

2015 WL 5734469 (Or.Cir.) (Trial Pleading)
Circuit Court of Oregon.
Multnomah County

Andrew RICH, as conservator for Ralph W. Raines, Jr. and personal representative
of the Estate of Ralph W. Raines, Sr.; and Raines Tree Farm LLC, Plaintiffs,

v.

JARRARD, SEIBERT, POLLARD & COMPANY LLC; an Oregon limited liability company; Russell
Ries, an individual; John Seibert, an individual; Mark Sleasman, an individual; William Lisac,
an individual; Jerry Pollard, an individual; and Candace Dunbar, an individual, Defendants.

No. 15CV26333.
September 30, 2015.

**Complaint (Malpractice/Negligence; Breach of Fiduciary Duty; Elder Abuse; Aiding
and Assisting Breach of Fiduciary Duty; Aiding and Assisting Fraud and Conversion)**

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[NOT SUBJECT TO MANDATORY ARBITRATION]

JURY TRIAL DEMANDED

Filing Fee Authority: [ORS 21.160\(1\)\(e\)](#) Amount in Controversy; In excess of \$30,000,000

SUMMARY OF COMPLAINT

1.

Ralph Raines, Jr. (“Ralph Jr.”) and Ralph Raines, Sr. (“Ralph Sr.”) were the victims of a criminal scam operated over a period of approximately a decade by the Lee family, through which the Lee family stole substantially all of the Raines family's assets, worth approximately \$17 million. Throughout the entire relevant time period, Jarrard, Seibert, Pollard & Company LLC (the “Firm”) represented the Raines family on tax and accounting issues. Defendants (1) provided advice on financial and tax matters, (2) provided advice on employment matters, (3) provided advice on estate planning, (4) provided assistance and guidance on bookkeeping and accounting, (5) prepared income tax returns, estate tax returns and gift tax returns, and (6) represented the Estate of Ralph W. Raines, Sr. in an IRS audit. During the relevant time period, Defendants communicated almost exclusively with the Lees (and particularly Rachel Lee) regarding work on behalf of the Raines Family and took instruction from the Lees.

2.

Defendants' actions had the effect of facilitating the Lees' fraudulent scheme by assisting the Lees to avoid detection by the Raines family and the IRS. and by cloaking the Lees' massive financial fraud with the appearance of legitimacy. Defendants failed to communicate with their clients and failed to take reasonable steps to protect the interests of their clients, who were the Raines family, and not the Lees.

3.

Through this action, Mr. Rich (in his capacity as conservator and personal representative) asserts claims against the firm and its members and employees for professional malpractice/negligence, breach of fiduciary duty, **elder abuse** (ORS 124.100(2)), and aiding and assisting the Lees' breach of fiduciary duty, fraud and conversion. Defendants are liable for compensatory damages in excess of \$10 million and treble damages in excess of \$30 million. Mr. Rich further seeks an award of attorney fees and conservator fees.

PARTIES

4.

Plaintiff Andrew Rich ("Rich") is the court-appointed conservator for Ralph Jr. and the personal representative for the Estate of Ralph W. Raines, Sr. (the "Estate"). Rich was appointed as the conservator for Ralph Jr. on June 12, 2014. Rich was appointed personal representative for the Estate on September 30, 2014. Rich and Ralph Jr. are Oregon residents.

5.

Plaintiff Raines Tree Farm LLC is an Oregon limited liability company. Ralph Jr. became the sole member of the Raines Tree farm LLC after the death of Ralph Sr. in 2011. A significant portion of the Raines family's assets consisted of a tree farm of approximately 1,200 acres, which was held in the Raines Tree Farm LLC during the relevant time period. The Raines Tree Farm LLC has been made a party to this suit in an abundance of caution in the event that any party claims that the Raines Tree Farm LLC is the real party in interest on certain claims alleged herein (or portions thereof),

6.

Defendant Jarrard, Seibert, Pollard & Company LLC (the "Firm") is an Oregon limited liability company.

7.

Defendant Russell Ries is an individual. At all times relevant hereto, Mr. Ries has been a Certified Public Accountant ("CPA"), and a member of the Firm. Mr. Ries was the lead CPA for the Raines family for a significant portion of the relevant time period.

8.

Defendant John Seibert is an individual. At all times relevant hereto, Mr. Seibert has been a CPA. At certain times relevant to this action, Mr. Seibert was a member of the Firm and had significant involvement in the Raines family matters. On information and belief, Mr. Seibert left the Firm at some point prior to the initiation of this action.

9.

Defendant Mark Sleasman is an individual. Mr. Sleasman is a CPA and, on information and belief, was previously a member of the Firm. Mr. Sleasman worked on the Raines family matters in his role as a CPA at the Firm.

10.

Defendant Jerry Pollard is an individual. Mr. Pollard is a CPA and a member of the Firm.

11.

Defendant William Lisac is an individual. Mr. Lisac is a CPA and a member of the Firm.

12.

Defendant Candace Dunbar is an individual. Ms. Dunbar is a CPA and a member of the Firm.

13.

Various persons whose identities are unknown to Plaintiffs at this time are believed to have been involved in the conduct described herein in their capacity as employees and/or members of the Firm.

THE LEES

14.

Rachel Lee is believed to be a resident of Oregon or California, Rachel Lee holds herself out as a psychic medium and is affiliated with psychic shops in a number of cities in Oregon. Rachel Lee orchestrated a continuing fraud on the Raines family over several years until 2014. Beginning in or around 2008, the Firm communicated almost exclusively with Rachel Lee in connection with its work for the Raines family. The Firm knew that Rachel Lee was the “caregiver” to Ralph Sr., and had become increasingly involved in the business and financial affairs of the Raines family. Rachel Lee is currently serving a prison term of over eight years and four months in connection with her crimes discussed herein.

15.

Blancey Lee is a resident of Oregon or California. Blancey Lee and Rachel Lee at times held themselves out as a married couple or as brother and sister. On information and belief, during the relevant time period, Rachel Lee and Blancey Lee were married in the Roma culture, but were not legally married. Blancey Lee is serving or will soon begin a prison term of two years in connection with his crimes discussed herein.

16.

Porsha Lee is believed to be a resident of Oregon or California. Porsha Lee is the daughter of Rachel Lee. During the relevant time period, Rachel Lee and Porsha Lee held Porsha Lee out to Ralph Jr. as Mary Marks. Mary Marks was falsely portrayed as an Englishwoman with immigration problems. Rachel Lee and Porsha Lee further led Ralph Jr. to believe that he had married Mary Marks and had fathered a child with her. Porsha Lee is serving or will soon begin serving a prison term of two years and nine months in connection with her crimes discussed herein.

JURISDICTION

17.

This Court has personal jurisdiction over Defendants pursuant to [ORCP 4](#).

FACTS

The Firm's Role

18.

For most of his life, Ralph Jr. lived and worked on his family's tree farm in Gaston, Oregon (the "Raines tree farm"). The Raines tree farm consisted of more than 1,200 acres. Ralph Jr. was an only child. Ralph Jr.'s mother (who owned substantial assets in her own name) died in 2001. Ralph Sr. operated the Raines tree farm with Ralph Jr. and also held substantial assets. Ralph Sr. handled the financial affairs of the business, while Ralph Jr. primarily did physical labor.

19.

The Firm represented the Raines family for many years in connection with accounting, tax and estate planning issues, and therefore had a long history of knowledge regarding the family's simple lifestyle and substantial assets, which were estimated to be approximately \$10 million by around 2000. The Firm further handled estate tax issues for the family when Helen Raines passed away in 2001. Thereafter, the Firm continued to consult on issues regarding estate planning for Ralph Sr., including a plan to continue to transfer parcels of the Raines tree farm into the Raines Tree Farm LLC. In the early to mid 2000s, the Firm also prepared tax returns for at least Ralph Sr. and the Raines Tree Farm LLC, and had substantial knowledge regarding Ralph Sr.'s significant investment account at UBS Financial Services, Inc. ("UBS") in connection with the preparation of his tax returns.

20.

At least by sometime in 2008, the Firm became aware that Ralph Sr.'s health was deteriorating (as the result of a stroke he suffered in 2006). As the result of his declining health, there was a greater sense of urgency in effectuating transactions beneficial to the Raines family in terms of tax planning for Ralph Sr.'s estate. In 2008, the Firm was consulted on valuing the Raines Tree Farm LLC units and the potential transfer of certain of those units from Ralph Sr. to Ralph Jr. in order to utilize Ralph Sr.'s gift tax exclusion. At or around the same time, the Firm was also consulted on the transfer of a cash gift from Ralph Sr. to Ralph Jr., also in order to maximize the utilization of the gift tax exclusion.

21.

At the latest, by February of 2008, the Firm was aware of Rachel Lee's involvement with the Raines family. Notes from February of 2008 suggest that the Firm was working with her at that time on accounting issues in connection with the Raines family.

22.

The Lees made use of Ralph Sr.'s declining health by using a durable power of attorney (DPOA) that Ralph Sr. had executed in favor of Ralph Jr. in 1997. Since the Lees controlled Ralph, Jr., the power of attorney permitted them to control the assets of Ralph Sr. via the DPOA.

23.

In July of 2008, the Firm was consulted on tax issues related to the transfer of a home worth nearly \$1 million in northwest Portland (the “Birkendene” property). The Lees were able to use the Birkendene property to steal approximately \$1 million from the Raines family. In 2006, as part of the Lees' fraudulent scheme, Rachel Lee had orchestrated Ralph Jr.'s purchase of the Birkendene home, and she eventually moved Ralph Sr. and Ralph Jr. to the Birkendene home away from their community in Gaston, Oregon. Thereafter, Rachel Lee orchestrated the use of funds from Ralph Sr.'s investment account to purchase the Birkendene property from Ralph Jr. (purportedly on behalf of Ralph Sr. through the use of the DPOA) and to pay off the \$850,000 in loans on the property.

24.

On July 2, 2008, the Firm was notified that Ralph Sr. had been residing in the Birkendene home with his “caregiver” Rachel Lee and that Ralph Sr.'s cash account at UBS had grown to approximately \$1,500,000 (which had occurred as the result of stock sales initiated by Rachel Lee as part of her plan to liquidate and then convert Ralph Sr.'s assets). The Firm was aware of a proposed plan to use Ralph Sr.'s liquid assets to purchase the Birkendene property with cash, and was asked to provide advice on the tax considerations of the transaction. With the Firm's input, Rachel Lee orchestrated the use of nearly \$1 million of Ralph Sr.'s investment account to purchase the Birkendene home from Ralph Jr. Ultimately, Rachel Lee sold the home to a third party (under a purported power of attorney from Ralph Jr.) and stole the proceeds from the sale.

25.

In or around September of 2008, the Firm was consulted on how the Raines family could formalize Rachel Lee's employment arrangement. At this time, the Firm already knew that Rachel Lee was acting as the “caretaker” for Ralph Sr. At least by September of 2008, the Firm was informed that over time Rachel Lee's “engagement” with the family had “expanded” to include “assisting Ralph Jr. with the management and operation of the Raines Tree Farm LLC.” The Firm provided advice regarding formalizing her “engagement” with the family.

26.

Also in 2008, the Firm was consulted on issues relating to maximizing the Oregon natural resource credit in connection with Ralph Sr.'s estate. As the result of these consultations, the Firm again received additional information on the size and make-up of Ralph Sr.'s assets and would have understood the importance of the valuation of different types of assets and how they affected the natural resource credit. The Firm further understood that maximizing the natural resource credit was part of the estate plan for Ralph Sr., and that to accomplish this it was important to maintain the Raines tree farm and its working capital.

27.

By in or around April of 2009, if not sooner, the Firm was obtaining General Ledgers of expenditures relating to the Raines Tree Farm LLC. Among other examples, the General Ledger for 2008 shows payments to Blancey Lee, purportedly for work in connection with the Raines family home. Also appearing in the Firm's files is a calculation of Ralph Sr.'s “Home Care” expenses for 2007. The tally sheet has a handwritten note referencing “Rachel” and the bimonthly checks for her “Home Care” in 2007 total approximately \$170,000.

28.

The Firm's files contain a copy of Ralph Sr.'s UBS account statement from May of 2009, showing that the value of the account had decreased from over \$7 million in 2006 (around the time Ralph Sr. had his stroke) to approximately \$969,000 in May of

2009. Despite its role in preparing tax returns for Ralph Sr. and consulting on estate planning and other issues for him (and its knowledge of his incapacity), the Firm did not raise any issues about the depletion of Ralph Sr.'s assets,

29.

Further, it appears that by 2008 or 2009, at the latest, the Firm was communicating directly with Rachel Lee (instead of Ralph Sr. or Jr.) regarding tax and accounting issues for the Raines family, and continued to do so throughout the relevant time period. From this time forward (throughout a period of over five years), the Firm communicated almost exclusively with the Lees, Ralph Jr.'s contact with the firm was extremely limited, and it appears that the Lees were involved in the limited contact Ralph Jr. did have with the Firm,

30.

In 2010, the Firm was given a 2009 General Ledger for the Raines Tree Farm showing that Mary Marks (who was actually Rachel Lee's 20 year old daughter, Porsha Lee, posing as the fictitious Mary Marks) was now also being paid by the Raines Tree Farm LLC for bookkeeping work.

31.

At least by 2010, the Firm was also given copies of the General Ledger and Profit and Loss statement for the "Ralph Raines Sr. Household" account for 2009. The documents disclose a large amount of information regarding the Lees' financial **abuse** of the Raines family. The P&L statement shows that approximately \$1,200,000 was deposited into the account in 2010. These funds were available as the result of the Lees' liquidation of investments in Ralph Sr.'s UBS account, and their transfer of those funds into a bank account purportedly used for Ralph Sr.'s household expenses. Of the approximately \$1,200,000 deposited into the account in 2009, only \$200,000 remained in the account at the end of the year. It appears that approximately \$375,000 was used to pay taxes, in large part on the significant capital gains incurred as the result of the Lees' liquidation of investments. However, the General Ledger reveals that approximately \$500,000 was used to support the Lees' lavish lifestyle. The entries (such as regular charges for "nails and salon," payments for large credit card bills, payments for multiple luxury vehicles, and \$78,500 as an expense for a "personal design[er]") are completely inconsistent with the expenses of an incapacitated man needing a fulltime caregiver.

32.

The 2009 General Ledger also shows approximately \$200,000 in payments to Rachel Lee, purportedly as "medical" expenses for her provision of services to Ralph Sr. as a caregiver. In fact, the Firm ran an individual report on the payments to Rachel Lee, showing a tally of payments to her in 2009 of \$203,837. As examples of other highly questionable items, there are additional payments to Porsha Lee for thousands of dollars, and over \$40,000 in payments listed to Blancey Lee, purportedly for remodeling work.

33.

In February of 2011, Ralph Sr. died. Thereafter, the Firm was engaged to consult on tax and accounting issues for the Estate and to file related tax returns. In or around February of 2011, the Firm was provided the 2010 General Ledger for the Raines Tree Farm. Among other things, the ledger shows payments to Mary Marks as a "PA-personal ass[istant]," to Christopher Lee (a family member of Rachel Lee) purportedly as a "tree planter," and to Porsha Lee purportedly in connection with the purchase of an "infiniti automobile for LLC."

34.

At around the same time, the Firm (which was now also engaged to handle Ralph Jr.'s taxes) received a General Ledger for Ralph Jr.'s 2010 expenses. The ledger shows a \$40,000 purported "loan" to Rachel Lee.

35.

In or around March of 2011, the Firm received a copy of the General Ledger for Ralph Sr.'s Household account for January 2010 through March 2011. Again, the ledger evidences the massive financial **abuse** occurring in the household. As examples, the ledger shows an additional approximately \$1 million being transferred into the account as the result of the liquidation of investments in Ralph Sr.'s UBS account, and the draining of these funds to support a lifestyle totally inconsistent with the needs of Ralph Sr., who was incapacitated and dying (e.g., salons, restaurants, travel, luxury vehicles and credit cards). The ledger shows over \$100,000 of payments to Rachel Lee, approximately \$50,000 in payments to Blancey Lee, over \$30,000 in payments to Porsha Lee, an \$8,000 payment to Freddie Marks (a relative of Rachel Lee), and over \$10,000 in payments to Erica Adams (also a relative or associate of Rachel Lee).

36.

On March 17, 2011, the Firm emailed a list of questions to Rachel Lee regarding the ledgers for 2010. The document summarizing the email makes clear that the Firm reviewed the ledgers in detail, and accepted Rachel Lee's false explanations of certain payments to Mary Marks and Porsha Lee.

37.

During the relevant time period, the Firm prepared tax returns for Ralph Sr., Ralph Jr. and the Raines Tree Farm LLC. The Firm was fully aware that Rachel Lee worked as a caretaker for Ralph Sr., and had been paid hundreds of thousands of dollars purportedly for this work. The Firm was also aware that Rachel Lee and others performed work for the Raines Tree Farm LLC. Despite its knowledge of Rachel Lee and other workers, the Firm failed to provide appropriate advice and make appropriate inquiries regarding income tax and payroll related issues and required reports.

As previously discussed, the Firm was involved in providing advice in 2008 regarding the use of Ralph Sr.'s funds to purchase the Birkendene property for nearly \$1 million from Ralph Jr. In or around 2010, the fictitious Mary Marks (who was approximately 22 years old) and Ralph Jr. (who was approximately 63 years old) were purportedly married and thereafter purportedly had a son. In 2010, after Ralph Jr. and Mary Marks were purportedly married, Ralph Jr. (purportedly acting under his DPOA for Ralph Sr.) purportedly transferred the Birkendene property to Mary Marks for no consideration. Ultimately, the transfer to Mary Marks was not recognized for purposes of the Estate, and the Birkendene property was included in the Estate inventory.

39.

Notes in the Firm's file show that (by in or around April of 2011) the Firm was aware of the history of the Birkendene property, the purchase by Ralph Sr. for \$919,000 in 2008, and the subsequent transfer to Mary Marks in 2010 for no consideration.

40.

By mid 2011 at the latest, the Firm had commenced work on tax issues relating to the Estate. The Firm by this point also was told that Ralph Jr. and Mary Marks were purportedly married, as the Firm was copied on correspondence addressed to "Mr. and Mrs. Ralph W. Raines, Jr."

41.

A key element of the Lees' fraudulent scheme was to tell Ralph Jr. that he had to sell the Raines tree farm in order to pay taxes, information that was false. The Lees were able to keep Ralph, Jr. from receiving the correct information because they controlled the contacts with the Firm. Thus, the Lees were able to orchestrate the sale of the Raines tree farm (which was contrary to Ralph Jr.'s plan to continue farming for many years) in a series of sales in 2011 and 2012 for over \$12 million (and steal the bulk of the proceeds).

42.

Records show that by mid 2011, the Firm had been informed by Rachel Lee that she was in the process of attempting to sell the Pumpkin Ridge tract of the Raines tree farm. The Pumpkin Ridge tract was sold on July 27, 2011, for \$1,024,500. The Gales Creek tract was sold on September 23, 2011, for \$1,407,000. The Lees thereafter began to drain the accounts of the proceeds of these sales.

43.

In or around August of 2011, the Firm was provided an inventory of Estate assets filed in the probate matter, which inventory showed that the only Estate assets were (1) the Birkendene property, (2) Ralph Sr.'s interest in the Raines Tree Farm LLC, (3) approximately \$115,000 from the UBS account, and (4) cash and miscellaneous items worth around \$2,000. Along with the Estate inventory the Firm was provided a copy of the February 2011 statement for Ralph Sr.'s UBS account, which contained a graphic depiction of the depletion of the account from a value of over \$7 million in 2006 down to \$115,000 at the time of Ralph Sr.'s death. The Firm did nothing to express concern about the massive depletion in assets, or inquire how it was possible for a very wealthy man such as Ralph Sr. to die without significant additional cash, investment accounts and other property and to have dissipated the liquid assets that should have been available to pay estate taxes. Instead, the Firm simply proceeded to prepare the lax returns for the Estate as if nothing had happened, and continued to communicate with Rachel Lee.

44.

The Firm had been consulted for a number of years regarding the Raines family's intent to maximize the natural resource credit for the Estate, and revisited this issue in connection with the preparation of the Estate tax returns. The Firm was fully aware that the sale of the tree farm parcels was at odds with the Raines family's long-time plan to maximize the natural resource credit, and, in fact, the sales had the effect of decreasing the credit to which the Estate was entitled. Further, in connection with analyzing issues related to Estate taxes, the Firm was aware of Ralph Jr.'s plan to continue tree farming for many years, a fact that was completely at odds with the land sales that already had taken place and with the Lees' sale of the bulk of the remaining tree farm within the next six months (of which the Firm was fully aware).

45.

In or around November of 2011, the Firm was aware that there had been distributions from the Raines Tree Farm LLC in excess of \$2 million in the approximately nine months since Ralph Sivs death. Not only was the amount of the distributions remarkable by itself, these distributions also had adverse consequences for the Estate, of which the Firm was fully aware.

46.

If not before, by around January of 2012, the Firm was in possession of a General Ledger for the Raines Tree Farm for the year of 2011. As noted above, the ledger shows withdrawals of approximately \$2.4 million between May and November of 2011. Among other highly questionable payments, the ledger further shows \$50,000 in payments to Mary Marks, and nearly \$40,000 in payments to Christopher Lee and Michael Mitchell (family members of the Lees).

47.

On January 11, 2012, the Lees orchestrated the sale of a portion of the Cherry Grove tract of the tree farm for \$1,075,000, and thereafter began to drain the accounts of these funds.

48.

In early 2012, the Firm finalized and submitted the Estate tax returns (both federal and Oregon), without any communication with Ralph Jr. regarding the significant depletion of assets or numerous other red flags regarding the financial **abuse** that was occurring.

49.

In or around March of 2012, the Firm received a copy of the General Ledger for the Ralph Raines Sr. Household for 2011. Despite the fact that Ralph Sr. had died in February, the ledger shows that the excessive spending of his assets continued unabated after his death. Of the approximately 16 pages of entries of expenditures for Ralph Sr.'s household, approximately 14 of the pages show expenditures incurred purportedly by his household after his death. The ledger shows the deposit of approximately \$640,000 from Ralph Sr.'s UBS account (the bulk of his remaining account) on January 6, 2011, and the subsequent transfer of over \$1 million of funds from the Raines Tree Farm LLC into the Ralph Raines Sr. Household account. Of the approximately \$2 million transferred into the Ralph Raines Sr. Household account in 2011, only around \$600,000 remained in the account by the end of the year. Consistent with the ledgers that the Firm had received in earlier years, the ledger shows expenditures (such as on a luxury vehicle, restaurants, salons, department stores and credit cards) that clearly were not for the benefit of Ralph Sr., who was already deceased. The ledger further shows payments in excess of \$100,000 to the Lees, a payment of approximately \$14,000 to Michael Mitchell (a family member of the Lees), and payments totaling approximately \$25,000 to Erica Adams (an associate of the Lees).

50.

In February of 2012, the Firm was working on preparing Ralph Jr.'s 2012 tax returns. The firm emailed Rachel Lee to inform her that it would need Ralph Jr.'s spouse's name and social security number, and inquired whether the returns should indicate "married filing jointly." The Firm further inquired about the "[c]hild's full name, age and social security number." In June, the Firm emailed Rachel Lee saying it was still waiting on information for Ralph Jr.'s tax returns, including, "Spouse[']s full name and social security number (required even if filing separately)." Despite the Firm's knowledge of Ralph Jr.'s "marriage" to Mary Marks, for calendar year 2011 (and all years for which the Firm prepared his taxes), and its apparent knowledge that Ralph Jr. allegedly had a child, the Firm prepared tax returns on his behalf indicating that he was filing as a "single" man, and his tax returns do not list a spouse, a child or their social security numbers.

51.

In early 2012, the Firm prepared 2011 income tax returns for Ralph Jr., the Estate, the Raines Tree Farm LLC and Ralph Sr.

52.

On July 26, 2012, Ralph Jr. turned 65. On July 31, 2012, the Lees orchestrated the sale of substantially all of the remaining tree farm for \$8,770,000, and thereafter began draining the accounts of the proceeds of the sale. By at least August of 2012, the Firm was aware of all of the tree farm sales, and as a result prepared additional Estate tax returns showing additional taxes owed as the result of the sales.

53.

In or around August of 2012, Rachel Lee orchestrated the sale of the Birkendene home. Rachel Lee signed the transaction documents purportedly as the “attorney in fact” for Ralph Jr. Copies of the transaction documents appear in the Firm’s file. Additionally, the Firm received a copy of an escrow instruction letter (and voided “Hello Kitty” check) showing that the proceeds from the sale were to be deposited into an account in the name of Rachel Lee.

54.

In November of 2012, the Firm was informed that the Estate was being audited. The Firm thereafter sent to the IRS substantial bank account statements for a West Coast Bank account (which was the same account tracked by the General Ledgers for the Ralph Raines Sr. Household), and which statements showed the same financial **abuse** previously apparent from the General Ledgers discussed above.

55.

In or around April of 2013, the Firm prepared 2012 tax returns for the Estate, the Raines Tree Farm LLC, and Ralph Jr. Ralph Jr.’s 2012 returns showed nearly \$700,000 owed in taxes in connection with income from the sales of the Raines tree farm (despite the fact that the Lees were in the process of stealing the purported proceeds from the sales).

56.

In May of 2013, the IRS wrote to the Firm in connection with the audit of the Estate. Referring to the notable payments out of the relevant accounts to the Lees, the letter from the IRS states:

I am requesting some additional information regarding the account and transactions.... 4. Regular payments were made to the following people. What was their relationship to Ralph W. Raines, Sr.? a. Rachel Lee, b. Blancey Lee, c. Pors[]ha Lee, d. Erica Adams.

57.

The Firm proceeded to communicate with Rachel Lee regarding responses to the IRS inquiry. On June 13, 2013, the Firm wrote to the IRS in response to the May inquiries. In pertinent part, the Firm’s letter states:

This letter is in response to your letter inquiry dated May 28, 2013. The following are responses to your questions posed....

4. Individual relationships to Ralph W. Raines, Sr.

Rachel Lee—One-time fiance to Ralph W. Raines, Jr. Provided caregiving to Sr. along with administrative services to the Tree Farm and Sr. and Jr.

Blancey Lee—Cousin to Rachel Lee, and provided ongoing real estate repairs, maintenance and improvements to Sr.'s Gaston and Portland residences and Jr.'s Canby residence.

Pors[]ha Lee—Daughter of Rachel.

Erica Adams—Unrelated individual who provided caregiving services to Sr.

5. Deposits to the West Coast Bank account came primarily from UBS investment account transfers and cash distributions from the Raines Tree Farm, LLC.

6.... Disbursements

To Blancey Michael Lee—Compensation for time and materials used to repair and improve Gaston, Canby and Portland residences.

To Rachel Lee/Pors[]ha Lee—Gifts/remuneration for round the clock caregiving to Sr.

To Patricia Wilson—Loan—no amounts repaid at date of death.

To U.S. Bank—Payments toward VISA card for personal transaction of Jr. and Sr.

To Lexus Financial—Auto debt service payments for vehicle(s) owned by Jr. primarily used in transportation of Sr.

To Nordstrom—Payment on amount for items purchased by Jr.

To Ralph Raines—Gift (\$120,000.00 paid 9/7/2010).

To Chase Epay—Visa payments for personal expenses of Jr.

To Broodeast Center—Apartment rent in Los Angeles, CA for Sr., Jr. and Lee family.

To Mercedes Benz—Down payment for automobile owned by Jr. To Erica Adams—Gift (\$20,000 paid 2/3/2011).

58.

Certain of these characterizations were contrary to what was stated on the ledgers showing these payments in the Firm's possession.

59.

After the date of the June letter, the Firm continued to work on audit issues, and continued to obtain information relevant to the audit from Rachel Lee. In connection with the audit, in July of 2013 the Firm prepared United States Gift (and Generation-Skipping Transfer) Tax Returns for Ralph Sr. for 2009 and 2010, which returns purported to characterize approximately \$360,000 in payments to Rachel and Porsha Lee as gifts (as opposed to their proper characterization as funds wrongfully taken from Ralph Sr.). The firm wrote to the IRS seeking abatement of penalties for the late filing of these returns, and indicated that

the oversight in failing to file gift tax returns for these payments in earlier years was as the result of Ralph Sr.'s serious illness. Yet, the Firm was aware that Rachel Lee supposedly had been handling the family's affairs.

60.

Through its audit, the IRS had also identified that the West Coast Bank account discussed above (and the funds in that account) had been omitted from the Estate tax return. The Firm wrote to the IRS seeking abatement of penalties associated with this oversight, asserting that there had been a "misunderstanding" and that "the executor" had thought this account held Raines Tree Farm LLC funds, as opposed to funds of Ralph Sr. However, as discussed above, at the time the Firm prepared the Estate tax returns, the Firm (1) had been receiving the General Ledgers for this account for a number of years, (2) knew it was funded largely by deposits from Ralph Sr.'s UBS account, and (3) knew that it was used for the expenses of the "Ralph Raines Sr. Household."

61.

In December of 2013, the firm continued to communicate with Rachel Lee regarding tax issues and the audit. On December 2, 2013, Rachel Lee emailed the Firm inquiring about the amount of inheritance taxes still owed. The Firm emailed Rachel Lee back to indicate that the total remaining tax was approximately \$350,000. Rachel Lee emailed the Firm back to say, "Oh wow, did u find out if we can give the[m] the rest of the tree farm to pay off?"

62.

Rachel Lee was suggesting the possibility of transferring the small remaining parcel of the Raines tree farm on which Ralph Jr.'s modest home was located to pay taxes. The Firm responded to her email on the same day to say, "Most likely the IRS will review Jr's personal assets, and if there are adequate liquid assets to satisfy the obligation they will not accept nonliquid assets." Rachel Lee and the Firm then exchanged additional emails regarding the tax implications of selling the remaining portion of the tree farm to raise money to pay the Estate taxes. There is no indication that the Firm raised questions with Rachel Lee (let alone Ralph Jr.) as to why Ralph Jr. would need to sell the small remaining portion of the tree farm with his home in order to pay \$350,000 in inheritance taxes, when he had just sold nearly the entire family tree farm for over \$12 million in cash (or, further, what happened to the UBS account that had contained as much as \$7 million in liquid assets).

63.

Also in or around December of 2013, the Firm was on notice that the Lees had used Ralph Jr.'s funds to purchase property in Fresno, California (which was, in fact, a residence for Porsha Lee).

64.

In or around January of 2014, Rachel Lee inquired about the tax implications of purchasing a Tesla, and the Firm advised her on the tax credits available in connection with such a purchase.

65.

In 2014, the Firm continued to work on issues related to the IRS audit, and continued its communications with Rachel Lee.

66.

On April 7, 2014, the IRS provided the Firm its recommendations resulting from the audit, confirmed that certain penalties would be assessed, and indicated that approximately \$250,000 was still owed to the IRS.

67.

The criminal indictment against the Lees was filed approximately one month later, on May 8, 2014, and the Lees were arrested at or about the same time.

Additional Facts as to the Lees

68.

The Lees' scheme likely began in 2004 when Ralph Jr. met Rachel Lee in Bend, Oregon and believed her to be a psychic. Thereafter, Rachel Lee befriended Ralph Jr. and his father, gained information about them and their assets, and gradually gained their trust. In 2004 when they first met, Rachel Lee was approximately 34 years old. Ralph Jr. was approximately 57 and Ralph Sr. was approximately 84.

69.

After suffering a stroke in 2006 when he was approximately 86 years old, Ralph Sr. was no longer able to care for himself or manage his affairs. At that point, Rachel Lee became the full time caregiver for Ralph Sr. after convincing Ralph Jr. that she had been the caregiver for her deceased husband, which was false. She also convinced Ralph Sr. and Jr. that she could manage their financial affairs, even though she had no experience or training to do so. Having inserted herself into the Raines family's affairs, Rachel Lee moved into the family home with Ralph Jr. and his father in Gaston, Oregon.

70.

In or around 2006, Rachel Lee introduced Blancey Lee to Ralph Sr. and Jr. Rachel Lee brought Blancey Lee to the Raines family home purportedly for the purpose of doing general contracting work. Blancey Lee resided with Ralph Jr. and/or Sr. at various times during the years in question.

71.

In or around 2006, Rachel Lee convinced Ralph Jr. to purchase a home in northwest Portland (the Birkendene home) for nearly \$1 million. Rachel Lee moved Ralph Jr. and Ralph Sr. to this home in northwest Portland, isolating them from their community in Gaston, Oregon. Rachel Lee resided in this home for a number of years, at various times with Ralph Sr. and Jr.

72.

In or around 2009, the Lees conspired to introduce "Mary Marks" to Ralph Jr. "Mary Marks" was in fact Porsha Lee, Rachel Lee's daughter. While posing as Mary Marks, Porsha Lee presented herself as an Englishwoman who needed a green card to remain in the United States. Porsha Lee spoke with a fake English accent, and wore a blonde wig and glasses. At the time the Lees introduced Mary Marks to Ralph Jr., Porsha Lee was approximately 20 years old and Ralph Jr. was approximately 62 years old. The Lees orchestrated Ralph Jr.'s meeting and developing affection for Mary Marks. The Lees further staged a

wedding ceremony for Ralph Jr. and Mary Marks. In fact, Ralph Jr. never married the fictitious Mary Marks, and no marriage certificate exists for the purported marriage.

73.

Mary Marks allegedly lived and worked in California. She visited Ralph Jr. in Oregon, and Ralph Jr. also visited her in California. Mary Marks falsely represented to Ralph Jr. that she had given birth to his child, a son. In fact, the minor child has no relation to Ralph Jr., but is believed to be the grandchild of Rachel Lee.

74.

As part of the Lees' conspiracy, the Lees gradually isolated Ralph Jr. and Sr. from their community, business associates, neighbors and family. By the time Ralph Sr. died in 2011, the Lees had succeeded in isolating both Ralph Sr. and Jr. and gaining control over their assets.

75.

Purportedly for purposes of assisting her in providing care for Ralph Sr. and helping to operate the Raines Tree Farm LLC, Rachel Lee convinced Ralph Jr. and Sr. to add her to a number of bank accounts. Thereafter, the Lees orchestrated the transfer of approximately \$4.5 million dollars out of Ralph Sr. and Ralph Jr.'s investment accounts, moved the money through various accounts, and eventually stole nearly all of the funds. At the time of Ralph Sr.'s death, his UBS Financial Services, Inc. ("UBS") brokerage account (which was worth over \$7 million in 2006 around the time that Rachel Lee first assumed her role as Ralph Sr.'s caretaker) was worth only \$115,000. By 2009, the Lees had also cleared out Ralph Jr.'s Edward Jones brokerage account and stolen \$650,000 in proceeds from the account.

76.

The Lees further obtained a power of attorney from Ralph Jr. and made themselves the beneficiaries of Ralph Jr.'s will.

77.

After Ralph Sr.'s death, Ralph Jr. became the sole owner of the Raines Tree Farm LLC. Through the use of misrepresentations, omissions and undue influence, the Lees convinced Ralph Jr. that he needed to sell nearly the entire Raines tree farm, purportedly to pay taxes. As discussed above, the Lees sold the tree farm for in excess of \$12,000,000 in a series of transactions in or around 2011 and 2012. Shortly thereafter, the Lees transferred the proceeds of the sale through various accounts and stole nearly all of the proceeds.

78.

Throughout the relevant time period, the Lees lived a lavish lifestyle using Ralph Sr. and Ralph Jr.'s stolen funds. Among other things, the Lees purchased a Ferrari, a Bentley, and multiple other luxury vehicles. They purchased a number of homes (in both Oregon and California) for themselves and other members of their extended family, including a lake house in California. The Lees and their family took trips to Las Vegas and Europe. They purchased Rolexes, other expensive jewelry, and items like expensive fishing boats, and incurred large charges at department stores.

79.

The Lees' luxurious lifestyle did not include Ralph Jr. and Ralph Sr., who had always lived frugal and simple lives in Gaston, Oregon.

80.

The United States Attorney's Office filed an indictment against the Lees on May 8, 2014, and had Rachel and Porsha Lee arrested in Bend, Oregon at or around the same time.

81.

At the time of their arrest, the Lees had been keeping Ralph Jr. in a converted garage behind their Bend psychic shop. Ralph Jr. was weak and confused when the authorities located him on the property. As the result of his inability to manage his own affairs, on June 12, 2014, the Washington County Court entered a Stipulated Limited Judgment Appointing Conservator for an Adult for an Indefinite Period of Time, which judgment appointed Mr. Rich as the conservator for Ralph Jr. To this day Ralph Jr. is still coming to terms with the fraud that was perpetrated on him.

82.

The Lees gained access to and control over Ralph Jr. and Sr.'s accounts and assets through the use of misrepresentations, omissions and undue influence. As the result of the control Rachel Lee and Porsha Lee/Mary Marks exercised over Ralph Jr. and Sr. (which control was gained through the use of misrepresentations, omissions and undue influence), Ralph Jr. and Sr. had no true access to or control over their assets.

83.

The Lees made false representations to Ralph Sr. and/or Jr. in furtherance of their fraudulent scheme, including without limitation, that:

- (a) Rachel Lee had experience as a caregiver, based upon her fictitious story about her deceased husband;
- (b) Rachel Lee would manage Ralph Jr. and Ralph Sr.'s finances for their benefit;
- (c) Mary Marks/Porsha Lee was an Englishwoman who needed a green card, and also was a travelling bookkeeper with experience in QuickBooks;
- (d) Mary Marks/Porsha Lee would assist the Raines family with bookkeeping for the benefit of Ralph Sr. and Ralph Jr.;
- (e) Mary Marks/Porsha Lee had developed affection for Ralph Jr.;
- (f) Mary Marks/Porsha Lee and Ralph Jr. were married, had a son together, and had a second child who died in childbirth;
- (g) Ralph Jr. needed to sell the Raines tree farm to pay taxes;
- (h) There was little to no profit from the sale of the Raines tree farm after payment of taxes;
- (i) Rachel Lee and Mary Marks/Porsha Lee were managing the Raines family assets for the benefit of the Raines family; and

(j) The Raines family's assets had been used to pay legitimate expenses, including taxes.

84.

The Lees omitted to disclose material facts to Ralph Sr. and Jr., including without limitation:

(a) The Lees were operating a seam for the purpose of misappropriating the Raines family's assets;

(b) The Lees had stolen the Raines family's assets to make large payments to themselves, family members and friends, and to support their lavish lifestyles (including the purchase of vehicles, real estate and other property); and

(c) The Lees were failing to pay debts that were wrongly incurred for the Raines family, as well as debts that the Raines family had legitimately incurred, such as taxes.

85.

In addition to other bases of liability (including without limitation their own conduct, the conduct of others under their supervision and control, and aiding and assisting tortious conduct) the individual defendants are also jointly and severally liable for the damages alleged herein as provided by [ORS 63.074\(2\)](#).

CLAIMS FOR RELIEF

FIRST CLAIM FOR RELIEF

Malpractice/Negligence

86.

Plaintiffs reallege each and every allegation set forth in the preceding paragraphs and incorporate them herein by reference,

87.

Defendants owed a duty to Ralph Jr., Ralph Sr. and the Raines Tree Farm LLC to provide competent representation consistent with the applicable standards of care for accountants.

88.

Defendants' duties included at least the following duties:

(a) to protect their clients' interests;

(b) to inform their clients of facts learned by Defendants;

(c) to inquire as to facts and circumstances when they were incomplete or uncertain;

(d) to make particular effort to inquire about facts and circumstances that were unusual or appeared to present or evidence harm or a risk of harm to their clients;

- (e) to inform their clients when the clients' agents were or may be acting against the interests of their clients;
- (f) to make particular effort to inquire about potential or actual financial **abuse** being perpetrated on their clients;
- (g) to refrain from assisting others whose actions were harming their clients;
- (h) to examine their clients' financial affairs and report about these affairs directly to their clients;
- (i) to not ask their clients to sign incorrect documents;
- (j) to refrain from making misstatements in lax documents;
- (k) to refrain from making misstatements to the IRS;
- (l) to inquire about assets and potential assets of an estate for which the Firm was preparing a tax return; and
- m) to inform their clients about the need to prepare and file necessary tax returns, pay necessary taxes, make necessary tax withholdings, and make necessary reports, such as Form 1099;

all in a manner consistent with Defendants' overall duties to their clients of competence, diligence, communication, and the applicable standards of care for accountants.

89.

Defendants were aware of facts and circumstances as described herein and including, among other things, the following:

- (a) The depletion of Ralph Sr.'s \$7 million UBS account during the course of only a few years while Ralph Sr. was incapacitated;
- (b) Detailed accounts of expenditures from the Ralph Raines Sr. Household account, which clearly evidenced huge expenses totally inconsistent with the needs or lifestyle of Ralph Sr. (who was incapacitated), or Ralph Jr., and the bogus explanations for some of the expenditures provided by the Lees;
- (c) Massive payments to Rachel Lee, who was purportedly a caretaker for Ralph Sr., as well as regular additional large payments to a number of her family members;

[Note: Page 27 missing in original document]

- (n) The fact that Rachel Lee sold the Birkendene home in Ralph Jr.'s name purportedly as Ralph Jr.'s "attorney-in-fact," and had the funds deposited into the "Hello Kitty" account in her name;
- (o) The IRS audit and all of the issues (including the payments to the Lees) that the IRS (which had much less knowledge of the situation than did the Firm) identified;
- (p) The fact that Rachel Lee was supplying information to the Firm in order to purportedly explain the issues identified by the IRS audit (including the characterization of payments to herself as gifts, instead of stolen funds);
- (q) Rachel Lee's inquiry regarding the purchase of a Tesla;

- (r) The purported need to sell the small remaining portion of the Raines tree farm to raise money for taxes, despite the fact that the bulk of the tree farm had recently been sold for in excess of \$12 million in cash, and despite the remarkable loss of the liquidity that should have been provided by the UBS account;
- (s) Defendants' primary contact was Rachel Lee, who was not the Defendants' actual client, and who was acting against the interests of the Defendants' clients;
- (t) Ralph Jr.'s personality traits that would make him vulnerable to outside influence such as by the Lees;
- (u) Ralph Sr.'s advanced age and disabling stroke;
- (v) Ralph Jr.'s and Ralph Sr.'s frugal and moderate lifestyle, which contrasted sharply with their spending of millions of dollars through the Lees' fraud;
- (w) Huge purported gifts to Rachel Lee; and
- (x) Real estate transactions and expenses associated with real estate, involving locations such as Fresno, California; Los Angeles, California; Canby, Oregon; and involving Barbur Street, LLC, that were not fully explained and that were inconsistent with the needs and lifestyle of the Raines family.

90.

Defendants were negligent and failed to comply with the applicable standards of care in one or more of the following particulars:

- (a) Defendants knew or should have known that the Lees, as agents, were acting against the interests of the Raines family, who were Defendants' clients. Defendants failed to inform their clients of this fact or to take any other steps to protect their clients, and instead subordinated their judgment to the Lees.
- (b) Despite their knowledge, Defendants actively gave assistance to the Lees in managing the Raines family finances. Defendants (1) provided advice on financial and tax matters, (2) provided advice on employment matters, (3) provided advice on estate planning, (4) provided assistance and guidance on bookkeeping and accounting, (5) prepared income tax returns, estate tax returns and gift tax returns, and (6) represented the Estate in an IRS audit. Such actions helped to facilitate the Lees' fraudulent scheme.
- (c) Defendants failed to make adequate inquiry as to the assets of the Estate and what had happened to those assets in the years before and after Ralph Sr.'s death and after they were distributed to Ralph Jr.
- (d) Defendants made incorrect statements to the IRS in tax filings and other communications.
- (e) Defendants failed to inquire as to a series of facts and circumstances that were incomplete and uncertain, were unusual, and that appeared to present or evidence harm or a risk of harm to their clients.
- (f) Defendants failed to make disclosures to Ralph Sr. and Ralph Jr. including, without limitation, the existence of the facts and circumstances described in paragraph 89; the dangers created by those facts and circumstances; the financial **abuse** already known to Defendants; the risks inherent in the facts already known to Defendants or which they should have known; and steps that the Raines family should have taken to investigate what had taken place and to protect themselves.

(g) Defendants failed to communicate with Ralph Jr. regarding the amount of taxes owed, or that through proper planning would be owed, in connection with the Estate (or otherwise), such that he would have known that it was not necessary to liquidate the tree farm in order to pay taxes.

(h) Defendants failed to advise their clients that they were required to prepare and file documents, send notices and forms to persons to whom they had paid money, and pay taxes as to payroll, employment, household employees and related matters.

(i) Defendants failed to inquire as to the details of real estate transactions and expenses of which the Firm was aware in order to file accurate tax returns and take advantage of proper tax deductions.

91.

Defendants continued to take direction from the Lees despite the massive red flags relating to the Lees' **abuse** of the Raines family as described above. Defendants demonstrated a complete lack of diligence in representing the interests of their clients, who were the Raines family, not the Lees. Defendants' actions had the effect of facilitating the Lees' fraudulent scheme by assisting the Lees to avoid detection by the Raines family and the IRS, and by cloaking the Lees' massive financial fraud with the appearance of legitimacy.

92.

The negligence of the Defendants in one or more of the acts and particulars alleged and described above was a substantial factor in permitting the wrongs committed by the Lees to continue and causing the Raines family and Plaintiffs to incur the losses described herein.

93.

But for the negligence of the Defendants in one or more of the acts and particulars alleged and described above, the Raines family and Plaintiffs would not have incurred some or all of the losses described herein.

94.

As a direct result of Defendants' malpractice and negligence, Plaintiffs have been damaged in an amount in excess of \$10 million. Plaintiffs assert that Rich (as conservator for Ralph Jr. and personal representative for the Estate) is the proper party to assert this claim for all damages at issue. Alternatively, all Plaintiffs assert this claim against Defendants.

SECOND CLAIM FOR RELIEF

Breach of Fiduciary Duty

95.

Plaintiffs re-allege each and every allegation set forth in the preceding paragraphs and incorporate them herein by reference.

96.

As Plaintiffs' accountants, Defendants owed fiduciary duties to Plaintiffs, including the duty of care, loyalty, honesty, and full and fair disclosure.

97.

Among other things, Defendants breached their fiduciary duties by failing to adequately advise and communicate with Ralph Jr. and Ralph Sr. regarding tax and financial matters. Instead, Defendants took direction almost exclusively from the Lees, and subordinated their judgment to the Lees. Further, Defendants failed to make disclosures to Ralph Sr. and Ralph Jr. regarding financial matters, including, without limitation, the facts and circumstances described in paragraph 89; the dangers created by those facts and circumstances; the financial **abuse** already known to Defendants; the risks inherent in the facts already known to Defendants or which they should have known; and steps that the Raines family should have taken to investigate what had taken place and to protect themselves.

98.

Defendants continued to take direction from the Lees despite the massive red flags relating to the Lees' **abuse** of the Raines family as described above. Defendants actively gave assistance to the Lees in mismanaging the Raines family finances. Defendants filed inaccurate tax documents and made false representations to the IRS based on their complete disregard of the noted red flags and their complete lack of diligence and loyalty in representing the interests of their clients, who were the Raines family, not the Lees. Defendants' actions had the effect of facilitating the Lees' fraudulent scheme by assisting the Lees in avoiding detection by the Raines family and the IRS, and by cloaking the Lees' massive financial fraud with the appearance of legitimacy.

99.

As a direct result of Defendants' breach of fiduciary duty, Plaintiffs have been damaged in an amount in excess of \$10 million. Plaintiffs assert that Rich (as conservator for Ralph Jr. and personal representative for the Estate) is the proper party to assert this claim for all damages at issue. Alternatively, all Plaintiffs assert this claim against Defendants.

THIRD CLAIM FOR RELIEF

Elder Abuse

(on behalf of Plaintiff Rich only)

100.

Plaintiff Rich re-alleges each and every allegation set forth in the preceding paragraphs and incorporates them herein by reference.

101.

At all relevant times, Ralph Sr. was a vulnerable person within the meaning of [ORS 124.100](#). Ralph Jr. was a vulnerable person within the meaning of [ORS 124.100](#) when he turned 65 on July 26, 2012.

102.

The conduct of Defendants alleged herein constitutes circumstances giving rise to a claim for financial **abuse** under [ORS 124.110\(1\)\(a\)](#) and [ORS 124.100\(2\)](#) and (5).

103.

The Lees wrongfully took and appropriated money and property from Ralph Sr. and Ralph Jr.

104.

Defendants permitted and caused the financial **abuse** against Ralph Sr. and Ralph Jr. by knowingly acting or failing to act under circumstances in which a reasonable person should have known of the **abuse**.

105.

Pursuant to [ORS 124.120](#) and [124.100\(2\)](#), Plaintiff Rich is entitled to (1) treble damages in excess of \$30,000,000, (2) costs and attorney fees ([ORS 124.100\(2\)\(2\)\(c\)](#)), and (3) reasonable fees for his services as a conservator for Ralph Jr. incurred by reason of the litigation of the claims brought herein ([ORS 124.100\(2\)\(d\)](#)).

106.

Plaintiffs are serving a copy of this Complaint on the Attorney General pursuant to [ORS 124.100\(6\)](#).

FOURTH CLAIM FOR RELIEF

Aiding and Assisting Breach of Fiduciary Duty

107.

Plaintiffs re-allege each and every allegation set forth in the preceding paragraphs and incorporate them herein by reference.

108.

Rachel Lee and Porsha Lee/Mary Marks held themselves out as fiduciaries and as agents for Ralph Sr., Ralph Jr., and the Raines Tree Farm LLC, and in that role assumed control over the Raines' finances and bookkeeping. As the result of their roles as fiduciaries and agents to Ralph Sr., Ralph Jr. and the Raines Tree Farm LLC, Rachel Lee and Porsha Lee/Mary Marks owed Ralph Sr., Ralph Jr. and the Raines Tree Farm LLC the duties of care, loyalty, honesty, and full and fair disclosure.

109.

In breach of their fiduciary duties owed to Ralph Sr., Ralph Jr. and the Raines Tree Farm LLC, Rachel Lee and Porsha Lee/Mary Marks conspired to and did misappropriate money and property from Ralph Sr. and Ralph Jr.

110.

As the direct result of the breach of fiduciary duties described herein, Plaintiffs have been damaged in an amount to be proven at trial in excess of \$10,000,000, plus prejudgment interest.

111.

As described above. Defendants aided and assisted Rachel Lee and Porsha Lee/Mary Marks in their breach of fiduciary duties, and are therefore jointly liable for the damages suffered by Plaintiffs.

112.

Plaintiffs assert that Rich (as conservator for Ralph Jr. and personal representative for the Estate) is the proper party to assert this claim for all damages at issue. Alternatively, all Plaintiffs assert this claim against Defendants.

FIFTH CLAIM FOR RELIEF

Aiding and Assisting Fraud and Conversion

113.

Plaintiffs re-allege each and every allegation set forth in the preceding paragraphs and incorporate them herein by reference.

114.

The Lees made false representations to Ralph Sr. and Ralph Jr. as alleged above in paragraph 83, and omitted to disclose material facts to Ralph Sr. and Ralph Jr. when they were under a duty to speak as alleged above in paragraph 84. The Lees intentionally exercised dominion or control over money and property that they had misappropriated from Ralph Sr. and Ralph Jr.. as alleged in paragraphs 68-79.

115.

The Lees were aware of their misrepresentations and omissions and intended that Ralph Sr. and Ralph Jr. rely on the misrepresentations and omissions as an inducement for Ralph Sr. and Ralph Jr. to transfer assets to the Lees and/or to allow the Lees access to and/or control over assets. Ralph Sr. and Ralph Jr. did not know of the untruth of the Lees' representations and were unaware of the Lees' omissions. Ralph Sr. and Ralph Jr. relied on the truth of the Lees' representations and had a right to so rely.

116.

As a direct result of the Lees' fraud and conversion, Plaintiffs have been damaged in an amount to be proven at trial in excess of \$10,000,000, plus prejudgment interest. Defendants aided and assisted the Lees' fraud and conversion as described herein. Defendants are therefore jointly and severally liable for the damages suffered by Plaintiffs.

117.

Plaintiffs assert that Rich (as conservator for Ralph Jr. and personal representative for the Estate) is the proper party to assert this claim for all damages at issue. Alternatively, all Plaintiffs assert this claim against Defendants.

Prayer for Relief

Plaintiffs ask that the Court enter judgment against Defendants and award Plaintiffs:

- (a) Actual damages in an amount to be proven at trial;
- (b) Treble damages pursuant to [ORS 124.100\(2\)\(a\)](#);
- (c) Costs of court;
- (d) Attorneys' fees pursuant to [ORS 124.100\(2\)\(c\)](#);
- (e) Conservator fees pursuant to [ORS 124.100\(2\)\(d\)](#); and
- (f) Such other and further relief as the Court deems just and appropriate under the circumstances.

Demand for Jury Trial

Plaintiffs demand a Trial by jury of all claims, defenses, and matters that are so triable.

DATED this 30th day of September, 2015.

STOLL STOLL BERNE LOKTING & SHLACHTER P.C.

By: /s/Gary M. Berne

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