DISTRICT COURT, PITKIN COUNTY, COLORADO 506 East Main Street Aspen, CO 81611 (970) 925-7635 Plaintiff: **BASE VILLAGE METROPOLITAN DISTRICT NO. 2** vs. Defendants: **THE RELATED COMPANIES, LP,** a New York limited partnership; **RELATED WESTPAC, LLC**, a Delaware limited company; **BASE VILLAGE OWNER, LLC**, a Delaware limited liability company; **SNOWMASS ACQUISITION COMPANY, LLC**, a Delaware limited liability company; **SNOWMASS RELATED HOLDCO, LLC**, a Delaware limited liability Company; **SNOWMASS HOLDCO BV, LLC**, a Delaware limited liability company; **RELATED COLORADO REAL ESTATE, LLC,** a Delaware limited liability company; **HYPO REAL ESTATE CAPITAL CORPORATION**, a Delaware corporation; **SNOWMASS BV HOLDCO, LLC**, a Delaware limited liability company; **US BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States; **WHITE, BEAR, ANKELE, TANAKA & WALDRON**, a Colorado professional corporation; **DA DAVIDSON & CO**., a New York corporation; **CLIFTON LARSON ALLEN, LLP**; **NORTH SLOPE CAPITAL ADVISORS**, a Colorado corporation; **LOWE ENTERPRISES REAL ESTATE SERVICES, INC.**, a California Corporation; **DESTINATION SNOWMASS SERVICES, INC**., a Colorado corporation.	▲ **COURT USE ONLY** ▲ Case Number: 2017 CV
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COMPLAINT AND JURY DEMAND

Plaintiff, by and through undersigned counsel, demand a jury, and allege as follows upon information and belief and the investigation of counsel in their Complaint against the following Defendants: THE RELATED COMPANIES, LP, a New York limited partnership; RELATED WESTPAC, LLC, a Delaware limited company; BASE VILLAGE OWNER, LLC, a Delaware limited liability company; SNOWMASS ACQUISITION COMPANY, LLC, a Delaware limited liability company; SNOWMASS RELATED HOLDCO, LLC, a Delaware limited liability Company; SNOWMASS HOLDCO BV, a Delaware limited liability company; RELATED COLORADO REAL ESTATE, LLC, a Delaware limited liability company; HYPO REAL ESTATE CAPITAL CORPORATION, a Delaware corporation; SNOWMASS BV HOLDCO, LLC, a Delaware limited liability company; US BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States; WHITE, BEAR, ANKELE, TANAKA & WALDRON, a Colorado professional corporation; DA DAVIDSON & CO., a New York corporation; CLIFTON LARSON ALLEN, LLP; NORTH SLOPE CAPITAL ADVISORS, a Colorado corporation; LOWE ENTERPRISES REAL ESTATE SERVICES, INC., a California Corporation; DESTINATION SNOWMASS SERVICES, INC., a Colorado corporation.

I. INTRODUCTION

1. As British satirist and HBO TV producer andhost John Oliver observed in a comedic segment about "special districts" on March 6, 2016: "Once a special district is created, you can be pretty sure no one is going to be watching what you do."[1] He could have been talking about the fleecing of Base Village Metropolitan District No. 2 ("Metro District 2" or the "District") by The Related Companies, LP ("Related") and its accomplices. For nearly a decade, Related and its accomplices manipulated and abused Colorado's well intended statutory framework for the provision of public facilities services through special taxation districts to perpetrate a scheme to defraud and self-deal in the worst possible way. They filed false reports, misrepresented private development costs as public expenditures, and violated federal and state statutes, ranging from the Colorado Organized Crime Control Act (C.R.S. § 18-17-104), to mail, wire, and bank fraud (18 U.S.C. §§ 1341, 1343, 1344; C.R.S. § 11-51-501), as well as more obscure crimes. C.R.S. § 18-502-206(1) and (2).

2. Beginning in 2008 and extending through 2016, Related and its accomplices engaged in a wide pattern of racketeering activity and fraud through its control of Metro District

[1] *See* https://www.youtube.com/watch?v=3saU5racsGE

2 and a related district, Base Village Metropolitan District No. 1 ("Metro District 1"), that was to provide administrative services for Metro District 2. Both are located in the Town of Snowmass Village, Colorado.

3. These special metropolitan districts were set up around the Snowmass ski resort area ostensibly to facilitate the construction of public infrastructure improvements near the Snowmass Base Village development. In reality, Related and its accomplices managed the Districts as enterprises under the Colorado Organized Crime Control Act, using control over the respective boards to pay themselves tens of millions of dollars to the detriment of Metro District 2 and its taxpayers, who have been denied promised improvements and saddled with a communal debt that they cannot repay.

4. The District, which is now governed for the first time by an independent director following a recall and mass resignation of the old board in February 2017, brings this action to right the wrongs committed by Related and its accomplices. Metro District 2 seeks to recover all funds improperly obtained by Defendants and provide relief to the property owners who are required to repay the bonds through *ad valorem* property taxes.

5. Related and its numerous subsidiaries and affiliates perpetrated this scheme with the help of the other Defendants — including Hypo Real Estate Capital Corporation ("Hypo"), US Bank National Association ("US Bank"), the law firm of White, Bear, Ankele, Tanaka & Waldron ("Ankele law firm"), North Slope Capital Advisors, D.A. Davidson, Destination Snowmass Services, Inc., Lowe Enterprises Real Estate Services, Inc. and Clifton Gunderson, LLP (now Clifton Larson Allen, LLP) (collectively, "Related and its accomplices" or the "COCCA Enterprise"). These developers, law firms, banks, accountants and other "professionals" cannot be permitted to profit through their racket to manipulate the management of Metro Districts 1 and 2 (collectively, the "Districts") for their own benefit.

6. The scheme had multiple phases. It began by overleveraging the Districts in 2008 with nearly $48 million in debt at a time when the real estate market — and with it, the expected property taxes that were supposed to service the debt — had collapsed. When the debt was issued on July 1, 2008, there was no realistic possibility that the debt could be repaid, but Related and its accomplices, through their control of the board of directors of the Districts, prioritized their own interests ahead of their fiduciary obligations to Plaintiff Metro District 2.

7. Indeed, on the day the 2008 bonds were issued, Related and its accomplices caused to be paid nearly $32 million from the Districts' money to its private lender, Defendant Hypo, ostensibly for work on public improvements from the bond proceeds, even though many of the promised "improvements" that were being reimbursed were only half completed and other improvements were billed at multiples of the actual cost.

8. Worse, the most important improvements that were promised were never built. On information and belief, millions of dollars of costs that should not have been reimbursed by the District because they were costs associated with private construction, and not for public improvements, were buried in this reimbursement.

9. At the time the District's board (controlled by Related and its affiliates) authorized this initial bond issuance, Related and its affiliates knew that the project was headed

for failure. Though they had represented at the time of the issuance of the bonds that the project would be sold out by 2012, just months later, a Related subsidiary defaulted on a $520 million acquisition and construction loan on the project, forcing the entire Base Village development into foreclosure and an Hypo appointed receivership. Indeed, months before the bonds were issued, in December 2007, Related sold a quarter of its equity and suspended all projects not being built in anticipation of the gathering storm of the housing collapse. Stephen Ross, Related's founder and chairman, told *Fortune* that "I knew the world would change."[2]

10. Instead of walking away and cutting their losses, Related, its entities and others comprising the COCCA Enterprise began the next phase of their fraud. Seeing a fresh opportunity to continue the scheme, Related and its accomplices managed to make money out of the collapse by again utilizing its power over the boards of both Districts to further self-deal.

11. While the details are somewhat complicated, the basic idea was simple — to use the metro district funding vehicle provided by Colorado law not for public infrastructure and services, but rather to mitigate their losses from the economic downturn and then, as years passed, continue to profit at the District's (and ultimately taxpayers') expense.

12. First, while the variable interest rate of the $32.55 million junior debt of the 2008 bonds had fluctuated just under 1%, the interest rate shot up to 10% after Related triggered an unnecessary default on the bonds. This increased interest — serviced by Metro District 2 — accrued to the benefit of a Related subsidiary, which became the holder of "Guarantor Bonds" issued after triggering the default.

13. Second, after litigating and then settling a spate of lawsuits with the construction lender Hypo (including a lawsuit by Hypo accusing Related subsidiaries of fraud in connection with the intentionally triggered default and issuance of the Guarantor Bonds), Related and its affiliates emerged from the foreclosure (a) in control of the development through its repurchase of the project from Hypo, and (b) as the owner of $32.55 million worth of the District's debt (the Guarantor Bonds) accruing at 10% annual interest.[3]

14. Third, Related and its accomplices played games with the interest rates. In November 2012, Related subsidiary Snowmass Acquisition Company and/or Hypo, whichever was the owner of the Guarantor Bonds at that time, agreed in writing to a reduction on the interest of the Guarantor bonds from 10% to 3% by executing an amendment to the bond indenture. The exact motivation for this move is not yet known, but it might have been to make the project look more attractive for future investors or lenders. Whatever the reason, it resulted in a new, binding bond contract whereby the District was only obligated to pay 3% interest. But the very next year, Related and its accomplices, including US Bank, the Ankele law firm and the accounting firm of Clifton Gunderson, LLP (now Clifton Larson Allen, LLP) swept the favorable contractual amendment under the rug. Related and the District simply operated as if the interest on the bonds was still 10%.

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[2] "The Man Behind the Largest Real Estate Project in U.S. History," *Fortune*, September 16, 2013, page 96.

[3] Related first transferred the 10% per annum Guarantor bonds back to Hypo in August 2010 as part of the settlement of Hypo's fraud suit against Related. Hypo then secretly transferred the Guarantor Bonds back to Related, likely connected to the repurchase by Related of the project.

15. Fourth, in December 2013, while in control of both the debt and the boards of the two Districts, Related and its accomplices were able to manufacture a "refinancing" of the 2008 debt, whereby it caused the District (a) to pay a Related subsidiary (Defendant Snowmass Acquisition Company, LLC) $7.5 million in cash for partial redemption at par value of the Guarantor Bonds, (b) pay another Related subsidiary (Defendant Base Village Owner, LLC) $2.2 million for a loan repayment, on a suspect note that was conveniently "lost" by Base Village Owner, and (c) issue to its subsidiary (Defendant Snowmass Acquisition, LLC) another $23,760,000 of junior debt at 6.5% interest in exchange for the balance of the Guarantor Bonds.

16. Even though Related (through Snowmass Acquisition Company) or perhaps Hypo had earlier agreed to a reduction in the interest rate on the Guarantor bonds to 3%, the refinancing went forward as if the Guarantor Bonds bore 10% interest rate. In other words, while packaging the 2013 "refinancing" as something beneficial to Metro District 2 — supposedly, it reduced a 10% interest rate to just 6.5% — the transaction was a sham that *increased* the interest rate from 3% to 6.5%. Simply stated, there was no legitimate reason for Defendants to refinance a 3% debt into a 6.5% debt.

17. Defendant US Bank not only enabled this sham "refinancing" but profited from it. As trustee for the bonds at issue, US Bank knew about the reduction of the interest rate to 3%. But the bank, like the other Defendants, chose to ignore that reduction. The shenanigans described in the prior paragraph were largely funded by a $20,300,000 loan *by US Bank.* Stated another way, by pretending that the "refinancing" was legitimate, US Bank was able to profit through the grant of that loan.

18. The 2013 refinancing was fraudulent on its face. No arms-length market participant would have paid Related anywhere close to par value for the Guarantor Bonds, which were backed by a real estate project that was at a total standstill and a District that was insolvent. Had Related and its affiliates not been in control of the District board, it would have accepted considerably less than par value for the bonds in a true arms-length refinancing. Further, at the time the 2013 refinancing, the Service Plan had not been updated to reflect accurate financial assumptions, as required by C.R.S. §32-1-207(2)(a); and, considering less than 20% of the anticipated sales had occurred as of the time the bonds were refinanced, there were material deviations from the Service Plan.

19. Yet to conceal its rampant self-dealing — Related subsidiaries were simultaneously the bond holder and the bond re-purchaser, and Related and its accomplices controlled the board of the District which was the bond issuer — a certificate of sale from the refinancing states that the "purchase price was negotiated in an arms-length transaction between unrelated parties."

20. The fraud has continued until very recently. In 2016, Related, its entities and others in the COCCA Enterprise again refinanced the Districts' debt through its control of the Districts' boards, this time in anticipation of a sale of the project to Snowmass Ventures, LLC, a joint venture of KSL, Aspen Ski Company and East-West Partners. Related was able to exchange its $23.76 million in 2013 junior debt (plus some accrued interest) for nearly an equal amount of cash.

21. In a final act of self-dealing, and in order to facilitate the sale of the project to Snowmass Ventures, Related and its accomplices fundamentally changed the purpose and structure of the Districts by taking millions of dollars of taxable property out of District 2's tax base and moving it to District 1 — in violation of the requirement that the Districts obtain approval from the Town for material changes to their basic structure.

22. At the time this 2016 refinancing and restructuring of the Metro Districts occurred, the Service Plan still had not been updated to reflect accurate financial assumptions, in violation of C.R.S. §32-1-207(2)(a); and, still less than 20% of the anticipated sales had occurred as of the time the bonds were refinanced. Compounding these material changes were the fundamental changes made by Related and its accomplices in moving significant portions of Metro District 2's taxpaying property to District 1.

23. This diminished the tax base in District 2, thereby reducing the ability of District 2 to repay the tens of millions of dollars of debt that it now bears because of the self-dealing of Related and its accomplices. But it increased the desirability of the project for the new buyers, because it provided them with an opportunity to issue additional bonds using District 1 as the issuing entity. All of this was done under the cloud of a recall petition in District 2, which sought to oust the board members who were affiliated with Related due to its fundamental conflicts of interest.

II. JURISDICTION AND VENUE

24. This Court has subject matter jurisdiction over this action pursuant to Section 9, Article VI of the Constitution of the State of Colorado. C.R.S. § 13-1-124(1)(a) because this cause of action arises from the transaction of business within the State of Colorado.

25. Defendants are subject to the personal jurisdiction of this Court pursuant to C.R.S. § 13-1-124 because, inter alia, each Defendant is located in, transacts in, and has committed a tort in the State of Colorado.

26. Venue is proper in Pitkin County District Court pursuant to C.R.C.P. 98(c) because, inter alia, the Defendants conduct business throughout the State and the bonds at issue in this action were issued by the defendants in this County.

III. PARTIES

27. Plaintiff Base Village Metropolitan District Number 2 (referred to herein as "Metro District 2" or the "District") is a quasi-municipal corporation and political subdivision of the State of Colorado.

A. Related and Its Subsidiaries and Affiliates

28. Defendant The Related Companies, LP (referred to herein as "Related") is a New York limited partnership, with its principal place of business at 60 Columbus Circle, New York, New York 10023. It is one of the country's largest private real estate companies, and it is best known as the developer behind mega-projects such as the Time Warner Center and Hudson Yards in New York City.

29. Defendant Related Westpac, LLC is a Delaware limited liability company with the same principal place of business as Related (60 Columbus Circle, New York, New York). Related Westpac is a joint venture of Defendants WestPac Colorado, LLC and Related, and was the company responsible for developing the Snowmass Base Village project beginning in 2007. It was the entity that was issued the Guarantor Bonds after it triggered a default on the 2008B bonds.

30. Defendant Base Village Owner, LLC is a Delaware limited liability company with the same principal place of business as Related (60 Columbus Circle, New York, New York). It is a subsidiary of Defendant Related Westpac and was the borrower on the construction and acquisition loan from Defendant Hypo Real Estate Capital Corporation for the project and owned substantially all real estate in the project.

31. Defendant Snowmass Acquisition Company, LLC is a Delaware limited liability company with the same principal place of business as Related (60 Columbus Circle, New York, New York). It is a Related subsidiary, and acquired the Base Village project from Defendants Hypo and Snowmass BV Holdco after the property went into foreclosure. It was also the holder of the Guarantor Bonds after they were re-acquired from Defendant Hypo.

32. Defendant Snowmass Related Holdco, LLC is a Delaware limited liability company, with the same principal place of business as Related (60 Columbus Circle, New York, New York). It is a subsidiary of Related, and the sole owner of Snowmass Holdco BV, LLC.

33. Defendant Snowmass Holdco BV, LLC is a Delaware limited liability company with the same principal place of business as Related (60 Columbus Circle, New York, New York). It is the sole owner of Defendant Snowmass Acquisition Company.

34. Related Colorado Real Estate, LLC is a Delaware limited liability company. It is a subsidiary of the Defendant Related and through its subsidiaries, was an owner of the Base Village project.

35. Defendants Related, Related Westpac, Base Village Owner, Snowmass Acquisition Company, Snowmass Related Holdco, Snowmass Holdco BV, and Related Colorado Real Estate are collectively referred to herein as "Related and its affiliates."

B. The Banks and their Subsidiaries

36. Defendant Hypo Real Estate Capital Corporation (referred to herein as "Hypo") is a Delaware corporation with its principal place of business at 622 Third Avenue, New York, New York 10017. It was a lender and lead lending agent on a $520 million construction and acquisition loan to Defendant Base Village Owner, LLC in March 2007, and acquired the Base Village project after buying the property in foreclosure in 2011 through Defendant Snowmass BV Holdco, LLC.

37. Defendant Snowmass BV Holdco, LLC is a Delaware limited liability company with its principal place of business at United Corporate Services, 874 Walker Road, Suite C, Dover, Delaware 19904. It is a holding company that was set up by defendant Hypo to hold the Base Village project property after purchasing the property in foreclosure.

38. Defendant US Bank National Association is a national banking association organized and existing under the laws of the United States, with its principal place of business at 425 Walnut Street, Cincinnati, Ohio 45202. It was the bond trustee for the 2008 bonds, as well as the issuer of the letter of credit on the 2008 bonds, and lender of the 2013A loan.

C. Lawyers, Underwriters, and Consultants

39. Defendant White, Bear, Ankele, Tanaka & Waldron (f/k/a. White, Bear & Ankele) is a Colorado professional corporation (referred to herein as the "Ankele law firm") with its principal place of business at 2154 E. Commons Avenue, Suite 2000, Centennial, Colorado 80122. William P. Ankele, Jr. is a named partner at the firm. Mr. Ankele and his firm served as counsel to The District from 2004 to 2016, and as counsel to Metro District 1 from 2004 to the present.

40. Defendant DA Davidson & Co. is incorporated in New York and has a principal place of business at 8 Third Street North, Great Falls, Montana 59401. It was the underwriter for the 2008 and 2016 bonds, as well as the placement agent for the 2013 bonds.

41. Defendant Clifton Larson Allen, LLP (formerly Clifton Gunderson, LLP) is a national accounting firm with offices in Colorado. It provided accountant services to the District from 2006-2016, including authoring yearly budgets and financial reports submitted to the Town of Snowmass Village pursuant to the Service Plan governing the Districts.

42. Defendant North Slope Capital Advisors is incorporated in Colorado and has a principal place of business at 730 17th Street #900, Denver, Colorado 80202. It authored the 2013 and 2016 refinancing proposals.

D. Receiver and Manager

43. Defendant Lowe Enterprises Real Estate Services, Inc. is a California corporation that was appointed as a managing agent for Defendants Hypo and Snowmass BV Holdco after Hypo's purchase of the Base Village project in foreclosure.

44. Defendant Destination Snowmass Services, Inc. was incorporated in Colorado (dissolved) with its principal place of business at 11777 San Vicente Blvd., Suite 900, Los Angeles, California 90049. It is a subsidiary of Defendant Lowe Enterprises Real Estate Services and was appointed as receiver of the Base Village project while in foreclosure.

E. Members of the COCCA Enterprise not named as Defendants

45. COCCA Enterprise participant WestPac Colorado, LLC is a Colorado limited liability company with its principal place of business at 201 N. Mill Street, Suite 201, Aspen, Colorado 81611. It is an investment arm of developer Patrick Smith in Colorado, and is one member of the joint venture Defendant Related Westpac.

46. COCCA Enterprise participant Stan Bernstein and Associates is incorporated in Colorado with its principal place of business at 2137 Long Spur A, Avon, Colorado 81620.

47. COCCA Enterprise Participants or yet unnamed Defendants to be named based on investigation through discovery.

IV. GENERAL ALLEGATIONS

A. The Origins of Snowmass Base Village Project and the Acquisition by Related and its Affiliates

48. The Snowmass Base Village project was originally conceived and developed by Intrawest and Aspen Ski Company in the early 2000s, who successfully lobbied the Town of Snowmass Village ("Town") to approve the project to transform the town into a year-round adventure tourism destination.

49. The development and the entitlements thereto envisioned approximately one million square feet of residential, commercial and retail space, including approximately 600 luxury condo units and the Viceroy Hotel as the centerpiece. It was designed to be a ski-in/ski-out project, with direct access to the gondola and ski lifts servicing Snowmass Mountain.

50. Around 2006, Defendant Related formed a joint venture with Defendant WestPac Colorado called Related WestPac (also a defendant) to acquire the project and take over development and construction from Intrawest and Aspen Ski Company.

51. A subsidiary of Related Westpac, Defendant Base Village Owner, acquired the project in March 2007. The acquisition included the land for the Base Village project and city entitlements for a mixed-use development.

52. Prior to the issuance of any debt, Related subsidiary Base Village Owner secured a $520 million acquisition and construction loan from a conglomerate of European banks lead by Defendant Hypo on March 1, 2007, with additional guarantees from Related to secure the loan.

53. After acquiring the project, Related and its affiliates (including the Related WestPac and its subsidiary Base Village Owner) handpicked the directors for the boards of Metro District 1 and Plaintiff Metro District 2, including employees of Related and its subsidiaries and affiliates.[4] This gave Related and its affiliates complete control over the Districts' bond-issuing power and finances.

54. Because Related and its affiliates hand-picked the Directors for the Districts, Related and its affiliates owed a fiduciary duty to the Districts not to exercise control over the directors for their own benefit — a duty that they routinely and systematically violated.

B. The Metro Districts and Their Service Plan

[4] Specifically, while Related and its affiliates were in control of the project between 2007 and 2010, the following Related employees served on the five-member board for various time periods: (a) Shawn Gleason, Director of Finance and Operations for Related Westpac; (b) Joseph Krabacher, Outside Counsel for Related Westpac; (c) William Shanks, Consultant for Related Westpac; (d) Steven Farmer, Construction Manager for Related Westpac; (e) Scott Stenman, Vice President of Development, Related Westpac; (f) Michael Keeling, Land Development Manager, Related Westpac; (g) Joseph Barlow, Development Manager, Related Westpac; and (h) Dwayne Romero, President, Related Colorado. Related and its affiliates gave options contracts to their employees for small parcels of land within the Districts, thereby enabling employees of the companies to serve on the Districts' boards and control the Districts, as only eligible Colorado voters with property within the districts can serve on the board.

55. In the early 2000s, before Related and its affiliates acquired the project, Intrawest and Aspen Ski Company obtained approval from the Town and the Courts for the two special metropolitan districts at issue here — Metro District 1 and Plaintiff Metro District 2.

56. Metropolitan districts may be formed under the Colorado Special Districts Act, C.R.S. §§ 32-1-201, *et seq.*, after appropriate approval from governmental entities, to provide certain designated public improvements and services to residents and taxpayers of the district.

57. After a district is formed, the district is authorized to impose and collect ad valorem property taxes in order to pay for public infrastructure improvements or public services, or to service debt issued to pay for such improvements.

58. In the present case, the Districts were set up to use municipal bond financing to pay for the costs of public improvements on the 30 acres within the project — such as streets, traffic and safety infrastructure, facilities for parks and recreation, snowmelt diversions, an aqua center, a performing arts center, a parking garage, and a transit center — which would benefit the property owners who would purchase condominiums in the new development.

59. Plaintiff serves as the "financing district," responsible mainly for levying ad valorem property taxes on property located within the district, which are used to service operations and maintenance costs of the Districts as well as service any bond obligations or other debt. Metro District 1 was anticipated to own and operate the revenue-generating property within the Districts, such as the aqua center, parking facilities, and the conference center, with profits being used to offset operations and maintenance costs.[5]

60. Pursuant to the Colorado Special Districts Act, proponents of a metropolitan district must submit a Service Plan to the municipality in which it is to be formed for approval of the district. In 2004, an Intrawest and Aspen Ski Company joint venture submitted a Service Plan to the Town for approval of Base Village Metropolitan Districts 1 and 2.

61. The Service Plan was approved by the Town on September 30, 2004, and subsequently authorized by Court Order on October 18, 2004.

62. In 2006, in preparation for the sale to Related and its affiliates, Intrawest, and Aspen Ski Company returned to the Town for approval of amendments to the Service Plan as

[5] In a memorandum to the Town in 2004, attorney William Ankele of Defendant Ankele law firm described the purpose of the dual-district structure. (Mr. Ankele lobbied for creation of the metropolitan districts on behalf of developer Intrawest, but later became the both Districts' lawyer.) First, he assured the town that the multiple-district structure was intended to benefit taxpayers by placing development risk with the developer, not the taxpayers. He wrote, "the use of a multiple district structure assures that the appropriate development risk remains with the developer, and that risk is not transferred to the property owners until sufficient tax base exists to pay the debt with reasonable mill levies…. Since initial debt is either issued with developer credit enhancement or issued to the developer directly, the risk of revenue shortfalls will fall primarily on the developer, and not on future property owners." Second, Mr. Ankele wrote that the multiple district structure allowed the developer to retain control over the development of public infrastructure: "Dual district structures contemplate the use of [sic] 'Service District' which is the district controlled by the developer throughout the life of financing and construction of the public improvements. This permits an appropriate level of direction and control by entities that are most involved in the long-term success of the project…"

required by law. On October 30, 2006, the Town approved an Amended and Restated Consolidated Service Plan, which now governs both Districts.

63. The Service Plan describes the general structure and purpose of the Districts. It creates the multi-district structure in which the two Districts coordinate to finance and complete the construction of public improvements.

64. The Service Plan limits "mill levies" (a unit of taxation equal to 1/100 of 1%) imposed on property within the Districts to 49.5.

C. Related and its Accomplices Enable their Fraud by Amending the Service Plan

65. In order to approve as much debt as possible, Related and its accomplices inflated the financial projections for the project to make it appear as though the Districts could service more debt than was actually possible.

66. In the original Service Plan, a financial report prepared on September 1, 2004 by accountant Stan Bernstein and Associates, based on numbers provided by Intrawest and Aspen Ski Company, projected that the entire project was worth $654,383,337.

67. The financial report included in the Amended Service Plan, dated August 22, 2006 and also prepared by Bernstein, projected that the entire project was worth almost 50% more, at $972,909,814.

68. Based on this latter report, submitted with the proposed Amended Service Plan, the Town of Snowmass Village approved the amendments that authorized the Districts to issue $10.7 million of additional debt, up to $48,700,000.

69. By 2008, when the real estate industry was in precipitous decline and Related and its affiliates (including Related WestPac and Base Village Owner) were preparing to use their power over the boards to issue the authorized debt, Bernstein prepared yet a third report that projected the entire project to be worth $1,231,201,359 — an increase of nearly double the original value projection.

70. Bernstein's report also projected that all of the development's 603 condominiums would be sold out by 2012, enabling the District to fully service its debt obligations.

D. Elections to Authorize Debt

71. On elections held on November 2, 2004, November 7, 2006 and November 6, 2007, the "voters" of the two Districts, Metro Districts 1 and 2, voted to authorize debt for the stated purposes of the Service Plan. In these elections, only a handful of people voted — five in 2004, three in 2006 and, five in 2007 — all of whom were affiliated with the developers (on information and belief).

E. Related and its Affiliates, through the Metro District 2, issue $47,750,000 in Bond Debt

72. On June 25, 2008, the board of Metro District 2 voted to authorize the issuance of $15,200,000 in Series A Limited Tax Variable Rate Senior Bonds (the "2008A Bonds") and

$32,550,000 Limited Tax Variable Rate Junior Bonds (the "2008B Bonds"), in a joint meeting of the boards of Metro Districts 1 and 2. All of the directors of the board of Metro District 2 were Related WestPac employees or employees of its affiliates.

73. The bonds were to be serviced by Metro District 2 levying an ad valorem tax on all taxable property within the district, which would go into a revenue fund to service the debt. Specifically, the financial plan completed by Bernstein just before the bonds were ultimately issued projected that the debt would be serviced by development that would be complete by 2012, when all 603 residential condos within the project were expected to be sold.

74. The plan projected 331 sales in 2010, 90 sales in 2011 and 91 sales in 2012, in addition to 91 sales which had taken place before the bonds were issued. This pace of sales was expected to generate nearly $4 million in property taxes for the Districts per year by 2012, with a steadily increasing tax basis growing until 2037 when the bonds would be paid off.

75. The bonds closed on July 1, 2008.

76. The issuance of these bonds, however, involved rampant self-dealing and was fraudulent. By mid-2008, when the issuance was authorized by the boards of Metro Districts 1 and 2 — all of whom were Related employees — the real estate market had plummeted off of its peak from mid-2006.

77. In fact, Related was already preparing for the housing crisis in late 2007, when it sold 25% of the equity in its business and suspended all projects throughout the country that were not then under construction. Related founder and chairman Stephen Ross has told *Fortune* of these drastic measures taken by his company in late 2007 that "I knew the world would change."[6]

78. The true motive of the bond issuance therefore was for Related and its affiliates to obtain cash in an environment where credit was drying up, and to salvage what they could from a project that they knew was headed for failure.

79. Indeed, the very documents used to support the District's increase in bond issuance in 2008 are fraudulent. In 2006, while Aspen Ski Company and Intrawest were still in charge of the project and at the height of the real estate bubble, their financial forecasts, provided by Stan Bernstein and Associates, estimated the value of the project at approximately $962 million.

80. Yet in 2008, when Related wished to leverage the District to help pay off their construction loan from Hypo, Related and its accomplices inflated these numbers beyond belief, and estimated the entire project to be worth $1.23 billion, thereby increasing the apparent amount of property tax that could be collected by the District, allowing the District to increase the amount of bond debt issued.

81. Amongst other fraudulent representations, the financial plan that backed the bonds indicated that Related expected that the project would be fully developed and sold by

[6] "The Man Behind the Largest Real Estate Project in U.S. History," *Fortune,* September 16, 2013, page 96.

2012, but Related and its accomplices knew that the project was not viable at the time the bonds were issued because the real estate market was in the midst of collapse.

82. At the time the bonds were issued, most of the project remained unbuilt and Defendant Base Village Owner — the borrower on the $520 million loan from Hypo — was just months away from defaulting on the loan.

F. US Bank, Hypo Bank, and the Letters of Credit

83. The Series 2008A and Series 2008B bonds were each backed by a letter of credit from Defendant US Bank, which also served as trustee for the bonds. The junior 2008B bonds' letter of credit was in turn also backed by a guarantee from Defendant Related Westpac, which was in turn backed by another letter of credit from Defendant Hypo.

84. Hypo was also required to maintain creditworthiness by maintaining at least a AA+/A-1+ credit rating from Standard and Poor's. The high credit rating together with the unconditional obligation of US Bank to repay the bonds in the case of default gave the bonds their needed creditworthiness and allowed the District to market the bonds to institutional investors.

G. Related Pays Hypo Nearly $32 million the Day the Bonds Close to Service its Private Debt

85. After overleveraging the Districts, Related and its accomplices used the bond proceeds for their own benefit.

86. On the exact same day that the Districts received money from the proceeds of the bond sales, Defendant Related WestPac caused $31,028,681 to be wired into the account of Hypo, the lender financing the development of the project, ostensibly for work that Related WestPac (through Base Village Owner) had completed on behalf of the Districts.

87. The reimbursement request was filed by a Related affiliate — Base Village Owner — and approved by Related employees on the boards of Metro Districts 1 and 2.

88. The accounting for the "reimbursement" was woefully thin, but because Related and its affiliates controlled the boards of Metro Districts 1 and 2, there was no proper oversight. The boards did not verify that the money disbursed on behalf of Related and its affiliates was actually properly spent on public infrastructure.

89. All of the money that Related had ostensibly spent on construction — $90 million — was comingled between public and private infrastructure. Related and its affiliates fraudulently claimed that approximately $39 million of that had been spent on public infrastructure, for which Base Village Owner (Related's subsidiary) would be entitled to reimbursement.

90. The deceptive reimbursement request was clearly designed to enable Related to recoup money from a project that was failing.

91. The reimbursement figures included approximately $20 million supposedly spent on parking facilities that were originally projected to cost just over $7 million, and $7.1 million spent on a roundabout that was initially projected to cost $1 million.

92. Much of the infrastructure for which Related WestPac was reimbursed was incomplete, and some of the projects that were supposed to be funded by the bond proceeds were never started, such as the coveted aqua center.

93. On information and belief, substantial "costs" that were supposedly within the scope of bonds, such as the parking garage, were actually spent on construction that was private development and should not have been reimbursed by the Districts through the bond proceeds. These "costs" that were expensed as part of the garage included, amongst other private expenditures, costs to build the foundations of buildings 4, 5 and 6, which were condominium and hotel buildings.

94. Related Westpac and Base Village Owner fraudulently recharacterized these costs as part of the "public" expenditures in order to squeeze money out of the District and recoup money from the failing project.

95. Pursuant to the governing documents for the bonds, US Bank was only permitted to send funds from the bond proceeds for construction after an appropriate fund requisition request, which was required to include a summary of invoices related to the construction.

96. Defendant Clifton Gunderson aided and abetted Defendant Related WestPac's submission of the fraudulent invoices in order to induce US Bank to send money to pay off Related's obligations to the detriment of the District, which did not receive the promised public infrastructure benefits from the bond issuance.

97. Related and its accomplices also caused the bond trustee to wire $794,325 into the account of Base Village Owner, LLC, with no apparently explanation. No fund requisition was submitted for disbursement of these funds, and no invoices or summary thereof was provided to justify the disbursement as was required under the indenture of trust.

H. Related Defaults on the Construction Loan and Hypo Forecloses

98. The financial crisis of 2008 all but shut down the Base Village project, and sales immediately fell short of the projections that were used to justify issuance of the 2008 debt.

99. On March 1, 2009, Base Village Owner defaulted on its $520 million construction loan from Hypo by missing a $41 million payment due under the loan.

100. The next month, Base Village Owner missed a $1.5 million payment.

101. A spate of lawsuits between Related/Base Village Owner and Hypo were filed in the New York and Delaware Courts, and Hypo eventually foreclosed on the property in July 2010.

102. During the foreclosure, Hypo appointed as receiver a subsidiary of Defendant Lowe Enterprises Real Estate Services — Defendant Destination Snowmass Services, Inc. — to manage the property.

103. In November 2011, Hypo, representing the conglomerate of European Banks that made the loan for the project, purchased the property from the trustee in a foreclosure sale, and a new entity, Defendant Snowmass BV Holdco, LLC, took title to the property.[7]

I. Related Threatens to Sue US Bank and Obtains Guarantor Bonds on the Project

104. On November 15, 2011 — a day before the foreclosure sale on the property — Related WestPac sent defendant US Bank a letter threatening to sue if US Bank extended its letter of credit that backed the 2008 Series B bonds.

105. This triggered a series of events under the bond indenture whereby (a) the bonds were called, (b) US Bank paid the bondholders par value for the bonds, (c) US Bank took money from Related WestPac that was deposited with US Bank as cash collateral for US Bank's letter of credit, and (d) US Bank issued to Related WestPac $32.55 million in "Guarantor Bonds," bonds issued to a guarantor in an event of default, at which time the bonds shot up from under 1% interest to 10% interest.

106. James DeFrancia acting as receiver for the project and a member of the board of directors of the Districts, told the local press that Related's actions caused "considerable harm" to taxpayers in the Metro Districts, and that "there was no reason" to trigger the default. He accused Related of acting "obstructionist and intransigent."

107. Hypo Bank also accused Related and its associates of fraud.

108. In a lawsuit filed on December 28, 2011 against Related Westpac and Base Village Owner — just weeks after Related triggered this default as a part of a plan to engage in another round of self-dealing — Hypo alleged that "Related Westpac had no bona fide business reason for objecting to an extension to the U.S. Bank letter of credit."

109. Instead, it alleged that Related had initiated the default to fraudulently prevent Hypo from recovering $32.55 million that Related Westpac took from Hypo's construction loan issued to Base Village Owner, which Related took and used as cash collateral to back U.S. Bank's letter of credit — cash that was taken by U.S. Bank to redeem the bonds after Related Westpac did not honor its guarantee of the letter of credit.

110. In other words, Related WestPac used Hypo's money to back the US Bank letter of credit, and when it triggered the default on the bonds while the property was in foreclosure, it moved assets from the borrower (its subsidiary Base Village Owner) so that Hypo would not be able to claw back the money while the property was in receivership.

111. There was no valid business reason to object to the extension of the letter of credit and cause a trigger of a default on the 2008 junior bonds. Rather, Related WestPac did so in order to (a) sequester assets that Hypo would be able to acquire in any foreclosure proceedings

[7] While in receivership, the following persons served on the Districts' board of directors: (a) James DeFrancia, officer, Lowe Enterprises Real Estate Services, Inc; (b) Michael Tande, Manager of Lowe Enterprises Real Estate Services, Inc.; (c) Steven Santomo, General Manager for Destination Resorts Snowmass, (d) David Spence, Vice President and General Manager of Destination Resorts Snowmass; and (e) Steve Sewell, Area Manager, Snowmass Ski Area, Aspen Ski Company.

by rendering its subsidiary Base Village Owner insolvent, and (b) acquire the guarantor bonds for its own benefit as future bargaining leverage to re-acquire the project after foreclosure.

112. Related WestPac's behavior further harmed the District by, amongst other things, triggering a default on the bonds and increasing the interest rate on the 2008B junior debt from under 1% to 10%. It would also later enable Related and its associates to "refinance" the District's debt to its own benefit.

J. Hypo Settles with Related, and Related Obtains Guarantor Bonds

113. After at least four lawsuits between Related affiliates and Hypo — including a suit that Hypo filed against Related Westpac and Base Village Owner for illicit acquisition of the guarantor bonds — Related eventually took back control of the project by settling all claims with Hypo for $90 million, which included re-purchasing the project, this time through a subsidiary Defendant Snowmass Acquisition Company.

114. The Guarantor Bonds — originally issued by US Bank to Related Westpac — had passed to a subsidiary of Hypo (Snowmass BV Holdco) in August 2012. Then, on information and belief, Hypo transferred these bonds back to Related as part of the larger global settlement and sale of the project back to Related.

115. Hypo owed a fiduciary duty to the Districts to act for the latter's benefit because it controlled the Districts through appointment of employees of the receiver, yet in reaching a universal settlement with Related, it first obtained the bonds back *from* Related and then transferred them *back to* Related, which would control the board of directors after sale, Hypo placed its own interest above the District's.

116. Conspiring with Related and their accomplices at the expense of the Districts, Hypo used the illicit debt as a bargaining chip in the larger set of negotiations with Related.

117. Even though Hypo had alleged that the debt was fraudulently obtained, it did nothing to unwind the illicit debt as it should have done as a fiduciary with power over the boards of the Districts to undo that debt on behalf of the Districts, and instead washed its hands of the project when it settled all claims with Related. Hypo conspired with Related to fraudulently squeeze money from the District in an act of self-dealing.

K. Related Agrees to a Reduction in the Interest on the Guarantor Bonds

118. On November 28, 2012, Related subsidiary Snowmass Acquisition Company or perhaps Hypo, whichever held title to the Guarantor Bonds at that time, consented in writing to a reduction of the interest rate on the Guarantor Bonds from 10% to 3%.

119. The reduction in interest rate is memorialized in a financial statement prepared by Defendant Clifton Larson Allen as part of the District's 2012 annual report, which is filed with the Colorado Department of Local Affairs (DOLA).

120. Specifically, the financial report states, "On November 28, 2012, the District [District 2] executed a Fourth Supplemental Indenture in which the owner of the Guarantor Bonds consented in writing to the reduction of the interest rate from 10% to 3% per annum."

121. Whatever the reason for the reduction, it resulted in a new, binding bond contract whereby the District was only obligated to pay only 3% interest on the $32.55 million in Guarantor bonds.

122. But the very next year, Related and its accomplices, including US Bank (which would have been counter party to an executed Fourth Supplemental Indenture), the Ankele law firm (which advised the District and was aware of the agreed interest rate reduction) and the accounting firm of Clifton Larson Allen, LLP (which reported the reduction in its 2012 annual financial report) swept the favorable amendment under the rug. By January 2013, Related and the District operated as if the interest on the Guarantor Bonds was still 10%.

L. Related Refinances the Districts' Debt in a Self-Interested Transaction to Squeeze Money out of Worthless Guarantor Bonds

123. In 2012, when Related and its affiliates gained clean title to the Guarantor Bonds after settling with Hypo over title to the bonds, the debt was essentially worthless. Yet Related and its affiliates managed to turn these junk bonds into gold in an act financial alchemy.

124. Since the foreclosure in 2009, the Base Village project was at a total standstill. While the financial projections had anticipated that sales on the project would be complete by 2013, construction had stalled since 2009, ensuring that the bonds would not be repaid on time. Notwithstanding this irrefutable fact, the Service Plan had not (and has never been) updated to reflect accurate financial assumptions, as required by C.R.S. §32-1-207(2)(a).

125. In addition, private financing for the project had dried up and the real estate market was deeply depressed. Property values in the area were off by approximately 40%.

126. After Related regained control of the development, it was once again in control of the board of directors of the Districts. It appointed four board members who were affiliated with the company.[8]

127. As both (a) bondholder and (b) bond issuer, Related was able to use its power to engineer a self-interested refinancing for the benefit of the Related and to the detriment of the District.

128. In 2013, prior to the refinancing, the District's debt obligations were *reported* as follows:

- $10,825,000 principal on 2008A debt (out of $15,200,000 originally issued), owned by third-parties at a variable interest rate, hovering below 1%.

[8] These Related-affiliated board members who served at various times between 2011 and 2016 include: (a) John Varghese, Director of Finance, Snowmass Acquisition Company, LLC; (b) Matt Foley, Director of Finance, Snowmass Acquisition Company, LLC; (c) Shawn Gleason, Director of Finance, Snowmass Acquisition Company, LLC; (d) Dwayne Romero, President of Romeo Whiskey, LLC, d/b/a Related Colorado; (e) Steve Sewell, Area Manager, Snowmass Ski Area, Apsen Ski Company; (f) Leticia Hanke, employee, Snowmass Acquisition Company and Director Base Village Company; (g) Craig Monzio, employee, Snowmass Acquisition Company; and (h) Jim D'Agostino, President, Related Colorado.

- $32,550,000 principal on Guarantor Bonds (acquired after default on 2008B bonds of equal amount), owned by Snowmass Acquisition Company, LLC (a Related Subsidiary), at 10% interest. (But, as set forth above, the owner of these Guarantor Bonds had agreed in writing to a reduced annual interest rate of 3%.)
- $2,200,000 on an interest free loan from Base Village Owner, ostensibly issued on December 1, 2009.

129. A refinancing replaced most of this debt with a bank loan of cash and new bonds which were swapped for the old bonds. After the refinancing on December 2, 2013, the District's debt was as follows:

- $20,300,00 in a Senior Limited Tax Refunding Loan at 3.05% interest from US Bank (the 2013A Loan).
- $23,760,000 in 2013B bonds at 6.5% fixed rate interest issued to Related subsidiary Snowmass Acquisition Company, LLC.
- $1,278,000 in Guarantor Bonds at 10% fixed interest rate.

130. The $20,300,000 in cash from the US Bank loan injected into the refinancing was used to (a) pay off the 2008A senior bond holders, (b) pay Related $7.5 million for partial redemption of the Guarantor Bonds *at par value*, (c) pay off the developer subordinate note, and (d) pay closing costs for the refinancing.

131. Most of the remainder of the Guarantor Bonds that were left over after Related paid itself par value for the bonds were swapped for the 2013B bonds, with $1.278 million in the guarantor bonds still outstanding.

132. The refinancing accomplished multiple self-interested objectives.

133. Even though Related (through Snowmass Acquisition Company) had earlier agreed to a reduction in the interest rate on the Guarantor bonds to 3%, the refinancing went forward as if the Guarantor Bonds bore 10% interest rate. In other words, while packaging the 2013 "refinancing" as something beneficial to Metro District 2 — supposedly, it reduced a 10% interest rate to just 6.5% — the transaction was a sham that *increased* the interest rate from 3% to 6.5%. Simply stated, there was no legitimate reason for Defendants to refinance a 3% debt into a 6.5% debt.

134. As part of the "refinancing," Related acquired nearly $10 million in cash, which reflected a purchase at par value for the Guarantor bonds that were virtually worthless if sold on the open market, in addition to reimbursement for a $2.2 million loan issued in 2009 after the project was in default.

135. Had Related not controlled the boards of the Districts, the Districts would have not entered into the above-described 2013 refinancing of the District's debt.

136. And had Related attempted to sell the junk guarantor bonds to a third party, they would have received only pennies on the dollar for what they actually obtained from the 2013 refinancing.

137. Defendant US Bank also profited handsomely from this sham "refinancing." As trustee for the bonds at issue, US Bank knew about the reduction of the interest rate to 3%. But the bank, like the other Defendants, chose to ignore that reduction, enabling the bank to loan $20,300,000 for the refinancing. Stated another way, by pretending that the "refinancing" was legitimate, US Bank was able to profit through the grant of that loan, which would be repaid to it in 2016.

138. To cover the fact that this was a self-interested transaction, Related fraudulently misstated the nature of the relationship between the parties to the transaction.

139. A "Certificate of Series 2013B Bond Purchaser" that was included with the 2013 bond documents states that the "purchase price was negotiated in an arms-length transaction between unrelated parties," even though it was literally Related on all three sides of the transaction.

140. Specifically, Related, through Snowmass Acquisition Company, was the owner of the Guarantor Bonds; Related, again through Snowmass Acquisition Company, was the purchaser of the new 2013B bonds (which were purchased by cancellation of an equal amount of Guarantor Bonds); and Related, through its control of the board of District 2, was the issuer of the bonds. This was not a transaction negotiated at "arms-length" between "unrelated parties." It was a naked act of self-dealing.

141. Dwayne Romero of Related signed the documents on all sides of this transaction. Romero, as president of the board of Metro District 2, signed the board resolution authorizing the 2013 refinancing, and Romero, as Vice President of Snowmass Acquisition Company, signed the Certificate of Series 2013B Bond Purchaser, representing that the "purchase price was negotiated in an arms-length transaction between unrelated parties."

142. Conspiring with defendant Related, placement agent Defendant DA Davidson (which served as underwriter for the 2008 bonds) issued a proposal to the Districts that the 2013 refinancing would result in a lower debt obligation for the Districts. This was simply cover to hide the fact that the debt had been artificially inflated by Related's wrongful triggering of the bond default in 2011, as well as the failure to execute the amendment to the bond indenture that would have lowered the interest rate on the Guarantor bonds from 10% to 3%. Had there never been a bond default or a retraction of the interest rate reduction, the 2013 refinancing would have been an increase in the Districts' debt obligation.

143. None of the proceeds of this refinancing were used to start stalled construction on the project. In fact, the entire project was dormant dating back to 2009, and new construction would not begin again until 2017. The Districts were simply a piggybank for Related and its affiliates to tap into periodically for free cash flow.

M. Related, in Anticipation of a Future Sale Back to Aspen Ski Company and KSL, Refinances, Restructures and Walks Away with Another $25 million

144. In 2016, Related and its affiliates began to prepare to exit the Snowmass Base Village project after nearly a decade of fraud and self-dealing. On December 23, 2016, Related

sold its interest in the project to Snowmass Ventures, LLC — a joint venture of Aspen Ski Company, KSL and East/West Partners.

145. In anticipation of the sale, Related prepared another refinancing of the District's debt, again to their substantial advantage, to be issued as soon as the sale closed.

146. In 2016, the District had the following debt:

- $18,445,000 in principal on the 2013A loan (from US Bank)
- $28,045,457 in principal and accrued interest on the 2013B bonds (owned by Related subsidiary Snowmass Acquisition Company, calculated assuming the Guarantor bonds bore 10% interest and not 3% interest).

147. To refinance this debt, the District issued two series of bonds, which paid to refund the 2013 debt.[9]

- $31,260,000 in Series 2016A Bonds. ($11,785,00 at 5.5% interest rate and $19,475,000 at 5.75% interest rate)
- $13,330,000 in Series 2016B bonds at 6.5% interest.

148. As part of the refinancing, Related was able again to pull approximately $25 million in cash out of this transaction, by redeeming part of their 2013B bonds and leftover Guarantor bonds for cash, and selling their interest in the 2016B bonds (which were swapped for the remainder of Related's 2013A bonds) to a subsidiary of Snowmass Ventures, the new Joint Venture which acquired the Base Village project.

149. To help induce the sale to Snowmass Ventures, Related also exercised its power of the boards of Metro Districts 1 and 2 to move substantial property out of Metro District 2 and into District 1, thereby decreasing the tax base of Metro District 2, and with it the ability to pay and service the substantial debt that had been placed on it as a result of Related's decade-long fraudulent activity. Specifically, at least 102 residential units that had previously been designated as residential were re-assigned as "commercial" and placed into Metro District 1, stripping District 2 of approximately 1/6 of its tax basis.

N. The Districts' Accountants Cover Up Financial Troubles of the Districts

150. Pursuant to the Service Plan, the Districts are required to submit an Annual Report by April 1 of each year for the preceding calendar year to the Town including information on any boundary changes within the districts; any intergovernmental agreements entered into or proposed; any (proposed) changes to the Districts' policies; any (proposed) changes to the Districts' operations; any material changes in the financial status of the districts including revenue projections and operating costs; any proposed plans; a status of the Districts' public improvement construction; and copies of the annual budgets.

151. Since the formation of the Districts in 2004 until the present, Defendant Clifton Larson Allen (formerly Clifton Gunderson) has authored these yearly budgets updates and

[9] As part of the refinancing, Related and its subsidiaries "forgave" $4,367,840 of debt, but the "forgiveness" included deferred interest obligations calculated on the Guarantor bonds at 10% interest and not 3% interest.

financial statements for the Districts. These annual reports, which are filed with the Colorado Department of Local Affairs, have routinely failed to disclose material changes to the Districts' financial status and revenue projections. Despite the fact that the housing market collapsed in 2008, the property went into foreclosure in 2010, and the Districts have been effectively insolvent since issuing debt in 2008, Clifton Larson Allen — conspiring with the COCCA enterprise to cover up wrongdoing by Related and its affiliates — has never indicated in their financial reports any material changes to the Districts' financial positions.

152. William Ankele and his firm, Counsel for District 2, also conspired in these false and misleading annual reports, writing from year to year in annual reports submitted to the Town that material changes to the Districts' financial position was not expected.

M. Related's Directors Resign *En Mass* Amid a Recall Petition

153. On or about November 28, 2016, Base Village resident Pat Keefer informed the entire Metro District board, as well as Mr. Ankele, the District's recording secretary and general counsel, and George Rowley, the board's Designated Election Official, that she had obtained the signatures of eligible electors sufficient to require a recall election of the District's entire board of directors.

154. On or about December 1, 2016, Ms. Keefer learned that her recall petition failed to comply with Colorado law because it was not reviewed and approved by the District's Designated Election Official.

155. On or about December 16, 2016, George Rowley, as the District's Designated Election Official, approved recall petitions for each of the District's board members, including Craig Monzio, Jim A'gostino, Steve Sewell, Matt Foley and Leticia Hanke.

156. The grounds set forth for recall in the petitions pertaining to Craig Monzio, Jim D'Agostino, Leticia Hanke and Matt Foley were identical: "The specific Board member identified above is not an eligible elector in Base Village Metropolitan District No. 2, and is, therefore, not subject to paying the taxes he is levying on the District taxpayers. Further, this Board member is employed by the Related Companies, one of the parties that is either buying or selling portions of the Metro District debt that is currently being considered for restructure."

157. Despite specific knowledge of the recall described above, the board proceeded to restructure the District (in violation of the service plan) and refinance the 2013A Loan and 2016B Bonds, to the detriment of the District as described herein.

158. Immediately after restructuring the boundaries of the Districts and issuing the 2016 refinancing, the board of District 2 resigned *en masse* in February 2017 and allowed an independent board member to take a seat on the board.

V. CAUSES OF ACTION

FIRST CAUSE OF ACTION
(Colorado Organized Crime Control Act, C.R.S. § 18-17-104(1)-(3))
(Against All Defendants)

159. Plaintiff Metro District 2 incorporates by reference the allegations contained in the preceding and subsequent paragraphs of this Complaint as if fully set forth herein.

160. At all relevant times, Metro District 1 and Plaintiff Metro District 2, collectively and/or individually, were "enterprises" within the meaning of C.R.S. § 18-17-103(2) and other provisions of the Colorado Organized Crime Control Act, C.R.S. § 18-17-101, *et seq*. ("COCCA"). In addition and/or in the alternative, Defendants and the other members of the COCCA Enterprise constituted an "associated-in-fact enterprise" in that they knowingly associated in fact to achieve the fraudulent and otherwise unlawful purposes alleged herein. Defendants and other members of the COCCA Enterprise knowingly participated in the operation and/or management of the enterprise(s), which had ongoing organization, formal or informal, and functioned as a continuing unit. (These enterprises are collectively referred to herein as the "COCCA Enterprise".)

161. Through the pattern of racketeering activity alleged herein, Defendants and the other members of the COCCA Enterprise knowingly formed, managed, acquired an interest in, controlled, and/or operated, directly or indirectly, Metro District 1, Plaintiff Metro District 2, and/or the associated-in-fact enterprise, or participated in such activities.

162. Through explicit and/or tacit agreements, Defendants and other members of the COCCA Enterprise agreed to function and did function as a unit and according to specified roles. Among other things alleged elsewhere in this Complaint:

a. Defendants Related and its affiliates controlled the affairs of Plaintiff Metro District 2 by nominating and appointing their employees to the board of directors of the District, and by instructing them to act for the benefit of Related and its affiliates, rather than the District. This enabled Related and other members of the COCCA Enterprise to manufacture self-serving financial transactions in the name of the District that benefited Related and other members of the COCCA Enterprise and harmed the District.

b. William Ankele of Defendant White, Bear, Ankele, Tanaka & Waldron (formerly White, Bear & Ankele) served first as counsel to the developers of the Base Village project but later transitioned to serve as counsel to the boards of both Metro Districts 1 and 2. On information and belief, Mr. Ankele collected substantial fees for serving as counsel to the boards, where he rubber-stamped the self-interested actions of Related and other Members of the COCCA Enterprise.

c. Defendants Hypo and US Bank provided financing, and then engaged in the self-dealing and other wrongful conduct alleged above.

d. Defendant Stan Bernstein and Associates provided fraudulent financial projections that justified an increase in the bond authorization by suggesting that the value of the property taxes would be sufficient to service the debt.

e. Defendants Clifton Gunderson, LLP provided the required accounting services, and looked the other way when the other members of the COCCA Enterprise acted improperly.

f. Defendant DA Davidson marketed the securities as underwriter based on these fraudulent projections that they knew to be false.

g. Defendant North Slope Capital Advisors conspired in the racketeering conspiracy by enabling a "refinancing," the primary purpose of which was not to reduce the Districts' debt, but to facilitate the sale of the project from Related to Snowmass Ventures, LLC.

163. Defendants, and each of them, are "persons" within the meaning of C.R.S. § 18-17-103(4) (and other provisions of COCCA) and are distinct from the enterprise(s) they formed, managed, acquired an interest in, controlled, and/or operated to perpetrate the fraud alleged in this Complaint.

164. Each member of the COCCA Enterprise, including each Defendant, knowingly participated in the conduct of this enterprise in furtherance of a common purpose that all members of the RICO Enterprise agreed upon, namely to run the affairs of the District for private financial gain rather than for the benefit of the District, its taxpayers and the residents and visitors of the Town of Snowmass Village.

165. The predicate acts alleged in this Complaint constitute a pattern of racketeering activity within the meaning of C.R.S. § 18-17-103(3). The COCCA Enterprise's conduct, including the predicate acts and pattern of racketeering activity, amount to and/or pose a threat of continued criminal conduct.

166. Defendants and other members of the COCCA Enterprise committed at least two predicate acts of racketeering activity within the meaning of C.R.S. § 18-17-103(3) (and other provisions of COCCA) that are related to the conduct of the enterprise(s) including, but not limited to:

a. Defendants and other members of the COCCA Enterprise committed mail and wire fraud in violation of 18 U.S.C. §§ 1341 and 1343, which are predicate acts under COCCA. Among other things alleged elsewhere in this Complaint:

i. On an annual basis between 2008 and 2016, the Ankele law firm, on behalf of the District, mailed to the Town of Snowmass Village an annual report as required under the Service Plan. Information in these reports was designed to mislead the Town as to the financial status of the Districts. In 2010, for instance, Ankele wrote in the Annual Report for 2009 that "no material changes in the Districts' financial status are expected to be reported," even though Defendant Base Village Owner had in 2009 defaulted on the construction loan from Defendant Hypo and the project was at a standstill, meaning that projected property taxes from future property owners intended to service the Districts' debt would not materialize. Reports between 2011 and 2016 had similar omissions about the financial status of the Districts in

regards to the lack of revenue from property taxes owing to the project being at a standstill. Mr. Ankele also failed to include in the 2009 annual report that the District had issued a note for $2.2 million to Base Village Owner, despite the fact that he was required to disclose material changes to the Districts' financial status.

ii. In 2009, Defendant Related Westpac mailed a letter to Defendant US Bank objecting to an extension to the letter of credit issued by US Bank that guaranteed the 2008B bonds. This letter was in furtherance of a fraudulent scheme by Related to steal money from the Hypo construction loan issued to Related subsidiary Base Village Owner and to gain control of the Guarantor Bonds, which eventually helped enable Related to re-gain control of the Base Village project after it was lost in foreclosure.

b. Defendants and other members of the COCCA Enterprise committed bank fraud in violation of 18 U.S.C. § 1344(2). Among other things alleged elsewhere in this Complaint, they obtained funds from US Bank "by means of false or fraudulent pretenses, [and] representations." On or around July 1, 2008, Defendants Related WestPac and Base Village Owner mailed a construction requisition request to the District, which in turn mailed that construction requisition request to US Bank. The request induced US Bank under the 2008 bond indenture of trust to disburse nearly $32 million that it held as trustee based on the false and fraudulent representation that the $32 million had all been spent on construction of public infrastructure for the Districts, when in fact much of that money was spent on private construction costs for Related.

c. Defendants and other members of the COCCA Enterprise committed securities fraud and violated C.R.S. § 11-51-501, as more fully alleged elsewhere in this Complaint, by falsely inflating the projected value of the Base Village project, and by suggesting that the project could service a higher amount of debt through the collection of property taxes than it could if it were worth less. Among other things alleged elsewhere in this Complaint, Defendants Stan Bernstein, Related Westpac, Base Village Owner, and Related commissioned a financial analysis that projected the value of the Base Village project to be over $1.2 billion, even though in 2006 — when the real estate market was at its peak — they had projected the project to be worth $974 million, and in 2004 they had projected the project to be worth $654 million. These same defendants also falsely represented that in July 2008 they expected sales for condominiums in the project to be completed by 2012, even though at the time they knew that the project was headed for foreclosure and the vast majority of condominium units would never be built.

d. Defendants and other members of the COCCA Enterprise violated C.R.S. § 18-5-206(1), which makes it a criminal offense for "a person, with intent to defraud a creditor by defeating, impairing, or rendering worthless or unenforceable any security interest, sells, assigns, transfers, conveys, pledges, encumbers, conceals, destroys, or disposes of any collateral subject to a security interest." Among other things alleged elsewhere in this Complaint, in late 2016, Defendants Related Westpac and Snowmass Acquisition Company, LLC, through their control over the boards of directors of Districts 1 and 2, moved significant amounts of property within the jurisdiction of District 2 to District 1, thereby reducing the amount of taxable property

within District 2 and impairing the property tax basis that the District's creditors have as collateral for their bonded security interests.

e. Defendants and other members of the COCCA Enterprise violated C.R.S. § 18-5-206(2), which makes it a criminal offense for "a creditor, with intent to defraud a debtor, sells, assigns, transfers, conveys, pledges, buys, or encumbers a promissory note or contract signed by the debtor." Among other things alleged elsewhere in this Complaint, Defendants, including US Bank, "refinanced" the District's debt in a manner that purported to reduce the interest rate from 10% to 7% but in fact increased the interest rate from 3% to 7%. In addition, Defendants Related Westpac, Base Village Owner, and Related defrauded the District by encumbering the 2008 bonds by fraudulently triggering a default on the District's debt in 2011 and obtaining the Guarantor bonds. The intent of obtaining these bonds was, in part, to regain control of the District, and to increase the interest rate on the 2008 bonds so that a later refinancing, which would inure to the benefit of the Defendants, could be manufactured at a higher interest rate than the 2008 bonds without the need of voter approval, as long as it was lower than the 10% interest rate on the Guarantor bonds. Hypo Bank — as a fiduciary to the District while the project was in foreclosure and while it controlled the Guarantor Bonds through its subsidiary Snowmass BV Holdco, defrauded its debtor (the District) by selling these bonds to Related as part of a settlement, rather than challenge the legitimacy of the bonds on behalf of the District.

167. Defendants and other members of the COCCA Enterprise conducted the enterprise(s) and committed the aforementioned predicate acts over the course of nearly a decade, beginning on or about 2007 and continuing through 2016, at the earliest. These predicate acts amount to and pose a threat of continued criminal conduct.

168. Defendants and the other members of the COCCA Enterprise reinvested the proceeds of this scheme to defraud in the continuing enterprise.

169. The conduct alleged in this Complaint was part of a scheme that Defendants and the other members of the COCCA Enterprise formulated to run the affairs of the Districts and/or their associated-in-fact enterprise for private financial gain rather than for the benefit of the District, its taxpayers and the residents and visitors of the Town of Snowmass Village. Defendants and the other members of the COCCA Enterprise perpetrated this scheme with the specific intent to deceive and/or defraud Plaintiff, and did deceive and/or defraud Plaintiff.

170. Plaintiff Metro District 2 suffered harm and/or injury to its person or property as a direct and proximate result of the CRICO Enterprise's wrongful conduct, including tens of millions of dollars of debt. Under the provisions of COCCA, Plaintiff is entitled to recover treble damages, costs of suit and attorneys' fees.

SECOND CAUSE OF ACTION
(Conspiracy to Violate COCCA, C.R.S. § 18-17-104(4))
(Against All Defendants)

171. Plaintiff Metro District 2 incorporates by reference the allegations contained in the preceding and subsequent paragraphs of this Complaint as if fully set forth herein.

172. In violation of C.R.S. § 18-17-104(4), Defendants and other members of the COCCA Enterprise, by their words or actions, objectively manifested an agreement to participate, directly or indirectly, in the scheme to defraud and thereby conspired with one another and/or endeavored to commit the wrongful conduct alleged in this Complaint, including but not limited to the conduct alleged in the First Cause of Action.

173. Defendants and other members of the COCCA Enterprise by their words and/or actions, objectively manifested an agreement on the common purpose of this enterprise, i.e., to run the affairs of the District for private financial gain rather than for the benefit of the District, its taxpayers and the residents and visitors of the Town of Snowmass Village, and reinvestment of the proceeds of that misconduct in their common enterprise.

174. Further, Defendants and other members of the COCCA Enterprise, by their words and/or actions, objectively manifested an agreement to perpetrate this scheme through predicate acts amounting to a pattern of racketeering activity. Defendants, and each of them, agreed to commit predicate crimes, aid and abet the commission of predicate crimes by other members of the COCCA Enterprise, and/or that some members of the enterprise would commit the predicate acts for the benefit of all members and/or the enterprise.

175. Plaintiff Metro District 2 suffered harm and/or injury to its person or property as a direct and proximate result of the COCCA Enterprise's wrongful conduct. Under the provisions of COCCA, Plaintiff is entitled to recover treble damages, costs of suit and attorneys' fees.

THIRD CAUSE OF ACTION
(Securities Fraud, C.R.S. § 11-51-501)
(Against All Defendants)

176. Plaintiff Metro District 2 incorporates by reference the allegations contained in the preceding and subsequent paragraphs of this Complaint as if fully set forth herein.

177. Plaintiff Metro District 2 is the issuer of the following bonds, which are securities:

a. The 2008A and 2008B limited tax variable rate bonds;

b. The Guarantor bonds;

c. The 2013B Subordinate Tax Revenue Refunding Bonds; and

d. The 2016A and 2016B General Obligation Limited Tax Refunding Bonds.

178. As issuer of these securities, Metro District 2 is a seller of securities.

179. Defendants, with the intent to defraud Metro District 2, engineered the following Bond Transactions to deceive, manipulate, and defraud Plaintiff Metro District 2, saddle the District with untenable debt, and wrongfully profit at the expense of the District. Among other things alleged elsewhere in this Complaint:

a. In 2008, Defendants inflated the projected value of the Base Village project as well as the anticipated pace of sales on the project in order to make it appear as though the District could service $47,750,000 in bonded debt. This induced the District to issue more debt than it could actually service. In reality, these Defendants were aware that the real estate

market was in the midst of a crash and that the Base Village project would not meet the projected sales figures and timeline, meaning that there would not be adequate property taxes to service the debt on the 2008 bonds. These defendants engineered the 2008 bond issuance in order to fraudulently obtain cash to pay themselves and Defendant Hypo part of the bond proceeds for private construction that did not benefit the District.

b. In 2013, Defendants manufactured a refinancing of the District's debt for the benefit of Related and its affiliates, as well as U.S. Bank. This refinancing *raised* rather than *lowered* the interest rate on the District's debt. As part of the transaction, the District secured a $20,300,000 loan from US Bank, the proceeds of which were used, in part, to pay Related subsidiary Snowmass Acquisition Company $7.5 million in cash for par value of an equivalent amount of the Guarantor Bonds which were secured after Related fraudulently triggered a default on the 2008B bonds, as well as to pay defendant Base Village Owner, LLC $2.2 million for a developer note of dubious validity. In addition, on information and belief, US Bank, which lent $20,300,000 to the District as part of this refinancing, was also able to manufacture a buy-back of the outstanding 2008A bondholders and avoid potential liability. The Related affiliated defendants, through their exercise of control over the board, issued to themselves $23,760,000 in bonds (the 2013B debt) at a 6.5% interest rate, for an equivalent amount of the Guarantor Bonds, even though the Guarantor Bonds were worth substantially less than their par value.

c. In 2016, in order to facilitate the sale of the project from Related to Snowmass Ventures, Defendants Related, Related Westpac, Snowmass Acquisition Company, North Slope Capital Partners, William Ankele and DA Davidson refinanced the 2013 debt. As part of this refinancing, Related and its affiliates obtained approximately $25 million in cash for its 2013B bonds — bonds that were wrongfully acquired in the first place. The refinancing was marketed and represented as being for the benefit of the District by reducing its debt burden, but the primary purpose of the refinancing was to provide cash for the Related affiliated defendants for their subordinate debt, and to facilitate the sale of the project to Snowmass Ventures, LLC.

180. Defendants' fraudulent conduct, including but not limited to the above-described "Bond Transactions," related to the purchase and sale of securities.

181. Defendants' conduct violated C.R.S. § 11-51-501 because they: (a) employed a scheme or artifice to defraud; (b) made untrue statements of material fact in the issuance of the Bonds and in the Bond Transactions; (c) omitted material facts that were necessary to make the statements made in connection with the Bond Transactions not misleading; (d) engaged in acts, practices, and a course of conduct which has perpetrated a fraud and deceit on Plaintiff Metro District 2 (as the payee on the bonds).

182. Plaintiff Metro District 2 relied on Defendants' actions in issuing the bonds and as payor of the bonds, and has been damaged by Defendants' wrongful and fraudulent conduct.

FOURTH CAUSE OF ACTION
(Breach of Fiduciary Duty)
(Against All Defendants Except US Bank)

183. Plaintiff Metro District 2 incorporates by reference the allegations contained in the preceding and subsequent paragraphs of this Complaint as if fully set forth herein.

184. From 2007 until the Base Village project went into foreclosure in 2010, and then again from 2011 until 2016, Related and its affiliates controlled the board of directors of the District through their employees who were serving on the two District boards. From this position, they owed fiduciary duties to the District, including the duties of loyalty and full-disclosure. Related and its affiliates breached their fiduciary duties through a long-standing pattern and practice of self-dealing, by running the affairs of the District for their benefit, and not for the benefit of the District. This included, but was not limited to:

a. Issuing the 2008 debt at the height of the real estate collapse when the District could not reasonably have been expected to repay it.

b. Doing so for its own purposes, namely to recoup regular development costs, as the country was sliding into recession.

c. Refinancing the District's debt in 2013 for its own benefit — particularly the payment of par value for the Guarantor bonds, and repayment of the interest-free 2008D subordinate note.

d. Refinancing the District's debt in 2016 for its own benefit, to facilitate the sale of the Base Village project to Snowmass Ventures, LLC, and to acquire cash for the 2013B subordinate debt.

185. Defendant North Slope Capital Advisors conceded in a December 21, 2016 (and perhaps other documents too) that it owed "a fiduciary duty of loyalty and care to put the financial interests of the District ahead of its own business interests." Yet the company's December 2016 report justifying the refinancing was based on inflated projections and inaccurate numbers, and was, concededly, meant to help "facilitate the planned real estate closing" between Related and Snowmass Ventures, and "the orderly and complete exit of Related from the Base Village Metropolitan District asset."

186. Defendant Clifton Larson Allen breached its fiduciary obligations to the District by preparing false and misleading annual financial statements that failed to account for material financial changes to the Districts.

187. Defendant DA Davidson breached its fiduciary obligations to the District by providing a misleading financial report to facilitate the 2013 refinancing while acting as placement agent for the District.

188. Defendant Hypo, through its control over the project in 2010 and 2011 while the project was in foreclosure, owed a fiduciary duty to the District because it controlled the board of directors of the District through its receiver, Defendants Lowe Enterprises Real Estate Services and Destination Snowmass Services. All three of these Defendants breached their fiduciary duty to the District, including by transferring the illicitly-acquired guarantor bonds to Related and its affiliates, rather than challenge the legitimacy of those bonds as it should have done on behalf of the District.

189. Defendant Ankele law firm was from 2004 until 2016 counsel to the District. Mr. Ankele and this firm breached their fiduciary obligations to the Districts by acting for the benefit and at the behest of Related and its affiliates, rather than for the benefit of the District. These breaches include, but are not limited to:

a. Advising Related, under the guise of counsel for the District, how to structure the District's debt and manufacture refinancing transactions that benefitted Related and not the District.

b. Facilitating the exclusion of large swaths of taxable property from the jurisdiction of the District and moving such property under the jurisdiction of District 1 in order to facilitate a sale of the project from Related to Snowmass Ventures, LLC.

FIFTH CAUSE OF ACTION
(Aiding and Abetting Breach of Fiduciary Duty)
(Against All Defendants)

190. Plaintiff Metro District 2 incorporates by reference the allegations contained in the preceding and subsequent paragraphs of this Complaint as if fully set forth herein.

191. Defendants, and each of them, knowingly aided and abetted and participated in the breaches of fiduciary duties committed by the Defendants named in the Fourth Cause of Action by, inter alia, participating in, enabling, assisting, aiding, encouraging, and/or facilitating the breaches of fiduciary duties alleged therein.

192. As a proximate result of Defendants' aiding and abetting the breach of fiduciary duties alleged herein, Plaintiff Metro District 2 suffered damages in an amount to be proven at trial. Further, because Defendants profited at the District's expense, they should be ordered to disgorge to the District all benefits they received, and a constructive trust should be imposed on such funds for the benefit of Metro District 2.

SIXTH CAUSE OF ACTION
(Conspiracy)
(Against All Defendants)

193. Plaintiff Metro District 2 incorporates by reference the allegations contained in the preceding and subsequent paragraphs of this Complaint as if fully set forth herein.

194. Defendants, and each of them, conspired with the remaining Defendants and other members of the COCCA Enterprise to commit the fraudulent and unlawful conduct alleged herein.

195. All Defendants agreed on an object to be accomplished — to operate and run the District for wrongful financial gain, rather than for the benefit of the District — and there was a meeting of the minds among all Defendants on that object. The Defendants, working together, accomplished unlawful overt acts in furtherance of the fraud, securities fraud, and breach of fiduciary duties alleged above.

196. As a proximate result of the conspiracy among Defendants, Plaintiff Metro District 2 suffered damages in an amount to be proven at trial. Further, because Defendants profited at the District's expense, they should be ordered to disgorge to the District all benefits they received, and a constructive trust should be imposed on all ill-gotten gains for the benefit of Metro District 2.

SEVENTH CAUSE OF ACTION
(Unjust Enrichment)
(Against all Defendants)

197. Plaintiff Metro District 2 incorporates by reference the allegations contained in the preceding and subsequent paragraphs of this Complaint as if fully set forth herein.

198. Defendants have unlawfully profited at Plaintiff's expense, and/or received the fruits of the wrongful conduct of other Defendants.

199. Equity and good conscience require that all sums improperly obtained by Defendants be disgorged by Defendants and restored to Plaintiff, and that a constructive trust be imposed on such funds for the benefit of Metro District 2.

EIGHTH CAUSE OF ACTION
(Fraudulent Concealment)
(Against all Defendants)

200. Plaintiff Metro District 2 incorporates by reference the allegations contained in the preceding and subsequent paragraphs of this Complaint as if fully set forth herein.

201. Defendants, and each of them, concealed material facts from Plaintiff Metro District 2, including that the financial projections that ostensibly justified the issuance of the Bonds and the Bond Transactions were false, misleading, and/or intended to benefit Related and its accomplices rather than the District.

202. Defendants did so with the intent of creating a false impression, and did create a false impression.

203. The complete facts, had they been disclosed, would have been material to the District in issuing the Bonds and in the Bond Transactions.

204. Defendants' failure to disclose all material facts harmed the District in an amount to be proven at trial.

NINTH CAUSE OF ACTION
(Negligent Misrepresentation)
(Against all Defendants)

205. Plaintiff Metro District 2 incorporates by reference the allegations contained in the preceding and subsequent paragraphs of this Complaint as if fully set forth herein.

206. Defendants, and each of them, provided materially false information to Plaintiff Metro District 2 without reasonable care, including false financial projections.

207. Defendants did so in the course of the business transactions alleged elsewhere in this Complaint, including the issuance of the bonds and the Bond Transactions.

208. Defendants acted with the intent of guiding the District in its business transactions, including the issuance of the bonds and the Bond Transactions.

209. Defendants knew that the false statements would be relied upon by the District.

210. The District justifiably relied on the misrepresentation.

211. As a result, the District was harmed as a result in an amount to be established at trial.

VI. RESERVATION OF RIGHTS

Plaintiff expressly reserves all rights accorded under Colorado law, including but not limited to the right to amend this Complaint as may be necessary in light of new or additional factual information gathered throughout the disclosure and discovery phases of this litigation and the right to plead exemplary damages in accordance with C.R.S. § 13-21.102.

VII. JURY DEMAND

Plaintiff demands a trial by jury for all issues so triable.

VIII. PRAYER FOR RELIEF

WHEREFORE, Plaintiff Metro District 2 prays for relief as follows:

a. That Plaintiff recover damages, as provided by law, according to proof at trial;

b. That damages awarded by the jury for the First and Second Causes of Action be trebled by the Court in accordance with COCCA;

c. That Defendants and each of them disgorge all funds wrongfully obtained from or at the expense of Plaintiff Metro District 2;

d. That the Court order an accounting of all amounts received by Defendants at the District's expense;

e. That a constructive trust be imposed upon such funds for the benefit of Plaintiff;

f. That Defendants pay to Plaintiff moratory, pre-judgment, and post-judgment interest as allowed by law;

g. That Plaintiff recover its costs of the suit, and attorneys' fees as allowed by law; and

h. For all other relief allowed by law and equity.

Dated: December 1, 2017

Respectfully submitted,

REISER LAW, P.C.

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