

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF OHIO  
WESTERN DIVISION**

IN RE: : Case No. 11-11090  
: :  
GLC LIMITED, : Chapter 11  
: :  
Debtor : Adversary No. \_\_\_\_\_

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**GLC LIMITED**  
6276 County Road 107  
Proctorville, Ohio 45669

Plaintiff,

vs.

**ADVERSARY COMPLAINT**

**JEFFREY TODD DONNAN**  
1891 Crystal Hills Drive  
Athens, Georgia 30606

and

**KRISTA P. DONNAN**  
1891 Crystal Hills Drive  
Athens, Georgia 30606

and

**TAMMY L. DONNAN**  
751 Gardenside Circle, SE  
Marietta, Georgia 30067

and

**GREGORY K. JOHNSON**  
7425 S.W. 112 Street  
Oklahoma City, Oklahoma 73173

Defendants.

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Now comes the Plaintiff, GLC LIMITED (“GLC” or “Plaintiff”), by and through counsel, and for its Adversary Complaint for Money Damages, Accounting, Injunctive Relief, and Pre-Judgment Attachment against Defendants JEFFREY TODD DONNAN, KRISTA P. DONNAN, TAMMY DONNAN, and GREGORY K. JOHNSON, states as follows:

## **ALLEGATIONS COMMON TO ALL COUNTS**

### **I. THE PARTIES**

#### **A. The Debtor and Chapter 11 Petition**

1. On or about February 28, 2011, GLC filed a Voluntary Petition (the “Petition”) under Chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court for the Southern District of Ohio.

#### **B. Parties to the Adversary Proceeding**

2. GLC is a West Virginia Corporation, organized and existing under the laws of West Virginia, and operates certain retail and/or other business facilities in Ohio, West Virginia, Indiana and Tennessee. GLC maintains a principal mailing address of 720 Brixworth Blvd., Suite 200, Knoxville, TN 37934.

3. Upon information and belief, Defendants Jeffrey Todd Donnan (“Todd Donnan”), Krista Donnan, Tammy Donnan, and Gregory Johnson (collectively, Defendants”) are natural persons residing at the addresses referenced in the caption above.

4. Todd Donnan and Krista Donnan are husband and wife and the son and daughter-in-law of James and Mary Donnan.

5. Tammy Donnan is the daughter of James and Mary Donnan.

6. Gregory Johnson is the son-in-law of James and Mary Donnan and is married to James and Mary Donnan’s daughter, Mary P. Johnson.

7. Defendants received the proceeds of, and otherwise profited from, the ponzi scheme maintained by James and Mary Donnan.

## **II. JURISDICTION AND VENUE**

8. This is a civil proceeding arising under the Bankruptcy Code or arising in or related to a case under the Bankruptcy Code within the meaning of 28 U.S.C. 1334(b).

9. This Court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. §§ 157 and 1334 because this action is related to the underlying bankruptcy case of GLC which is pending before this Court. This Court also has jurisdiction over this adversary proceeding pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rules 7001(7) and 7065.

10. This is a core proceeding under 28 U.S.C. § 157 because it is a proceeding to determine, avoid and recover preferential and fraudulent transfers. If for any reason this Court determines that all of any portion of this proceeding is non-core, GLC consents to the entry of a final order by this Court.

11. The chapter 11 bankruptcy case is pending before this Court. Accordingly, venue of this adversary proceeding is proper in this Court under 28 U.S.C. 1409(a).

12. Upon information and belief, at all times relevant herein, GLC conducted business in the State of Ohio, and the claims raised in this adversary proceeding arose, in whole or in part, from the operation of GLC's business in Ohio.

## **III. BACKGROUND FACTS**

### **A. GLC's Formation and Business Operations**

13. GLC was formed on or about March 24, 2004.

14. GLC is a retail liquidation company, with its principal business being the sale and/or redistribution of wholesale retail consumer products.

15. GLC maintains warehouses in Huntington, West Virginia and Columbus, Ohio.

16. In addition to the above-referenced warehouses, GLC maintains or has maintained retail locations in (1) Proctorville, Ohio; (2) Huntington, West Virginia; (3) Nitro, West Virginia; (4) LeSage, West Virginia; and (5) Pigeon Forge, Tennessee, (6) Newport, Tennessee and (7) Milan, Indiana.

17. Gregory and Linda Crabtree are the sole shareholders of GLC and, until February 21, 2011, Gregory and Linda Crabtree, as the directors, officers, and shareholders of GLC, had primary responsibility for the assets and operation of GLC.

18. James Donnan represented to third-parties that he was an officer of GLC, or otherwise controlled the assets or operations of GLC. Specifically, James Donnan:

- a. represented to various third parties that he was an officer of GLC;
- b. was an authorized signor for GLC's accounts at First Sentry Bank;
- c. signed numerous checks on behalf of GLC;
- d. signed GLC's application for a depository account at First Sentry Bank as an officer of GLC;
- e. represented to First Sentry Bank that he was secretary or co-secretary of GLC;
- f. executed agreements on behalf of GLC with GLC's financial institutions, including First Sentry Bank; and
- g. entered into agreements on behalf of GLC with GLC's individual

investors<sup>1</sup>.

**B. The Ponzi Scheme**

19. In order to fund and operate GLC's meager business operations, Gregory and Linda Crabtree were required to obtain capital from outside lenders or investors.

20. Following GLC's formation, Gregory and Linda Crabtree solicited others to invest in GLC.

21. Upon information and belief, James and Mary Donnan were among the very first investors in GLC. Upon information and belief, James and Mary Donnan invested amounts in excess of \$5,400,000.00 in GLC at interest rates in excess of 50%.

22. In addition, James and Mary Donnan agreed to solicit additional parties to make substantial investments in GLC.

23. In exchange for that agreement, and upon information and belief, James and Mary Donnan received a commission on many if not all of the investments they arranged or solicited from individuals to GLC.

24. James and Mary Donnan solicited investments from more than 50 individuals and entities to GLC. Many of these investors were co-workers or other acquaintances of James and/or Mary Donnan.

25. James Donnan assured investors that the money loaned was used to purchase close-out, discontinued merchandise and excess production runs from highly-recognized

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<sup>1</sup> Nothing contained herein, including but not limited to the use of certain terms such as "investment" or "investor," shall be construed as an admission on behalf of and/or a determination by the Debtor that any of the Investors would constitute equity holders of the Debtor, rather than creditors of the Debtor, nor shall anything contained herein be construed as an admission on behalf of and/or a determination by the Debtor as to the validity and/or extent of any claim or interest held by any individual or entity against the Debtor. The Debtor expressly reserves any and all rights with respect to any determination as to whether any Investor would constitute an equity holder and/or creditor of the Debtor. The Debtor further reserves any and all rights to contest the validity and/or extent of any asserted claim or interest against the Debtor.

companies such as Sears, Target, and Rite-Aid. Furthermore, James Donnan told to various investors that inventory purchases by GLC were presold and that GLC did not maintain warehouse inventory, except for seasonal buys.

26. Based upon preliminary financial analysis for the years 2007 through 2010, a disparity exists between amounts invested in GLC by the investors and the actual inventory purchases by GLC:

	<u>Investor Money</u>	<u>Inventory Purchased</u>
2007	799,000	775,000
2008	12,349,000	2,100,000
2009	33,411,000	5,281,000
2010	<u>35,357,000</u>	<u>3,637,000</u>
<b>Total</b>	<b>\$81,916,000</b>	<b>\$11,793,000</b>

27. Upon information and belief, the majority of the investments solicited from individual investors to GLC were secured by notes given by GLC to the investors.

28. Upon information and belief, the terms for each investment in GLC were similar. Investors generally agreed to invest in GLC funds for 6 months to 1 year at interest rates ranging from 50-70% per annum. Principal and interest were generally paid upon maturity of the note.

29. As initial notes became due, GLC was required to secure ever-increasing investments from new investors. Increasing volumes of new money was necessary in order to ensure that GLC would have sufficient funds available to repay prior principal investments, satisfy the interest rates promised to such investors, and to pay the commissions claimed to be due to James and Mary Donnan.

30. James and Mary Donnan's scheme thus relied upon the continuous influx of additional investors prepared to offer increasing investments.

31. The inevitable, of course, happened. While James and Mary Donnan's ponzi scheme rendered GLC insolvent soon after it was commenced, that insolvency deepened as GLC was required to solicit ever-increasing investments from an ever-increasing numbers of investors. Eventually, James and Mary Donnan were unable to secure the volume of new investments necessary to maintain their investment scheme and GLC defaulted on its financial obligations, including outstanding notes to investors solicited by James and Mary Donnan.

32. James and Mary Donnan's ponzi investment scheme allowed James and Mary Donnan, as well as the Defendants, to make substantial personal profits at the expense of GLC and its individual investors. Specifically, pursuant to Defendants' ponzi scheme, GLC made approximately 293 transfers (collectively, the "Transfers") to James and Mary Donnan or their immediate family members totaling \$14,557,228.50.

**C. Direct Transfers by GLC to Tammy Donnan, Todd Donnan, and Gregory Johnson**

33. GLC made transfers to Tammy Donnan totaling \$140,000.00, which Tammy Donnan invested only \$16,000.00 in GLC.

34. While Todd Donann's investment in GLC totaled only \$50,000.00, GLC made transfers to Todd Donnan totaling \$620,333.00.

35. GLC transferred \$617,875.00 to Gregory Johnson, while Gregory Johnson's investment in GLC totaled only \$131,000.00. A chart setting forth each transfer by GLC to Tammy Donnan, Todd Donnan, and Gregory Johnson is attached as Exhibit A.

36. Tammy Donnan did not provide reasonably equivalent value to GLC in exchange for the transfers within the meaning of 11 U.S.C. § 548 or relevant state law.

37. Todd Donnan did not provide reasonably equivalent value to GLC in exchange for the transfers within the meaning of 11 U.S.C. § 548 or relevant state law.

38. Gregory Johnson did not provide reasonably equivalent value to GLC in exchange for the transfers within the meaning of 11 U.S.C. § 548 or relevant state law.

39. GLC was insolvent on the dates of the transfers by GLC to Tammy Donnan, Todd Donnan, and Gregory Johnson, or became insolvent as a result thereof within the meaning of 11 U.S.C. § 101(32) and relevant state law. Furthermore, GLC (a) was engaged in business or a transaction, or was about to engage in business or a transaction, for which its remaining property was unreasonably small capital or (b) intended to incur, or believed that it would incur, debts that would be beyond its ability to pay as such debts matured.

40. The transfers by GLC to Tammy Donnan, Todd Donnan, and Gregory Johnson constitute fraudulent transfers under 11 U.S.C. § 548 and relevant state law and, to the extent the transfers were made within one year of the Petition Date, constitute preferential transfers under 11 U.S.C. § 547.

41. Additionally, upon information and belief, Defendants' ponzi investment scheme allowed James and Mary Donnan, as well as the Defendants, to transfer, convey, pay, and otherwise benefit from the cash, credit, equipment, and other personal and real property, services, and resources of GLC for their own personal benefit and for the benefit of their business and personal associates all without consideration to GLC.

**D. Indirect Transfers by GLC to Todd and Krista Donnan**

42. Upon information and belief, a substantial portion of James and Mary Donnan's profits from their operation of the above-referenced ponzi scheme were transferred by James and



Mary Donnan to their friends, relatives, and other individuals and entities, including Todd and Krista Donnan.

43. James and Mary Donnan transferred property that they received from GLC to Todd Donnan, which included cash payments to Todd Donnan as follows:

- a. James and Mary Donnan transferred \$50,000.00 to Todd Donnan on or about March 10, 2011;
- b. James and Mary Donnan transferred \$17,000.00 to Todd Donnan on or about September 28, 2010; and
- c. James and Mary Donnan transferred \$24,000.00 to Todd Donnan on or about July 11, 2010.

44. James and Mary Donnan also used \$1,050,000.00 in property they received from GLC to purchase a home for Todd and Krista Donnan. Specifically, on or about March 19, 2010, James and Mary Donnan purchased a house for Todd and Krista Donnan located in the 221<sup>st</sup> GMD of Oconee County, Georgia, containing 3.976 acres, more or less, commonly known as 1891 Crystal Hills Drive, Athens, Georgia (the “Home”). James and Mary Donnan paid \$1,050,000.00 to the sellers of the Home, Kenneth R. Colley and Alice R. Colley, on behalf of Todd and Krista Donnan. The Colleys executed a Warranty Deed conveying the Home to Todd and Krista Donnan. Exhibit B.

45. As of the date of the filing of this Complaint, no security deed has been recorded against the Home.

46. While James and Mary Donnan paid \$1,050,000.00 to persons other than Todd and Krista Donnan, the transfer of \$1,050,000.00 by James and Mary Donnan was for the benefit of Todd and Krista Donnan. Accordingly, Todd and Krista Donnan are the immediate or

subsequent transferees and the direct beneficiaries of \$1,050,000.00 transferred by GLC to James and Mary Donnan.

47. James and Mary Donnan did not provide reasonably equivalent value to GLC in exchange for the transfers within the meaning of 11 U.S.C. § 548 or relevant state law.

48. GLC was insolvent on the dates of the transfers by GLC to James and Mary Donnan, or became insolvent as a result thereof within the meaning of 11 U.S.C. § 101(32) and relevant state law. Furthermore, GLC (a) was engaged in business or a transaction, or was about to engage in business or a transaction, for which its remaining property was unreasonably small capital or (b) intended to incur, or believed that it would incur, debts that would be beyond its ability to pay as such debts matured.

49. The transfers by GLC to James and Mary Donnan constitute fraudulent transfers under 11 U.S.C. §§ 544 and 548 and relevant state law and, to the extent the transfers were made within one year of the Petition Date, constitute preferential transfers under 11 U.S.C. § 547. Accordingly, the transfers by GLC to James and Mary Donnan are avoidable under 11 U.S.C. §§ 544 and 548 and relevant state law.

50. The transfers from James and Mary Donnan to Todd and Krista Donnan were not given for value, in good faith, or without knowledge of the voidability of such transfers. Accordingly, Todd and Krista Donnan are not good faith transferees under applicable law.

51. GLC's investigation is ongoing and GLC reserves the right to (i) supplement the information regarding the Transfers and any additional transfers made by GLC to the Defendants and (ii) seek recovery of such additional transfers.

52. To the extent that any of the avoidance and/or recovery counts may be inconsistent with each other, they are to be treated as being pled in the alternative.

**COUNT ONE - AVOIDANCE OF DIRECT FRAUDULENT TRANSFERS BY GLC**  
**PURSUANT TO BANKRUPTCY LAW**  
**[11 U.S.C. §§ 548(a)(1), 550(a) AND 551]**  
**(As to Jeffrey Todd Donnan, Tammy Donnan and Gregory Johnson)**

53. GLC re-alleges paragraphs 1-52 of the Adversary Complaint as if fully restated herein.

54. Within two (2) years of the Petition Date, GLC transferred property totaling \$140,000.00 to Tammy Donnan, \$620,333.00 to Todd Donnan, and \$617,875.00 to Gregory Johnson.

55. GLC made the transfers to Tammy Donnan, Todd Donnan, and Gregory Johnson with the actual intent to hinder, delay, or defraud entities to which GLC was or became indebted on or after the dates of such transfers, thus constituting fraudulent transfers under 11 U.S.C. § 548(a)(1).

56. Alternatively, GLC received less than reasonably equivalent value in exchange for the transfers to Tammy Donnan, Todd Donnan, and Gregory Johnson, was insolvent on the dates such transfers were made, or became insolvent as a result thereof and (a) was engaged in business or a transaction, or was about to engage in business or a transaction, for which its remaining property was unreasonably small capital or (b) intended to incur, or believed that it would incur, debts that would be beyond its ability to pay as such debts matured, thus constituting fraudulent transfers under 11 U.S.C. § 548(a)(2).

57. At all times relevant to the Fraudulent Transfers, there have been one or more creditors who have held and still hold matured or unmatured unsecured claims against GLC that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e) of the Bankruptcy Code.

58. Tammy Donnan is liable to GLC's estate in the amount of \$140,000.00 for direct transfers by GLC to her.

59. Todd Donnan is liable to GLC's estate in the amount of \$620,333.00 for direct transfers by GLC to him.

60. Gregory Johnson is liable to GLC's estate in the amount of \$617,875.00 for direct transfers by GLC to him.

61. As a result of the foregoing and pursuant to 11 U.S.C. § 550, GLC is entitled to avoidance of the transfers by GLC to Tammy Donnan, Todd Donnan, and Gregory Johnson.

**COUNT TWO – AVOIDANCE OF DIRECT FRAUDULENT TRANSFERS BY GLC  
PURSUANT TO STATE LAW  
[11 U.S.C. §§ 544, 550(a) AND 551, Ohio Rev. Code Ann. § 40-1A-1 et seq., W. Va. Code §  
40-1A-1 et seq., and O.C.G.A. § 18-2-70 et seq.]  
(As to Jeffrey Todd Donnan, Tammy Donnan and Gregory Johnson)**

62. GLC re-alleges paragraphs 1-52 of the Adversary Complaint as if fully restated herein.

63. Within four (4) years of the Petition Date, GLC transferred property totaling \$140,000.00 to Tammy Donnan, \$620,333.00 to Todd Donnan, and \$617,875.00 to Gregory Johnson. To the extent that there are additional transfers by GLC to Defendants within four (4) years of the Petition Date, those transfers are also avoidable.

64. GLC made the transfers to Tammy Donnan, Todd Donnan, and Gregory Johnson with the actual intent to hinder, delay, or defraud entities to which GLC was or became indebted on or after the dates of such transfers, thus constituting fraudulent transfers under 11 U.S.C. § 548(a)(1) and relevant state law.

65. Alternatively, GLC received less than reasonably equivalent value in exchange for the transfers to Tammy Donnan, Todd Donnan, and Gregory Johnson, was insolvent on the

dates such transfers were made, or became insolvent as a result thereof and (a) was engaged in business or a transaction, or was about to engage in business or a transaction, for which its remaining property was unreasonably small capital or (b) intended to incur, or believed that it would incur, debts that would be beyond its ability to pay as such debts matured, thus constituting fraudulent transfers under 11 U.S.C. § 548(a)(2) and relevant state law.

66. At all times relevant to the Fraudulent Transfers, there have been one or more creditors who have held and still hold matured or unmatured unsecured claims against GLC that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e) of the Bankruptcy Code.

67. Tammy Donnan is liable to GLC's estate in the amount of \$140,000.00 for direct transfers by GLC to her.

68. Todd Donnan is liable to GLC's estate in the amount of \$620,333.00 for direct transfers by GLC to him.

69. Gregory Johnson is liable to GLC's estate in the amount of \$617,875.00 for direct transfers by GLC to him.

70. As a result of the foregoing and pursuant to Ohio Rev. Code Ann. § 1336.07, W. Va. Code § 40-1A-7, and O.C.G.A. § 18-2-77, GLC is entitled to avoidance of the transfers by GLC to Tammy Donnan, Todd Donnan, and Gregory Johnson.

**COUNT THREE - AVOIDANCE OF INDIRECT FRAUDULENT TRANSFERS BY GLC  
PURSUANT TO BANKRUPTCY AND STATE LAW  
[11 U.S.C. § 550, Ohio Rev. Code Ann. § 40-1A-1 et seq., W. Va. Code § 40-1A-1 et seq., and  
O.C.G.A. § 18-2-70 et seq.]  
(As to Jeffrey Todd Donnan and Krista Donnan)**

71. GLC re-alleges paragraphs 1-52 of the Adversary Complaint as if fully restated herein.

72. James and Mary Donnan transferred property that they received from GLC to Todd Donnan, which included cash payments to Todd Donnan as follows:

- a. James and Mary Donnan transferred \$50,000.00 to Todd Donnan on or about March 10, 2011;
- b. James and Mary Donnan transferred \$17,000.00 to Todd Donnan on or about September 28, 2010; and
- c. James and Mary Donnan transferred \$24,000.00 to Todd Donnan on or about July 11, 2010.

73. James and Mary Donnan also used \$1,050,000.00 in property they received from GLC to purchase a home for Todd and Krista Donnan. Specifically, on or about March 19, 2010, James and Mary Donnan paid \$1,050,000.00 to purchase the Home for Todd and Krista Donnan.

74. The \$1,050,000.00 paid by James and Mary Donnan was paid for the benefit of Todd and Krista Donnan. Accordingly, Todd and Krista Donnan are the immediate or subsequent transferees of \$1,050,000.00 transferred by GLC to James and Mary Donnan.

75. James and Mary Donnan did not provide reasonably equivalent value to GLC in exchange for the transfers within the meaning of 11 U.S.C. § 548 or relevant state law.

76. GLC was insolvent on the dates of the transfers by GLC to James and Mary Donnan, or became insolvent as a result thereof within the meaning of 11 U.S.C. § 101(32) and relevant state law. Furthermore, GLC (a) was engaged in business or a transaction, or was about to engage in business or a transaction, for which its remaining property was unreasonably small capital or (b) intended to incur, or believed that it would incur, debts that would be beyond its ability to pay as such debts matured.

77. The transfers by GLC to James and Mary Donnan constitute fraudulent transfers under 11 U.S.C. §§ 544 and 548 and relevant state law and, to the extent the transfers were made within one year of the Petition Date, constitute preferential transfers under 11 U.S.C. § 547. Accordingly, the transfers by GLC to James and Mary Donnan are avoidable under 11 U.S.C. §§ 544 and 548 and relevant state law.

78. Upon information and belief, Todd and Krista Donnan did not provide value to James Donnan and/or Mary Donnan, in good faith, and without knowledge of the voidability of the transfers. Accordingly, Todd and Krista Donnan are not good faith transferees under applicable law.

79. As a result of the foregoing, pursuant to sections 544, 548(a), 550(a) and 551 of the Bankruptcy Code and Ohio Rev. Code Ann. § 1336.07, W. Va. Code § 40-1A-7, and O.C.G.A. § 18-2-77, GLC is entitled to avoidance of the indirect transfers by GLC to Todd and Krista Donnan.

**COUNT FOUR – PREFERENTIAL TRANSFERS**  
**[11 U.S.C. SECTION 547]**  
**(As to all Defendants)**

80. GLC re-alleges paragraphs 1-52 of the Adversary Complaint as if fully restated herein.

81. GLC paid, transferred, or otherwise conveyed to Tammy Donnan property totaling \$36,000.00 within one year of the Petition Date for the benefit of Tammy Donnan as a creditor of GLC for or on account of an antecedent debt owed by GLC to Tammy Donnan before such transfers were made.

82. GLC paid, transferred, or otherwise conveyed to Todd Donnan, whether directly or indirectly, property totaling \$1,280,998.00 within one year of the Petition Date for the benefit

of Todd Donnan as a creditor of GLC for or on account of an antecedent debt owed by GLC to Todd Donnan before such transfers were made.

83. GLC paid, transferred, or otherwise conveyed to Krista Donnan, whether directly or indirectly, property totaling \$1,050,000.00 within one year of the Petition Date for the benefit of Krista Donnan as a creditor of GLC for or on account of an antecedent debt owed by GLC to Krista Donnan before such transfers were made.

84. GLC paid, transferred, or otherwise conveyed to Gregory Johnson property totaling \$199,875.00 within one year of the Petition Date for the benefit of Gregory Johnson as a creditor of GLC for or on account of an antecedent debt owed by GLC to Gregory Johnson before such transfers were made.

85. The transfers by GLC to Tammy Donnan, Todd Donnan, Krista Donnan, and Gregory Johnson within one year of the Petition Date were made while GLC was insolvent.

86. Because Tammy Donnan, Todd Donnan, Krista Donnan, and Gregory Johnson are relatives of James Donnan, who was an officer or person in control of GLC, they are insiders of GLC as defined in 11 U.S.C. § 101(31)(B).

87. The transfers by GLC to Tammy Donnan, Todd Donnan, Krista Donnan, and Gregory Johnson permitted Defendants to recover more than they would have received had this case been a case under Chapter 7 of the United States Bankruptcy Code, had the transfer not been made, and had they received payment of such debt to the extent provided by the provisions of the United States Bankruptcy Code.

88. Accordingly, GLC seeks avoidance of the above outlined cash, credit, equipment, and other personal and real property, services, and resources of GLC paid, transferred, or otherwise conveyed by GLC to Defendants.



89. Alternatively, to the extent that Defendants contend that the transfers by GLC, whether directly or indirectly, satisfied a debt owed by GLC to Defendants, they are liable to GLC as follows:

- a. Tammy Donnan is liable to GLC in an amount no less than \$124,000.00;
  - b. Todd Donnan is liable to GLC in an amount no less than \$1,711,333.00;
  - c. Gregory Johnson is liable to GLC in an amount no less than \$486,875.00;
- and
- d. Krista Donnan is liable to GLC in an amount no less than \$1,050,000.00.

**COUNT FIVE – REMEDIES FOR AVOIDED TRANSFERS**  
**[11 U.S.C. §§ 502, 550, Ohio Rev. Code Ann. § 40-1A-1 *et seq.*, and W. Va. Code § 40-1A-1**  
***et seq.***  
**(As to All Defendants)**

90. GLC re-alleges paragraphs 1-52 of the Adversary Complaint as if fully restated herein.

91. As a result of the above outlined payments, transfers, or conveyances to or for the benefit of Defendants, Defendants are transferees as that term is defined in Section 550(a) of the Bankruptcy Code and relevant state law.

92. Pursuant to Section 550 of the Bankruptcy Code and Ohio Rev. Code Ann. § 1336.07 and W. Va. Code § 40-1A-7, GLC is entitled to recover the above described payments, transfers, or conveyances avoided under Sections 544, 547 or 548 of the Bankruptcy Code, Ohio Rev. Code Ann. § 1336.01 *et seq.*, and/or W. Va. Code § 40-1A-1 *et seq.* for the benefit of the GLC estate.

93. Section 1336.07 of the Ohio Code, section 40-1-A-7 of the West Virginia Code, and section 18-2-77 of the Georgia Code specifically provide in cases of transfers such as these for attachment against the asset transferred or other property of the transferee and for other

provisional remedies, including injunctions against further transfers, and any other relief the circumstances may require.

94. As a result of the foregoing, pursuant to sections 548(a), 550(a) and 551 of the Bankruptcy Code and Ohio Rev. Code Ann. § 1336.07, W. Va. Code § 40-1A-7, and O.C.G.A. § 18-2-77, GLC is entitled to a judgment against the Defendants avoiding and setting aside the Fraudulent Transfers and entering judgment against Defendants as follows:

- a. Against Tammy Donnan in the amount of \$140,000.00;
- b. Against Todd Donnan in the amount of \$1,761,333.00;
- c. Against Gregory Johnson in the amount of \$617,875.00;
- d. Against Krista Donnan in the amount of \$1,050,000.00;
- e. An attachment against the Home in favor of GLC and, in the alternative, a judgment jointly and severally against Todd Donnan and Krista Donnan for the value of the property transferred, return of the property transferred, including the return of the Home or its value; and
- f. An injunction prohibiting Todd and Krista Donnan from dissipation or disposition of the Home.

95. Pursuant to 11 U.S.C. § 502(d), GLC is entitled to an order disallowing the proofs of claims filed by Defendants to the extent that they received avoidable transfers and have not repaid the transfers to GLC.

**COUNT SIX– CONSTRUCTIVE TRUST**  
**(As to All Defendants)**

96. GLC re-alleges paragraphs 1-52 of the Adversary Complaint as if fully restated herein.

97. Some or all of the above outlined cash, credit, equipment, and other personal and real property, services, and resources of GLC paid, transferred, or otherwise conveyed by GLC directly or indirectly to Defendants were made fraudulently, without consideration or other reasonably equivalent value being paid by Defendants to GLC, or in violation of other applicable law or equitable principles.

98. Similarly, the property transferred by GLC to James and Mary Donnan, which was then conveyed to Todd Donnan and/or Krista Donnan was conveyed by GLC to James and Mary Donnan fraudulently, without consideration or other reasonably equivalent value being paid by James Donnan or Mary Donnan to GLC, or in violation of other applicable law or equitable principles.

99. Some or all of the personal or real property now titled to Defendants was secured by Defendants as a result of the previously described wrongful conduct and/or through Defendants' improper use of the above outlined cash, credit, equipment, and other personal and real property, services, and resources of GLC.

100. GLC is entitled to the imposition of a constructive trust and/or a purchase money resulting trust covering any and all property or assets owned by each of the Defendants or in which one or more of the Defendants has or may claim to have an interest of any nature, kind, or description, including but not limited to, any and all real property, personal property, cash or cash equivalents, accounts, general intangibles, or contract rights. *See, e.g.*, O.C.G.A. § 53-12-132(a); *City Nat'l Bank of Miami v. Gen. Coffee Corp. (In re: Gen. Coffee Corp.)*, 828 F.2d 699 (11<sup>th</sup> Cir. 1987).

**COUNT SEVEN – UNJUST ENRICHMENT**  
**(As to All Defendants)**

101. GLC re-alleges paragraphs 1-52 of the Adversary Complaint as if fully restated herein.

102. GLC conferred numerous financial benefits upon Defendants.

103. Defendants had knowledge of the financial benefits conferred upon them by GLC.

104. Under the circumstances, retention of such financial benefits by Defendants would be unjust.

105. Accordingly, GLC seeks reimbursement for all financial benefits received by Defendants as a result of the above-described ponzi scheme.

**PRAYER FOR RELIEF**

**WHEREFORE**, having fully stated its claims against the Defendants, Plaintiff, GLC Limited, prays for judgment in its favor as follows:

A. Determining that the payments, transfers, and conveyances described above are avoidable and that GLC may recover the avoidable transfers from the Defendants under sections 547, 548, 550, and 551 of the Bankruptcy Code and relevant state law;

B. Enter judgment in favor of GLC and against Defendants in an amount to be determined at trial;

C. Enter an order in favor of GLC attaching to the Home and its proceeds, and, in the alternative, returning the property transferred by GLC, whether directly or indirectly, to Todd and Krista Donnan, including the return of the Home or its value;

D. Enter an order enjoining Todd and Krista Donnan from dissipation or disposition of the Home;

E. Enter an order disallowing the proofs of claim filed by Defendants to the extent that they received avoidable transfers and have not repaid the transfers to GLC;

F. Grant Plaintiff costs and attorneys' fees in an amount to be determined at trial;

G. Impose a constructive trust and a purchase money resulting trust covering any and all property or assets owned by each of the Defendants or in which one or more of the Defendants has or may claim to have an interest of any nature, kind, or description, including but not limited to, any and all real property, personal property, cash or cash equivalents, accounts, general intangibles, or contract rights; and

H. Grant such other and further relief as is just and appropriate under the circumstances.

Respectfully Submitted,

/s/ James C. Frooman

James C. Frooman (0046553)  
Matthew J. Horwitz (0082381)  
FROST BROWN TODD LLC  
2200 PNC Center  
201 East Fifth Street  
Cincinnati, Ohio 45202-4182  
(513) 651-6800  
jfrooman@fbtlaw.com  
mhorwitz@fbtlaw.com  
*Trial Attorneys for Plaintiff*