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CLERK OF COURT: CYNTHIA P. MORRISON

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ACCT OF: TAYLOR, TERENCE E. RECD: HESTER SERVICES
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426 E-FILING FEES .00
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OFFICIAL RECEIPT
PORTSMOUTH CIRCUIT COURT
MISCELLANEOUS



**THIRD PARTY COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF
COUNTERCLAIMS,
ANSWER,**

<p>STRUCTURED ASSET FUNDING, LLC d/b/a 123 LUMP SUM a/k/a 123 LUMP SUM, LLC, and SETTLEMENTS LLC, d/b/a 123 LUMPSUM</p> <p>Plaintiffs,</p>	v.	<p>TERRENCE E. TAYLOR</p> <p>Defendant</p> <p>Third - Party Plaintiff</p>
v.		
<p>NEW YORK LIFE INSURANCE CORPORATION, NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION</p> <p>Third - Party Defendants</p>		

Case No. CL15-3022

VIRGINIA: IN THE CIRCUIT COURT OF THE CITY OF PORTSMOUTH

As and for his Answer to the Complaint herein, Defendant and Third-Party Plaintiff herein, Terrence E. Taylor (referred to herein as "Mr. Taylor"), respectfully shows and alleges as follows:

In what amounts to an essay, the Plaintiffs have made various assertions in unnumbered paragraphs at the beginning of their Complaint. Mr. Taylor denies each and every such allegation contained therein, as they are not properly a part of the Complaint.

1. Mr. Taylor denies having knowledge or information sufficient to form a belief as to the truth of the allegations set forth in Paragraph 1 of the Complaint.

2. Mr. Taylor denies having knowledge or information sufficient to form a belief as to the truth of the allegations set forth in Paragraph 2 of the Complaint.

3. Mr. Taylor admits currently residing in Prince William County, Virginia. Mr. Taylor denies all other allegations contained in Paragraph 3 of the Complaint and affirmatively states that Mr. Taylor was domiciled and resided in West Virginia until being forcibly evicted from his home in West Virginia in June 2014, at all times relevant to when the underlying transfer agreements were executed.

4. Admitted.

5. Mr. Taylor admits that he currently resides in the Commonwealth of Virginia. Mr. Taylor denies all other allegations contained in Paragraph 5 of the Complaint.

6. Admitted.

ANSWER

information sufficient to form a belief as to the remaining allegations of Paragraph 17.

their agents from April 28, 2012 through January 20, 2014. Mr. Taylor is without knowledge or

Virginia by Plaintiffs or their agents and further acknowledges receiving funds from Plaintiffs or

17. Mr. Taylor acknowledges signing numerous documents presented to him in West

16. Admitted.

15. Admitted.

14. Admitted.

does not require an answer; the statute speaks for itself.

13. Mr. Taylor neither admits nor denies in that it calls for a legal conclusion and

12. Admitted.

denies that NASP imposes a stringent code of ethics upon its members.

to the truth of the allegations set forth in Paragraph 11 of the Complaint, except Mr. Taylor

11. Mr. Taylor denies having knowledge or information sufficient to form a belief as

10. Mr. Taylor denies the allegations set forth in Paragraph 10 of the Complaint.

answer is required.

structured settlement protection acts in that such calls for various legal conclusions and no

protection acts"; Mr. Taylor neither admits nor denies the descriptive characterizations of these

9. Mr. Taylor admits that over forty-seven states have enacted "structured settlement

8. Admitted.

conclusion and does not require an answer.

Taylor neither admits nor denies that such business highly regulated, as that calls for a legal

7. Mr. Taylor admits that the Plaintiffs are engaged in the business described. Mr.

22. Mr. Taylor admits that he signed numerous documents presented to him by Plaintiffs or their agents in West Virginia. Mr. Taylor denies having knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in Paragraph 22 of the Complaint. Mr. Taylor is not in possession of all Transfer Agreements, as five (5) of the his knowledge or consent.

21. Mr. Taylor denies having knowledge or information sufficient to form a belief as to the truth of the allegations set forth in Paragraph 21 of the Complaint. Mr. Taylor is not in possession of all Transfer Agreements, as five (5) of the petitions were filed under seal, without his knowledge or consent.

20. Mr. Taylor admits that he signed numerous documentation packages presented to him by Plaintiffs or their agents in West Virginia. Mr. Taylor denies having knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in Paragraph 20 of the Complaint. Mr. Taylor is not in possession of all Transfer Agreements, as five (5) of the petitions filed were filed under seal, without his knowledge or consent.

19. Mr. Taylor admits that he signed numerous documentation packages presented to him by Plaintiffs or their agents in West Virginia. Mr. Taylor denies having knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in Paragraph 19 of the Complaint. Mr. Taylor is not in possession of all Transfer Agreements referred to in Paragraph 18 of the Complaint.

18. Mr. Taylor admits signing numerous documents presented to him by Plaintiffs or their agents in West Virginia. Mr. Taylor denies knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 18 and notes for the Court that he did not know that five (5) of the petitions were filed under seal, nor does he have copies of all of the Transfer Agreements referred to in Paragraph 18 of the Complaint.

illegal agreements they fraudulently induced him to sign.

30. Mr. Taylor admits that the Plaintiffs paid Mr. Taylor in accordance with the

29. Denied.

Plaintiffs.

28. Mr. Taylor admits to signing documents that were delivered to him on behalf of

27. Denied.

does not require an answer.

26. Mr. Taylor neither admits nor denies in that it calls for a legal conclusion and

25. Admitted.

were filed under seal, without his knowledge or consent.

the Complaint. Mr. Taylor is not in possession of all of the affidavits as five (5) of the petitions

sufficient to form a belief as to the truth of the remaining allegations set forth in Paragraph 24 of

Plaintiffs or their agents in West Virginia. Mr. Taylor denies having knowledge or information

24. Mr. Taylor admits that he signed numerous documents presented to him by

petitions were filed under seal, without his knowledge or consent.

the Complaint. Mr. Taylor is not in possession of all Transfer Agreements, as five (5) of the

sufficient to form a belief as to the truth of the remaining allegations set forth in Paragraph 23 of

Plaintiffs or their agents in West Virginia. Mr. Taylor denies having knowledge or information

23. Mr. Taylor admits that he signed numerous documents presented to him by

in any of the documents he may have signed.

understand the concept of indemnification and does not recall any discussion about this provision

petitions were filed under seal, without his knowledge or consent. Mr. Taylor does not

to the truth of the allegations set forth in Paragraph 40 of the Complaint.

40. Mr. Taylor denies having knowledge or information sufficient to form a belief as

does not require an answer.

39. Mr. Taylor neither admits nor denies in that it calls for a legal conclusion and

38. Denied.

37. Denied.

as Exhibit A.

raised by the Court in the course of the hearing." A copy of Judge Ellis's order is attached hereto then indicated that it would give plaintiffs leave to file an additional brief addressing the matters belief that the counts in the complaint were vulnerable to dismissal for a variety of reasons and of the counts at issue in the course of the June 5 hearing. Instead, the Court simply forecasted its reflect that Counts I and II of plaintiffs' complaint were dismissed, the Court did not rule on any Ellis on June 8, 2015 he stated: "Furthermore, although the minutes of the hearing incorrectly denies the remaining allegations of Paragraph 36 of the Complaint. In an Order issued by Judge

36. Mr. Taylor admits that the court invited briefing from the parties. Mr. Taylor

35. Admitted.

34. Admitted.

33. Denied.

32. Admitted.

Mr. Taylor denies the remaining allegations of Paragraph 31 of the Complaint.

District of Virginia, Alexandria Division and admits filing an amended complaint in said action.

31. Mr. Taylor admits suing Plaintiffs in United States District Court for the Eastern

44. Paragraph 44 of the Complaint can neither be admitted nor denied as stated, because the ostensible obligations of the Plaintiffs under the Transfer Agreements were obligations arising from Transfer Agreements that were wholly illegal and which were approved by this Court only because of the fraud on the Court perpetrated by the Plaintiffs herein. Consequently, Plaintiffs could have had no obligations under the resulting Transfer Agreements and any payments made thereunder were payments made as volunteers.

43. Mr. Taylor denies having knowledge or information sufficient to form a belief as to the truth of the allegations set forth in Paragraph 43 of the Complaint, except that Mr. Taylor affirmatively asserts that all representations made by him in said court proceedings were elicited from him by the Plaintiffs herein by fraud, duress, and overreaching in that all such agreements were void *ab initio* on the grounds that each constituted illegal, unconscionable improper contracts.

42. Mr. Taylor denies that the Transfer Agreements are binding. Mr. Taylor asserts that the Transfer Agreements are void, *ab initio*, and in contravention of the dismissal order dated December 19, 1989 (the "Dismissal Order") which expressly incorporated the terms of the settlement agreement entered into in said action (the "Settlement Agreement") issued by Judge Albert V. Bryan, Jr in the action styled *Terrence E. Taylor, a minor, by and through his mother and next friend, Louise W. Taylor, et al., Plaintiffs v. DeLonghi, S.P.A., et al., Defendants*, Civil Action No. 89-0971-A (U.S.D.C., Eastern District of Virginia, Alexandria Division) (the "DeLonghi Matter").

41. Mr. Taylor repeats and re-alleges his answers to Paragraphs 1 through 40 of the Complaint as if fully set forth herein.

COUNT I

55. All orders entered by this Court and referred to in the Complaint were procured by actual fraud on the Court and actual fraud on Terrence E. Taylor in that Plaintiffs, either

referred to constitute contracts procured by actual fraud and are therefore void *ab initio*.

54. All transfer petitions and related agreement entered into between the parties and

referred to in the Complaint constitute illegal contracts and are therefore void *ab initio*.

53. All transfer petitions and related agreements entered into between the parties and

Complaint as if fully set forth herein.

52. Mr. Taylor repeats and re-alleges his answers to Paragraphs "1" - "51" of the

affirmative defenses, for which he requests replies, he states as follows:

COMES NOW, the defendant, Terrence E. Taylor, by counsel, and of and for his

AS AND FOR A FIRST AFFIRMATIVE DEFENSE

51. Admitted.

Plaintiffs. Mr. Taylor denies the remaining allegations of Paragraph 50.

50. Mr. Taylor admits that an actual controversy exists between Mr. Taylor and

Complaint as if fully set forth herein.

49. Mr. Taylor repeats and re-alleges his answers to Paragraphs 1 through 48 of the

COUNT II

also violate public policy as articulated by the Portsmouth Circuit Court.

affirmatively alleges that the Transfer Agreements are void *ab initio*. The Transfer Agreements

48. Mr. Taylor denies the allegations set forth in Paragraph 48 of the Complaint and

47. Denied.

46. Denied.

45. Denied.

- (i) That the Transfer Agreements and transfer petitions did not contravene another court's order;
- (ii) That Structured Asset Funding, LLC d/b/a 123 Lump Sum a/k/a 123 Lump Sum, LLC and Settlements LLC d/b/a 123 Lumpsum ("SAF") were A+ rated companies;
- (iii) That the "reasons" given to the court in support of the transfer petitions did not need to be truthful when given;
- (iv) That Mr. Taylor did not need to use the proceeds from any of the transactions for the purposes given to the court;
- (v) That "deals" could not go forward if Mr. Taylor showed the documents to a lawyer;
- (vi) That SAF knew that all Mr. Taylor had to do is make up reasons that look good so he could get money immediately;
- (vii) That Mr. Taylor could spend proceeds in casinos and strip clubs;
- (viii) That Plaintiff's agent and employee, Rhett Wadsworth ("Wadsworth"), was Mr. Taylor's friend;
- (ix) That Mr. Taylor has a great annuity contract and that no matter what he will always have monthly payments;
- (x) That it did not matter if the periodic payments were Mr. Taylor's sole source of income;
- (xi) That it did not matter if Mr. Taylor did not have a job;

directly or acting through agents, predicated their petitions for approval of said transfer petitions and related agreements on the following false representations of fact:

(xii) That SAF never "did anyone wrong;"

(xiii) That it was okay to make up reasons for selling;

(xiv) That Mr. Taylor should say he wanted to start a not-for-profit foundation for burn victims because it would make him look good;

(xv) That Mr. Taylor did not actually have to start a foundation for burn victims because nobody reads the paperwork except one judge;

(xvi) That Mr. Taylor should allow third-party strangers to own an interest in Mr. Taylor's life;

(xvii) That Mr. Taylor could get money any time he wanted just by calling Rhett Wadsworth;

(xviii) That SAF and Wadsworth were trustworthy and would look after Mr. Taylor;

(xix) That the 30 advance payments in excess of \$250,000.00 made from April, 2012 through July, 2014 did not have to be paid back.

56. All of the representations made to Mr. Taylor were made by Plaintiff's agent and employee, Wadsworth, who orchestrated the systematic raiding of Mr. Taylor's structured settlement. Wadsworth knew that the representations he made to Mr. Taylor from April, 2012 through July, 2014 were false and misleading and likely to deceive.

57. Mr. Taylor relied on the aforesaid representations to his detriment and suffered damages as described in greater detail herein.

58. Plaintiff fraudulently induced Mr. Taylor into signing documents he did not understand and used those fraudulently obtained documents to perpetrate a fraud upon this Court.

59. As a result of the fraud perpetrated by Plaintiff, Plaintiff's Complaint should be dismissed in its entirety, with prejudice, with costs and attorneys' fees awarded to Mr. Taylor.

granted and should be dismissed.

68. Accordingly, Plaintiffs' Complaint fails to state a claim upon which relief may be

Dismissal Order again.

67. Granting any relief to the Plaintiff in this action would violate the aforementioned

Dismissal Order entered in Alexandria, Virginia.

66. All of the transactions referenced in the Complaint violated the terms of the

herein.

65. Mr. Taylor repeats and re-alleges Paragraphs "1" – "64" herein as if fully set forth

**AS AND FOR A
THIRD AFFIRMATIVE DEFENSE**

dismissed in its entirety, with prejudice, with costs and attorney's fees awarded to Mr. Taylor.

64. Plaintiffs have unclean hands and accordingly Plaintiffs' Complaint should be

63. Plaintiffs knowingly violated the Virginia SSPA.

Alexandria Court entered into in 1989.

62. Plaintiffs knew that the transactions violated the Dismissal Order of the

61. Plaintiffs knowingly violated the Virginia SSPA.

herein.

60. Mr. Taylor repeats and re-alleges Paragraph "1" – "59" herein as if fully set forth

AS AND FOR A SECOND AFFIRMATIVE DEFENSE

party.

75. Accordingly, the Complaint should be dismissed for failure to name a necessary NY Annuity or NY Life in this pending action.

74. Plaintiffs named New York Life Insurance and Annuity Corporation ("New York Annuity"), and the annuity issuer, New York Life Insurance Company ("New York Life") in connection with all of the Portsmouth petitions referenced in the Complaint but failed to name

herein.

73. Mr. Taylor repeats and re-alleges Paragraphs "1" – "72" herein as if fully set forth

**FIFTH AFFIRMATIVE DEFENSE
AS AND FOR A**

instructed him to sign.

72. Plaintiffs and their agents induced Mr. Taylor into signing before notary publics friendly to Plaintiffs, including April Burden and Patricia Foster, who simply told Mr. Taylor where to sign and told him that they would take care of the rest with Plaintiffs. Plaintiffs and their agents knew that Mr. Taylor was not capable of understanding the documents they

fully understand the documents that were presented to him for signature.

71. As a result of his disability and impairment, Mr. Taylor did not and could not

to enter complicated financial transactions with Plaintiffs.

70. Mr. Taylor is and at all times herein was severely disabled and lacked the capacity

herein.

69. Mr. Taylor repeats and re-alleges Paragraphs "1" – "68" herein as if fully set forth

**FOURTH AFFIRMATIVE DEFENSE
AS AND FOR A**

82. By engaging in impermissible forum shopping and filing falsified documents with the Court, Plaintiffs assumed the risk of litigation.

81. Mr. Taylor repeats and re-alleges Paragraphs "1" – "80" herein as if fully set forth herein.

AS AND FOR AN SEVENTH AFFIRMATIVE DEFENSE

80. Accordingly, the Complaint should be dismissed and Mr. Taylor reserves all rights, including but not limited to, the right to file an action for malicious prosecution and pursue punitive damages for Plaintiffs' bad faith conduct.

79. Forum shopping violates Virginia public policy.

impermissible forum shopping and fraud upon the Court.

78. By directing Attorney Herdick to file falsified affidavits in Portsmouth Circuit Court knowing full well that Mr. Taylor did not reside in Virginia, Plaintiffs engaged in sign documents that were falsified by Plaintiff or its agents.

77. Plaintiffs knew that Mr. Taylor resided in West Virginia at all times relevant to the Transfer Agreements and petitions referenced in the Complaint. Plaintiffs sent notaries to Mr. Taylor's home in West Virginia. Plaintiff and its agents wired money to Mr. Taylor while he was in West Virginia and sent gifts to Mr. Taylor in West Virginia in order to induce him to

76. Mr. Taylor repeats and re-alleges Paragraphs "1" – "75" herein as if fully set forth herein.

AS AND FOR A SIXTH AFFIRMATIVE DEFENSE

86. From May 2012 to March 2014, Plaintiffs caused seven (7) petitions to be filed in Portsmouth Circuit Court (the "Transfer Petitions") seeking to purchase over \$8,617,464.00 in future payments from Mr. Taylor for pennies on the dollar. In each case, Plaintiffs drafted all of the documents used in support of the Transfer Petitions and sent documents and notices to Mr. Taylor's home in West Virginia. In each and every instance, Plaintiffs knew that the Transfer Petitions contained false, misleading and incomplete information about Mr. Taylor and the transactions themselves. Plaintiffs were well aware that the information was false both when the

BACKGROUND

85. Mr. Taylor incorporates and re-alleges all denials in his accompanying answer, all factual allegations in his accompanying answer, and all allegations in his affirmative defenses to the Complaint. The facts in the counterclaims are alleged in their totality and in the alternative. Certain of the facts and documents supporting the allegations contained herein are known only to Plaintiffs, or are exclusively within the custody and control of certain Plaintiffs or their agents.

his counterclaims and third-party complaint alleges as follows:

COMES NOW the defendant, Terrence E. Taylor ("Mr. Taylor"), by counsel, and as for

**AS AND FOR MR. TAYLOR'S FIRST COUNTERCLAIM
FRAUD UPON THE COURT
Against Plaintiffs**

COUNT I

83. Mr. Taylor repeats and re-alleges Paragraphs "1" – "82" herein as if fully set forth herein.
84. Plaintiffs exerted undue influence over Mr. Taylor.

**AS AND FOR AN EIGHTH
AFFIRMATIVE DEFENSE**

federal court in an action styled *Terrence E. Taylor, a minor, by and through his mother and next*

90. The Taylors brought suit against the manufacturer of the space heater in 1989 in

face, torso, and limbs and he has a prosthetic leg.

6, 1988 allegedly caused by a defective space heater. Mr. Taylor remains visibly scarred on his

hand, the toes on his left foot, and his right leg as the result of a fire in the Taylor home on April

and body, including third-degree burns over 60% of his body, the loss of the fingers on his right

89. At the age of six, Mr. Taylor suffered severe and permanent injuries to his mind

FACTS COMMON TO ALL COUNTERCLAIMS

Plaintiffs' fraud and conversion of his structured settlement.

collected by SAF or its assignees. Mr. Taylor seeks only to restore the status quo antedating

any award of damages by amounts previously "paid" to him by SAF, less any and all amounts

88. Mr. Taylor is not looking for a windfall and recognizes that he will have to offset

declared void *ab initio* as a matter of law, public policy and in the interest of justice.

process and Mr. Taylor respectfully submits that the orders entered by this Court should be

burden of complying with this statute and they failed to do so. Plaintiffs misled this Court in the

87. The Virginia Structured Settlement Protection Act is clear. Plaintiffs had the

otherwise"; (emphasis added).

~~mortgage, encumber, or anticipate the Periodic Payments, or any part thereof, by assignment or~~

~~by the Plaintiff or any payee; nor shall the Plaintiff or any Payee have the power to sell,~~

~~clearly states that the "Periodic Payments cannot be accelerated, deferred, increased or decreased~~

~~expressly incorporated the terms of the Settlement Agreement in the DeLonghi Matter which~~

~~Each and every Transfer Petition violated the express terms of the Dismissal Order which~~

~~Transfer Petitions were initially filed and when the ex-parte hearings were held before this Court.~~

and intended to remain. Mr. Taylor lived in Martinsburg, West Virginia until June, 2014.

93. In early 2012, Mr. Taylor moved to Martinsburg, West Virginia, where he resided

by New York Annuity and issued by New York Life.

92. The periodic payments were made to Mr. Taylor under an annuity contract owned

Order to the Settlements Petition.

and Dismissal Order during all times relevant hereto. In fact, Plaintiffs attached the Dismissal

hereto as Exhibit B. Plaintiffs had actual knowledge of the terms of the Settlement Agreement

added). A copy of the Dismissal Order with incorporated Settlement Agreement is attached

anticipate the Periodic Payments, or any part thereof, by assignment or otherwise". (emphasis

any payee; nor shall the Plaintiff or any Payee have the power to sell, mortgage, encumber, or

"Periodic Payments cannot be accelerated, deferred, increased or decreased by the Plaintiff or

91. The Dismissal Order and Settlement Agreement expressly provide that the

Agreement"),

incorporated the terms of the settlement agreement entered into in said action (the "Settlement

the Eastern District of Virginia, Alexandria Division (the "Dismissal Order") which expressly

December 19, 1989 issued by Judge Albert V. Bryan, Jr. of the United States District Court for

agreement required court approval, which was given pursuant to a dismissal order dated

lower depending on Mr. Taylor's longevity. Because Mr. Taylor then was a minor, the settlement

\$5,103,300.00 and a life-time expected payout of \$31,488,060.00. This amount will be higher or

into a structured settlement which had a present value of \$4,100,000.00, a guaranteed payout of

Matter"). On December 19, 1989 the parties to that action agreed to settle the lawsuit and entered

No. 89-0971-A (U.S.D.C., Eastern District of Virginia, Alexandria Division) (the "DeLonghi

friend, Louise W. Taylor, et al., Plaintiffs v. DeLonghi, S.P.A., et al., Defendants, Civil Action

¹ This Order incorrectly shows a case number of CL12-2718. A letter from a clerk of the Portsmouth Circuit Court indicated that the correct case number is CL12-1117.

94. Over the course of twenty-two (22) months, commencing on or about May 11, 2012 Plaintiffs and their agents and affiliates, including Jay Gee, LLC (collectively referred to in Mr. Taylor's Counterclaims as "SAF") filed seven (7) Transfer Petitions in Portsmouth Circuit Court and obtained seven (7) orders approving their purchase of over \$8,617,464.00 of Mr. Taylor's periodic payments. SAF controlled the Jay Gee LLC transaction and procured life insurance on Mr. Taylor's life in connection therewith.

95. The seven (7) orders issued in connection with the Transfer Petitions are: (i) that Order of the Circuit Court of the City of Portsmouth dated June 7, 2012 under case number CL12-1117¹; (ii) that Order of the Circuit Court of the City of Portsmouth dated September 27, 2012 under case number CL12-2128; (iii) that Order of the Circuit Court of the City of Portsmouth dated March 11, 2013 under case number CL13-645; (iv) that Order of the Circuit Court of the City of Portsmouth dated April 29, 2013 under case number CL13-1354; (v) that Order of the Circuit Court of the City of Portsmouth dated June 27, 2013 under case number CL13-2032; (vi) that Order of the Circuit Court of the City of Portsmouth dated April 17, 2014 under case number CL14-972; and (vii) that Order of the Circuit Court of the City of Portsmouth dated August 19, 2013 under case number CL13-2379 approving a transfer to Jay Gee, LLC (the "Jay Gee Order"). These seven (7) orders are collectively referred to herein as the "Transfer Orders."

96. All seven (7) Transfer Petitions filed in this Court for transferees SAF and Jay Gee were filed by Attorney Heretick, counsel for SAF herein.

99. Plaintiffs also had Mr. Taylor enter into a complicated stipulation agreement, filed in connection with the Settlements Transfer Petition, drafted by counsel for New York Life purporting to indemnify New York Life and New York Annuity from liability arising out of the Settlements Transfer Petition. The New York Life entities were represented by Drinker Biddle Reath LLP and SAF was represented by Attorney Heretick. Mr. Taylor was the only party to this

- (i) Did not drive or own a car;
- (ii) Had many physical disabilities, including missing limbs and visible scarring;
- (iii) Had no financial experience, no credit cards and no job; and
- (iv) Depended upon his structured settlement payments for daily living and medical expenses.

Specifically, SAF knew that Mr. Taylor:

98. SAF knew that Mr. Taylor was unsophisticated and seriously impaired.
- (i) SAF called Mr. Taylor more than ten (10) times per day;
 - (ii) SAF took Mr. Taylor on a trip to Florida and paid for all the expenses associated with that trip;
 - (iii) SAF took Mr. Taylor to two strip clubs in Florida and encouraged him to spend lavishly;
 - (iv) SAF sent him stored value cards;
 - (v) SAF purchased an "X-Box" and games for Mr. Taylor;
 - (vi) SAF purchased a cell phone for Mr. Taylor; and
 - (vii) SAF paid him approximately \$250,000.00 in advances.
97. In order to induce Mr. Taylor to sell his receivables to SAF:

administrative authority or government authority.
did not contravene any federal or state statute or the order of any court or responsible

104. Each of the Transfer Petitions falsely represented to this Court that the transfers

Compliance with the requirements set forth in Section 59.1-475.1 and the fulfillment of the conditions set forth in Section 59.1-476 shall be solely the responsibility of the transferee in any transfer of structured settlement payment rights... (emphasis added).

statute on the transferee, in this case SAF, stating, in part, that:

103. Section 59.1-477.1 of the Virginia SSPA places the burden of complying with the

No direct or indirect transfer of structured settlement payment rights shall be effective... unless the transfer has been authorized in advance in a final court order... based upon express findings by such court that: ... 3. The transfer does not contravene any applicable statute or the order of any court or other government authority. (emphasis added).

102. Section 59.1-476 of the Virginia SSPA states that:

but fraudulently represented to Portsmouth Circuit Court that it did have such jurisdiction.

petitions to approve settlement of Mr. Taylor's rights to receive structured settlement payments

101. SAF knew that Portsmouth Circuit Court did not have jurisdiction to rule on

was.

Portsmouth. Prior to retaining counsel in this case, Mr. Taylor did not know what an affidavit

any of the proceedings filed in Portsmouth Circuit Court. Mr. Taylor has never been to

100. At no time was Mr. Taylor represented by counsel nor did Mr. Taylor appear in

Plaintiffs' Complaint at Exhibit D, pages 10-21.

complex agreement who was not represented by counsel. A copy of this agreement is attached to

110. From April 2012 through June 2014 Mr. Taylor resided and was domiciled in Martinsburg, West Virginia. SAF had actual knowledge of such when, between April 2012 and January 2014, SAF prepared and presented to Mr. Taylor seven (7) or more affidavits stating that

daughter.

(iv) the economic impact of the transfers on Mr. Taylor and his dependent

which there were none; and

(iii) Mr. Taylor's ability to support himself and his other sources of income, of

(ii) the "reasons" provided for transfer;

(i) Mr. Taylor's residence and domicile;

109. SAF knew that the affidavits were false and misleading as to:

Petitions filed with this Court.

108. Attorney Heretick filed the false affidavits with each of the seven (7) Transfer

filed in Portsmouth Circuit Court.

107. SAF prepared and submitted false affidavits in support of the Transfer Petitions

violated the Dismissal Order in the DeLonghi Matter.

administrative authority in accordance with Va. Code Ann. § 59.1-476 (3). " Each Transfer Order

contravene any applicable statute or the order of any court or other government or responsible

106. Each Transfer Order falsely represented that "The Proposed Transfer does not

Periodic Payments, or any part thereof, by assignment or otherwise"; (emphasis added).

not shall the Plaintiff or any Payee have the power to sell, mortgage, encumber, or anticipate the

Payments cannot be accelerated, deferred, increased or decreased by the Plaintiff or any payee;

prohibit Mr. Taylor or any payee from assigning the periodic payments stating: "Periodic

105. The express terms of the Dismissal Order and incorporated Settlement Agreement

² Upon information and belief, on more than twenty (20) occasions from April of 2012 to November 2013 SAF sent a notary public commissioned by the State of West Virginia by the name of April D. Burden to Mr. Taylor's home in West Virginia to notarize documents related to the six (6) Petitions filed in Portsmouth Circuit Court. SAF also faxed documentation for many of the Petitions to a mail and packaging store by the name of Goin' Postal located at 736 Foxcroft Avenue, Martinsburg, West Virginia. SAF would then instruct Mr. Taylor to pick up the documents and sign them, have them notarized and faxed back to SAF for filing by Attorney Heretick.

114. These "reasons" were fabricated at the direction of SAF. SAF prepared false and misleading affidavits containing said "reasons" and presented them to Mr. Taylor in West Virginia to continue my work of opening a non-profit organization."

113. The "reasons" for transfer that were provided to this Court in the settlements Transfer Petition dated on or about January 20, 2014 stated that the proceeds would be used "to safer and larger residence."

112. The "reasons" for transfer that were provided to this Court in the Jay Gee Transfer Petition dated on or about July 11, 2013 stated that the proceeds would be used "to relocate to a start another business and help my mother with our business".

111. The "reasons" for transfer that were provided to this Court in the Transfer Petition dated on or about February 7, 2013 stated that the proceeds would be used "to purchase a home, address for the transfers.

he resided and was domiciled in Virginia. SAF sent notaries public to Mr. Taylor's home in West Virginia² to obtain his signature on the affidavits. SAF concealed Mr. Taylor's West Virginia residence and domicile from this Court. SAF affirmatively told Mr. Taylor to use a Virginia

³ Upon information and belief, the other four (4) affidavits and Transfer Petitions contain similar fabricated and false "reasons" for transfer. The other Transfer Petitions were filed under seal without Mr. Taylor's knowledge and consent and are not in Mr. Taylor's possession.

-
- (i) Mr. Taylor was unemployed and could neither provide for himself nor his dependent daughter;
 - (ii) Mr. Taylor had no sources of income other than his structured settlement payments;
 - (iii) Mr. Taylor required ongoing medical care due to his personal injuries; and
 - (iv) The transfers were not supported by adequate consideration.
- the best interests of Mr. Taylor because:

118. At all times herein, SAF had actual knowledge that the assignments were not in

No direct or indirect transfer of structured settlement payments rights shall be effective... unless the transfer is in the best interest of the payee, taking into account the welfare and support of the payee's dependents.... (emphasis added).

117. In Section 59.1-46 the Virginia SSPA states that:

Court and were, in fact, concealed from this Court.

given to this Court. The timing, scope, and frequency of the advances were not disclosed to this \$250,000.00 and that he spent the proceeds in a manner wholly inconsistent with the "reasons"

116. SAF knowingly paid Mr. Taylor twenty-five (25) cash advances totaling Court.

to support his daughter other than his structured settlement payments and concealed this from the

115. SAF knew Mr. Taylor did not work, had no other source of income, and no way

Transfer Petitions in this Court.³

Virginia for signature. Attorney Heretick then filed these false and misleading affidavits with the

126. The gifts, stored value cards, and trips to strip clubs, casinos, fancy restaurants and hotels in Florida were further inducements by SAF designed to dupe and defraud Mr. Taylor into signing documents without obtaining independent professional advice.

125. The twenty-five (25) cash advances totaling \$250,000.00 made to Mr. Taylor by SAF and the four (4) advances made by SAF's employee, Wadsworth, totaling \$12,000.00 were all made to induce Mr. Taylor into signing complex documents he did not understand.

124. Mr. Taylor repeats and re-alleges Paragraphs "1" through "123" herein as if fully set forth herein.

Against Plaintiffs
FRAUDULENT INDUCEMENT
AS AND FOR MR. TAYLOR'S SECOND COUNTERCLAIM

COUNT II

123. As a consequence of SAF's wrongful acts and fraud upon this Court, Mr. Taylor has been damaged and is entitled to damages, including, but not limited to his costs and attorneys' fees he has incurred and will incur in this action, all in an amount to be determined at trial, but in any event not less than \$7,817,464.00, plus punitive damages for fraud in the amount of \$350,000.00. In addition, the Transfer Orders should be declared void *ab initio*.

122. SAF knew that Mr. Taylor was not sophisticated and that he had diminished capacity.

121. SAF knew that Mr. Taylor suffered from serious injuries and that he was both mentally, physically and psychologically impaired.

120. SAF knew Mr. Taylor had no job and no source of income other than his structured settlement payments.

119. SAF knew Mr. Taylor had a dependent daughter.

129. Accordingly, as a proximate result of SAF's fraudulent inducement, Mr. Taylor has been damaged and is entitled to damages, including but not limited to attorneys' fees he has incurred and will incur in this action all in an amount to be determined at trial, but in any event, not less than \$7,817,464.00, plus punitive damages for fraud in the amount of \$350,000.00

deceive and were reasonably relied upon by Mr. Taylor to his detriment.

128. The statements above were false when made, were made with the intent to deceive and were reasonably relied upon by Mr. Taylor to his detriment.

- (vii) You [Mr. Taylor] will get better rates if you do not shop deals to other companies.
- (vi) I [Wadsworth] am your friend and I [Wadsworth] would never take advantage of our friendship; and
- (v) Anytime you [Mr. Taylor] need money just call Rhett;
- (iv) If you [Mr. Taylor] do deals with us [SAF] you will be set for life;
- (iii) If you [Mr. Taylor] do deals with us [SAF] then we will take care of your family;
- (ii) You [Mr. Taylor] will always have payments coming to you from New York Life;
- (i) You [Mr. Taylor] are better off selling your payments to us [SAF] than collecting them over time;

not limited to the following:

127. Specific material misstatements of fact were made to Mr. Taylor by SAF's employee, Wadsworth, to induce Mr. Taylor into signing over his future payment rights and insurability. The specific misrepresentations made to Mr. Taylor by Wadsworth include, but are

133. SAF was able to exercise so much influence over Mr. Taylor that they were able to learn about a pending Jay Gee transaction immediately after documents were signed and within days managed to convince Mr. Taylor to allow SAF to take over the economics of the transaction. SAF pocketed a huge commission for "flipping" the Jay Gee deal to an investor and for arranging for a speculative life insurance policy to be issued by a life insurance company known as Sagacor Life Insurance Company with corporate offices in Tampa, Florida.

132. SAF exercised such complete dominion and control over Mr. Taylor's payment rights that they were able to package them up for resale to pre-arranged buyers, arrange for petitions to be filed under seal without Mr. Taylor's knowledge, pocket oversized "flip" commissions by immediately re-discounting payment streams so they could market them to unsuspecting third party purchasers and use Mr. Taylor's periodic payment rights to support the acquisition of life insurance policies on Mr. Taylor's own life – things they would not have been able to do without exercising complete dominion and control over Mr. Taylor's property.

131. SAF intentionally, improperly, wrongfully and without authority assumed possession, all in denial of and interfering with Mr. Taylor's rights thereto. dominion and control over Mr. Taylor's structured settlement payment rights, depriving him of

130. Mr. Taylor repeats and re-alleges Paragraphs "1"– "129" herein as if fully set forth herein.

**AS AND FOR MR. TAYLOR'S
THIRD COUNTERCLAIM
CONVERSION
Against Plaintiffs**

the Virginia SSPA.

140. Mr. Taylor also seeks a declaratory judgment that the Transfer Orders violated

Dismissal Order in the DeLonghi Matter and are void *ab initio*.

139. Mr. Taylor seeks a declaratory judgment that the Transfer Orders violated the

set forth herein.

138. Mr. Taylor repeats and re-alleges Paragraphs "1" through "137" herein as if fully

injunctive and other relief;

Code §§ 8.01-184, *et seq.* and Virginia Code §8.01-620 and seeks declaratory judgment;

COMES NOW the defendant, Terrence E. Taylor, and, pursuant to inter alia Virginia

Against Plaintiffs

DECLARATORY JUDGMENT

AS AND FOR MR. TAYLOR'S FOURTH COUNTERCLAIM

interest and punitive damages for conversion in an amount to be determined at trial.

which represents the amount of payments Mr. Taylor "sold" less the amounts he received, plus

137. Accordingly, Mr. Taylor has been damaged in the amount of \$7,817,464.00,

for himself or his minor child.

136. Mr. Taylor was rendered insolvent by SAF's actions and he has no means to care

not returned the improperly obtained payments, or any part thereof to Mr. Taylor.

135. Due demand for the return of Mr. Taylor's property has been made and SAF has

property for its own use without authorization.

described above in derogation of Mr. Taylor's exclusive rights, SAF converted Mr. Taylor's

134. By interfering with Mr. Taylor's rights to the structured settlement payments

141. Specifically, Mr. Taylor seeks declarations that all, or any one, or any combination of the Transfer Orders are:
- (i) void for failure to comply with the Virginia SSPA and/or I.R.C. Section 5891; or
 - (ii) vacated for failure to comply with the Virginia SSPA and/or I.R.C. Section 5891; or
 - (iii) amended for failure to comply with the Virginia SSPA and/or I.R.C. Section 5891 with an order directing that the parties' be restored to their original positions over time, as if no transfers had been approved; or
 - (iv) void pursuant to Va. Code § 8.01-428 (d).
- FIFTH COUNTERCLAIM**
INJUNCTION
Against Plaintiffs
142. Mr. Taylor repeats and re-alleges Paragraphs "1" through "141" herein as if fully set forth herein
143. Based on the facts alleged herein, Mr. Taylor has been irreparably harmed and lacks an adequate remedy at law and therefore seeks an injunction:
- (i) Requiring SAF and its assignees to permanently relinquish all right, title and interest in and Mr. Taylor's structured settlement payment rights under the Settlement Agreement and Annuity Contract;
 - (ii) Enjoining SAF from interfering with Mr. Taylor's rights to his structured settlement payments; and

148. Third-Party Defendants New York Life and New York Annuity (collectively "Insurance Company Defendants") are named as third-party defendants because, with respect to New York Life).

147. Third-Party Defendant New York Life Insurance Company is a New York domiciled insurance company with offices at 51 Madison Avenue, New York, NY 10010 ("New York Life").

146. Third-Party Defendant New York Life Insurance and Annuity Corporation is a Delaware corporation with offices at 51 Madison Avenue, New York, NY 10010 ("New York Annuity").

145. Mr. Taylor repeats and re-alleges Paragraphs "1" through "144" herein as if fully set forth herein.

Supreme Court Rule 3:13, and Virginia Code §8.01-620:
and New York Life Insurance Company, pursuant to Virginia Code § 8.01-184, *et seq.*, Virginia support of his third-party complaint against New York Life Insurance and Annuity Corporation COMES NOW the third-party plaintiff, Terrence E. Taylor, and alleges as follows in

THIRD PARTY COMPLAINT
Against Third-Party Defendants New York Life Insurance and Annuity Corporation and New York Life Insurance Company

have been transferred by SAF to third parties.
control the res in the case and Mr. Taylor believes that his payments rights and insurability may irreparably harmed by SAF and lacks an adequate remedy at law against SAF. SAF does not
144. An injunction is an appropriate remedy in this case as Mr. Taylor has been

needs trust established for the benefit of Mr. Taylor.
payments either to Mr. Taylor or to a qualified settlement fund or special
(iii) Directing New York Life and New York Annuity to make all future

- (i) void for failure to comply with the Virginia SSPA and/or I.R.C. Section 5891; or
 - (ii) vacated for failure to comply with the Virginia SSPA and/or I.R.C. Section 5891; or
- combination of the Transfer Orders are:
152. Specifically, Mr. Taylor seeks declarations that all, or any one, or any the Virginia SSPA.
151. Mr. Taylor also seeks a declaratory judgment that the Transfer Orders violated Dismissal Order in the DeLonghi Matter and are void *ab initio*.
150. Mr. Taylor seeks a declaratory judgment that the Transfer Orders violated the set forth herein.
149. Mr. Taylor repeats and re-alleges Paragraphs "1" through "148" herein as if fully

**DECLARATORY JUDGMENT
COUNT I
Against New York Life and New York Annuity**

Court's personal jurisdiction over them.

Petitions and Transfer Orders and because the remedies sought by Mr. Taylor will require this and must be named as defendants as both entities were on notice of all of the relevant Transfer Life. Both New York Life and New York Annuity are stakeholders or interested parties herein York Annuity is the owner of the structured settlement annuity contract issued by New York necessary parties to enable this Court to accord completion sought in this Counterclaim. New future payments, they hold the res which is the subject of this suit, and because they are

have been transferred by SAF to third parties.

control the res in the case and Mr. Taylor believes that his payments rights and insurability may irreparably harmed by SAF and lacks an adequate remedy at law against SAF. SAF does not

155. An injunction is an appropriate remedy in this case as Mr. Taylor has been

needs trust established for the benefit of Mr. Taylor.

payments either to Mr. Taylor or to a qualified settlement fund or special

(iii) Directing New York Life and New York Annuity to make all future

settlement payments; and

(ii) Enjoining SAF from interfering with Mr. Taylor's rights to his structured

under the Settlement Agreement and Annuity Contract;

and interest in and Mr. Taylor's structured settlement payment rights

(i) Requiring SAF and its assignees to permanently relinquish all right, title

lacks an adequate remedy at law and therefore seeks an injunction:

154. Based on the facts alleged herein, Mr. Taylor has been irreparably harmed and

set forth herein.

153. Mr. Taylor repeats and re-alleges Paragraphs "1" through "152" herein as if fully

Against New York Life and New York Annuity

**COUNT II
INJUNCTION**

(iv) void pursuant to Va. Code § 8.01-428 (d).

original positions over time, as if no transfers had been approved; or

Section 5891 with an order directing that the parties' be restored to their

(iii) amended for failure to comply with the Virginia SSPA and/or I.R.C.

- (iv) void pursuant to Va. Code § 8.01-428 (d), time, as if no transfers had been approved; or with an order directing that the parties' be restored to their original positions over
- (iii) amended for failure to comply with the Virginia SSPA and/or I.R.C. Section 5891
- or
- (ii) vacated for failure to comply with the Virginia SSPA and/or I.R.C. Section 5891;
- (i) void for failure to comply with the Virginia SSPA and/or I.R.C. Section 5891; or

any one, or any combination of the Transfer Orders are:

judgment (Count IV of Counterclaim), Mr. Taylor moves the Court for declarations that all, or STRUCTURED ASSET FUNDING, LLC, and SETTLEMENTS, LLC, for declaratory WHEREFORE, with respect to Terrence E. Taylor's Counterclaims against \$350,000.00; and

may be awardable under law plus punitive damages for fraud and conversion in the amount of \$7,817,464.00, together with prejudgment interest from June 7, 2012 and such attorneys' fees as Counterclaim), Terrence E. Taylor moves for judgment, jointly and severally, in the amount of STRUCTURED ASSET FUNDING, LLC, and SETTLEMENTS, LLC, (Counts I, II, and II, of WHEREFORE, with respect to Terrence E. Taylor's Counterclaims against his costs incurred herein;

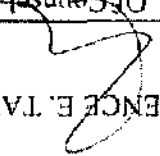
E. Taylor moves the Court to dismiss each and every such claim and to award Terrence E. Taylor ASSET FUNDING, LLC, and SETTLEMENTS, LLC's against Terrence E. Taylor, Terrence WHEREFORE, with respect to the Complaint herein and the claims of STRUCTURED

PRAYER FOR RELIEF

Counsel for Defendant

Edward Stone, Esq.
EDWARD STONE LAW P.C.
175 West Putnam Avenue, 2nd Floor
Greenwich, CT 06830
Tel: (203) 504-8425
Fax: (203) 348-8477
eddie@edwardstonelaw.com
Pro Hac Vice motion to be submitted

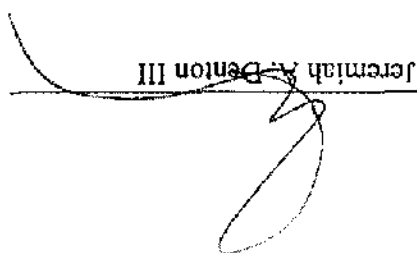
Jeremiah A. Denton III, Esq., VSB #19191
Rhannon M. Jordan, Esq., VSB #78650
Jeremiah A. Denton IV, Esq., VSB #83818
Jeremiah A. Denton III, P.C.
477 Viking Drive, Suite 100
Virginia Beach, VA 23452
Tel: 757/340-3232
Fax: 757/340-4505
jerry@jeremiahdenton.com
rhannon@jeremiahdenton.com
jake@jeremiahdenton.com

By: 
TERRENCE E. TAYLOR
OF Counsel

Respectfully submitted,

Court deems just, proper and equitable.

WHEREFORE, Terrence E. Taylor, in his capacity as third-party plaintiff, moves for judgment in the form of declaratory or injunctive relief (Count V of Counterclaim and Counts I and II of Third-Party Complaint) commanding New York Life and New York Annuity to direct all future payments payable under the Annuity Contract to Terrence E. Taylor or to a qualified settlement fund or special needs trust or other trust for the benefit of Mr. Taylor. WHEREFORE, Terrence E. Taylor, asks the Court for such other and further relief as the


Jeremiah A. Denton III

Counsel for Plaintiff

Stephen E. Heretick, Esq.
STEPHEN E. HERETICK, P.C.
715 Loudoun Avenue
Portsmouth, Virginia 23707
Tel: 757/397-9923
Fax: 757/397-9925
steve@hereticklaw.com
Cory W. Eichhorn, Esq.
Eric B. Funt, Esq.
HOLLAND & KNIGHT, LLP
Pending Pro Hac Vice Admission
701 Brickell Ave., Suite 3300
Miami, Florida 33131
Tel: 305/374-8500
Fax: 305/789-7799

I hereby certify that on the 22nd day of September 2015 a true copy of the foregoing document was emailed and mailed to:

CERTIFICATE OF SERVICE