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IN THE CIRCUIT COURT FOR DAVIDSON COUNTY, TENNESSEE
AT NASHVILLE

AUG-2 PH 12:08

AMERICAN ASSOCIATION FOR
STATE AND LOCAL HISTORY,
a non-profit corporation

Plaintiff,

v.

RISA WOODWARD, JAMES WOODWARD,
and
FRASIER, DEAN & HOWARD, PLLC

Defendants

NO. 12C3095
Jury Demand

COMPLAINT

Comes now the Plaintiff, American Association for State and Local History ("AASLH"),
and would submit as it's Complaint in this matter the following:

1. AASLH is a non-profit corporation, with its national headquarters located at 1717 Church Street, Nashville, Davidson County, Tennessee. AASLH provides leadership and support of local museums and state and local historical societies who preserve and interpret state and local history. Its mission is to make state and local history more meaningful to all Americans.
2. Defendant Risa Woodward is a former employee of AASLH who resides at 161 Trail Ridge Drive, Hendersonville, TN 37075.
3. Defendant James Woodward is the husband of Risa Woodward, and also resides at 161 Trail Ridge Drive, Hendersonville, TN.

4. Defendant Frasier, Dean & Howard, PPLC "FD&H" is a professional limited liability corporation with its office located in Nashville, Davidson County, Tennessee. It provides comprehensive expert accounting and auditing services to various customers. It has extensive experience and specialized expertise in providing financial audit services for nonprofit organizations. It may be served with process through its registered agent David G. Howard, 3310 West End Avenue, Suite 550, Nashville, TN 37203-1089.
5. AASLH hired Defendant Risa Woodward in 1991 as a receptionist and financial assistant. She continued to work at AASLH for over 20 years holding various positions. She was promoted to Director of Finance in 2004, and worked in that position through the date of her termination in 2011. During her employment, she worked at the headquarters in Nashville.
6. As Director of Finance Risa Woodward was responsible for AASLH accounts receivable, accounts payable, budget, and for the management of its finances.
7. AASLH had annual audits performed on its financial records. The purpose of the audits was, among other things, to examine evidence supporting the amounts and disclosures in the Plaintiff's financial statements, and to assess the accounting principles used and estimates made by the Plaintiff's management.
8. In 2004 AASLH hired FD&H to perform its annual audits. AASLH's fiscal year ran from July 1 through June 30 of the following year. FD&H performed annual audits of the Plaintiff's financial records, books and accounts for the fiscal years 2004, 2005, 2006, 2007, 2008, 2009 and 2010. As part of the audits FD&H produced a

document entitled "Independent Auditors Report" to the Plaintiff for each of those years.

9. AASLH has paid all fees and costs charged by FD&H for the audit and accounting services set forth in the above paragraph.
10. During the time that FD&H performed auditing services for the Plaintiff, it never reported or advised AASLH of any embezzlement, conversion or misappropriation of any of its money or funds.
11. In 2011, AASLH discovered that Defendant Risa Woodward had misappropriated, embezzled and wrongfully converted AASLH money and funds over a period of several years.

Count 1

Risa Woodward and James Woodward

The Plaintiff reincorporates and re-alleges by reference Paragraph 1 - 11 of this Complaint.

12. At all times relevant and material hereto, Defendant Risa Woodward as Director of Finance of AASLH, had access to its financial records, books, checkbooks, bank statements, canceled checks, credit card statements, credit cards and investment accounts. Her responsibilities included balancing the checking account and making transfers from the investment accounts. As Director of Finance, she was the only AASLH employee who managed its financial affairs on a daily basis.
13. The Plaintiff had a company Visa credit card that certain of its employees were authorized to use for business expenses. Risa Woodward was an authorized user of its Visa credit card.

14. Risa Woodward made the following charges on the Plaintiff's Visa credit card on or about the dates listed:

- a. 2-20-09, QVC Television Shopping Channel, \$203.00;
- b. 2-20-09, QVC Television Shopping Channel, \$111.68;
- c. 2-21-09, Ann Taylor Women's Clothing, \$349.50;
- d. 2-22-09, Bank of America- Cash Advance, \$503.00;
- e. 3-6-09, Kohl's Department Store, \$436.66;
- f. 3-6-09, Bank of America Cash Advance, \$503.00;
- g. 3-8-09, Tickets Def Leppard Concert, \$230.16
- h. 3-10-09, Event Ticket Insurance, \$12.00;
- i. 3-13-09, Kohl's Department Store, \$436.66;
- j. 3-17-09, Limited Clothing Store, \$485.02.
- k. 4-21-09, Ann Taylor Clothing Store, \$301.45;
- l. 4-23-09, Fifth-Third Bank, Madison - Cash Advance, \$503.00;
- m. 4-28-09, Ice.Com Jewelry, \$258.95;
- n. 4-28-09, Macy's South \$306.99;
- o. 5-01-09, ULTA Beauty Store, \$827.84;
- p. 5-2-09, Fifth-Third Bank, Madison - Cash Advance, \$503.00;
- q. 5-12-09, Adidas Store, \$213.04;
- r. 5-13-09, Kohl's Clothing Store \$302.43; and
- s. 5-14-09, Macy's East, \$419.08.

15. The items or funds listed in the paragraph above were for Risa Woodard's own personal use or that of her husband or family. None of the charges above were for Plaintiff's business or for its benefit.
16. During the course of time that FD&H was performing audits for the Plaintiff, FD&H employees never questioned Risa Woodward about any of the expenses listed above.
17. Risa Woodward at the times alleged herein converted the Plaintiff's funds to her own use by using her position as Director of Finance to charge goods and services for her personal use and her husband's personal use to the Plaintiff. She did so by not only making charges for her own use, but also by making cash withdrawals from credit cards issued for the benefit of the Plaintiff. She then manipulated the Plaintiff's

financial records to cover up her misappropriation by categorizing the funds she misappropriated as expenses, more particularly as "miscellaneous expenses". Then, in order to perpetuate and cover up the fraud, she began moving funds from the Plaintiff's restricted investment accounts and using those funds to pay the credit card expenses.

18. At all times relevant, AASLH had in place a written policy limiting the amount of withdrawals that could be made from its investment account. ("The 5% withdrawal policy") The policy limited withdrawals to 5% of total market value of the account, to be calculated at the beginning of each fiscal year, and based on a rolling twelve (12) quarters. Risa Woodward was aware of this policy and was required as Plaintiff's Director of Finance to abide by and enforce it.
19. For the period of July 1, 2006 through June 30, 2007, withdrawals totaling approximately \$121,000.00 were made or authorized by Risa Woodward from Plaintiff's investment account. Risa Woodward knew that these withdrawals violated the Plaintiff's 5% withdrawal policy.
20. For the period of July 1, 2007 through June 30, 2008, withdrawals totaling approximately \$125,000.00 were made or authorized by Risa Woodward from Plaintiff's investment account. Risa Woodward knew that these withdrawals violated the Plaintiff's 5% withdrawal policy.
21. For the period of July 1, 2008 through June 30, 2009, withdrawals totaling approximately \$240,000.00 were made or authorized by Risa Woodward from Plaintiff's investment account. Risa Woodward knew that these withdrawals violated

- the Plaintiff's 5% withdrawal policy.
22. For the period of July 1, 2009 through June 30, 2010, withdrawals totaling approximately \$275,000.00 were made or authorized by Risa Woodward from Plaintiff's investment account. Risa Woodward knew that these withdrawals violated the Plaintiff's 5% withdrawal policy.
 23. Defendant James Woodward knew or should have known that his wife was embezzling funds from the Plaintiff because she was bringing money and other goods home on a regular basis. The value of those goods and funds exceeded their combined income. James Woodward accepted and used the ill gotten proceeds from his wife's fraud for his own personal gain.
 24. Defendants Risa Woodward and James Woodward acted in concert to carry out and perpetuate the fraud and deceit upon the Plaintiff. Risa Woodward and James Woodward engaged in a course of action wherein Risa Woodward used her position as Plaintiff's Director of Finance to embezzle, misappropriate and wrongfully convert AASLH funds to their own use.
 25. Risa Woodward embezzled, intentionally and wrongfully converted over \$710,000.00 from the Plaintiff.
 26. As a result of their illegal conduct, Risa Woodward and James Woodward, are constructive trustees for AASLH and have held all of the ill gotten goods and funds in a constructive trust. The Plaintiff has an equitable lien on all the misappropriated funds and any assets, investments or purchases made with the ill gotten funds. They owe a duty to the Plaintiff to account for those funds.

27. AASLH seeks recovery and restitution of any property, funds and monies obtained by Defendants Risa Woodward and James Woodward as a result of Risa Woodward's fraud and breach of her fiduciary duty, and accordingly requests an injunction to preserve the assets for which the Defendant Risa Woodward might be accountable for under the constructive trust.

Count 2

Frasier Dean & Howard PLLC

The Plaintiff reincorporates and re-alleges by reference Paragraph 1 - 27 of this Complaint.

28. During the years that FD&H performed audits of the Plaintiff's financial records, Risa Woodward continually embezzled funds from the Plaintiff and converted them to her own use. During the years that FD&H performed audits for the Plaintiff, Risa Woodward successfully covered up her theft by transferring funds from the Plaintiff's investment accounts. Risa Woodward's conduct was neither discovered nor reported to the Plaintiff by FD&H.
29. As Certified Public Accountants licensed to practice in the State of Tennessee, FD&H and its employees owed a duty to the Plaintiff to act as reasonably prudent accountants would have acted under the same or similar circumstances.
30. AASLH hired FD&H believing that FD&H would follow the standards that auditors are required to follow, and that it would provide reasonable assurance that the financial statements audited were free from material misstatement, whether those misstatements were caused by error or fraud. It was reasonable for the Plaintiff to have that belief in the Defendant's audit.

31. FD&H had a duty to the Plaintiff which required that its employees plan and perform each audit to obtain reasonable assurance that the financial statements it produced for the Plaintiff's use were free of material misstatement.
32. FD&H had a duty to obtain sufficient understanding of the Plaintiff's finances, environment, and internal controls in order to assess the risk of material misstatement of the financial statements. It also had a duty to design the nature, timing and extent of all audit procedures it conducted for the Plaintiff.
33. In conducting the audit, FD&H and its employees had the duty to examine on a test basis, evidence supporting the amounts and disclosures in the financial statements and to assess the accounting principles used and significant estimates made by Plaintiff's management, as well as evaluating the overall financial statement it provided to the Plaintiff.
34. In its audits, financial statements, and other communications made to the Plaintiff for fiscal years of 2004 through 2010, FD&H represented to the Plaintiff that the financial statements it presented for each of those years provided a reasonable basis for its opinion of the financial condition of the Plaintiff, and that the financial statements were free of material misstatements.
35. Early in its employment, FD&H's auditors discovered and noted a potential weakness in the financial operations of the Plaintiff. In a letter dated September 1, 2005 to AASLH's Audit Committee, FD&H identified an internal weakness which it called to the attention of the Committee. The weakness identified was that the same employee opened the mail, made deposits, wrote checks, had general ledger access,

check signing authority and responsibility for preparing the bank account reconciliations.

36. Although the employee referenced above in the September 1, 2005 letter was unnamed, FD&H and its employees knew that employee was Risa Woodward.
37. Therefore, as early as September of 2005, FD&H and its employees knew that there was an internal weakness in the Plaintiff's financial procedures, which could have an effect on the Plaintiff's financial statements.
38. In June of 2007, FD&H employees performed a fraud risk assessment as part of the Plaintiff's audit. A planning meeting occurred with Bob Weatherly, partner at FD&H, Debbie Nettles and Laura Woody, employees of FD&H. During that meeting, they reviewed the prior fiscal year's fraud program in an attempt to determine where the financial statements of the Plaintiff would be susceptible to fraud. They specifically discussed opportunities that AASLH's management might have to commit fraud, and discussed the importance of maintaining FD&H's professional skepticism throughout the audit.
39. At the meeting referenced above, FD&H employees identified several fraud risks. Those risks included management override of controls, improper revenue recognition, fraudulent disbursements, unrecorded revenue, and specifically noted the expenses of the Plaintiff were to be compared to the prior year expenses and budget.
40. In September of 2007, FD&H employees conducted an interview with the Plaintiff's President, Terry Davis. During the interview, Ms. Davis identified segregation of duties and misuse of grant funds as risks of fraud within the organization.

41. In September of 2007, FD&H employees also conducted an interview with Risa Woodward. During the interview, Ms. Woodward identified segregation of duties as a risk of fraud within the organization
42. At all times during its employment by the Plaintiff, FD&H owed a duty to the Plaintiff to comply with United States Generally Accepted Auditing Standards ("GAAS").
43. FD&H failed to act with ordinary and reasonable care, and further deviated from GAAS by neglecting to properly and adequately assess and render a proper audit of the Plaintiff's financial records.
44. At all times relevant, the individuals who performed the audits of AASLH, which is the subject matter of this litigation, were employees, agents, and/or members of Defendant FD&H.
45. Under the doctrines of agency and respondent superior FD&H is responsible and vicariously liable for the actions of its employees, agents or members who performed all audits for the Plaintiff.
46. The American Institute of CPA Audit Guides for Non-Profit Organizations Standards Section 110 states: "the auditor has a responsibility to plan and perform the audit, to obtain reasonable assurance about whether financial statements are free of material misstatement, whether caused by error or fraud."
47. Defendant FD&H breached its duty under the above standard by failing to obtain reasonable assurance that all the AASLH financial statements it provided to the Plaintiff were free of material misstatement.

48. For all audits it performed for the Plaintiff FD&H represented to the Plaintiff that it "conducted our audits in accordance with auditing standards generally accepted in the United States of America".
49. FD&H also represented to AASLH that, auditing standards required it to, plan and perform to obtain reasonable assurance about whether the Plaintiff's financial statements were free of material misstatement.
50. Defendant FD&H representations referenced above, 1) that it complied with GAAS, and 2) that the financial statements it produced were free of material misstatements, were not true. With an ongoing embezzlement over the course of years, FD&H never discovered or reported Risa Woodward's fraud to the Plaintiff.

Expense Audits

51. During the time of all audits referred to herein, the Plaintiff had a credit card issued by Visa which was to be used only for Plaintiff's business expenses. Risa Woodward, along with several other of Plaintiff's employees was authorized to use the card for Plaintiff's business purposes.
52. As a part of the AASLH audits, Plaintiff's expenses were reviewed by FD&H. Some of the expenses reviewed included statements of Plaintiff's Visa credit card, showing charges made to Plaintiff's account by Risa Woodward for personal items, including clothing, items from the QVC shopping channel, and for cash advances.
53. FD&H violated its responsibilities under the applicable GAAS by failing to determine whether these charges were the liabilities and obligations of AASLH.

54. FD&H audited AASLH's financial records for its fiscal year ending June 30, 2007, and again reviewed Plaintiff's expenses including credit card transactions. The credit card transactions reviewed by FD&H should have been identified as a misappropriation of assets by Defendant Risa Woodward.
55. FD&H's failure to identify these credit card transactions as misappropriation of assets constitutes a breach of GAAS by FD&H.
56. FD&H audited Plaintiff AASLH's financial records for the fiscal year ending June 30, 2008, and again reviewed Plaintiff's expenses including credit card transactions. The credit card transactions reviewed by FD&H should have been identified as a misappropriation of assets by Defendant Risa Woodward.
57. FD&H's failure to identify these credit card transactions as misappropriation of assets constitutes a breach of GAAS by FD&H.
58. FD&H audited Plaintiff AASLH's financial records for the fiscal year ending June 30, 2009, and again reviewed Plaintiff's expenses including credit card transactions. The credit card transactions reviewed by Defendant FD&H should have been identified as a misappropriation of assets by Defendant Risa Woodward.
59. FD&H's failure to identify these credit card transactions as misappropriation of assets constitutes a breach of GAAS by FD&H.
60. FD&H audited Plaintiff AASLH's financial records for the fiscal year ending June 30, 2010, and again reviewed Plaintiff's expenses including credit card transactions. The credit card transactions reviewed by Defendant FD&H should have been identified as a misappropriation of assets by Defendant Risa Woodward.

61. FD&H's failure to identify these credit card transactions as misappropriation of assets constitutes a breach of GAAS by FD&H.
62. In the audit of the fiscal year ending June 30, 2009 FD&H compared AASLH's then current expense balances to prior years.
63. As a part of the above referenced audit, FD&H selected AASLH Miscellaneous Account No.: [REDACTED] for additional procedures. FD&H's audit indicated that there was supporting documentation for these balances on said account, and that the amount was properly expensed as of 6/30/09. However FD&H did not have the supporting documentation such as receipts to verify that statement and it never requested them.
64. The transactions for the AASLH Visa credit card issued for Risa Woodward's use included the following charges made on the dates listed:
- | | | |
|----|---------|---|
| a. | 2-20-09 | QVC Television Shopping Channel, \$203.00; |
| b. | 2-20-09 | QVC Television Shopping Channel, \$111.68; |
| c. | 2-21-09 | Ann Taylor Women's Clothing, \$349.50; |
| d. | 2-22-09 | Bank of America (Cash Advance), \$503.00; |
| e. | 3-6-09 | Kohl's Department Store, \$436.66; |
| f. | 3-6-09 | Bank of America (Cash Advance), \$503.00; |
| g. | 3-8-09 | Tickets Def Leppard Concert, \$230.16 |
| h. | 3-10-09 | Event Ticket Insurance, \$12.00; |
| i. | 3-13-09 | Kohl's Department Store, \$436.66; |
| j. | 3-17-09 | Limited Clothing Store, \$485.02. |
| k. | 4-21-09 | Ann Taylor Clothing Store, \$301.45; |
| l. | 4-23-09 | Fifth-Third Bank, Madison (Cash Advance), \$503.00; |
| m. | 4-28-09 | Ice.Com Jewelry, \$258.95; |
| n. | 4-28-09 | Macy's South \$306.99; |
| o. | 5-01-09 | ULTA Beauty Store, \$827.84; |
| p. | 5-2-09 | Fifth-Third Bank, Madison (Cash Advance), \$503.00; |
| q. | 5-12-09 | Adidas Store, \$213.04; |
| r. | 5-13-09 | Kohl's Clothing Store \$302.43; and |
| s. | 5-14-09 | Macy's East, \$419.08. |

65. FD&H requested and was supplied a "voucher packet" by the Plaintiff to support the above entries
66. These credit card transactions were reviewed by FD&H, therefore FD&H should have identified the obvious personal charges as a misappropriation of Plaintiff's assets by Risa Woodward.
67. FD&H should have requested and examined the underlying data which supported the credit card charges referenced above.
68. FD&H knew that the AASLH Visa credit card used by Risa Woodward was restricted to business purchases for AASLH. Therefore FD&H should have questioned the charges and identified them to be an unauthorized misappropriation of Plaintiff's funds.
69. FD&H did not comply with the GAAS to properly supervise assistants, exercise professional due care, and perform the audit in the appropriate manner, and to obtain sufficient and appropriate audit evidence.
70. Because FD&H did not discover Risa Woodward's fraudulent use of the Plaintiff's credit card early in its employment, Risa Woodward's fraudulent charges increased each year that FD&H performed audits for the Plaintiff and remained unnoticed by FD&H.

Investment Account Audit

71. At all times relevant, AASLH had in place a written policy limiting the amount of withdrawals that could be made from its investment account. ("The 5% withdrawal policy") The policy limited withdrawals to 5% of total market value of the account,

to be calculated at the beginning of each fiscal year, and based on a rolling twelve (12) quarters.

72. At all times relevant, FD&H was aware of the above AASLH policy regarding withdrawals and transfers from its investment account.
73. FD&H stated in its audit of the fiscal year ending in 2007 that it was to "consider whether purchases or sales of investments and use of investment income, gains, or proceeds, if any, during the period were authorized and recorded properly in accordance with donor or legal requirements, and the organization's investment policy."
74. For the period of July 1, 2006 through June 30, 2007, FD&H completed an investment analysis of the AASLH investment account identifying the beginning balance, income, withdrawals, ending balance, and unrealized gains and losses of funds.
75. For the period of July 1, 2006 through June 30, 2007, FD&H calculated the amount necessary to comply with Plaintiff's 5% withdrawal policy. The amount it calculated was \$65,744.00.
76. For the period of July 1, 2006 through June 30, 2007 the FD&H audit of the Plaintiff's investment account identified withdrawals totaling \$121,440.13.
77. The \$121,441.13 actual withdrawal exceeded the Plaintiff's 5% withdrawal policy.
78. For the year fiscal year ending June 30, 2007 FD&H did not advise the Plaintiff of the excessive withdrawals from its investment account that violated the Plaintiff's written policy.

79. For the period of July 1, 2007 through June 30, 2008, FD&H completed an investment analysis of the AASLH investment account identifying the beginning balance, income, withdrawals, ending balance, and unrealized gains and losses of funds.
80. For the period of July 1, 2007 through June 30, 2008, FD&H calculated the amount necessary to comply with the Plaintiff's 5% withdrawal policy. The amount it calculated was \$67,501.00.
81. For the period of July 1, 2007 through June 30, 2008, the FD&H audit of the investment account identified withdrawals totaling \$125,000.00.
82. The \$125,000.00 withdrawal violated the Plaintiff's policy limiting withdrawals from its investment account to 5%.
83. For the period of July 1, 2008 through June 30, 2009 FD&H calculated the amount necessary to comply with Plaintiff's 5% withdrawal policy. The amount it calculated was \$70,469.00.
84. For the period of July 1, 2008 through June 30, 2009 the FD&H audit identified the actual withdrawals made from AASLH's investment account to be \$240,000.00.
85. The actual withdrawal of \$240,000.00 referenced above exceeded the Plaintiff's written policy limiting withdrawals from its investment account to 5%.
86. For the period of July 1, 2009 through June 30, 2010 FD&H calculated amount necessary to comply with the Plaintiff's 5% withdrawal policy. The amount it calculated was \$69,405.00.
87. For the period of July 1, 2009 through June 30, 2010, the FD&H audit of the

investment account identified withdrawals totaling \$275,000.00.

88. The actual withdrawal of \$275,000.00 referenced above exceeded AASLH's 5% withdrawal policy.
89. For the audits for the fiscal years ending in 2007 through 2010, FD&H represented to the Plaintiff that the amount of the withdrawals from its investment account was in compliance with AASLH 5% withdrawal policy.
90. For the period of July 1, 2009 through June 30, 2010, FD&H did not identify the excessive withdrawals from the AASLH investment account as being in violation of the Plaintiff's policy limiting withdrawals. It therefore did not report the excessive withdrawals that violated the policy to the Plaintiff.
91. For the fiscal years ending in 2007 through 2010 FD&H neglected to either calculate the percentage of each fiscal year's withdrawal or they ignored AASLH's written policy limiting withdrawals to 5%.
92. FD&H did not advise AASLH that the withdrawals made from its investment account did not comply with its written policy. Instead, FD&H represented to the Plaintiff that the amounts of withdrawals for those periods were in compliance with AASLH policy as it relates to withdrawals from its investment accounts.
93. This failure to identify and report the excessive withdrawals from Plaintiff's investment account allowed Risa Woodward to use the investment account as a vehicle to pay and to cover up her fraudulent charges. Because these excessive withdrawals from the investment account went unnoticed by FD&H, Risa Woodward continued her course of action throughout the time that FD&H performed the

Plaintiff's audits.

94. FD&H never discovered the misappropriations of Risa Woodward during any of its audits and never reported them to the Plaintiff. FD&H was negligent in failing to do so.
95. FD&H's failure to identify, further investigate, and report the fraud various fraudulent activities of Risa Woodward allowed her to develop a successful method to cover up and continue her embezzlement which increased and flourished until it was ultimately discovered, not by FD&H, but by Plaintiff's employee in September of 2011.
96. Throughout the period of time that FD&H was conducting audits for the Plaintiff, it engaged in conduct that failed to comply with GAAS. That failure was a breach of its professional duty to the Plaintiff, and a breach of its written contract with the Plaintiff. FD&H's auditing and accounting practices fell well below the professional standards for accountants and auditors. All of these actions caused and resulted in damages to the Plaintiff.
97. The Plaintiff relied on all of the audits, reports and opinions provided to it by FD&H.
98. It was reasonable for the Plaintiff to rely on all of the audits, reports and opinions provided by FD&H.
99. FD&H had a contractual obligation to perform auditing services for the Plaintiff, and if it had properly done so, it would have detected the employee fraud committed by Risa Woodward as part of its audit. The failure to do so constitutes a breach of its contract entitling the Plaintiff to recover not only actual damages but also

consequential damages. The Plaintiff is entitled to recover the consideration Plaintiff paid to FD&H for the contract's proper performance.

100. FD&H breached its contract with the Plaintiff. As a result, the Plaintiff's financial statements prepared by FD&H were inaccurate and unreliable. In order to obtain accurate financial statements, it was necessary to not only calculate its loss related to Risa Woodward's misappropriations, it also had to correct the inaccurate work done by FD&H. As a result of FD&H's actions, the Plaintiff has paid approximately \$56,000.00 to other accountants and auditors to identify the errors in the FD&H audits and to prepare accurate financial statements. The Plaintiff is entitled to recover the money it has paid to other auditors and accountants.

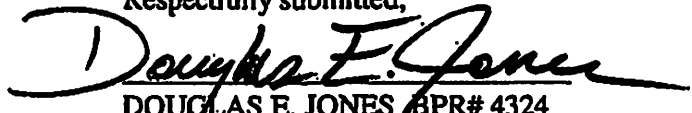
WHEREFORE, Plaintiff prays that:

1. Process issue on the Defendants and that they be required to answer in the time prescribed by law.
2. The Plaintiff be awarded compensatory damages against the Defendants Risa Woodward and James Woodward joint and severally in the amount of \$950,000.00, or such amount as this Court deems proper and necessary to compensate it for the damages suffered a result of their misappropriation, embezzlement, conversion and conspiracy.
3. The Plaintiff be awarded punitive damages against Risa Woodward and James Woodward in the amount of \$3,000,000.00 or an amount sufficient to dissuade others from a similar course of misconduct and to punish the Defendants for their intentional fraudulent behavior.

4. The Plaintiff be awarded restitution and be allowed to recover all money and all properties purchased by the Woodward Defendants using the Plaintiff's misappropriated funds which they hold as constructive trustees for the benefit of the Plaintiff.
5. The Plaintiff be awarded a judgment against FD&H for the money actually embezzled by Risa Woodward and the loss of monies it incurred which was directly related to the embezzlement, including lost interest and lost profits on its investment accounts.
6. The Plaintiff is entitled to recover as damages, all sums it paid to FD&H under its contract as consideration for FD&H's auditing services, as FD&H did not successfully perform those services.
7. The Plaintiff is entitled to recover as damages, all sums it has paid to other auditors for correcting the work of FD&H and to obtain correct financial statements and information which FD&H failed to provide.
8. Plaintiff prays that it be awarded a judgment against FD&H for not less than \$950,000.00 plus pre-judgment interest, court costs and the costs of prosecuting this action.
9. Plaintiff prays for any other general relief this Court deems equitable.
10. Plaintiff demands that a jury of 12 be impaneled to hear this cause.

Copy

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Douglas E. Jones". The signature is written in dark ink and is positioned above the typed name.

DOUGLAS E. JONES BPR# 4324

BARBARA J. PERUTELLI BPR# 11097

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