



I.

PARTIES

1. Plaintiff William D. Brown (“Receiver”) is the Court-appointed receiver in Cause Number 3:07-CV-1188-D.

2. Defendants Ronald D. Whitcraft and Lois Whitcraft (“the Whitcrafts”) are individuals residing in Leola, Pennsylvania and may be served with process at 218 Riveredge Drive, Leola, Pennsylvania 17540.

II.

JURISDICTION AND VENUE

3. On July 2, 2007, this Court in Cause Number 3:07-CV-1188-D entered an Order Appointing Temporary Receiver (“Original Receivership Order”) in which, among other things, the Court took exclusive jurisdiction and possession of the Receivership Assets. An Amended Order Appointing Temporary Receiver was entered on August 2, 2007, adding InterFinancial Holdings Corp. (“InterFinancial Holdings”), among others, as a Relief Defendant (the “Amended Receivership Order”).

4. Both Receivership Orders (paragraph 3) directed that all Defendants, Relief Defendants and all persons in active concert or participation with the Defendants or Relief Defendants who received actual notice of this order “shall promptly deliver to the Receiver all Receivership Assets in the possession or under the control of any one or more of them . . . . No separate subpoena shall be required . . . .”

5. This Court holds exclusive jurisdiction over the “assets, monies, securities, claims in action, and properties, real and personal, tangible and intangible, of whatever kind and

description, wherever situated” of Defendants and Relief Defendants (the “Receivership Assets”).

6. The Amended Receivership Order provides that any actions to determine disputes relating to Receivership Assets shall be filed in this Court.

7. The Receiver maintains that the real and personal property located at 6717 Lakewood Boulevard, Dallas, Texas (the “Lakewood House”) is a Receivership asset.

8. Ronald Whitcraft currently holds legal title to the Lakewood House.

### III.

#### FACTUAL BACKGROUND

9. Ronald Whitcraft is married to defendant Jeffrey Bruteyn’s mother, Lois Whitcraft, and Mr. Whitcraft is identified as President of relief defendant InterFinancial Holdings in documents filed with the Nevada Secretary of State.

10. Bruteyn currently resides in the Lakewood House.

11. On October 27, 2004, the Lakewood House was titled in the name of Jeffrey Bruteyn’s then-wife, Tara Bruteyn, subject to first and second liens.

12. On December 15, 2005, Tara Bruteyn transferred title to Jeffrey Bruteyn, apparently as part of their divorce settlement.

13. That same day, Jeffrey Bruteyn transferred title to defendant Dennis Bowden. Bowden did not pay any personal funds for the property.

14. Bowden held title for a little over one year and then transferred title to Bruteyn’s stepfather, Ronald D. Whitcraft, on January 8, 2007. Mr. Whitcraft did not pay any of his personal funds for the property. Hess Financial Corp. (“Hess Financial”), a corporation

controlled by Jeffrey Bruteyn, wired \$700,000 for the closing, some of which proceeds were used to pay off the existing lien.

15. The Whitcrafts paid no consideration for the Lakewood House and the home was never their residence.

16. Mr. Whitcraft paid no funds at closing or thereafter. Mr. Whitcraft held title as nominee for Hess Financial.

17. All money paid on the Lakewood House mortgages, remodeling, taxes and upkeep from December 15, 2005 on were paid by Hess Financial. Documented payments total \$965,775. Hess Financial spent another \$49,021 on living expenses for Bruteyn related to the house. Additionally, Bruteyn paid contractors in cash which was the property of Hess Financial. All of the money was investor money misappropriated by Bruteyn.

18. Jeffrey Bruteyn has lived in the Lakewood House through all of these title transfers, and continues to reside there today paying nothing for the privilege of occupying the expensive home paid for with investor funds.

19. The Receiver has made demand on Ronald Whitcraft to deed the Lakewood House over to the Receiver on multiple occasions, but Mr. Whitcraft continues to refuse to do so.

#### IV.

#### CAUSES OF ACTION

##### A. Request for Declaratory Judgment

20. Plaintiff Receiver incorporates by reference, as if fully set forth, the allegations contained in the foregoing Paragraphs.

21. In accordance with the Federal Declaratory Judgments Act, 28 U.S.C. § 2201 *et seq.*, the Receiver seeks a declaratory judgment with respect to the rights, status, or other legal

relations that the Receivership Estate and the Whitcrafts may have in the Lakewood House. The declaratory relief sought by the Receiver includes, without limitation, that Ronald Whitcraft holds legal title as nominee for the benefit of Hess Financial, the owner of equitable title, and that the Lakewood House is a Receivership Asset to be held by the Receiver for the benefit of the defrauded investors.

**B. Request for Imposition of a Constructive Trust**

22. Plaintiff Receiver incorporates by reference, as if fully set forth, the allegations contained in the foregoing Paragraphs.

23. Hess Financial paid for the Lakewood House with money illegally received from defrauded investors in violation of the securities laws. The Receiver requests that a constructive trust be imposed upon the Lakewood House for the benefit of Hess Financial.

**C. Fraudulent Transfer**

24. Plaintiff Receiver incorporates by reference, as if fully set forth, the allegations contained in the foregoing Paragraphs.

25. Pleading in the alternative, at the time of the conveyances of the Lakewood House from Bruteyn to Bowden to Whitcraft: (1) each respective grantor was insolvent and did not receive reasonably equivalent value; and (2) the transfers were made with the intent to hinder, delay and defraud creditors. Neither Bowden nor Whitcraft paid any consideration for the transfers.

26. These transfers were fraudulent under Sections 24.005 and 24.006 of the Texas Business and Commerce Code.

27. Thus, under Section 24.008 of the Texas Business and Commerce Code, Receiver, on behalf of the Estate, is entitled to (i) avoidance of the transfer or obligation to the

extent necessary to satisfy its claim which in this case exceeds \$965,744.84; (ii) an attachment or other provisional remedy against the asset transferred, the Lakewood House, in accordance with the applicable rules relating to ancillary proceedings; or (iii) subject to applicable principles of equity and in accordance with applicable rules, appointment of a receiver to take charge of the Lakewood House or of other property of the transferee.

**D. Use of the House**

28. Plaintiff Receiver incorporates by reference, as if fully set forth, the allegations contained in the foregoing Paragraphs.

29. As a result of the actions of the Whitcrafts and with their knowing consent, Bruteyn has enjoyed for free the use of the Lakewood House that was paid for with defrauded investor funds. Plaintiff Receiver seeks a judgment for the reasonable value of the use of the Lakewood House from the date title was conveyed into R. Whitcraft through the date of judgment.

**E. Breach of Fiduciary Duty**

30. Plaintiff Receiver incorporates by reference, as if fully set forth, the allegations contained in the foregoing Paragraphs.

31. Ronald Whitcraft is listed as President of Relief Defendant InterFinancial Holdings in documents filed with the Nevada Secretary of State.

32. As the President of InterFinancial Holdings, Ron Whitcraft had a fiduciary duty to manage the affairs of InterFinancial. InterFinancial Holdings was a fictitious business, did not own any assets and did not operate as a business. Its sole purpose was to defraud investors who purchased its stock on the Pink Sheets. Ronald Whitcraft breached his fiduciary duty and as a result, InterFinancial Holdings has sustained damages. Those damages consist of all the funds

expended by InterFinancial, which includes all funds spent promoting InterFinancial as a real business when in fact it was not.

**F. Request for Exemplary Damages**

33. Plaintiff Receiver incorporates by reference, as if fully set forth, the allegations contained in the foregoing Paragraphs.

34. The foregoing fraud and breach of fiduciary duty was committed intentionally with malice. Exemplary damages should be awarded against the Whitcrafts.

**G. Alternative Claim for Amounts due on Note and for Lakewood House Improvements**

35. Plaintiff Receiver incorporates by reference, as if fully set forth, the allegations contained in the foregoing Paragraphs.

36. In the event that the Receiver does not recover title to the Lakewood House, the Whitcrafts are liable for principle and interest on the \$600,000 promissory note and deed of trust securing the note. The Receiver has paid taxes on the property and spent other funds for the upkeep of the property. Additionally, the Whitcrafts are liable for the amount of money spent by Hess Financial for improvements or the value of those improvements to the Lakewood House under the theories of unjust enrichment and money had and received. The Receiver seeks a judgment that it has a purchase money, constructive lien on the property for the amount spent on improvements.

**H. Conspiracy**

37. Plaintiff Receiver incorporates by reference, as if fully set forth, the allegations contained in the foregoing Paragraphs.

38. Ronald Whitcraft and Lois Whitcraft conspired with and knowingly aided and abetted each other and Jeffrey Bruteyn to commit the acts described herein with respect to the

Lakewood House. Ronald Whitcraft and Lois Whitcraft are jointly and severally liable for all damages and amounts due the Receiver.

**I. Request for Attorneys' Fees and Costs**

39. Plaintiff Receiver incorporates by reference, as if fully set forth, the allegations contained in the foregoing Paragraphs.

40. The Receiver hereby seeks to recover from the Whitcrafts reasonable and necessary attorneys' fees incurred in the prosecution of its claims. The Receiver further seeks pre- and post-judgment interest as allowed by law.

**V.**

**PRAYER**

WHEREFORE, Plaintiff Receiver William D. Brown prays that Defendants Ronald D. Whitcraft and Lois Whitcraft be cited to appear and answer in this cause and that upon final hearing,

- (1) Plaintiff have judgment against Ronald D. Whitcraft and Lois Whitcraft declaring the Receiver owns the Lakewood House as a Receivership asset;
- (2) Plaintiff recover its damages, exemplary damages, attorneys' fees and prejudgment and post-judgment interest from Ronald D. Whitcraft and Lois Whitcraft;
- (3) In the alternative, Plaintiff recover a judgment for the amounts due on the \$600,000 note and a constructive lien on the House for the amount and/or value of the improvements paid for by the Receivership defendants together with attorneys' fees; and

- (4) Plaintiff have such other and further relief, whether special or general, at law or in equity, to which Plaintiff may be justly entitled.

Respectfully submitted:

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