

EXHIBIT G

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NASSAU

-----X
HEMPSTEAD UNION FREE SCHOOL DIST

Plaintiff/Petitioner,

- against -

Index No.

617315/2018

THE NEW AMERICAN INITIATIVE, INC., et al
Defendant/Respondent.

-----X
NOTICE OF ELECTRONIC FILING
(Mandatory Case)
(Uniform Rule § 202.5-bb)

You have received this Notice because:

- 1) The Plaintiff/Petitioner, whose name is listed above, has filed this case using the New York State Courts E-filing system ("NYSCEF"), and
- 2) You are a Defendant/Respondent (a party) in this case.

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(E-filing is Mandatory for Attorneys)**

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Dated: December 28, 2018

Jonathan L. Scher, Esq.
Name

The Scher Law Firm, LLP
Firm Name



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6/6/18

To find legal information to help you represent yourself visit www.nycourthelp.gov

**Information for Attorneys
(E-filing is Mandatory for Attorneys)**

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Dated: December 28, 2018

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Name

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Firm Name



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6/6/18

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NASSAU

-----X
HEMPSTEAD UNION FREE SCHOOL
DISTRICT,

Plaintiff,

INDEX NO. 617315/2018

-against-

THE NEW AMERICAN INITIATIVE,
INC., and LORRAINE SCORSONE,

Defendants.


SUMMONS

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To The Above-Named Defendants:

YOU ARE HEREBY SUMMONED and required to answer the complaint in this action and to serve a copy of your answer, or, if the complaint is not served with this summons, to serve a notice of appearance, upon the Plaintiffs' Attorney(s) within twenty (20) days after the service of this summons, exclusive of the day of service (or within thirty (30) days after the service is complete if this summons is not personally delivered to you within the State of New York). In the event you fail to appear or answer, judgment will be taken against you by default for the relief demanded herein. The action will be heard at the Courthouse of the Supreme Court, in Nassau County, located at 100 Supreme Court Drive, Mineola, NY 11561.

Dated: Carle Place, New York
December 28, 2018

THE SCHER LAW FIRM, LLP
Attorneys for Plaintiffs


Jonathan L. Scher, Esq.
One Old Country Road, Suite 385
Carle Place, NY 11514
(516) 746-5040

TO:

Defendants' Addresses:

The New American Initiative, Inc.
c/o Cohen Schneider & O'Neill LLP
Designated Agent for Service of Process upon Dissolution
275 Madison Avenue, 6th floor
New York, NY 10016

Lorraine Scorsone
418 Union Avenue
Brooklyn, NY 11211

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NASSAU

-----X
HEMPSTEAD UNION FREE SCHOOL
DISTRICT,

Plaintiff,

INDEX NO.

6017315/2018

-against-

THE NEW AMERICAN INITIATIVE,
INC., and LORRAINE SCORSONE,

Defendants.

-----X
VERIFIED COMPLAINT

The Plaintiff, the HEMPSTEAD UNION FREE SCHOOL DISTRICT, by its attorneys, THE SCHER LAW FIRM, LLP, alleges the following as and for its Verified Complaint against the Defendants:

I. PARTIES, JURISDICTION, AND VENUE

1. The Plaintiff, the HEMPSTEAD UNION FREE SCHOOL DISTRICT (hereinafter, the "District" or the "HUFSD" or the "Plaintiff") is a school district duly organized and existing under the laws of the State of New York located in the County of Nassau, State of New York.

2. On November 15, 2018, the District's Board of Education adopted a resolution authorizing the commencement of this Action.

3. Upon information and belief, the Defendant THE NEW AMERICAN INITIATIVE, INC. (hereinafter, the "Defendant NAI" or the "NAI") is a domestic not-for-profit corporation, with its principal place of business located in the County of New York, State of New York.

4. Upon information and belief, the Defendant LORRAINE SCORSONE (hereinafter, "Defendant Scorsone") is a natural person residing in and a domiciliary of the County of Kings, State of New York.

5. Jurisdiction of this Court is proper pursuant to CPLR § 301.

6. Venue in this Court is appropriate pursuant to CPLR § 501, since the contract between the District and the Defendant NAI contains a venue provision identifying the Supreme Court, Nassau County as the proper venue to resolve disputes between the parties regarding the contract.

II. FACTS

7. On June 27, 2017, the District's Board of Education hired the Defendant NAI to render services to the District, subject to a contract to be entered into later.

8. Without waiting for a contract to be fully negotiated and executed, the Defendant NAI began providing dubious services and billing the District starting July 1, 2017.

9. On July 25, 2017, the District entered into a contract with the Defendant NAI for it to serve as a consultant to the District to provide the following services:

Subject Area	Price
Hiring Practices	\$ 60,000.00
Summer Training at Harvard	\$ 50,000.00
Reflective Practice Support	\$100,000.00
Conflict Mediation	\$ 50,000.00 (2 trainings, at \$25,000 each)
Media Relations	\$ 90,000.00
Contract negotiations	<u>\$100,000.00</u>
TOTAL:	\$450,000.00

10. Upon information and belief, on June 15, 2017, the Defendant Scorsone began holding the title of CEO of the Defendant NAI.

11. Despite holding the title of CEO of the Defendant NAI, the Defendant Scorsone had no experience serving as a CEO of an organization, and had little to no involvement in (1) managing the fiscal operations of the Defendant NAI, its cash flow, its budget or its financial obligations, (2) managing its employees' or consultants' duties, assignments or operational activities, or (3) the other typical functions of a CEO of a company.

12. In reality, the Defendant Scorsone's skill set was limited to (1) teaching English language arts, literacy, reading comprehension, within her certificated areas of education, and (2) engaging in professional development in reflective practice.

13. On or about June 15, 2017, when the Defendant Scorsone assumed the title of CEO of the Defendant NAI, it was unable to pay its bills, and was suffering a negative cashflow, and was on the verge of suspending its operations.

14. From on or about March 2017 through June 30, 2017, the NAI was "operating in the red," meaning, its cash flow position was in the negative, and becoming increasingly negative, monthly, as follows:

The Defendant NAI's Cash Flow 2017							
	December 2016	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017
Current Balance	\$18,280.00	\$13,425.77	\$8,571.54	\$3,717.31	\$(1,136.92)	\$(5,991.15)	\$(10,845.38)
Expenses	\$(21,520.90)	\$(21,520.90)	\$(21,520.90)	\$(21,520.90)	\$(21,520.90)	\$(21,520.90)	\$(21,520.90)
Revenue	\$16,666.67	\$16,666.67	\$16,666.67	\$16,666.67	\$16,666.67	\$16,666.67	\$16,666.67
Ending Balance	\$13,425.77	\$8,571.54	\$3,717.31	\$(1,136.92)	\$(5,991.15)	\$(10,845.38)	\$(15,699.61)

15. On or about June 15, 2017, the Defendant Scorsone assumed the title of CEO, yet unbeknownst to her, the Defendant NAI was unable to pay its bills as and when they came due, and was technically insolvent, and as of May 15, 2017, had already informed its external accounting firm, which also provided bill payment services to the NAI, namely, JITASA Group LLC (hereinafter, "JITASA"), that the Defendant NAI was not only needing to suspend JITASA's bill payment and accounting services but also was going to suspend the NAI's own operations indefinitely due to insufficient cashflow to keep the NAI operational.

16. On or about June 27, 2017, when the District's Board of Education passed a resolution to hire the Defendant NAI, the NAI was in a dire financial distress condition.

17. From June 27, 2017, when the District's Board of Education passed a resolution to hire the NAI, through July 25, 2017, when a contract was executed by the District's Board President, Maribel Touré, the District and the NAI negotiated a contract that included (1) inflated pricing for mediation training, (2) the provision of summer reflective practice training to attendees that offered no value to the District, (3) the provision of needless and no value added hiring consulting services, (4) the provision of media relation services that were never rendered, (5) the provision of reflective practice support services that was never actually provided, and (6) the provision of needless labor negotiation consulting services that were actually used to circumvent the Civil Service Law and used in furtherance of an illegal scheme to hire a staff person that was unable to be employed by the District due to the Civil Service Law; all for the benefit and aggrandizement of the Defendant NAI, while the NAI was in a dire financial distress condition, and all to the detriment of the District.

18. From June 27, 2017, when the District's Board of Education passed a resolution to hire the Defendant NAI, through July 25, 2017, when a contract was executed by the District's Board President, Maribel Touré, the District and the NAI negotiated a contract that included mediation training to be provided in two phases, one in August 2017, and then the second either in December 2017 or in February 2018, at pricing that would cause the District to pay for services that had no relation to the actual cost of the actual services provided, inasmuch as the NAI schemed with third parties to provide such mediation training at market rates (at a low cost to the NAI), and then to bill the District and have the District accept such services at exorbitantly inflated mark-up pricing, in excess of 300% and close to 400% on such services, all without the NAI adding any value to the provision of such services. The Defendant NAI defrauded the District by preparing a contract, and then billing the District pursuant thereto, with the knowledge that such padded billing for mediation training services would be paid without being reviewed by anyone in the District to verify the value of the services provided.

19. From June 27, 2017, when the District's Board of Education passed a resolution to hire the Defendant NAI, through July 25, 2017, when a contract was executed by the District's

Board President, Maribel Touré, the District and the Defendant NAI negotiated a contract that included summer reflective practice training for teachers and administrative staff at Harvard, which training offered no value to the District, and that would cause the District to pay for services that had no relation to the educational programming of the District, inasmuch as the Defendant NAI schemed with third parties to provide such “reflective practice” training by the NAI, and to have the District accept such services as part of its contract, even though the attendees from the District did not include any classroom teachers or building principals to be trained, but rather only included members of the Board of Education, and central office staff and other District personnel that had no direct or indirect instructional contact with students. The Defendant NAI defrauded the District by preparing a contract, and then billing the District pursuant thereto, with the knowledge that such improper billing for such needless summer training at Harvard would be paid without being reviewed by anyone in the District to verify the value of the services provided.

20. From June 27, 2017, when the District’s Board of Education passed a resolution to hire the Defendant NAI, through July 25, 2017, when a contract was executed by the District’s Board President, Maribel Touré, the District and the NAI negotiated a contract that included the provision of needless hiring practice consulting services, when the District had a full time Associate Superintendent for Human Resources, and staff for the performance of the hiring and personnel functions, inasmuch as the NAI schemed with third parties to provide such hiring practices consulting, and to have the District accept such services as part of its contract, so that former NAI staff could be hired by the District, including four master teachers and a Deputy Superintendent, all of whom were hired by a rigged hiring process, and where the NAI provided no deliverables, and produced no new hiring policies, no new hiring procedures, no new hiring rubrics, no new hiring committees or structures for lasting institutional practice, and added no hiring staff. The Defendant NAI defrauded the District by preparing a contract, and then billing the District pursuant thereto, with the knowledge that such improper billing for such needless hiring practice consulting services would be paid without being reviewed by anyone in the District to verify the value of the services provided.

21. From June 27, 2017, when the District’s Board of Education passed a resolution to hire the NAI, through July 25, 2017, when a contract was executed by the District’s Board President, Maribel Touré, the District and the NAI negotiated a contract that included the provision

of needless labor negotiation consulting services, when the District had a full time Associate Superintendent for Human Resources, and further, had outside labor counsel, consisting of the law firm of Hamburger, Maxon, Yaffe & McNally, LLP, inasmuch as the NAI schemed with third parties to provide such labor negotiation consulting services, and to have the District accept such services as part of its contract, so that a NAI staff person could work within the District as a self-described “project manager,” namely Dini Gourarie, when in fact she was acting as an illegally hired employee of the District in circumvention and contravention of the Civil Service Law, because she could not be hired as a secretary in the direct employ of the District. The Defendant NAI defrauded the District by preparing a contract, and then billing the District pursuant thereto, with the knowledge that such improper billing for such needless labor negotiation consulting services would be paid without being reviewed by anyone in the District to verify the value of the services provided.

22. From June 27, 2017, when the District’s Board of Education passed a resolution to hire the NAI, through July 25, 2017, when a contract was executed by the District’s Board President, Maribel Touré, the District and the NAI negotiated a contract that included the provision of media consulting services, inasmuch as the NAI schemed with third parties to provide such media consulting services, and to have the District accept such services as part of its contract, so that NAI staff could bill the District for a pre-determined number of hours, 350 of which were to be billed in the name of Uma Pamaraju from July 2017 through December 2018, and 40 hours of which were to be billed in the name of Nancye Miller from July 2017 through December 2018, with pre-determined billing language entries written in August 2017 for services predicted to be rendered in November 2017, December 2017, and January 2018, all of which made such billing fictitious when submitted, and by which the NAI sought payment for services that were not provided, and for which no deliverables were ever produced. Indeed, in mid-December 2017, prior to the NAI’s services being suspended by the District on December 21, 2017, a flurry of activity was undertaken by the NAI, to try to develop work product that had not been previously generated, to cover for the false billing that the NAI had generated and submitted for payment in the months prior. Accordingly, the Defendant NAI defrauded the District by preparing a contract, and then billing the District pursuant thereto, with the knowledge that such improper billing for such media

consulting services would be paid without being reviewed by anyone in the District to verify the value of the services provided.

23. The District paid the Defendant NAI for each of its invoices, despite the fact that the services billed to the District were not performed.

III. CAUSES OF ACTION

AS AND FOR A FIRST CAUSE OF ACTION FOR FRAUD AGAINST THE DEFENDANT NAI

24. Plaintiff repeats, reiterates and realleges each and every allegation set forth in paragraphs numbered "1" through "23", with the same force and effect as though more fully set forth herein.

25. The Defendant NAI submitted invoices for payment in July 2017 for services purportedly performed by the Defendant NAI.

26. The Defendant NAI submitted invoices for payment in August 2017 for services purportedly performed by the Defendant NAI.

27. The Defendant NAI submitted invoices for payment in September 2017 for services purportedly the Defendant performed by NAI.

28. The Defendant NAI submitted invoices for payment in October 2017 for services purportedly performed by the Defendant NAI.

29. The Defendant NAI submitted invoices for payment in November 2017 for services purportedly performed by the Defendant NAI.

30. In the July 2017 invoice, the Defendant NAI billed the District for services not performed by the Defendant NAI or by any person.
31. In the August 2017 invoice, the Defendant NAI billed the District for services not performed by the Defendant NAI or by any person.
32. In the September 2017 invoice, the Defendant NAI billed the District for services not performed by the Defendant NAI or by any person.
33. In the October 2017 invoice, the Defendant NAI billed the District for services not performed by the Defendant NAI or by any person.
34. In the November 2017 invoice, the Defendant NAI billed the District for services not performed by the Defendant NAI or by any person.
35. The July 2017 invoice was a material misrepresentation by the Defendant NAI regarding what services it performed on behalf of or for the District.
36. The August 2017 invoice was a material misrepresentation by the Defendant NAI regarding what services it performed on behalf of or for the District.
37. The September 2017 invoice was a material misrepresentation by the Defendant NAI regarding what services it performed on behalf of or for the District.
38. The October 2017 invoice was a material misrepresentation by the Defendant NAI regarding what services it performed on behalf of or for the District.
39. The November 2017 invoice was a material misrepresentation by the Defendant NAI regarding what services it performed on behalf of or for the District.

40. The Defendant NAI had actual knowledge that its billing to the District for its services in July 2017 was false.

41. The Defendant NAI's billing to the District for the services it claimed were rendered in July 2017 was not true and accurate. Nor was it a fair representation of the work that was actually performed by the NAI. Nor was the Defendant NAI's July 2017 billing commensurate with the true value of the services claimed to have been provided, but rather, was an inflated statement of claim, compared to the value of the services actually rendered by the NAI and actually provided to the District by the Defendant NAI.

42. The Defendant NAI had actual knowledge that its billing to the District for its services in August 2017 was false.

43. The Defendant NAI's billing to the District for the services it claimed were rendered in August 2017 was not true and accurate. Nor was it a fair representation of the work that was actually performed by the Defendant NAI. Nor was NAI's August 2017 billing commensurate with the true value of the services claimed to have been provided, but rather, was an inflated statement of claim, compared to the value of the services actually rendered by the Defendant NAI and actually provided to the District by the Defendant NAI.

44. The Defendant NAI had actual knowledge that its billing to the District for its services in September 2017 was false.

45. The Defendant NAI's billing to the District for the services it claimed were rendered in September 2017 was not true and accurate. Nor was it a fair representation of the work that was actually performed by the Defendant NAI. Nor was the Defendant NAI's September 2017 billing commensurate with the true value of the services claimed to have been provided, but rather, was an inflated statement of claim, compared to the value of the services actually rendered by the Defendant NAI and actually provided to the District by the Defendant NAI.

46. The Defendant NAI had actual knowledge that its billing to the District for its services in October 2017 was false.

47. The Defendant NAI's billing to the District for the services it claimed were rendered in October 2017 was not true and accurate. Nor was it a fair representation of the work that was actually performed by the Defendant NAI. Nor was the Defendant NAI's October 2017 billing commensurate with the true value of the services claimed to have been provided, but rather, was an inflated statement of claim, compared to the value of the services actually rendered by the Defendant NAI and actually provided to the District by the Defendant NAI.

48. The Defendant NAI had actual knowledge that its billing to the District for its services in November 2017 was false.

49. The Defendant NAI's billing to the District for the services it claimed were rendered in November 2017 was not true and accurate nor was a fair representation of the work that was actually performed by the Defendant NAI, nor was billing commensurate with the true value of the services claimed to have been provided, but rather, was an inflated statement of claim, compared to the value of the services actually rendered by the Defendant NAI and actually provided to the District by the Defendant NAI.

50. The Defendant NAI had the intent to induce the District to rely upon the Defendant NAI's July 2017 billing statement to the District as a true and accurate statement of account, even though the Defendant NAI knew its July 2017 billing (1) was not a true and accurate, (2) was not a fair representation of the work that was actually performed by the Defendant NAI for the District in July 2017, (3) was not commensurate with the true value of the services provided by the Defendant NAI for the District in July 2017, and (4) was an inflated statement of claim, compared to the value of the services actually rendered by the Defendant NAI and actually provided to the District by the Defendant NAI in July 2017.

51. The Defendant NAI had the intent to induce the District to rely upon the Defendant NAI's August 2017 billing statement to the District as a true and accurate statement of account,

even though the Defendant NAI knew its August 2017 billing (1) was not a true and accurate, (2) was not a fair representation of the work that was actually performed by the Defendant NAI for the District in August 2017, (3) was not commensurate with the true value of the services provided by the Defendant NAI for the District in August 2017, and (4) was an inflated statement of claim, compared to the value of the services actually rendered by the Defendant NAI and actually provided to the District by the Defendant NAI in August 2017.

52. The Defendant NAI had the intent to induce the District to rely upon the Defendant NAI's September 2017 billing statement to the District as a true and accurate statement of account, even though the Defendant NAI knew its September 2017 billing (1) was not a true and accurate, (2) was not a fair representation of the work that was actually performed by the Defendant NAI for the District in September 2017, (3) was not commensurate with the true value of the services provided by the Defendant NAI for the District in September 2017, and (4) was an inflated statement of claim, compared to the value of the services actually rendered by the Defendant NAI and actually provided to the District by the Defendant NAI in September 2017.

53. The Defendant NAI had the intent to induce the District to rely upon the Defendant NAI's October 2017 billing statement to the District as a true and accurate statement of account, even though the Defendant NAI knew its October 2017 billing (1) was not a true and accurate, (2) was not a fair representation of the work that was actually performed by the Defendant NAI for the District in October 2017, (3) was not commensurate with the true value of the services provided by the Defendant NAI for the District in October 2017, and (4) was an inflated statement of claim, compared to the value of the services actually rendered by the Defendant NAI and actually provided to the District by the Defendant NAI in October 2017.

54. The Defendant NAI had the intent to induce the District to rely upon the Defendant NAI's November 2017 billing statement to the District as a true and accurate statement of account, even though the Defendant NAI knew its November 2017 billing (1) was not a true and accurate, (2) was not a fair representation of the work that was actually performed by the Defendant NAI for the District in November 2017, (3) was not commensurate with the true value of the services provided by the Defendant NAI for the District in November 2017, and (4) was an inflated

statement of claim, compared to the value of the services actually rendered by the Defendant NAI and actually provided to the District by the Defendant NAI in November 2017.

55. The Defendant NAI had the intent to induce the District to rely upon the Defendant NAI's December 2017 billing statement to the District as a true and accurate statement of account, even though the Defendant NAI knew its December 2017 billing (1) was not a true and accurate, (2) was not a fair representation of the work that was actually performed by the Defendant NAI for the District in December 2017, (3) was not commensurate with the true value of the services provided by the Defendant NAI for the District in December 2017, and (4) was an inflated statement of claim, compared to the value of the services actually rendered by the Defendant NAI and actually provided to the District by the Defendant NAI in December 2017.

56. The District justifiably relied upon the Defendant NAI's July 2017 billing statement to the District to make payment to the Defendant NAI for the services billed.

57. The District justifiably relied upon the Defendant NAI's August 2017 billing statement to the District to make payment to the Defendant NAI for the services billed.

58. The District justifiably relied upon the Defendant NAI's September 2017 billing statement to the District to make payment to NAI for the services billed.

59. The District justifiably relied upon the Defendant NAI's October 2017 billing statement to the District to make payment to the Defendant NAI for the services billed.

60. The District justifiably relied upon the Defendant NAI's November 2017 billing statement to the District to make payment to the Defendant NAI for the services billed.

61. As a result of the District's justifiable reliance upon the Defendant NAI's July 2017 billing to the District, the District paid the Defendant NAI \$37,500.00.

62. As a result of the District's justifiable reliance upon NAI's August 2017 billing to the District, the District paid NAI \$37,050.00.

63. As a result of the District's justifiable reliance upon the Defendant NAI's September 2017 billing to the District, the District paid the Defendant NAI \$37,500.00.

64. As a result of the District's justifiable reliance upon the Defendant NAI's October 2017 billing to the District, the District paid the Defendant NAI \$51,597.69.

65. As a result of the District's justifiable reliance upon the Defendant NAI's November 2017 billing to the District, the District paid the Defendant NAI \$22,188.75.

66. The District paid the Defendant NAI \$185,636.44 based upon false invoicing for services not performed by the Defendant NAI.

67. The District has been damaged in the amount of \$185,636.44 due to billing statements submitted by the Defendant NAI to the District, which billing (1) was not a true and accurate statement of services by the Defendant NAI to the District from July 2017 through December 2017, (2) was not a fair representation of the work that was actually performed by the Defendant NAI for the District from July 2017 through December 2017, (3) was not commensurate with the true value of the services provided by the Defendant NAI for the District from July 2017 through December 2017, and (4) was an inflated statement of claim, compared to the value of the services actually rendered by the Defendant NAI and actually provided to the District by the Defendant NAI from July 2017 through December 2017.

68. Therefore, the District demands judgment against the Defendant NAI in an amount not less than \$185,636.44, plus interest, costs, and attorneys' fees.

69. Therefore, the District demands judgment against the Defendant NAI for punitive damages in an amount, not less than \$1,856,364.40.

70. Therefore, the District demands judgment against the Defendant NAI for compensatory damages, interest, costs, attorneys' fees, and punitive damages, in an amount to be determined at trial, but not less than \$2,000,00.00.

**AS AND FOR A SECOND CAUSE OF ACTION
FOR FRAUDULENT INDUCEMENT
AGAINST THE DEFENDANT NAI**

71. Plaintiff repeats, reiterates and realleges each and every allegation set forth in paragraphs numbered "1" through "72", with the same force and effect as though more fully set forth herein.

72. The Defendant NAI represented to the District that the Defendant Scorsone was its CEO.

73. The identity of the CEO of the Defendant NAI was a representation of a material fact to the District because the non-party, Shimon Waronker (hereinafter, "Non-Party Waronker"), who was, at all times relevant hereto, the District's Superintendent of Schools, was also the founder of the NAI and the CEO of the NAI prior to the Defendant Scorsone becoming the CEO of the NAI.

74. In the employment contract between the Non-Party Waronker and the District, at ¶15 thereof, the Non-Party Waronker agreed with the District to "eliminate any possible conflict of interest" between his job as Superintendent of Schools for the District and any possible engagement of the NAI, with respect to which he represented that he "had had prior financial and transactional relationships."

75. In reality, the Defendant Scorsone held the title of CEO of the Defendant NAI, she was unable to perform the job duties of the CEO job title, and was reliant upon third parties to help her perform the outwardly ministerial acts of the job, such as signing documents, when in fact, others performed the work she could not perform for the Defendant NAI.

76. As an example, when the District paid the Defendant NAI on August 3, 2017, the Defendant Scorsone had no ability to prepare an excel spreadsheet for NAI on August 4, 2017 to depict the Defendant NAI's resulting cashflow position, showing how the Defendant NAI's cashflow had improved after receipt of such payment from the District. Instead, she needed to rely upon the work of third parties to perform such work, rendering her service as CEO fraudulent.

77. The Defendant NAI had actual knowledge that the Defendant Scorsone was not capable of serving as a true CEO, and would merely be a figurehead for the Defendant NAI, and that other persons such as Dini Gourarie, would need to perform the work of the CEO under the guidance of yet other persons who managed her work for the Defendant NAI, but which other managers and officers of the Defendant NAI used the Defendant Scorsone as a strawman officer of the Defendant NAI to conceal their actual involvement in the day to day management of the operations of the Defendant NAI, and their roles as *de facto* officers of the Defendant NAI.

78. The Defendant NAI had actual knowledge that the Defendant Scorsone was not capable of serving as a true CEO, and had no experience, nor any skill at managing or overseeing the media relations and media consulting services portion of the work that the Defendant NAI contracted with the District to perform.

79. The Defendant NAI had actual knowledge that the Defendant Scorsone was not capable of serving as a true CEO, and had no experience, nor any skill at managing or overseeing the labor negotiations consulting services portion of the work that the Defendant NAI contracted with the District to perform.

80. The Defendant NAI had actual knowledge that the Defendant Scorsone was not capable of serving as a true CEO, and had no experience, nor any skill at managing or overseeing the hiring practices consulting services portion of the work that the Defendant NAI contracted with the District to perform.

81. The Defendant NAI had actual knowledge that the Defendant Scorsone was not capable of serving as a true CEO, and had no experience, nor any skill at managing or overseeing

the mediation services portion of the work that the Defendant NAI contracted with the District to perform.

82. The Defendant NAI had actual knowledge that the Defendant Scorsone was not capable of serving as a true CEO, and did not manage nor oversaw the summer reflective practice training at Harvard, which services the Defendant NAI contracted with the District to perform.

83. The Defendant NAI had actual knowledge that the material representation that the Defendant Scorsone was the Defendant NAI's CEO was a false representation.

84. The Defendant NAI had actual knowledge that the material representation that the Defendant Scorsone was the Defendant NAI's CEO was untrue.

85. The Defendant NAI made the false representation that the Defendant Scorsone was NAI's CEO with the intention that the District rely upon that false representation.

86. The District justifiably relied upon the Defendant NAI's false representation that the Defendant Scorsone was the Defendant NAI's CEO.

87. As a result of the false representation, the District has been damaged.

88. The District has been damaged in the amount of \$185,636.44 by the Defendant NAI, by its fraudulent inducement of the District to materially rely upon the Defendant NAI's representation that the Defendant Scorsone was the Defendant NAI's CEO.

89. Therefore, the District demands judgment against the Defendant NAI in an amount not less than \$185,636.44, plus interest, costs, and attorneys' fees.

90. Therefore, the District demands judgment against the Defendant NAI for punitive damages in an amount, not less than \$1,856,364.40.

91. Therefore, the District demands judgment against the Defendant NAI for compensatory and exemplary damages, interest, costs, attorneys' fees, and punitive damages, in an amount to be determined at trial, but not less than \$2,000,00.00.

**AS AND FOR A THIRD CAUSE OF ACTION
FOR FRAUDULENT INDUCEMENT
AGAINST THE DEFENDANT SCORSONE**

92. Plaintiff repeats, reiterates and realleges each and every allegation set forth in paragraphs numbered "1" through "91", with the same force and effect as though more fully set forth herein.

93. The Defendant Scorsone represented to the District that she was the Defendant NAI's CEO.

94. The identity of the CEO of the Defendant NAI was a representation of a material fact to the District because the Non-Party Waronker was, at all times relevant hereto, the District's Superintendent of Schools, and was also the founder of the Defendant NAI and further, was the CEO of the Defendant NAI prior to the Defendant Scorsone becoming the CEO of the Defendant NAI.

95. In the employment contract between the Non-Party Waronker and the District, at ¶15 thereof, the Non-Party Waronker agreed with the District to "eliminate any possible conflict of interest" between his job as Superintendent of Schools for the District and any possible engagement of the NAI, with respect to which he represented that he "had had prior financial and transactional relationships."

96. In reality, the Defendant Scorsone held the title of CEO of the Defendant NAI, but she was unable to perform the job duties of the CEO job title, and was reliant upon third parties to help her perform the outwardly ministerial acts of the job, such as signing documents, and worked in concert with others, who performed the work she could not perform for the Defendant NAI, so she could conceal the truth, that she was not fit, nor competent to act as, nor was truly serving as,

the Defendant NAI's *de facto* CEO, which role was being fulfilled by third parties who used her as a strawman CEO.

97. As an example, when the District paid the Defendant NAI on August 3, 2017, the Defendant Scorsone had no ability to prepare an excel spreadsheet for the Defendant NAI on August 4, 2017 to depict the Defendant NAI's resulting cashflow position, showing how the Defendant NAI's cashflow had improved after receipt of such payment from the District. Instead, she needed to rely upon the work of third parties to perform such work, rendering her service as CEO fraudulent.

98. The Defendant Scorsone knew she was not capable of serving as a true CEO, and would merely be a figurehead for the Defendant NAI, and that other persons such as Dini Gourarie, would need to perform the work of the CEO under the guidance of yet other persons who managed Ms. Gourarie's work for the Defendant NAI, but which other managers and officers of the Defendant NAI used the Defendant Scorsone as a strawman officer of the Defendant NAI to conceal their actual involvement in the day to day management of the operations of the Defendant NAI, and their roles as *de facto* officers of the Defendant NAI.

99. The Defendant Scorsone knew she was not capable of serving as a true CEO, and had no experience, nor any skill at managing or overseeing the media relations and media consulting services portion of the work that the Defendant NAI contracted with the District to perform.

100. The Defendant Scorsone knew she was not capable of serving as a true CEO, and had no experience, nor any skill at managing or overseeing the labor negotiations consulting services portion of the work that the Defendant NAI contracted with the District to perform.

101. The Defendant Scorsone knew she was not capable of serving as a true CEO, and had no experience, nor any skill at managing or overseeing the hiring practices consulting services portion of the work that the Defendant NAI contracted with the District to perform.

102. The Defendant Scorsone knew she was not capable of serving as a true CEO, and had no experience, nor any skill at managing or overseeing the mediation services portion of the work that the Defendant NAI contracted with the District to perform.

103. The Defendant Scorsone knew she was not capable of serving as a true CEO, and did not manage nor oversaw the summer reflective practice training at Harvard, which services the Defendant NAI contracted with the District to perform.

104. The Defendant Scorsone knew that the material representation that the Defendant Scorsone was the Defendant NAI's CEO was a false representation.

105. The Defendant Scorsone knew that the material representation that the Defendant Scorsone was the Defendant NAI's CEO was untrue.

106. The Defendant Scorsone knew that the false representation that she was the Defendant NAI's CEO was misleading, and made that representation with the intention that the District rely upon that false representation.

107. The District justifiably relied upon the Defendant Scorsone's false representation that the Defendant Scorsone was the Defendant NAI's true CEO, when in fact she was merely its strawman CEO, leaving the *de facto* performance of the CEO's functions to third parties.

108. As a result of the false representation that the Defendant Scorsone was the Defendant NAI's true CEO, when in fact she was merely its strawman CEO, leaving the *de facto* performance of the CEO's functions to third parties, the District has been damaged.

109. The District has been damaged in the amount of \$185,636.44 by the Defendant Scorsone for her fraudulent inducement of the District, which materially relied upon the representation by the Defendant Scorsone that she was the Defendant NAI's true CEO, when in fact she was merely its strawman CEO, leaving the *de facto* performance of the CEO's functions to third parties.

110. Therefore, the District demands judgment against the Defendant Scorsone in an amount not less than \$185,636.44, plus interest, costs, and attorneys' fees.

111. Therefore, the District demands judgment against the Defendant Scorsone for punitive damages in an amount, not less than \$1,856,364.40.

112. Therefore, the District demands judgment against the Defendant Scorsone for compensatory and exemplary damages, interest, costs, attorneys' fees, and punitive damages, in an amount to be determined at trial, but not less than \$2,000,00.00.

**AS AND FOR A FOURTH CAUSE OF ACTION
FOR UNJUST ENRICHMENT
AGAINST THE DEFENDANT NAI**

113. Plaintiff repeats, reiterates and realleges each and every allegation set forth in paragraphs numbered "1" through "112", with the same force and effect as though more fully set forth herein.

114. The Defendant NAI received \$185,636.44 from the District for services it did not perform for the District.

115. The Defendant NAI has been enriched in the amount of \$185,636.44.

116. The Defendant NAI has been enriched in the amount of \$185,636.44 at the District's expense.

117. It is against equity to permit the Defendant NAI to retain \$185,636.44 from the District.

118. It is against good conscience to permit the Defendant NAI to retain \$185,636.44 from the District.

119. Therefore, the District demands judgment against the Defendant NAI in an amount not less than \$185,636.44, plus interest, costs, and attorneys' fees.

**AS AND FOR A FIFTH CAUSE OF ACTION
FOR AIDING AND ABETTING A BREACH OF FIDUCIARY DUTY
AGAINST THE NAI**

120. Plaintiff repeats, reiterates and realleges each and every allegation set forth in paragraphs numbered "1" through "119", with the same force and effect as though more fully set forth herein.

121. The Non-Party Waronker had a fiduciary duty to the District since he was, at all times relevant, the District's Superintendent of Schools.

122. The Non-Party Waronker breached his fiduciary duty to the District, as enumerated herein, but the District makes no claim in this Action against the Non-Party Waronker.

123. The District expressly and purposely excludes any claims against the Non-Party Waronker.

124. The Non-Party Waronker breached his fiduciary duty to the District when he drafted the District's Request for Proposal that the Defendant NAI ultimately was awarded to the Defendant NAI.

125. The Non-Party Waronker breached his fiduciary duty to the District when he helped the Defendant NAI draft the contract between the District and the Defendant NAI.

126. The Non-Party Waronker breached his fiduciary duty to the District when he pressured the District's Business Office, and the Claims Auditor, Cerini & Associates, LLP, to expedite the processing of payment to the Defendant NAI of the sum billed on the Defendant NAI's July 31, 2017 invoice, so that said invoice was unduly treated like an emergency payment to be processed and paid on the day of its receipt, on August 3, 2017, without anyone reviewing whether the services billed by the Defendant NAI were actually performed.

127. The Non-Party Waronker breached his fiduciary duty to the District when he pressured the District's Business Office, and the Claims Auditor, Cerini & Associates, LLP, to expedite the processing of payment to the Defendant NAI of the balance of the sum billed on its July 31, 2017 invoice, on August 31, 2017, without anyone reviewing whether the services billed by the Defendant NAI were actually performed.

128. The Non-Party Waronker breached his fiduciary duty to the District when he pressured the District's Business Office, and the Claims Auditor, Cerini & Associates, LLP, to expedite the processing of payment to the Defendant NAI of the sum billed on its August 31, 2017 invoice, on September 30, 2017, without anyone reviewing whether the services billed by the Defendant NAI were actually performed.

129. The Non-Party Waronker breached his fiduciary duty to the District when he caused the District's Business Office, and the Claims Auditor, Cerini & Associates, LLP, to expedite the processing of payment to the Defendant NAI of the sum billed on its September 2017, and October, 2017 invoices, on November 30, 2017, without anyone reviewing whether the services billed by the Defendant NAI were actually performed.

130. The Non-Party Waronker breached his fiduciary duty to the District when he caused the District's Business Office, and the Claims Auditor, Cerini & Associates, LLP, to expedite the processing of payment to the Defendant NAI of the sum billed on its November 2017 invoices, on December 22, 2017, without anyone reviewing whether the services billed by NAI were actually performed.

131. Further, the Non-Party Waronker breached his fiduciary duty to the District when he caused the District's Business Office, and the Claims Auditor, Cerini & Associates, LLP, to expedite the processing of payment to the Defendant NAI of the sum billed on its July 31, 2017 invoice, on August 3, 2017, using PSSG grant funds for the 2016-17 school year, since: (1) no part of any of the services rendered by the Defendant NAI (whether validly billable or not) were covered by the scope of the approved services under the PSSG grant for the 2016-17 school year,

and (2) none of the services rendered by the Defendant NAI (whether validly billable or not) were performed prior to June 30, 2017, and thus could not be allowable as expenses incurred during the 2016-17 school year.

132. Further, the Non-Party Waronker breached his fiduciary duty to the District when he caused the District's Business Office, and the Claims Auditor, Cerini & Associates, LLP, to expedite the processing of payment to the Defendant NAI of the balance of the sum billed on its July 31, 2017 invoice, on August 31, 2017, using PSSG grant funds for the 2016-17 school year, since, again: (1) no part of any of the services rendered by the Defendant NAI (whether validly billable or not) were covered by the scope of the approved services under the PSSG grant for the 2016-17 school year, and (2) none of the services rendered by the Defendant NAI (whether validly billable or not) were performed prior to June 30, 2017, and thus could not be allowable as expenses incurred during the 2016-17 school year.

133. Further, the Non-Party Waronker breached his fiduciary duty to the District when he caused the District's Business Office, and the Claims Auditor, Cerini & Associates, LLP, to expedite the processing of payment to the Defendant NAI of the sum billed on its August 31, 2017 invoice, on September 30, 2017, using PSSG grant funds for the 2016-17 school year, since, again: (1) no part of any of the services rendered by the Defendant NAI (whether validly billable or not) were covered by the scope of the approved services under the PSSG grant for the 2016-17 school year, and (2) none of the services rendered by the Defendant NAI (whether validly billable or not) were performed prior to June 30, 2017, and thus could not be allowable as expenses incurred during the 2016-17 school year.

134. The Defendant NAI knowingly participated in the Non-Party Waronker's breach of his fiduciary duty to the District.

135. The Defendant NAI had actual knowledge that the Non-Party Waronker drafted the Request for Proposal for the District to aid the Defendant NAI in obtaining a contract with the District.

136. The Defendant NAI had actual knowledge that the Non-Party Waronker drafted the contract between the Defendant NAI and the District.

137. The Defendant NAI had actual knowledge that the Non-Party Waronker was going to use his influence as Superintendent of Schools to push the Defendant NAI's invoice to be paid by the District.

138. The Defendant NAI knowingly participated in the Non-Party Waronker's breach of his fiduciary duty to the District.

139. The Defendant NAI actively participated in the Non-Party Waronker's breach of his fiduciary duty to the District.

140. The Defendant NAI substantially assisted in the Non-Party Waronker's breach of his fiduciary duty to the District.

141. As a result of the Defendant NAI's aiding and abetting the Non-Party Waronker's breach of fiduciary to the District, the District has been damaged.

142. Therefore, the District demands judgment against the Defendant NAI in an amount not less than \$185,636.44, plus interest, costs, and attorneys' fees.

143. Therefore, the District demands judgment against the Defendant NAI for punitive damages in an amount, not less than \$1,856,364.40.

144. Therefore, the District demands judgment against the Defendant NAI for compensatory damages, interest, costs, attorneys' fees, and punitive damages, in an amount to be determined at trial, but not less than \$2,000,00.00.

**AS AND FOR A SIXTH CAUSE OF ACTION
FOR AIDING AND ABETTING A BREACH OF FIDUCIARY DUTY
AGAINST THE DEFENDANT SCORSONE**

145. Plaintiff repeats, reiterates and realleges each and every allegation set forth in paragraphs numbered "1" through "144", with the same force and effect as though more fully set forth herein.

146. The Non-Party Waronker had a fiduciary duty to the District since he was, at all times relevant, the District's Superintendent of Schools.

147. The District makes no claim in this Action against the Non-Party Waronker.

148. The Non-Party Waronker breached his fiduciary duty to the District when he drafted the District's Request for Proposal that NAI ultimately was awarded to the Defendant NAI.

149. The Non-Party Waronker breached his fiduciary duty to the District when he helped the Defendant NAI draft the contract between the District and the Defendant NAI.

150. The Non-Party Waronker breached his fiduciary duty to the District when he pressured the District's Business Office, and the Claims Auditor, Cerini & Associates, LLP, to expedite and process for payment the Defendant NAI's July 31, 2017 invoice, on August 3, 2017, without anyone reviewing whether the services billed for by the Defendant NAI was actually performed.

151. The Non-Party Waronker breached his fiduciary duty to the District when he pressured the District's Business Office, and the Claims Auditor, Cerini & Associates, LLP, to expedite and process for payment the balance of the Defendant NAI's July 31, 2017 invoice, on August 31, 2017, without anyone reviewing whether the services billed for by the Defendant NAI was actually performed.

152. The Non-Party Waronker breached his fiduciary duty to the District when he pressured the District's Business Office, and the Claims Auditor, Cerini & Associates, LLP, to

expedite and process for payment the balance of the Defendant NAI's August 31, 2017 invoice, on September 30, 2017, without anyone reviewing whether the services billed for by the Defendant NAI was actually performed.

153. The Non-Party Waronker breached his fiduciary duty to the District when he caused the District's Business Office, and the Claims Auditor, Cerini & Associates, LLP, to expedite and process for payment the balance of the NAI's September 2017, and October, 2017 invoices, on November 30, 2017, without anyone reviewing whether the services billed for by the Defendant NAI was actually performed.

154. The Non-Party Waronker breached his fiduciary duty to the District when he caused the District's Business Office, and the Claims Auditor, Cerini & Associates, LLP, to expedite and process for payment the balance of the Defendant NAI's November 2017 invoices, on December 22, 2017, without anyone reviewing whether the services billed for by the Defendant NAI was actually performed.

155. Further, the Non-Party Waronker breached his fiduciary duty to the District when he caused the District's Business Office, and the Claims Auditor, Cerini & Associates, LLP, to expedite and process for payment the NAI's July 31, 2017 invoice, on August 3, 2017, using PSSG grant funds for the 2016-17 school year, *since* (1) no part of such NAI services rendered (whether validly billable or not) were covered by the scope of the approved services under the PSSG grant for the 2016-17 school year, and (2) none of the NAI services rendered (whether validly billable or not) were performed prior to June 30, 2017, and thus could not be allowable as expenses incurred during the 2016-17 school year.

156. Further, the Non-Party Waronker breached his fiduciary duty to the District when he caused the District's Business Office, and the Claims Auditor, Cerini & Associates, LLP, to expedite and process for payment the balance of the NAI's July 31, 2017 invoice, on August 31, 2017, using PSSG grant funds for the 2016-17 school year, *since* (1) no part of such NAI services rendered (whether validly billable or not) were covered by the scope of the approved services under the PSSG grant for the 2016-17 school year, and (2) none of the NAI services rendered

(whether validly billable or not) were performed prior to June 30, 2017, and thus could not be allowable as expenses incurred during the 2016-17 school year.

157. Further, the Non-Party Waronker breached his fiduciary duty to the District when he caused the District's Business Office, and the Claims Auditor, Cerini & Associates, LLP, to expedite and process for payment of the NAI's August 31, 2017 invoice, on September 30, 2017, using PSSG grant funds for the 2016-17 school year, since (1) no part of such NAI services rendered (whether validly billable or not) were covered by the scope of the approved services under the PSSG grant for the 2016-17 school year, and (2) none of the NAI services rendered (whether validly billable or not) were performed prior to June 30, 2017, and thus could not be allowable as expenses incurred during the 2016-17 school year.

158. The Defendant Scorsone knowingly participated in the Non-Party Waronker's breach of his fiduciary duty to the District.

159. The Defendant Scorsone had actual knowledge that the Non-Party Waronker drafted the Request for Proposal for the District to aid the Defendant NAI in obtaining a contract with the District.

160. The Defendant Scorsone had actual knowledge that the Non-Party Waronker drafted the contract between the Defendant NAI and the District.

161. The Defendant Scorsone had actual knowledge that the Non-Party Waronker was going to use his influence as Superintendent of Schools to push the Defendant NAI's invoice to be paid by the District.

162. The Defendant Scorsone knowingly participated in the Non-Party Waronker's breach of his fiduciary duty to the District.

163. The Defendant Scorsone actively participated in the Non-Party Waronker's breach of his fiduciary duty to the District.

164. The Defendant Scorsone substantially assisted in the Non-Party Waronker's breach of his fiduciary duty to the District.

165. As a result of the Defendant Scorsone's aiding and abetting the Non-Party Waronker's breach of fiduciary to the District, the District has been damaged.

166. Therefore, the District demands judgment against the Defendant Scorsone in an amount not less than \$185,636.44, plus interest, costs, and attorneys' fees.

167. Therefore, the District demands judgment against the Defendant Scorsone for punitive damages in an amount, not less than \$1,856,364.40.

168. Therefore, the District demands judgment against the Defendant Scorsone for compensatory damages, interest, costs, attorneys' fees, and punitive damages, in an amount to be determined at trial, but not less than \$2,000,00.00.

**AS AND FOR A SEVENTH CAUSE OF ACTION
FOR AIDING AND ABETTING A FRAUD
AGAINST THE DEFENDANT SCORSONE**

169. Plaintiff repeats, reiterates and realleges each and every allegation set forth in paragraphs numbered "1" through "168", with the same force and effect as though more fully set forth herein.

170. The Defendant NAI committed fraud against the District when it submitted invoices for services that it did not perform.

171. The Defendant NAI committed fraud against the District when it submitted invoices for services that it did not perform and received payment from the District for the invoices that included charges for work not performed and services not provided.

172. The Defendant Scorsone had actual knowledge that the Defendant NAI's invoices were false.

173. The Defendant Scorsone aided the Defendant NAI in providing cover, as the Defendant NAI's CEO, for the conduct of the NAI's project manager, Dini Gourarie, who under the direction of third parties, and with the consent of the Defendants Scorsone, drafted the invoices and time records submitted to the District for services that the Defendant NAI did not perform, which enabled the Defendant NAI to receive payment from the District for the invoices that included charges for work not performed and services not provided

174. The Defendant Scorsone had actual knowledge that the Defendant NAI's invoices were false.

175. The Defendant Scorsone was the person who was responsible, as the NAI's CEO, for the false invoices and the time records that were submitted to the District, to verify that such invoicing was true, accurate and complete, and justified, based on services actually performed for the District, and deliverables actually tendered to the District, by the Defendant NAI.

176. The Defendant Scorsone knowingly and substantially assisted the Defendant NAI in committing fraud against the District when she permitted the Defendant NAI to submit false invoices and the time records to the District under her name as the CEO of the Defendant NAI, without the Defendant Scorsone verifying that such invoicing was true, accurate, complete, and justified, based on services actually performed for the District, and deliverables actually tendered to the District, by the Defendant NAI.

177. Therefore, the District demands judgment against the Defendant Scorsone in an amount not less than \$185,636.44, plus interest, costs, and attorneys' fees.

178. Therefore, the District demands judgment against the Defendant Scorsone for punitive damages in an amount, not less than \$1,856,364.40.

179. Therefore, the District demands judgment against the Defendant Scorsone for compensatory damages, interest, costs, attorneys' fees, and punitive damages, in an amount to be determined at trial, but not less than \$2,000,00.00.

**AS AND FOR AN EIGHTH CAUSE OF ACTION
FOR CONTRACTUAL INDEMNIFICATION
AGAINST ONLY THE DEFENDANT NAI**

180. Plaintiff repeats, reiterates and realleges each and every allegation set forth in paragraphs numbered "1" through "179", with the same force and effect as though more fully set forth herein.

181. The contract between the Defendant NAI and the District provides, in relevant part, at ¶ D (3), as follows:

3. Defense/Indemnification

CONSULTANT agrees to defend, indemnify and hold harmless the DISTRICT, its officers, directors, agents or employees against all claims, demands, actions, lawsuits, costs, damages and expenses, including attorneys' fees, judgments, fines and amounts arising from any willful act, omission, error, recklessness, or negligence of the CONSULTANT, its officers, directors, agents, or employees in connection with the performance of services pursuant to this Agreement. The obligations pursuant to this provision shall survive the termination of this Agreement.

182. The Defendant NAI failed to supply services in accordance with its contract, and yet billed the District for services it had not rendered, from July 1, 2017 through December 21, 2017.

183. On December 21, 2017, the District's Board of Education passed a resolution that suspended the Defendant NAI's services under its contract with the District, effective December

22, 2017, for a period of suspension of ten days, and terminated the Defendant NAI's contract with the District, upon ten days' notice, effective on January 13, 2018.

184. The Defendant NAI, by failing to supply services in accordance with its contract, and yet billing the District in the sum of \$185,636.44, for services it had not rendered, from July 1, 2017 through December 21, 2017, caused the District to investigate its services to the District, and determine the District's damages as a result of the Defendant NAI's deceptive conduct.

185. The District has incurred substantial costs, inclusive of legal fees and expenses, to ascertain the falsity of the Defendant NAI's billing practices, the truth as to the role of the Defendant Scorsone in the conduct of the Defendant NAI's operations, and the scope of the District's damages as a result of the Defendant NAI's deceptive conduct.

186. The substantial costs incurred by District, inclusive of legal fees and expenses, relating to the Defendant NAI's deceptive conduct with respect to its contract with the District, and the services it rendered to the District in relation thereto, and its billing on account thereof, constitutes "damages and expenses, including attorneys' fees, judgments, fines and amounts arising from any willful act, omission, error, recklessness, or negligence of the CONSULTANT, its officers, directors, agents, or employees in connection with the performance of services pursuant to this Agreement, within the meaning of ¶ D (3) of the contract between the Defendant NAI and the District.

187. Therefore, the District demands judgment against the Defendant Scorsone in an amount to be determined at trial, but in no event less than \$150,000.00, plus interest, costs, and attorneys' fees.

WHEREFORE, the District demands judgment against the Defendants as follows:

- (a) On the **First Cause of Action** sounding in fraud against the Defendant NAI:
- 1) Compensatory damages in an amount to be determined at trial, but not less than \$185,636.44;
 - 2) Punitive damages in an amount to be determined at trial, not less than \$1,856,364.40;

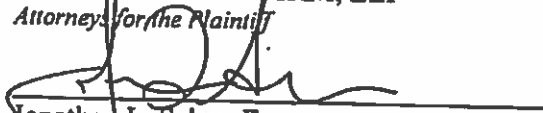
- 3) Combined compensatory damages, and punitive damages, in an amount to be determined at trial, but not less than \$2,000,00.00; and
 - 4) Statutory interest at 9% per annum, pursuant to CPLR §5004, plus costs, and attorneys' fees.
- (b) On the Second Cause of Action sounding in fraudulent inducement against the Defendant NAI:
- 1) Compensatory damages in an amount to be determined at trial, but not less than \$185,636.44;
 - 2) Punitive damages in an amount to be determined at trial, not less than \$1,856,364.40;
 - 3) Combined compensatory damages, and punitive damages, in an amount to be determined at trial, but not less than \$2,000,00.00; and
 - 4) Statutory interest at 9% per annum, pursuant to CPLR §5004, plus costs, and attorneys' fees.
- (c) On the Third Cause of Action sounding in fraudulent inducement against the Defendant Scorsone:
- 1) Compensatory damages in an amount to be determined at trial, but not less than \$185,636.44;
 - 2) Punitive damages in an amount to be determined at trial, not less than \$1,856,364.40;
 - 3) Combined compensatory damages, and punitive damages, in an amount to be determined at trial, but not less than \$2,000,00.00; and
 - 4) Statutory interest at 9% per annum, pursuant to CPLR §5004, plus costs, and attorneys' fees.
- (d) On the Fourth Cause of Action sounding in unjust enrichment against Defendant NAI:
- 1) Compensatory damages in an amount to be determined at trial, but not less than \$185,636.44; and
 - 2) Statutory interest at 9% per annum, pursuant to CPLR §5004, plus costs, and attorneys' fees.

- (e) On the **Fifth Cause of Action** sounding in aiding and abetting a breach of fiduciary duty against Defendant NAI:
- 1) Compensatory damages in an amount to be determined at trial, but not less than \$185,636.44;
 - 2) Punitive damages in an amount to be determined at trial, not less than \$1,856,364.40;
 - 3) Combined compensatory damages, and punitive damages, in an amount to be determined at trial, but not less than \$2,000,00.00; and
 - 4) Statutory interest at 9% per annum, pursuant to CPLR §5004, plus costs, and attorneys' fees.
- (f) On the **Sixth Cause of Action** sounding in aiding and abetting a breach of fiduciary duty against Defendant Scorsone:
- 1) Compensatory damages in an amount to be determined at trial, but not less than \$185,636.44;
 - 2) Punitive damages in an amount to be determined at trial, not less than \$1,856,364.40;
 - 3) Combined compensatory damages, and punitive damages, in an amount to be determined at trial, but not less than \$2,000,00.00; and
 - 4) Statutory interest at 9% per annum, pursuant to CPLR §5004, plus costs, and attorneys' fees.
- (g) On the **Seventh Cause of Action** sounding in aiding and abetting a fraud against Defendant Scorsone:
- 1) Compensatory damages in an amount to be determined at trial, but not less than \$185,636.44;
 - 2) Punitive damages in an amount to be determined at trial, not less than \$1,856,364.40;
 - 3) Combined compensatory damages, and punitive damages, in an amount to be determined at trial, but not less than \$2,000,00.00; and
 - 4) Statutory interest at 9% per annum, pursuant to CPLR §5004, plus costs, and attorneys' fees.

- (h) On the **Eighth Cause of Action** sounding in contractual indemnity against Defendant NAI:
- 1) Compensatory damages in an amount to be determined at trial, but which sum the District estimates to be \$150,000.00 at the present time; and
 - 2) Statutory interest at 9% per annum, pursuant to CPLR §5004, plus costs, and attorneys' fees.
- (i) **On all Causes of Action**, interest, costs, disbursements, and reasonable attorneys' fees incurred in bringing this action; and
- (j) Such other and further relief as this Court may find is just, proper, and equitable.

Dated: Carle Place, New York
December 17, 2018

Respectfully submitted,
THE SCHER LAW FIRM, LLP
Attorneys for the Plaintiff



Jonathan L. Scher, Esq.
One Old Country Road, Suite 385
Carle Place, New York 11514
(516)746-5040

SUPREME COURT OF THE STATE OF NEW YORK	INDEX NO 617315/2018
COUNTY OF NASSAU	
-----X	
HEMPSTEAD UNION FREE SCHOOL DISTRICT,	
Plaintiff,	
-against-	
THE NEW AMERICAN INITIATIVE, INC., and LORRAINE SCORSONE,	
Defendants.	
-----X	
	VERIFICATION OF COMPLAINT

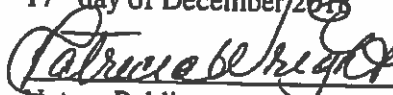
STATE OF NEW YORK)
COUNTY OF NASSAU) ss.:
)

LAMONT E. JOHNSON, being duly sworn, deposes and says that the following statements are true, under the penalties of perjury:

1. Deponent is the President of the Board of Education of the Plaintiff, the Hempstead Union Free School District,
2. Deponent is authorized to sign this verification pursuant to CPLR because (1) the party is the state, a governmental subdivision, board, commission, or agency, or a public officer in behalf of any of them, and (2) Deponent is a person acquainted with the facts.
3. Deponent (1) has read the foregoing **VERIFIED COMPLAINT**, (2) knows the contents thereof; (3) attests that the statements of fact contained therein are true to deponent's own knowledge, except as to the matters therein alleged upon information and belief, and as to those matters, Deponent believes them to be true.


LAMONT E. JOHNSON

Sworn to before me this
17th day of December 2018


Notary Public

PATRICIA WRIGHT
Notary Public, State of New York
No. 01WR5076437
Qualified in Nassau County
Commission Expires April, 21, 2019



NYSCEF - Nassau County Supreme Court Confirmation Notice



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Hempstead Union Free School District v. The New American Initiative, Inc. et al

Assigned Judge: None Recorded

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Doc #	Document Type	Motion #
1	SUMMONS Does not contain an SSN or CPI as defined in 202.5(e) or 206.5(e)	
2	COMPLAINT Does not contain an SSN or CPI as defined in 202.5(e) or 206.5(e)	

Filing User

Name: Austin R Graff
Phone #: 516-746-5040
Fax #: 516-747-9100
E-mail Address: agraff@scherlawfirm.com
Work Address: One Old Country Road, Suite 385
Carle Place, NY 11514

E-mail Notifications

An e-mail notification regarding this filing has been sent to the following address(es) on 12/28/2018 11:33 AM:

GRAFF, AUSTIN R - agraff@scherlawfirm.com

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> 617315/2018

Hempstead Union Free School District v. The New American Initiative, Inc. et al

Documents Received on 12/28/2018 11:33 AM

Doc #	Document Type	Control #	Motion #	Fee
1	SUMMONS			\$0.00
	Does not contain an SSN or CPI as defined in 202.5(e) or 206.5(e)			
2	COMPLAINT			\$0.00
	Does not contain an SSN or CPI as defined in 202.5(e) or 206.5(e)			
			Index Fee	+ \$210.00
			Total Fee	\$210.00

Payment Information

Generated Receipt #: 0000601412

Payment Type: AMERICAN EXPRESS

Date Paid: 12/28/2018 *Lorraine*

Fee Amount: \$210.00 *"why serving me again?"*

Authorization Code: 504055

Comments: *"In the military service?"*

Filing User: *JLS: "not comfortable you asking all these personal questions about me when I have nothing to do w/this case"*

Name: Austin R Graff

Phone #: 516-746-5040

Fax #: 516-747-9100

E-mail Address: agraff@scherlawfirm.com

Work Address: One Old Country Road, Suite 385 Carle Place, NY 11514

JLS: "no, its not over until the fighting ends"

LS: "I'm not upstairs, I'm away on vacation, so you can leave the papers w/ Jen"

AOS

12/28/18 (F) @ 4:30 PM

served upon Jen M. @ Biber + Bell, as per LS

24-25

5'7" 5'8"

black (eyebrows, green sweater)

105-100 lbs

brown hairs + eyebrows

brown eyes, no glasses

caucasian

female

short hair

Not in military service

- called Lorraine at cell from her cell phone

- JLS s/w LS

- told to give the paper to Jen

for AOS

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