

Appendix C. Representative Plaintiff Allegations

20. The Maxwell Firm knew or had notice of the Majority Owners' efforts to acquire lots in this manner, as it kept contemporaneous charts detailing the status of its collection efforts for various lots in the Community. In these charts, the Maxwell Firm noted when a particular lot was a "target" of the Majority Owners. The Maxwell Firm would cease all collection efforts if the Majority Owners succeeded in getting a target property in escrow for purchase. Working with the Maxwell Firm, the Majority Owners acquired approximately 300 parcels in this manner.

24. The Maxwell Firm defended all of the violations by the individual Majority Owners Directors. The Maxwell Firm learned of these violations no later than June 2006. Despite the Maxwell Firm's expertise in the homeowner association area, the Maxwell Firm, as counsel for the Association, argued that all of the Directors' elections were proper, the payments were proper, the expenditures were proper, and the lack of maintenance was proper. All of these activities harmed the Association, the Maxwell Firm's client.

25. In March 2006, consistent with their goal to "drag down" property values, the Majority Owners notified Association members of a moratorium on any new construction in the Community until further notice. At the same time, the Maxwell Firm continued to send assessment collection letters to all owners other than the Majority Owners, and those collection letters quickly progressed into foreclosure lawsuits.

30. After the Maxwell Firm obtained foreclosure judgments in favor of the Association, the Maxwell Firm arranged for foreclosure sales of the properties. At these sales, the Majority Owners and/or a representative from the Maxwell Firm came to bid on the properties at issue. If other bidders outside of the Majority Owners' group appeared to bid at the sale, the Majority Owners and/or the Maxwell Firm representative would cancel the sale immediately to ensure that a competitive bidder would not be able to take title to those properties. The Majority Owners, working with the Maxwell Firm, then arranged to advertise the foreclosure sales in an obscure newspaper to minimize the chance of any third parties appearing at the sales.

32. By September 2006, minority owners had inquired with the Maxwell Firm about these issues, either directly or through complaints filed with various attorneys general. These owners alleged that the Majority Owners were wrongfully utilizing the Association to push out the minority owners. These owners alleged that a "land grab" scheme was going on by the Majority Owners. The Maxwell Firm denied those allegations and continued to vigorously defend all actions of the Association, taken by and through the Majority Owners.

39. The Maxwell Firm recognized that some of the claims it pursued were, at a minimum, barred by the statute of limitations. Nevertheless, it aggressively

defended the claims asserted, arguing that the statute of limitations did not apply. With respect to the questions raised by Judge O'Neil, the Maxwell Firm, through Defendant Maxwell, moved to remove Judge O'Neil from all cases involving the Association "for cause."

44. Just prior to filing *the Braslawsce* Litigation, the Majority Owners and Maxwell became aware that minority owners from the Community intended to file suit against the Majority Owners. Majority Owners sent their representatives to meetings held by the minority owners, wherein litigation was openly discussed and where it was made clear that the main goal of the litigation was to protect the Association from further harm. Nevertheless, Maxwell assisted the Majority Owners in their efforts to prevent the minority owners from pursuing their claims. Specifically, Maxwell drafted a flyer warning minority owners to "beware" of the attorneys who agreed to represent the minority owners, citing to false and/or misleading facts about those attorneys. Maxwell arranged for Majority Owner representatives to distribute the flyer, which was presented anonymously to those owners in the Community that were not already represented by counsel.

45. As counsel for the Association, Maxwell should have independently evaluated the merits of the minority owners' claims and then assisted or joined in the efforts of the minority owners to protect his client, the Association. Rather, he assisted the Majority Owners in their efforts to deter minority owners from filing the *Braslawsce* Litigation.

47. The law firm of Carpenter, Hazlewood, Delgado & Wood ("Carpenter Hazlewood"), appeared in the *Braslawsce* Litigation on behalf of the Association. Discord soon arose between the Maxwell Firm and Carpenter Hazlewood. The Maxwell Firm insisted on taking the lead in all matters relating to the litigation, even though Carpenter Hazlewood was providing legal services at the expense of the Association's insurance carrier, not the Association. The Maxwell Firm refused to allow Carpenter Hazlewood to even interview witnesses unless Maxwell Firm attorneys were present. Eventually, Carpenter Hazlewood withdrew from its representation of the Association, and the Association's insurance carrier appointed new defense counsel, Mariscal Weeks, McIntyre & Friedlander, P.A. ("Mariscal Weeks").

49. The Majority Owner Directors subsequently disclosed that the Maxwell Firm advised them to stop all maintenance in the community in order to "conserve funds" for the litigation. This advice was directly contrary to the CC&Rs and Arizona law.

52. On June 30, 2008, the Association held an annual meeting, wherein all Director positions were vacant and would be filled through election and Maxwell presided over the meeting. During the meeting, Maxwell made numerous statements attempting to deter minority owners from continuing the *Braslawsce* Litigation, clearly demonstrating his alignment with the Majority Owners and not the

Association. Maxwell claimed, among other things, that the *Braslawsce* Litigation was forcing the Association to spend significant attorneys' fees. The only reason the *Braslawsce* Litigation resulted in any attorney fee expenditures by the Association was because the Maxwell Firm remained significantly involved, billing fees that ultimately totaled hundreds of thousands of dollars to the Association.

65. Several weeks after the settlement agreement was executed, Receiver (through counsel) requested copies of the Maxwell Defendants' entire file with respect to the Association. The Receiver is in control of the Association, and the Association was the Maxwell Defendants' client. The Maxwell Firm refused to turn over the Association's files.

66. The Maxwell Firm is not only obligated to provide its entire file relating to the Association as a matter of law, but also the Court specifically ordered in its September 29, 2009 ruling that the Maxwell Firm "shall" provide all such records to the Receiver. Not only has the Maxwell Firm and Maxwell refused to provide the file, in response to repeated requests from Receiver's counsel, Maxwell threatened counsel with "legal and ethical consequences" for "assisting someone in pursuing a potential fraud upon the Court by facilitating the pursuit of baseless claims." Maxwell also suggested that counsel for Receiver had committed malpractice by not obtaining copies of relevant file documents in the initial review. In other words, rather than provide its client its entire file, the Maxwell Firm threatened legal and ethical action if counsel made any further efforts to obtain Maxwell's files.