fact, concerned about the investor letter he had received from HCM several days earlier, and generally, whether the investors were accredited or had authorized the transaction.

200. Greenberg also offered an opinion letter (attached hereto as **Exhibit I**), in which Greenberg rendered opinions and made statements that were misleading or inconsistent with facts that it knew about the transaction.

201. Specifically, like Dilworth, Greenberg stated in its opinion letter that "The Bonds are being issued in order to: (a) finance the purchase of a certain Annuity Investment (as described in the Indenture) . . . ."

202. However, Greenberg knew or should have known through the exercise of due care that the Annuity Provider, WAPCC, was not a company that "provides annuities as part of its regular trade or business," as described in the Indenture.

203. Greenberg also stated that the bonds were being issued to "finance economic development projects for the benefit of the Wakpamni Lake Community, without limitation projects near the junction of Routes 18 and 391, including, *inter alia*, a certain warehouse/distribution center and other revenue producing enterprises."

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204. However, at the time it was made, this statement too was misleading, as WLCC had no identified or viable plans for an economic development project.

205. Documents later disclosed to the bondholders reflect that, at the time of Greenberg's opinion letter, WLCC did not have:

a. a lease for the site it was planning to develop;

b. any as-builts or other construction plans or drawings that reflected a feasible construction project, other than rudimentary site plan drawings prepared by Steven Haynes' wife;

c. a budget for construction as to reflect that the economic development project was viable or could be completed with the allotted bond proceeds; or

d. any cash flow analysis reflecting that the economic development project would generate income, as to pay principal or interest on the Bonds.

206. The lack of identified economic development plans at closing was unusual for a bond issuance of this nature and should have been disclosed in Greenberg's opinion letter.

207. In its enforceability opinion, Greenberg also opined that the "Bonds have been duly authorized, executed and delivered and constitute the legal, valid and binding limited obligation of the Issuer payable solely from the Pledged Revenue, enforceable against the Issuer in accordance with their terms . . . ."

208. "Pledged Revenue" was a term defined in Section 1.2 of the Indenture as "all gross revenues and amounts paid or payable to the Corporation in connection with the Annuity Investment Earnings and all Economic Development Projects."

209. In rendering its opinion regarding the enforceability of the bonds from the Pledged Revenues, Greenberg would have had to investigate the Annuity Provider and the Economic Development Projects and, in doing so, would have learned that the sources of Pledged Revenues were either fake or non-existent, making the statement misleading.

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210. In fact, at the time that both Greenberg and Dilworth rendered their opinions on August 25, 2014, the Annuity Contract had not even been signed.

211. Greenberg's opinion letter also contained no reference to the fact that the OST Tribal Council had not approved the proposed resolution which, Thompson believed was necessary to issue the bonds, or that OST had acted to limit the authority of Raycen Raines to act on tribal economic development matters.

212. Like Dilworth, Greenberg knew as bond counsel that other parties to the transaction would be relying on the fact that a reputable firm was opining on the transaction, and therefore had a duty to avoid issuing its opinion letter if Greenberg knew or should have known in the exercise of due care that the transaction had signs of being a financial scam.

213. Had Greenberg and Dilworth disclosed the facts regarding the transaction or, more appropriately, refused to opine on the validity of the transaction at all, U.S. Bank would not have closed the First Offering, the Bonds would not have issued, and RHCT's funds would not have been lost.

8. Dilworth Changes the Indenture At Closing and Directs U.S. Bank to Wire Proceeds to the Galanises.

214. Anderson acknowledged at the trial in the Criminal Case that he would only get paid for his work on the Wakpamni Bond transaction if the transaction closed.

215. On August 5, 2014, Anderson circulated a draft Indenture with a new provision that required WLCC to execute and deliver to U.S. Bank at closing a letter appointing an investment manager with respect to the Annuity Contract. (**Ex. D**, § 2.11.) However, as of August 5, 2014, the identity of the investment manager was simply left blank.

216. On August 11, 2014, several days prior to closing, Raines sent Anderson and Greenberg the WLCC signature pages for the bond documents, including the Indenture.

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217. Despite being signed by WLCC by August 11, 2014, the bond documents were not final. On information and belief, the version of the Indenture that had been signed by WLCC still left the identity of the investment manager for the annuity blank.

218. On August 13, 2014, Dilworth/Anderson circulated a new draft Indenture which identified the Lichtenstein insurance company, Wealth Assurance AG, as the investment manager to the Annuity Contract identified in Section 2.11.

219. However, on August 25, 2014, Anderson emailed U.S. Bank a "final" Indenture that deleted "Wealth Assurance AG" from the definition of investment manager in Section 2.11(e), and replaced it with "Private Equity Management, Limited."

220. On August 25, 2014, Anderson emailed Greenberg and U.S. Bank, copying Jason Galanis, to inform the "working group" that the Bonds had closed. Galanis responded congratulating the parties and thanking them for their "professionalism."

221. The statement that the transaction had closed was also misleading. Despite the fact that the Bond proceeds had been wired, the Bonds executed, and the trade tickets signed, the Annuity Contract and IMA had still not been finalized, and many details relating to the placement of the Bonds were still being worked out with U.S. Bank.

222. On August 26, 2014, a day after closing, Jason Galanis emailed an unsigned copy of the Annuity Contract and IMA to Dunkerley and another of his associates, Francisco Martin, and directed them to execute the documents.

223. That day, Martin signed the IMA on behalf of Private Equity Management, Limited. Martin also initialed "FM" on the Annuity Contract on behalf of WLCC. Authorized WLCC representatives never executed the Annuity Contract.

224. Dunkerley then executed the Annuity Contract on behalf of WAPCC.

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225. No representatives for either WLCC or WAPCC ever traveled to the BVI to execute the documents and no offshore bank accounts were identified, something that would have been known to Greenberg and Dilworth at the time.

226. On August 26, 2014, Jason Galanis emailed Anderson with instructions regarding distributions of the bond proceeds, including wire instructions for the annuity payment, and attached copies of the Annuity Contract and IMA that had been executed by Martin and Dunkerley.

227. Galanis's email to Anderson included detailed directions on the amount of funds that needed to be wired to the "annuity." The file name for the wire instructions attached to Galanis's email indicated the instructions were for a "Chase" bank account.

228. As prudent transactional counsel forwarding wire instructions to effectuate a $22,092,089 wire, Anderson would have reviewed them to confirm that all necessary information was included.

229. That day, Anderson forwarded the wire instructions from Jason Galanis to U.S. Bank, along with an executed copy of the IMA and the Annuity Contract. In his email, Anderson instructed U.S. Bank to proceed with the wire transfer.

230. The wire instructions attached to Anderson's August 26, 2014 email called for the bond proceeds to be wired "via domestic wire" to a bank account held at JPMorgan Chase Bank, N.A. in Beverley Hills, California, and not a bank in the British Virgin Islands, as required by the Annuity Contract. According to the wire instructions, the Chase account belonged to an entity called "Wealth Assurance Private Client" with a Santa Monica, California business address, and not a BVI address.

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231. The executed Annuity Contract and IMA attached to Galanis's August 26, 2014 email also reflected several easily recognized abnormalities:

a. the Annuity Contract was never signed by WLCC, but rather was initialed "FM" by Francisco Martin, who had no authority to sign on behalf of WLCC under WLCC's own resolutions;

b. the counterpart signature pages on the IMA did not match in appearance;

c. the signature for "Geneva Lone Hill," the President of WLCC, on the IMA did not match Lone Hill's handwritten signature on the signature specimens executed by WLCC as part of the closing documents; and

d. Exhibit C to the IMA, which was a separate "Letter of Appointment" appointing PEM as the investment manager for the Annuity Contract, was still unsigned.

232. On information and belief, including from testimony at the Criminal Trial, the IMA was not signed by Lone Hill, but was instead signed by Raines, who used an electronic signature to affix Lone Hill's name to the document.

233. Without corroborating the instructions, as required by the Indenture, U.S. Bank wired over $22 million of the bond proceeds, including RHCT retirement funds, to the Chase bank account identified in the instructions.

234. Between August 25 and 26, 2014, U.S. Bank, Anderson and HCM continued to exchange emails regarding the legal names of the bondholders, with U.S. Bank specifically noting discrepancies in the legal names of the bondholders reflected on some of the documentation.

235. In response to these inquiries, HCM employees again circulated lists of the legal names of the bondholders, including RHCT's full name, which were again provided to Anderson.

236. On or about August 26, 2014, U.S. Bank electronically delivered to Northern Trust, via email to its Chicago employee, copies of three bonds, one for RHCT and two for other

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bondholders whose assets were held by Northern Trust in Chicago. Physical copies of the bonds were subsequently delivered to Northern Trust in Chicago as well.

237. On or about November 11, 2014, Dilworth compiled the bond transcript from the first issuance and delivered physical copies to the key participants. The copy of U.S. Bank's closing book was mailed by Dilworth to U.S. Bank's office in Chicago.

F. The Bond Proceeds, None of Which Were Placed in an Annuity, Are Immediately Diverted For Unlawful Purposes.

238. As Dunkerley testified during the criminal trial, there was no annuity. Instead, the annuity was simply a bank account that Jason Galanis had directed him to set up so that they could launder the money through various channels.

239. The bond proceeds used for the Annuity Contract were never managed by PEM, as contemplated by the IMA, and PEM was not a real company either.

240. Instead, and in furtherance of the scheme, Jason Galanis and Dunkerley immediately misappropriated the bond proceeds through a complex series of transactions to related entities and individuals.

241. Dunkerley wired the largest portion of the proceeds to Thorsdale Fiduciary and Guaranty Company ("**Thorsdale**"), an entity Jason Galanis controlled, from which proceeds were further misappropriated.

242. At the direction of Jason Galanis, HCM also received at least $655,000 in bond proceeds, essentially a kickback for unlawfully acquiring the bonds for its clients: 1) a $350,000 payment on September 8, 2014; and 2) a $305,000 payment on April 23, 2015.

243. Jason Galanis also wired $2.35 million from WAPCC to an entity controlled by his father, John Galanis, called Sovereign Nations Development Corp. The funds were

eventually used by John on various personal expenses ranging from lavish gifts, jewelry, and his criminal defense in another case securities fraud case.

244. Jason Galanis arranged to have WAPCC and Thorsdale transfer over $3 million to lenders and others for the mortgage and maintenance of his estate in Los Angeles, California. He also arranged to have money wired from WAPCC and Thorsdale to his criminal defense attorneys ($497,210) and to his mother, wife, and father-in-law (totaling $214,000).

245. In addition, Jason Galanis used his Thorsdale debit card to spend thousands more of the bond proceeds at restaurants and luxury retailers.

246. Galanis's accomplices all received bond proceeds, including, but not limited to: a) $700,513 transfer to Archer between November 2014 and April 2015; b) $4,370,000 transfer to Bevan Cooney between August 2014 and April 2015; c) $20,485 to Dunkerley in September 2014; and d) $1,300,000 transfer to Hirst in August 2014.

G. Greenberg and Dilworth Proliferate Wakpamni Bond Offerings To Drive Revenue for their Firms

247. In October, 2014, Jason Galanis, arranged to have WLCC issue a second tranche of bonds in the principal amount of $20,000,000 (the "**Second Offering**"). The bondholders for the Second Offering were Archer's investment company, Rosemont Seneca Bohai, and Galanis's friend, Bevan Cooney.

248. The entirety of the funds used to purchase the second $20,000,000 bond offering came from recycled funds from the First Offering, which had been transferred by Galanis and his accomplices through WAPCC, Thorsdale, and other entities they controlled.

249. Like the First Offering, the Second Offering was organized and coordinated by Dilworth, and required the assistance of Greenberg.

250. Like the First Offering, the Second Offering called for payment to a fictious annuity offered by WAPCC, which purported to be a BVI entity.

251. Like the First Offering, the funds for the Second Offering were wired to a bank account in California, for an entity organized in Florida and with a California business address, contrary to the Annuity Contract.

252. Like the First Offering, both Dilworth and Greenberg failed to perform basic investigation as to the existence of the annuity, the potential bondholders, or how the funds would be used by WLCC.

253. Like the First Offering, Dilworth and Greenberg issued opinion letters for the Second Offering, doubling down on the misleading and inaccurate statements they made in their August, 2014 opinion letters.

254. Dilworth and Greenberg continued to take fees for acting as bond counsel for the Second Offering ($50,000 each), effectively depleting the pension funds that were acquired in the First Offering.

255. In the spring of 2015, Jason Galanis and his associates arranged for HCM to merge with another investment manager, Atlantic Asset Management, LLC.

256. Using the account of one of Atlantic Asset Management, LLC's clients (this time, a pension fund for public school teachers), Galanis directed Dilworth to orchestrate yet another bond offering in the amount of $16,200,000 (the "**Third Offering**").

257. Like the First Offering, the bondholder for the Third Offering was unaware of, and had not authorized, the investment.

258. Like the First and Second Offerings, the Third Offering called for the funds to be wired to a fictious annuity offered by WAPCC, which purported to be a BVI entity.

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259. Like the First and Second Offerings, the funds for the Third Offering were wired to a bank account in California, for an entity organized in Florida and with a California business address.

260. Like the First and Second Offerings, the Third Offering was organized and coordinated by Dilworth, and required the assistance of Greenberg.

261. Like the First and Second Offerings, both Dilworth and Greenberg failed to perform a basic investigation as to the existence of the annuity, the potential bondholders, or how the funds would be used by WLCC.

262. Both Dilworth and Greenberg issued additional opinion letters for the Third Offering, doubling down on the misleading and inaccurate statements they made in their August, 2014 and October, 2014 opinion letters.

263. Dilworth and Greenberg continued to take fees ($65,000 and $50,000, respectively) for acting as bond counsel for the Third Offering.

H. Greenberg's Clients, Raines and Haynes, Further Misappropriate The Bond Proceeds.

264. Although the majority of the bond proceeds went to the fictitious annuity, Greenberg's client, WLCC, received $2,250,000 in bond proceeds from the First Offering, which was deposited into a project account at U.S. Bank (the "**Project Fund**").

265. Under the Indenture, U.S. Bank held security interests for the benefit of the bondholders in: (1) the revenues from the Annuity Contract; (2) the proceeds in the Project Fund; and (3) future revenues from the income generated by the tribal economic development projects.

266. The Wakpamni Lake Community is located in one of the most impoverished regions in the country. As such, the $2,250,000 that WLCC received from the First Offering

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could have funded a substantial public works project on the Pine Ridge Reservation, essentially a silver lining to the Galanises' financial fraud.

267. Unfortunately, Raines and Greenberg squandered that opportunity too by depleting the Project Fund for lavish travel expenses, made-up consultancy fees, and attorney fees unrelated to the economic development projects identified in the Indenture.

268. Steven Haynes ("Haynes") is a purported tribal financier from Dallas, Texas. Prior to the Wakpamni bond transaction, Haynes had connections to Raines, Anderson and John Galanis.

269. Within days of closing, Raines arranged for WLCC to begin submitting requisitions to U.S. Bank to pay several hundreds of thousands of dollars in additional "consultant fees" to Haynes and his related companies.

270. Steven Haynes did not perform any significant work on the First Offering but was nevertheless paid $60,000 at closing and $250,000 just a few weeks after closing.

271. Several of Haynes's companies, including his wife's residential architecture firm, YNS Services, acted as purported consultants for WLCC in connection with the Wakpamni Bonds and received thousands of dollars from the bond proceeds for minimal work.

272. Raines, himself, received a cut of Haynes's consultancy fees, in an amount in excess of $80,000. These funds represented payments to Raines personally, and not to WLCC or the OST.

273. Only certain members of WLCC's board, which did not include Raines, could sign the requisitions submitted to U.S. Bank. Nevertheless, in the months after the First Offering closed, Raines began signing and submitting requisition forms to U.S. Bank directly, seeking

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payments for a variety of expenses in no way related to the economic projects described in the 2014 Indenture.

274. U.S. Bank's internal audit staff eventually became aware that Raines had been signing requisitions without authorization and thereafter insisted that all future requisitions be signed by authorized tribal representatives.

275. However, to evade U.S. Bank, Haynes and Raines simply began using requisition forms that had been pre-signed by the WLCC Board—essentially blank checks allowing them to deplete the Project Fund without input from the Community.

276. Between August 2014 and December 2015, Haynes and, on information and belief, Raines routinely stayed at lavish Las Vegas hotels, flew in private jets, and incurred other expenses which were paid with bond proceeds from the Project Fund, in violation of the Indenture. For example, one $9,300 requisition for "Haynes Investments" was for a private jet to a destination described as "Lake House." Yet another jet expense, in excess of $25,000, reflects a weekend trip to Martha's Vineyard.

277. On information and belief, at least one of the trips Raines made to Las Vegas was to attend sporting events with Derek Galanis, another of John's sons, who is also now incarcerated for various financial frauds.

278. Not surprisingly, the Project Fund was depleted before construction on the projects was substantially completed, leaving only valueless, shells with no roof or finishes.

279. These expenses, paid out to Raines and Haynes in violation of the Indenture, depleted the proceeds available for a viable economic development project, impairing the value of the bondholders' security interest.

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280. Between August 2014 and August 2015, Greenberg began representing not only WLCC, but also Steven Haynes (under separate engagements) with respect to various projects.

281. With Greenberg's knowledge, Haynes and Raines arranged to have many of Greenberg's bills paid out of the bond proceeds by submitting requisitions to U.S. Bank.

282. Greenberg's fees for these other representative matters were not related to the economic development projects described in the Indentures, such that the use of bond proceeds for these bills was unauthorized and a breach of the Indenture by WLCC.

I. Defendants Help Keep the Fraud Concealed.

283. Several weeks after the acquisition of the Wakpamni Bonds, HCM sent RHCT a letter discussing the sale of HCM to GMT Duncan. In the letter, HCM briefly mentioned the bond transaction, representing that the bonds had been issued by the OST, not WLCC. HCM also represented that OST had funded "a long-term pension plan" with the bond proceeds, not a private equity annuity. HCM also represented "the [bond] is within the investment management guidelines prescribed by [sic] investment management agreement already in place with HCM."

284. These statements by HCM were each false and were intended by HCM to lull the bondholders, including RHCT, into believing that the tribal bonds were appropriate socially-responsible fixed-income securities within investment parameters.

285. Shortly after the bond issuance, RHCT received financial reports from HCM reflecting that the bond was being valued by a public index and, in fact, had appreciated in market value by hundreds of thousands of dollars in just a few months after the issuance.

286. As such, at the time of the issuance, RHCT had no reason to believe that the Bond was a financial fraud or that RHCT had suffered a loss or that the Wakpamni Bond was fraudulent.

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287. Pursuant to the Annuity Contract for the August and October 2014 Offerings, WAPCC was obligated to make payments to WLCC in September 2015 and in October 2015. However, WAPCC had difficulty making the payments on time because the funds had been embezzled by the Galanises.

288. In September 2015, Dunkerley and Galanis raised $1.5 million from another venture, which they forwarded to US Bank to pay the interest due on the August 2014 Bonds. In turn, U.S. Bank made the first interest payment due on the Bonds, further concealing from the bondholders that there were any issues with repayment or solvency.

289. During this period, Anderson actively communicated with Jason and John Galanis, requesting information about the interest payments due from WAPCC under the Annuity Contract. These communications reflected Anderson's actual knowledge that Jason and John Galanis were, in reality, the "annuity provider."

290. In light of the difficulty that WAPCC had making the first interest payments, WLCC, WAPCC, and PEM began negotiating settlements and amendments to the Annuity Contract that were designed to prevent the Bonds from defaulting with U.S. Bank.

291. Anderson was actively involved in negotiating the release of PEM and drafting addenda to the existing Annuity Contract, even though Anderson's "client" Burnham was not a party to any of those contracts. During this period, Anderson's representational roles were so unclear that even Greenberg believed that Anderson was representing WAPCC.

292. The issues with the annuity provider and the investment manager were not disclosed to the bondholders by (WLCC) or the Defendants.

293. Unbeknownst to the bondholders, in or around November, 2015, the SEC began conducting a non-public investigation regarding the Wakpamni issuance.

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294. By November, 2015, Greenberg was owed substantial attorneys' fees from its representation of WLCC on various projects unrelated to the Wakpamni bond offerings. In addition, Greenberg had accrued fees negotiating the release of PEM and the amendment of the Annuity Contracts. WLCC had also asked Greenberg to represent it in connection with the SEC's subpoena and investigation, for which Greenberg was seeking a $50,000 retainer.

295. In an email from Weddle (Greenberg) to Raines dated November 17, 2015 (**Exhibit J**), Greenberg sought payment in the amount of $130,755 from WLCC for representational matters unrelated to the economic development projects identified in the Indenture.

296. After Thompson and Raines met to discuss the amounts owed to Greenberg, Thompson emailed Haynes and directed him to wire $130,755 to Greenberg for payment of these various legal expenses.

297. On or about November 18, 2015, Haynes directed U.S. Bank to transfer $130,755 from the Project Fund to Greenberg in payment of its fees.

298. Greenberg is believed to have been paid a total amount in excess of $300,000 from the retirement funds used to acquire the Wakpamni Bonds.

299. Dilworth was paid at least $262,000 from the retirement funds used to acquire the Wakpamni Bonds.

J. The Fraud is Revealed to the Bondholders.

300. Until the spring of 2016, RHCT had no reason to know or believe that the Wakpamni Bond was fraudulent or that the funds that had backed it had been stolen by criminals. In fact, it appeared to RHCT that the bond was paying interest as expected.

301. On May 9, 2016, the United States filed a criminal complaint in the Southern District of New York charging John Galanis, Jason Galanis, Hugh Dunkerley, Michelle Morton, Gary Hirst, Bevan Cooney, and Devon Archer with crimes related to investment advisor fraud and securities fraud related to the Wakpamni bond issuance.

302. From the filing, RHCT learned that the annuity was a fake company set up by the Galanises and their associates, and that the funds used to fund the "annuity" were gone.

303. Several days later, the SEC filed a parallel civil action against the same individuals alleging the same basic facts.

304. It was not until these government filings that the bondholders learned the proceeds and security for the Wakpamni Bonds were invested into a fake annuity and had been compromised, making the representations in the opinion letters seemingly false.

305. U.S. Bank representatives toured the Wakpamni Lake Community in 2016 and learned that the construction projects that were supposed to have been funded with bond proceeds were substantially incomplete, leaving the buildings valueless.

306. On July 18, 2016, U.S. Bank accelerated the debt due on RHCT's Wakpamni bond as the result of certain uncured defaults and the discovered annuity fraud. After the debt was accelerated, WLCC failed to pay the principal and interest due and has since asserted that it lacks the resources to make any further payments on the Bonds.

307. On January 19, 2017, Jason Galanis pleaded guilty to crimes associated with his role in the Wakpamni Bond offering.

308. Even after the government commenced the Criminal Case, the facts surrounding the Bond issuance was largely shrouded from the bondholders, due to the ongoing criminal investigation and protective orders that had been entered in the Government's cases.

309. On February 9, 2017, RHCT intervened in a civil lawsuit pending in the United States District Court for the District of South Carolina, *The Michelin Retirement Plan et al. v. Dilworth Paxson, LLP et al.,* Case No. 6:16-cv-03604-DCC-JDA (the "**South Carolina Litigation**"), which had been filed by another bondholder, The Retirement Plan for Michelin North America, Inc., against several transaction participants, including the Defendants.

310. In the South Carolina Litigation, RHCT asserted claims against each of the Defendants related to their role in the Wakpamni Bond transaction.

311. On June 12, 2017, the South Carolina District Court granted RHCT's Motion to Intervene, but stayed the litigation pending the outcome of HCM's receivership and the Criminal Case.

312. On May 15, 2018, Gary Hirst pleaded guilty to crimes associated with his role in the Wakpamni Bond offering. On May 16, 2018, Michelle Morton pleaded guilty to crimes associated with her role in the Wakpamni Bond offering. On June 28, 2018, a jury returned a guilty verdict against John Galanis, Bevan Cooney, and Devon Archer for crimes associated with their roles in the Wakpamni Bond offering. Hugh Dunkerley has also pleaded guilty for crimes associated with his role in the Wakpamni Bond offering.

313. On September 10, 2018, the South Carolina District Court lifted the stay in the South Carolina litigation that had been in place for over a year.

314. On October 3, 2018, RHCT entered into a tolling and forbearance agreement with Defendant Greenberg which excluded the time period between February 9, 2017 until October 3, 2019 from the calculation of any statute of limitations, repose or other time related defenses.

315. On July 2, 2019, the South Carolina District Court dismissed RHCT's claims against Dilworth and Anderson for lack of personal jurisdiction in South Carolina.

COUNT I
NEGLIGENCE
Dilworth Paxson, LLP/Timothy Anderson

316. RHCT incorporates and realleges Paragraphs 1 through 315 as though fully set forth herein as this Paragraph 316.

317. At all times relevant, the bondholders purchasing Wakpamni Bonds were not only foreseeable victims, but in fact, were specifically known to Dilworth and Anderson prior to the First Offering.

318. As bond counsel on the First Offering, Dilworth and Anderson owed RHCT and the other investors a duty of care in preparing the offering documents and opinion letters issued in First Offering.

319. The duty included the obligation not to make false or misleading statements in an opinion letter.

320. The duty included the obligation not to assist in securities transactions that were so unusual or suspect, or made so little financial sense, that they were inappropriate for sale to investors, particularly pension funds.

321. In addition to the professional standards of care to which bond counsel are held, all lawyers have a professional obligation to decline representation that is known or suspected to be fraudulent or criminal in nature and to withdraw from the representation if that suspicion arises. Model Rule of Professional Conduct 1.16.

322. In addition, lawyers have a duty to third-parties to "not knowingly . . . fail to disclose a material fact to a third-person when disclosure is necessary to avoid assisting a criminal or fraudulent act by a client, unless disclosure is prohibited under Rule 1.6." Model Rule of Professional Conduct 4.1.

323. Dilworth and Anderson had a duty not to advance transactions that a reasonably prudent bond lawyer knew or should have known were fraudulent or criminal in nature, and to withdraw from that representation upon learning such facts.

324. Dilworth breached its duties to RHCT in one or more of the following ways:

a. Representing or taking direction from known financial criminal, John Galanis, or his son, Jason, in a financial transaction targeting RHCT;

b. Making false or misleading statements in the opinion letter about the annuity, source of funds, and use of funds for the Bonds;

c. Failing to investigate the annuity on which the opinion was based;

d. Making false or misleading statements about the economic development projects backing the Bonds;

e. In general, issuing an opinion letter on the validity and enforceability of a bond transaction that a reasonably prudent bond lawyer knew or should have known was a securities fraud or financial crime; and

f. providing U.S. Bank with wire instructions that contradicted the transaction documents, effectively putting the funds in Galanis's control.

325. In closing the transaction, wiring the proceeds, and issuing the bonds, U.S. Bank was acting as an agent of RHCT and the other bondholders.

326. Dilworth's opinion letter was a necessary condition under the Indenture, and induced U.S. Bank to close the transaction and issue the bonds to RHCT.

327. Dilworth and Anderson, as bond counsel in a "municipal" bond transaction, knew that their opinion letter was intended to influence the actions of not only the addressees but all investors who would be purchasing the bonds.

328. U.S. Bank relied on Dilworth's opinion letter when it wired RHCT's bond proceeds to WAPCC at closing and issued a Wakpamni Bond to RHCT.

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329. As a direct and proximate result of Dilworth issuing its opinion letter, in breach of the standard of care applicable to bond counsel under like circumstances, RHCT suffered losses, estimated to exceed $6,000,000.

WHEREFORE, RHCT prays for the entry of a judgment in its favor and against Dilworth and Anderson on Count I, damages in an amount to be determined at trial, costs, and for such other relief as the Court deems fair and just.

COUNT II
AIDING AND ABETTING IN A BREACH OF FIDUCIARY DUTY
Dilworth Paxson, LLP/Timothy Anderson

330. RHCT incorporates and realleges Paragraphs 1 through 316 as though fully set forth herein as this Paragraph 330.

331. Pursuant to the RHCT Agreement, HCM was acting as a fiduciary to RHCT with respect to the investments made on RHCT's behalf.

332. As part of HCM's fiduciary obligations, HCM was obligated to follow RHCT's investment guidelines set forth in the RHCT Agreement, to avoid conflicts of interest, and to avoid transactions known to be risky or speculative.

333. Dilworth and Anderson knew that the Bonds were unusual, risky investments, in light of:

a. the Galanises' history of financial fraud;

b. the "uniqueness" of the proposed financing arrangement with the offshore annuity;

c. the lack of an identified economic development purpose; and

d. the narrow-limited waiver of sovereign immunity granted by WLCC.

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334. Dilworth and Anderson also knew that the transaction represented a conflict of interest given Galanis and Dunkerley's control over three-related parties to the transaction: (1) Burnham; (2) WAPCC; and (3) HCM.

335. As sophisticated commercial attorneys with specialization in bonds and public finance, Anderson and Dilworth knew that HCM owed its pension fund clients fiduciary duties with respect to investment decisions, and that those duties included avoiding transactions that were highly risky, conflicted, and likely fraudulent.

336. As such, Dilworth and Anderson knew that the acquisition of the Bonds by HCM was a breach of its fiduciary duties.

337. Dilworth and Anderson's knowledge that the transaction breached HCM's fiduciary duties is reflected by various facts pleaded herein, including but not limited to:

a. the decision to forgo a PPM;

b. the removal of John Galanis's identity from information shared with other bond participants;

c. the fact that the "Big Boy" letter was signed by HCM and not the individual plans; and

d. the unusual reference to the Big Boy letter in Dilworth's opinion letter.

338. However, Dilworth and Anderson nevertheless assisted HCM in preparing the "Big Boy" letter that authorized the transaction on behalf of the plans.

339. Anderson and Dilworth also assisted HCM staff in coordinating the transfer of funds from the custodians to U.S. Bank, and the physical delivery of the Bonds from U.S. Bank to the custodians.

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340. By preparing the "Big Boy" letter for HCM and instructing HCM employees on how to carry out the transaction, Dilworth's conduct went above that of merely representing the placement agent in the transaction.

341. Through these actions, Anderson and Dilworth substantially assisted HCM in breaching its fiduciary duties to RHCT.

342. Anderson and Dilworth were aware of the role they were playing in causing HCM to breach its fiduciary duties, particularly given their status as commercial attorneys knowledgeable of such matters.

343. As a direct and proximate result of Dilworth and Anderson's assistance, RHCT suffered losses, estimated to exceed $6,000,000.

WHEREFORE, RHCT prays for the entry of a judgment in its favor and against Dilworth and Anderson on Count II, damages in an amount to be determined at trial, punitive damages, costs, and for such other relief as the Court deems fair and just.

COUNT III
CIVIL CONSPIRACY
Dilworth Paxson, LLP/Timothy Anderson

344. RHCT incorporates and realleges Paragraphs 1 through 316 as though fully set forth herein as this Paragraph 344.

345. From the outset of the Wakpamni bond plan, Anderson knew that John Galanis had targeted pension funds to acquire the bonds.

346. Anderson knew that it would be difficult to find "willing" purchasers for the bonds.

347. Anderson had no representational relationship with John Galanis, who had no role or relationship to Burnham.

348. Burnham did not place the First Offering of Wakpamni Bonds. Instead, the Bonds were placed by virtue of Jason Galanis's control over HCM.

349. Anderson knew that John Galanis's involvement in the transaction would be likely to raise concern with the other transaction participants and therefore took steps to conceal John Galanis's relationship to the transaction.

350. Anderson knew that the "Annuity Provider" was connected to John Galanis and his sons, and that Galanis and his sons seemed to conduct all business on behalf of the Annuity Provider.

351. Nevertheless, Anderson agreed to take direction from John Galanis and assisted him in perpetuating the annuity fraud on U.S. Bank and the bondholders themselves.

352. Anderson acted in furtherance of the agreement by preparing bond documents, coordinating closing, concealing Galanis's role in the transaction, assisting HCM in the transaction, and directing U.S. Bank to transfer bond proceeds to Jason's bank account.

353. Defendants acted willfully, wantonly, and recklessly in assisting John Galanis in carrying out his fraud on the bondholders.

354. As a direct and proximate result of Dilworth and Anderson's tortious acts, RHCT suffered losses, estimated to exceed $6,000,000.

WHEREFORE, RHCT prays for the entry of a judgment in its favor and against Dilworth and Anderson on Count III, damages in an amount to be determined at trial, punitive damages, costs, and for such other relief as the Court deems fair and just.

COUNT IV
TORTIOUS INTERFERENCE WITH CONTRACT
(RHCT Investment Management Agreement)
Dilworth Paxson, LLP/Timothy Anderson

355. RHCT incorporates and realleges Paragraphs 1 through 315 as though fully set forth herein as this Paragraph 355.

356. RHCT entered into an RHCT Agreement with HCM. The RHCT Agreement was in effect at all relevant times mentioned in this Complaint.

357. The acquisition of the Wakpamni bond for RHCT was a breach of the RHCT Agreement, which required HCM to act as a fiduciary in carrying out investment decisions.

358. Defendants Anderson and Dilworth were sophisticated and competent counsel and knew that pension funds have management agreements, with investment guidelines, with their investment managers.

359. As commercial attorneys, Anderson and Dilworth each had knowledge of the existence of the RHCT Agreement between RHCT and HCM.

360. Defendants Dilworth and Anderson, with knowledge of the RHCT Agreement, assisted HCM in preparing an unauthorized and unusual "Big Boy" letter purporting to authorize the transaction. Without this letter, the transaction would not have closed.

361. As reflected by the unusual disclaimer in their opinion letter, Dilworth and Anderson knew that the bondholders had not actually authorized the private placement.

362. Dilworth and Anderson also instructed HCM employees on how to conduct the trade and acquire a bond for RHCT's account.

363. By assisting HCM in carrying out the purchase of the Wakpamni bonds, Dilworth and Anderson induced a breach of the RHCT Agreement by HCM.

364. Defendants have no justification for their interference with the RHCT Agreement.

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365. Defendants acted willfully, wantonly, and recklessly in bringing about HCM's breach of the RHCT Agreement.

366. As a direct and proximate result of Dilworth and Anderson's interference, RHCT suffered losses, estimated to exceed $6,000,000.

WHEREFORE, RHCT prays for the entry of a judgment in its favor and against Dilworth and Anderson on Count IV, damages in an amount to be determined at trial, punitive damages, costs, and for such other relief as the Court deems fair and just.

COUNT V
NEGLIGENCE
Greenberg Traurig, LLP

367. RHCT incorporates and realleges Paragraphs 1 through 315 as though fully set forth herein as this Paragraph 367.

368. At all times relevant, the bondholders purchasing Wakpamni Bonds were not only foreseeable victims, but in fact, were specifically known to Greenberg prior to the First Offering.

369. As bond counsel on the First Offering, Greenberg owed RHCT and the other investors a duty of care in preparing the offering documents and opinion letters issued in First Offering.

370. Greenberg's duty included the obligation not to make false or misleading statements in an opinion letter.

371. Greenberg's duty included the obligation not to assist in securities transactions that were so unusual or suspect, or made so little financial sense, that they were inappropriate for sale to investors, particularly pension funds.

372. In addition to the professional standards of care to which bond counsel are held, all lawyers have a professional obligation to decline representation that is known or suspected to

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be fraudulent or criminal in nature and to withdraw from the representation if that suspicion arises. Model Rule of Professional Conduct 1.16.

373. In addition, lawyers have a duty to third-parties to "not knowingly . . . fail to disclose a material fact to a third-person when disclosure is necessary to avoid assisting a criminal or fraudulent act by a client, unless disclosure is prohibited under Rule 1.6." Model Rule of Professional Conduct 4.1.

374. Greenberg had a duty not to advance transactions that a reasonably prudent bond lawyer knew or should have known were fraudulent or criminal in nature, and to withdraw from that representation upon learning such facts.

375. Greenberg breached its duties to RHCT in one or more of the following ways:

a. Making false or misleading statements in the opinion letter about the annuity, source of funds, and use of funds for the Bonds;

b. Failing to investigate the annuity on which the opinion was based;

c. Making false or misleading statements about the economic development projects backing the Bonds; and

d. In general, issuing an opinion letter on the validity and enforceability of a bond transaction that a reasonably prudent bond lawyer knew or should have known was a securities fraud or financial crime.

376. In closing the transaction, wiring the proceeds, and issuing the bonds, U.S. Bank was acting as an agent of RHCT and the other bondholders.

377. Greenberg's opinion letter was a necessary condition under the Indenture, and an inducement for U.S. Bank to close the transaction and issue the bonds to RHCT.

378. U.S. Bank relied on Greenberg's opinion letter in wiring RHCT's bond proceeds to WAPCC at closing and in issuing the bonds to the bondholders, including RHCT.

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379. Dilworth and Anderson, as bond counsel in a "municipal" bond transaction, knew that their opinion letter was intended to influence the actions of not only the addressees but all investors who would be purchasing the bonds.

380. As a direct and proximate result of Greenberg issuing its opinion letter, in breach of the standard of care applicable to bond counsel under like circumstances, RHCT suffered losses, estimated to exceed $6,000,000.

WHEREFORE, RHCT prays for the entry of a judgment in its favor and against Greenberg Traurig, LLP on Count V, damages in an amount to be determined at trial, costs, and for such other relief as the Court deems fair and just.

JURY DEMAND

Plaintiffs demand a trial on all counts eligible for trial to a jury.

Dated: October 18, 2019

CHICAGO TRANSIT AUTHORITY RETIREE HEALTH CARE TRUST and the BOARD OF TRUSTEES OF THE CHICAGO TRANSIT AUTHORITY RETIREE HEALTH CARE TRUST, Plaintiffs.

By: /s/ Aaron H. Stanton
One of their attorneys

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