

2014 WL 4146455 (Del.Ch.) (Trial Pleading)  
Chancery Court of Delaware.

Nancy BEAUMONT and Steven Lee, individually and Derivatively on behalf of 388 Bleecker LLC, Plaintiffs,

v.

Bradford LEE, M.D. Defendant, and 388 Bleecker LLC, Nominal Defendant.

No. 8238-VCL.  
August 19, 2014.

**Bradford Lee, M.D.'s answer to the first amended verified complaint, and counterclaim**

Smith, Katzenstein & Jenkins LLP, [David A. Jenkins](#) (No. 932), [Robert K. Beste III](#) (No. 3931), 800 Delaware Avenue, Suite 1000, Wilmington, Delaware 19801, (302) 652-8400, for Bradford Lee, M.D.

1. Plaintiff Nancy Beaumont (“Ms. Beaumont”) and Steven Lee (“Steven”) bring this action on their own behalfs and derivatively on behalf of 388 Bleecker LLC (“Bleecker” or the “Company”) against Bradford Lee, M.D. (“Dr. Lee”) to address certain willful misappropriations of Company assets and other willful and deliberate breaches of fiduciary duty by Dr. Lee. This action arises out of a series of self-dealing transactions by Dr. Lee to control or attempt to control Bleecker and its assets.

*Response:* Admitted that Nancy Beaumont purports to bring this action on her own behalf and derivatively on behalf of 388 Bleecker LLC (“Bleecker”). The rest of the allegations in this paragraph are denied.

2. Ms. Beaumont is a resident of the State of Florida. Her address for purposes of this action is care of James S. Green, Sr., Seitz, Van Ogtrop & Green, P.A., 222 Delaware Avenue, Suite 1500, Wilmington, Delaware 19801. Ms. Beaumont is a Member of Bleecker, owns at least fifty percent (50%) of Bleecker's membership interests, and brings this action on her own behalf as a Member of Bleecker, and derivatively as a Member of Bleecker.

*Response:* Bradford Lee lacks knowledge or information sufficient to form a belief as to the current residence of Nancy Beaumont, who is his ex-wife. The second sentence is admitted. Bradford Lee denies that Ms. Beaumont is a member of Bleecker and that she owns at least fifty percent of the entity.

3. Steven is the son of Ms. Beaumont and Defendant Bradford Lee, M.D. Steven is a resident of New York. His address for purposes of this action is care of James S. Green, Sr., Seitz, Van Ogtrop & Green, P.A., 222 Delaware Avenue, Suite 1500, Wilmington, Delaware 19801. Prior to April 15, 2011, Steven owned a fifty percent (50%) or greater membership interest in 388 Bleecker, LLC. On April 15, 2011, Steven transferred his membership interest in 388 Bleecker, LLC to Ms. Beaumont.

*Response:* Bradford Lee admits the first and second sentences of this paragraph, but denies all remaining averments, except that he admits that Steven purported to transfer an interest in the entity to Ms. Beaumont.

4. Bradford Lee, M.D. is a resident of the State of Washington residing at 305 Woodridge Drive, Port Ludlow, Washington 98365. Dr. Lee has served as a Member, Manager, and/or Co-Manager of Bleecker since formation.

*Response:* Bradford Lee admits the first sentence. The second sentence is denied as stated-since the formation of Bleecker, Bradford Lee was and is solely responsible for its management.

5. Bleecker is a Delaware limited liability company whose registered agent in Delaware is Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808.

*Response:* Admitted.

6. The jurisdiction of this Court is invoked and exists pursuant to [6 Del. C. §18-111](#) and [6 Del. C. §18-1001](#).

*Response:* Admitted.

7. Bleecker was organized on or about February 22, 2006 to own, operate, lease, manage, finance, and transfer the real property located at 388 Bleecker Street, New York, New York (the “Property”), and to engage in any lawful act or activity permitted under the Delaware Limited Liability Company Act. A copy of the Certificate of Formation of Bleecker is attached hereto as Exhibit “A” and incorporated herein by reference. Dr. Lee was the sole Member of Bleecker upon its formation.

*Response:* Admitted.

8. On October 23, 2006, Dr. Lee transferred by Deed of Gift fifty percent (50%) of his membership interest in Bleecker to Steven and fifty percent (50%) of his membership interest in Bleecker to his daughter Janine Scott (“Janine”). Copies of the Deeds of Gift to Steven and Janine are attached hereto as Exhibit “B.”

*Response:* Denied.

9. Although Dr. Lee had transferred all of his interest in Bleecker to Steven and Janine in 2006, on or about September 7, 2007, Dr. Lee purported to adopt a Limited Liability Company Operating Agreement for Bleecker (the “Operating Agreement”) effective as of February 16, 2006. The Operating Agreement provides that each unit in Bleecker represented an equivalent economic interest in the Company. A copy of the Operating Agreement is attached hereto as Exhibit “C” and incorporated herein by reference.

*Response:* First sentence, denied, except that Bradford Lee admits that he executed the Operating Agreement. As for all remaining averments, the Operating Agreement speaks for itself and no further response is required. To the extent a further response is required, Bradford Lee denies all averments not admitted specifically herein.

10. The Property, which is in a very desirable section of New York City, is a four-story building with a commercial space on the ground, or street, and basement levels, and residential apartments on floors 2, 3, and 4. The Property was originally acquired by Dr. Lee in 2001 in a 1031 exchange for a property in California that Dr. Lee and his sister had inherited from their parents.

*Response:* Admitted.

11. In 2001, Steven and Janine, as principles, executed Durable Powers of Attorney appointing Dr. Lee as their attorney-in-fact. The Powers of Attorney were executed by Steven in New York, where he lived, and by Janine in Virginia, where she lived. The purpose of the Powers of Attorney was to give Dr. Lee the authority to manage their financial affairs if they became incapacitated. A copy of Steven's Power of Attorney is attached hereto as Exhibit “D.” A copy of Janine's Power of Attorney is attached hereto as Exhibit “E.” In 2011, Steven advised Dr. Lee that he revoked his Power of Attorney.

*Response:* Bradford Lee admits the first sentence. Bradford Lee lacks knowledge or information sufficient to form a belief as to the truth of the second sentence. Bradford Lee denies the third, fourth, fifth, and last sentences of this paragraph, as well as all averments not admitted specifically herein.

12. Beginning in 2001, Steven moved into the basement unit of the Property and from that point through early 2011, Steven served as the resident manager of the Property, performing leasing activities, maintenance, investment of rent receipts, cleaning, etc. Steven was instrumental in securing a 10-year lease renewal in 2011 with the commercial tenant which more than doubled

the rent and tenant reimbursements. Bleecker maintained joint accounts with Dr. Lee and Steven both as signers. Steven successfully reinvested the income for Bleecker.

*Response:* Bradford Lee admits that Steven lived in the basement unit at 388 Bleecker Street without paying rent. The rest of the first sentence is denied as stated-Steven never served as the “resident manager” of 388 Bleecker Street, although he did assist Bradford Lee in advertising for tenants, drawing up leases, and collecting rent payments. The second sentence is denied as stated-in approximately 2010, Steven Lee assisted Bradford Lee in contacting commercial real estate brokers to find suitable tenants for the building. Because commercial rents had tripled in the area since 2001, the existing commercial tenant renewed its lease at this market rate. The third sentence is denied as stated-several years ago Bradford Lee added Steven's name to the Bleecker account at Schwab in case Steven needed to write a check in Bradford Lee's absence. The fourth sentence is denied as stated-Steven invested the income from Bleecker (which was in the account at Schwab) on behalf of his father.

10. Although Dr. Lee had transferred all of this membership interests in Bleecker in Steven and Janine in 2006, beginning in late 2008, Dr. Lee executed new documents transferring or purporting to transfer membership interests in Bleecker to Steven and Janine. While this was, in part, to implement his estate and tax planning initiatives, it was also in recognition and consideration for the years of labor and effort that Steven had devoted to the Property. In 2011, Steven owned a 50% or greater membership interest in Bleecker. In 2011, Steven transferred all of his membership interest in Bleecker to his mother, Ms. Beaumont.

*Response:* The first two sentences are denied as stated. In 2008, on the advice of Steven, Bradford Lee began transferring to Steven and to his daughter, Janine Freeman, a minority interest in Bleecker related to the right to the return of Bradford Lee's initial capital investment. However, as shown on the Schedule K- s for Bleecker, all of the profit and loss interest in Bleecker stayed with Bradford Lee, and thus he was entitled to all distributions of profits from Bleecker. This separation of the capital interest and profit and loss interest was done, at the recommendation of Steven, for estate planning purposes. Bradford Lee never intended the transfer of this capital interest to Steven to be “in recognition and consideration for the years of labor and effort that Steven had devoted to the Property.” If that had been the parties' intent, then the transfer would have been compensation to Steven for those “years of labor and effort” and Steven would then have been required to declare these transfers of capital interest as income and pay taxes on that income, neither of which Bradford Lee believes has occurred. The third sentence is denied. Steven (who had substantial investment advising experience and was acting as his father's investment advisor) told Bradford Lee that Bradford Lee should each year give him and his sister documents purportedly transferring all of Bradford Lee's interest in Bleecker. Steven Lee assured Bradford Lee that he would hold these documents during that year and would keep them secret unless Bradford Lee died during that year. Steven Lee repeatedly told Bradford Lee that, despite these documents, Bradford Lee was still the majority owner of Bleecker. As for the last sentence in this paragraph, Bradford Lee admits only that Steven purported to transfer an interest in the entity to Ms. Beaumont, but he denies all remaining averments not admitted specifically herein.

14. Although Dr. Lee no longer had any membership interest in Bleecker, Bleecker continued to make distributions to him in his role as Co-Manager, and in furtherance of family tax planning initiatives. Dr. Lee and Steven remained as co-signers of Bleecker's accounts.

*Response:* Denied. Bradford Lee had at all times 100% of the profit and loss interest of Bleecker, and thus was entitled to all distributions.

15. The Property was encumbered by a mortgage in the approximate amount of \$800,000. In or about September 2010, the mortgage was paid in full by Steven and Janine. Steven paid \$321,900.98 of his own funds to pay off the mortgage on the Property.

*Response:* Bradford Lee admits that the Property was encumbered by a mortgage in that approximate amount, and that the mortgage was paid off. Bradford Lee denies all remaining averments, including that Steven and Janine paid the mortgage with their own funds.

16. Although the 2011 K- s issued by Bleecker to Steven reflect his ownership interest incorrectly, it did accurately reflect that his capital account contained \$294,141.00.

*Response:* Denied as stated. Bradford Lee's funds were used to pay off the mortgage on the Property.

17. Several events occurred in 2011 which upset Bradford Lee. Steven transferred his Bleecker membership interests to Ms. Beaumont, his mother and Dr. Lee's ex-wife. Steven and Janine were involved in divorce proceedings. These occurrences threatened to or actually did, in the case of the transfer to Ms. Beaumont, alter the manner in which Dr. Lee had expected Bleecker's ownership would be divided. Furthermore, beginning in January 2011, Bleecker's annual rental income more than doubled. By December 2011, Bleecker had about a half million dollars in the bank.

*Response:* Denied as stated. It was not until November 23, 2012 that counsel for Nancy Beaumont sent an e-mail to Bradford Lee claiming that Ms. Beaumont was a member of Bleecker-this was the first time Bradford Lee heard of this claim. Bradford Lee understands that Steven was involved in bitter divorce proceedings beginning in 2011. Beginning in approximately January 2011 Bleecker's annual rental income approximately tripled, to reflect the change in market rents in the neighborhood. By December 2011 Bleecker had approximately \$324,000 in its account at Schwab.

18. In or about December 2011, Dr. Lee caused Steven's name to be removed from Bleecker's accounts and changed the passwords on the accounts so that only Dr. Lee could access the accounts. Dr. Lee, thus, became the only person with access to Bleecker's accounts, even though he no longer had any membership interest in Bleecker.

*Response:* Denied as stated. As explained above, Bradford Lee always had 100% of the profit and loss interest in Bleecker, and had been assured by Steven that he still was in control of Bleecker. During 2011 Steven Lee lost his job in the financial industry, ran up large amounts of debts, and was arrested for threatening his then-wife Leah Vinik with his shotgun during a dispute between the two of them. During that time, Steven Lee's behavior became increasingly bizarre (including telephone calls in which Steven Lee told his father that others, including his divorce attorneys, his criminal attorneys and his friends, were involved in a plot to murder him); at other times Steven Lee was antagonistic towards and distrustful of his father. Finally, in December 2011 Steven's behavior led his mother, Nancy Beaumont, to commit him temporarily to a psychiatric institute. Due to this behavior, Bradford Lee became uncomfortable with Steven having access to Bleecker's accounts, and thus had the password changed on Bleecker's account at Schwab, and later had Steven's name removed from that account, leaving Bradford Lee as the sole signatory.

19. In or about December 2011, Dr. Lee withdrew more than \$100,000 from Bleecker's account without authorization from or the permission of Bleecker's Members.

*Response:* Denied as stated. As the owner of 100% of the profit and loss interest of Bleecker, and as the person responsible for the management of Bleecker, Bradford Lee has the right to, and does, withdraw any amount he wishes from Bleecker's accounts, without needing permission from anyone else.

20. Upon information and belief, Dr. Lee has, without authority or permission, withdrawn additional funds from Bleecker's accounts in excess of a million dollars, but has not accounted for same to Bleecker's Members.

*Response:* Denied as stated. Bradford Lee does not need permission to take money from Bleecker's accounts, nor is there anyone to whom he needs to account.

21. Dr. Lee has refused to acknowledge Steven's transfer of his membership interest in Bleecker to Ms. Beaumont and Ms. Beaumont has not received K-Is for 2011, 2012, or 2013.

*Response:* Denied as stated, except that Bradford Lee admits that the entity did not issue KIs to Ms. Beaumont for the stated years.

22. Dr. Lee has caused a K-1 to be issued to Steven for 2012. The K-1 issued to Steven for 2012 reflects his membership interest and his capital account as zero, meaning that Dr. Lee has improperly taken Steven's \$294,141.00 in capital.

*Response:* Bradford Lee admits only that the entity issued a K1 to Steven for tax year 2012 reflects no value, and he denies the remaining averments contained in this paragraph.

23. Plaintiffs contacted Dr. Lee and his attorney in December 2012 and demanded that Dr. Lee return funds improperly taken from Bleecker and restore the passwords to the Bleecker accounts. Dr. Lee ignored those demands and, instead, purported to revoke his transfers of membership interests in Bleecker to Steven (and Janine) by purporting to invoke the Powers of Attorney executed by Steven and Janine in 2001, and purporting to assign the Bleecker interests from Steven and Janine to Dr. Lee and his wife, Sally Lynum-Lee. See Exhibit "F" attached hereto.

*Response:* Bradford Lee admits the averments in the first sentence. As for the second sentence, Bradford Lee admits only that he did not comply with any demands made by Steven. Bradford Lee admits that he executed the January 2013 assignments, which speak for themselves. To the extent any further response is required, Bradford Lee denies any averments not admitted specifically herein.

24. In light of Defendant's refusal to comply with Plaintiff demands to return funds to Bleecker, restore account passwords, or provide Ms. Beaumont with a K-1 for 2011, Plaintiffs believe that any demand on Dr. Lee to sue on behalf of the Company to secure the requested relief would be futile. Such action would require Dr. Lee to sue himself and any effort by Plaintiff to secure such action is not likely to succeed.

*Response:* Denied.

25. Plaintiffs repeat and reallege the allegations of Paragraphs 1 through 24 as if set forth at length herein.

*Response:* Bradford Lee repeats his responses to paragraphs 1-24.

26. Defendant, as a Manager and/or Acting Manager of Bleecker, owed and owes Plaintiff the duties of loyalty, due care, good faith, and fair dealing. Defendant owed fiduciary duties to Bleecker and its Members, including Plaintiff.

*Response:* Denied, except it is admitted that Bradford Lee owes fiduciary duties to Bleecker and any member of Bleecker.

27. Defendant breached his fiduciary duties of loyalty, due care, good faith, and fair dealing by misappropriating Bleecker's assets, denying Plaintiffs participation in the decision making process for Bleecker by, inter alia, purporting to revoke Plaintiff's membership interests in Bleecker and assigning them to himself by misappropriating Steven's capital account, and by refusing to provide Plaintiffs with information about Bleecker's business and operation.

*Response:* Denied.

28. During the past year or more, Defendant gained significant personal financial benefit from Bleecker without Plaintiffs' or Bleecker's consent. It appears that Defendant has taken more than a million dollars from Bleecker. Because Defendant has changed the passwords to Bleecker's accounts, and has refused to restore them or to return funds he has improperly withdrawn, the full extent of Defendant's improper conduct and misappropriation cannot be ascertained by Plaintiff without a full accounting of Bleecker.

*Response:* Denied, except that Bradford Lee admits that he received distributions of profit from the entity. All remaining averments are denied as stated.

29. As a direct and proximate result of Defendant's breach of his fiduciary duties of loyalty, due care, good faith, and fair dealing, Plaintiffs and Bleecker have suffered damage.

*Response:* Denied.

30. Plaintiffs have no adequate remedy at law.

*Response:* Denied.

31. Plaintiffs repeat and reallege the allegations of Paragraphs 1 through 30 as if set forth at length herein.

*Response:* Bradford Lee repeats his responses to paragraphs 1-30.

32. Plaintiffs and Bleecker had a property interest in Bleecker's assets, including its rental income and other liquid assets.

*Response:* Denied as stated with respect to plaintiffs; admitted that Bleecker has an interest in its assets.

33. Defendant wrongly converted Bleecker's assets to himself by wrongfully exercising dominion over them and denying Plaintiffs' and Bleecker's rights in those assets, and acting inconsistent with those rights.

*Response:* Denied.

34. As a result of Defendant's conversion, Plaintiffs and Bleecker have been damaged.

*Response:* Denied.

35. Plaintiffs repeat and reallege the allegations of Paragraphs 1 through 34 as if set forth at length herein.

*Response:* Bradford Lee repeats his responses to paragraphs 1-34.

36. Bleecker's Operating Agreement contains an implied covenant of good faith and fair dealing.

*Response:* Admitted, as the "implied covenant of good faith and fair dealing" is defined by Delaware law.

37. Defendant has breached the implied covenant of good faith and fair dealing contained in the Operating Agreement by misappropriating Bleecker's funds, changing the account passwords, removing Steven from the accounts, and refusing to provide any accounting of his activities, and failing and refusing to provide Ms. Beaumont with her K-1s for 2011, 2012, or 2013.

*Response:* Denied.

38. Defendant's actions were intentional and in bad faith.

*Response:* Denied.

39. As a result of Defendant's actions, Plaintiffs and Bleecker have suffered damage.

*Response:* Denied.

40. Plaintiffs repeat and reallege the allegations of Paragraphs 1 through 39 as if set forth at length herein.

*Response:* Bradford Lee repeats his responses to paragraphs 1-39.

41. As Steven's attorney-in-fact, Dr. Lee owed fiduciary duties toward Steven which included duties of good faith and loyalty and to act in accordance with Steven's best interests and reasonable expectations.

*Response:* This paragraph states legal conclusions to which no response is required. To the extent a response is required, Bradford Lee denies the averments in this paragraph.

42. Dr. Lee breached his fiduciary duties as Steven's attorney-in-fact by ignoring Steven's revocation of the Power of Attorney, by purporting to rescind the transfers he had previously made to Steven of interests in Bleecker, and by misappropriating Steven's capital account in Bleecker.

*Response:* Denied.

43. Plaintiffs repeat and reallege the allegations of Paragraphs 1 through 42 as if set forth at length herein.

*Response:* Bradford Lee repeats his responses to paragraphs 1-42.

44. Steven paid \$321,900.98 to pay off and satisfy the mortgage on the Property because he was a member of Bleecker and had a substantial interest in Bleecker. Bleecker and the Property have received a substantial benefit from Steven (along with his sister) paying and satisfying the mortgage on the Property.

*Response:* Denied.

45. Steven satisfied the mortgage with the intent and understanding that it would increase his equitable interest and the value of his membership interest in Bleecker.

*Response:* Denied.

46. As Steven's attorney-in-fact, and as manager of Bleecker, Dr. Lee owed fiduciary duties to Steven.

*Response:* This paragraph states legal conclusions to which no response is required. To the extent a response is required, Bradford Lee denies the averments in this paragraph.

47. It would be unfair and unconscionable for Dr. Lee and/or Bleecker to retain the benefit of Steven's payment of the mortgage on Bleecker without compensating him therefor.

*Response:* Denied.

48. Steven is entitled to the imposition of a resulting or constructive trust on Bleecker and/or the Property in exchange for or as a result of his payment of the mortgage on the Property.

*Response:* Denied.

49. Plaintiffs repeat and reallege the allegations of Paragraphs 1 through 48 as if set forth at length herein.

*Response:* Bradford Lee repeats his responses to paragraphs 1-48.

50. Dr. Lee has removed and/or taken control of more than a million dollars from Bleecker's accounts, and has removed at least \$294,141.00 from Steven's capital account at Bleecker, and has purported to assign Plaintiffs' interest in Bleecker to himself. Therefore, Dr. Lee has been enriched, and Plaintiff have been impoverished, and there is a direct relation between the enrichment and impoverishment.

*Response:* Denied as stated. Bradford Lee admits only that the entity made distributions to him and that he executed the January 2013 assignments, and denies all remaining averments. Bradford Lee denies the second sentence.

51. Dr. Lee had no justification for removing the funds from Bleecker's accounts and Steven's capital account, and he was not justified in purporting to assign Plaintiffs' interests in Bleecker to himself.

*Response:* Denied.

52. Plaintiffs have no adequate remedy at law.

*Response:* Denied.

Further answering the complaint, Bradford Lee denies all averments not admitted specifically herein.

#### ***First affirmative defense***

Assuming Ms. Beaumont actually did receive a proper transfer of some interest in Bleecker from Steven Lee, she comes to this Court with unclean hands, because Steven Lee deceived Bradford Lee into transferring portions of Bleecker's interest to him. If Ms. Beaumont received any interest in Bleecker from Steven Lee, she did so without paying any consideration, and thus stands in Steven Lee's shoes with respect to any wrongdoing he committed.

#### ***Second affirmative defense***

Assuming Steven Lee actually transferred some interest in Bleecker to Ms. Beaumont in 2011, Ms. Beaumont never informed Bradford Lee of this transfer until November 23, 2012. Thus, assuming the truth of Ms. Beaumont's allegations, she committed laches by waiting a year or so before claiming that she was a member.

#### ***Third affirmative defense***

Assuming Steven Lee actually transferred some interest in Bleecker to Ms. Beaumont in 2011, Ms. Beaumont never informed Bradford Lee of this transfer until November 23, 2012. Thus, assuming the truth of Ms. Beaumont's allegations, she has waived the right to complain about anything that happened at Bleecker prior to November 23, 2012.

#### ***Fourth affirmative defense***

Assuming Steven Lee actually transferred some interest in Bleecker to Ms. Beaumont in 2011, Ms. Beaumont never informed Bradford Lee of this transfer until November 23, 2012. Thus, assuming the truth of Ms. Beaumont's allegations, she is estopped from complaining about anything that happened at Bleecker prior to November 23, 2012.



*Fifth affirmative defense*

Assuming the truth of the allegations in the complaint, all damages alleged would be derivative; Plaintiffs have not alleged any damages suffered by them directly.

*Sixth affirmative defense*

Plaintiffs claims are barred by their unclean hands.

*Seventh affirmative defense*

The purported transfer of interests to Ms. Beaumont was fraudulent.

*Eighth affirmative defense*

Plaintiffs' claims are barred by fraud.

*Ninth affirmative defense*

Plaintiffs claims are barred by estoppel.

*Tenth affirmative defense*

Plaintiffs' claims are barred by a failure of consideration, and because any purported gifts were incomplete gifts and fail due to detached generosity, and the claims fail because Steven was no more than a nominee of Bradford Lee.

*Eleventh affirmative defense*

Plaintiffs' claims fail due to laches or a statute of limitations.

*Twelfth affirmative defense*

Plaintiffs' claims may be barred by waiver.

WHEREFORE, Bradford Lee requests that this Court enter an order:

- (a) Dismissing this case with prejudice.
- (b) Assessing the costs of this case, including attorneys' fees if appropriate, against plaintiffs;
- (c) Granting such further relief as the Court deems appropriate.

*Counterclaim against plaintiffs*

1. George Q. Lee, Bradford Lee's father, was a physician, and Bradford Lee followed in his father's footsteps and also practiced as a physician.
2. In 1996, Bradford Lee became permanently disabled.
3. Steven K. Lee has a bachelor of arts in finance from the University of Pennsylvania Wharton School of Business, a masters in business administration in finance from Columbia University and, at one time, held a license from the Securities and Exchange Commissioner and worked on Wall Street.
4. Beginning in 1997, Steven Lee became Bradford Lee's exclusive financial advisor and held a position of trust and confidence with Bradford Lee in that role, and as his son. Bradford Lee has no education or experience in financial matters.
5. George Q. Lee, Bradford Lee, and Bradford Lee's sister, Loretta Chow, formed the George Q. Lee Family Partnership, a California limited partnership.
6. Beginning in 2001, Steven Lee directed Bradford Lee to execute various documents which purported to transfer nominal title to certain interests in 388 Bleecker LLC and the George Q. Lee Family Partnership from Bradford Lee to Steven Lee (the "Transferred Interests").
7. Steven Lee represented to Bradford Lee that such transfers of nominal title only of the Transferred Interests were lawful and had income and transfer (estate and gift) tax benefits that would, among other things, maximize Steven Lee's net inheritance upon Bradford Lee's death.
8. Steven Lee represented to Bradford Lee that such transfers of the Transferred Interests were of nominal title only and that Bradford Lee would retain equitable and beneficiary ownership of the Transferred Interests.
9. Steven Lee also promised and represented to Bradford Lee that he would hold the Transferred Interests in trust for Bradford Lee and apply the income and principal of the Transferred Interests as Bradford Lee directs for the balance of Bradford Lee's lifetime.
10. On August 27, 2001, Steven Lee executed a durable power of attorney to secure Bradford Lee's ability to rescind the transfer of the Transferred Interests and re-vest the Transferred Interests at will.
11. On April 15, 2011, Steven Lee secretly, and without the consent of Bradford Lee, attempted to transfer the Transferred Interests to Nancy Beaumont, for no consideration.
12. In November and December 2012, Bradford Lee learned of the previously-concealed purported transfer of the 388 Bleecker LLC interest from Steven Lee to Nancy Beaumont.
13. Steven Lee refused to account to Bradford Lee for the Transferred Interests. Steven Lee refused to apply income and principal of the Transferred Interests as directed by Bradford Lee.
14. On January 3, 2013, Bradford Lee, acting pursuant to the power of attorney, executed a certain Assignment that rescinded the transfer of the Transferred Interests and vested such interests in names of Bradford Lee and Sally Lynum-Lee, as trustees of the Bradford Y. Lee and Sally Lynum-Lee Revocable Trust u/d/t dated 11/5/12, which is a revocable living trust, of which Bradford Lee is a settlor.
15. Thereafter, Bradford Lee learned of the previously concealed purported transfer of the George Q. Lee Family Partnership interest from Steven Lee to Nancy Beaumont.

***Count one - breach of fiduciary duty***

16. Bradford Lee restates each foregoing paragraph.

17. Upon information and belief, at all times herein relevant, Steven Lee and Nancy Beaumont were a partner, agent, or employee of each other and, in doing the things herein alleged, were acting within the course and scope of that partnership, agency, or employment.

18. Upon information and belief, the acts and omissions of Steven Lee and Nancy Beaumont were authorized or ratified by each other.

19. Steven Lee owed a fiduciary duty to Bradford Lee, which included the duties of loyalty, full and truthful disclosure, and the duty to refrain from self-dealing.

20. Steven Lee's interests were adverse to Bradford Lee in connection with the Transferred Interests.

21. Bradford Lee did not give informed consent to Steven Lee's conduct.

22. Steven Lee breached his fiduciary duty by committing the acts and omissions alleged herein.

23. Upon information and belief, Beaumont actively participated in Steven Lee breach of fiduciary duty and acted in furtherance of her own financial gain.

24. As a proximate result of Steven Lee and Nancy Beaumont's conduct, Bradford Lee suffered damages in an amount to be proven at trial.

***Count two - breach of trust***

25. Bradford Lee restates each foregoing paragraph.

26. An express trust existed under which Steven Lee, as trustee, held the Transferred Interests in trust for the benefit of Bradford Lee. Pursuant to that express trust, Steven Lee was required to apply the income and principal of the Transferred Interests as Bradford Lee directs for the balance of Bradford Lee's lifetime.

27. Steven Lee breached the trust by committing the acts and omissions alleged herein.

28. Upon information and belief, Nancy Beaumont actively participated in Steven Lee's breach of trust and acted in furtherance of her own financial gain.

29. As a proximate result of the Steven Lee and Nancy Beaumont's conduct, Bradford Lee suffered damages in an amount according to proof at trial.

***Count three - conversion***

30. Bradford Lee restates each foregoing paragraph.

31. Steven Lee and Nancy Beaumont wrongfully exercised control over the Transferred Interests, which were equitably and beneficially owned by Bradford Lee.

32. Steven Lee and Nancy Beaumont intentionally and substantially interfered with Bradford Lee's use and enjoyment of the Transferred Assets.

33. Bradford Lee did not consent to the Steven Lee and Nancy Beaumont's acts and omissions with respect to the Transferred Interests.

34. As a proximate result of Steven Lee and Nancy Beaumont's conduct, Bradford Lee suffered damages in an amount according to proof at trial.

***Count four - elder financial abuse***

35. Bradford Lee restates each foregoing paragraph.

36. Steven Lee and Nancy Beaumont took financial advantage of Bradford Lee by taking, misappropriating, obtaining, or retaining the Transferred Interests for a wrongful use in violation of California's **Elder Abuse** and Dependent Adult Civil Protection Act, or similar laws in other states.

37. Bradford Lee was sixty-five years of age or older at the time of the conduct.

38. As a proximate result of Steven Lee and Nancy Beaumont's conduct, Bradford Lee suffered damages in an amount according to proof at trial.

***Count five - fraud, deceit, and fraudulent inducement against Steven Lee***

39. Bradford Lee restates each foregoing paragraph.

40. Steven Lee made a promise to Bradford Lee.

41. Steven Lee did not intend to perform this promise when he made it. Steven Lee concealed that secret intent from Bradford Lee until late 2012.

42. Steven Lee intended that Bradford Lee would rely on this promise.

43. Bradford Lee reasonably relied on Steven Lee's promise.

44. Steven Lee did not perform the promised acts.

45. As a proximate result of Steven Lee's conduct, Bradford Lee suffered damages in an amount according to proof at trial.

***Count six - intentional infliction of emotional distress***

46. Bradford Lee restates each foregoing paragraph.

47. Steven Lee and Nancy Beaumont intentionally or recklessly engaged in extreme and outrageous conduct with the intent to cause Bradford Lee severe emotional distress.

48. As a result of Steven Lee and Nancy Beaumont's tortious conduct, Bradford Lee suffered severe discomfort, annoyance, and mental suffering. As a result of this severe mental distress, Bradford Lee suffered general damages in an amount according to proof at trial.

***Count seven - declaratory judgment***

49. Bradford Lee restates each foregoing paragraph.

50. An actual controversy exists between Bradford Lee, on the one hand, and Steven Lee and Nancy Beaumont, on the other, concerning their respective rights and duties with respect to the Transferred Interests in that Bradford Lee contends that he is sole nominal, beneficial, and equitable owner of the Transferred Interests, whereas Steven Lee and Nancy Beaumont dispute this contention and claim some interest therein.

51. Bradford Lee desires a judicial determination of his rights and duties, and a declaration as to which party's contentions regarding the Transferred Interests are correct.

52. A judicial declaration is necessary and appropriate at this time under the circumstances so that Bradford Lee may ascertain his rights and duties regarding the Transferred Interests.

***Count eight - unjust enrichment***

53. Bradford Lee restates each foregoing paragraph.

54. Through their acts and omissions described herein, Steven Lee and Nancy Beaumont attempted to enrich themselves and benefit financially.

55. Through their acts and omissions described herein, Steven Lee and Nancy Beaumont attempted to impoverish Bradford Lee.

56. The enrichment to Steven Lee and Nancy Beaumont is directly related to the impoverishment to Bradford Lee.

57. Steven Lee and Nancy Beaumont were not justified in their actions.

58. Bradford Lee has no adequate remedy at law.

***Count nine - undue influence against Steven Lee***

59. Bradford Lee restates each foregoing paragraph.

60. Steven Lee unfairly persuaded Bradford Lee to enter into the transactions described above.

61. At the time Steven Lee did so, he dominated Bradford Lee, and his relationship with Bradford Lee justified the assumption that Steven Lee would not act detrimentally to Bradford Lee's interests.

WHEREFORE, Bradford Lee requests that the Court:

(a) award damages in an amount demonstrated at trial;

- (b) to the extent appropriate, impose a constructive or resulting trust, or impose rescissory damages, or some combination;
- (c) cause an accounting from Steven Lee and Nancy Beaumont with respect to the Transferred Interests;
- (d) assessing the costs of this case, including attorneys' fees if appropriate, against plaintiffs;
- (e) award pre- and post-judgment interest, where appropriate;
- (f) granting such further relief as the Court deems appropriate.

SMITH, KATZENSTEIN & JENKINS LLP

*/s/ Robert K. Beste*

David A. Jenkins (No. 932)

Robert K. Beste III (No. 3931)

800 Delaware Avenue, Suite 1000

Wilmington, Delaware 19801

(302) 652-8400

*Attorneys for Bradford Lee, M.D*

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