

IN THE CIRCUIT COURT OF LAFAYETTE COUNTY

JONES, FUNDERBURG, SESSUMS,  
PETERSON & LEE, LLC

PLAINTIFF

v.

CIVIL ACTION NO. 07-135

RICHARD SCRUGGS, Individually; DON BARRETT, Individually;  
SCRUGGS LAW FIRM, P.A.; BARRETT LAW OFFICE, P.A.;  
NUTT & McALISTER, PLLC; and LOVELACE LAW FIRM, P.A.

DEFENDANTS

JURY TRIAL DEMANDED

COMPLAINT FOR DAMAGES AND DECLARATORY RELIEF

I INTRODUCTION

THE GROUP OF THE DEFENDANTS

1. This litigation is brought against the Defendants because of their breaches of contract, tortious bad faith breach of contract, breach of fiduciary duties, conversion, interference with prospective business advantages and such other acts as fraud and breach of duties owed as a result of a constructive trust and conduct which is so egregious as to entitle the Plaintiff to punitive damages. All of these actions developed as a result of a joint venture agreement entered into among the Plaintiff and the Defendants. The group was designated the Scruggs Katrina Group (hereinafter "Joint Venture" or "SKG"). The objective of the Joint Venture was to collectively represent aggrieved insureds against the insurers in the aftermath of Hurricane Katrina and the resulting insurance conflicts that developed. Plaintiff Jones, Funderburg, Sessums, Peterson and Lee, LLC, performed substantial and extensive work, both work assigned to the firm and other work constituting the bulk of the most difficult tasks in discovery and trial. After the performance of the

Received Time Mar. 20. 8:24AM

LAFAYETTE COUNTY  
**FILED**  
MAR 15 2007  
Mary Alice Busby  
CIRCUIT CLERK  
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work, the Defendants, in a concerted effort amounting to a conspiracy, determined to "freeze out" the Plaintiff and reduce its proper share of money that was collected after work had been done and performed by the Plaintiff and other monies to be collected in the future as a result of Plaintiff's labor and, more importantly, its membership in the Joint Venture.

## II. JURISDICTION AND VENUE

2. This Court has jurisdiction to hear this case pursuant to the Mississippi Constitution of 1890, Article VI § 156 and Miss.Code Ann. § 9-7-81 (1972). Jurisdiction is proper in circuit court because legal remedies are being sought for common law actions such as a breach of the fiduciary duties of care, loyalty, and good faith and fair dealing as well as violations of Mississippi statutory law. Pursuant to Art. III, § 3 of the Mississippi Constitution, the right of trial by jury is inviolate in all cases to which at common law a jury trial was necessary, such as the case *sub judice*. Therefore the circuit court is the proper jurisdiction and will allow a trial by jury.

3. Venue is proper in Lafayette County pursuant M.C.A. § 11-11-3 (Supp. 2000).

## III. PARTIES

4. Plaintiff Jones, Funderburg, Sessums, Peterson & Lee, PLLC, is a Mississippi professional limited liability company with its principal place of business at 901 North State Street, Jackson, Mississippi 39236.

5. Defendant Richard Scruggs is an adult resident citizen of Lafayette County, Mississippi who may be served with process at his place of business at 120-A Courthouse Square, Oxford, Mississippi 38655.

6. Defendant Don Barrott is a Mississippi resident of Holmes County, Mississippi who may be served with process at his place of business at 404 Court Square North, Lexington,

Mississippi 39095.

7. Defendant Scruggs Law Firm, P.A., is a Mississippi professional association with its principal place of business at 120A Courthouse Square, Oxford, Mississippi 38655 and who may be served with process by serving an officer, a managing or general agent, or any other agent authorized by appointment or by law to receive process for this Defendant at the above address.

8. Defendant Barrett Law Office is a Mississippi professional association with its principal place of business at 404 Court Square North, Lexington, Mississippi 39095 and who may be served with process by serving any officer, a managing or general agent, or any other agent authorized by appointment or by law to receive process for this Defendant at the above address.

9. Defendant Lovelace Law Firm, P.A., is a Florida professional association with its principal place of business at 36474 Emerald Coast Parkway, Suite 4202, Destin, Florida 32550 and who may be served with process by serving any officer, a managing or general agent, or any other agent authorized by appointment or by law to receive process for this Defendant at the above address.

10. Defendant Nutt & McAllister, PLLC, is a Mississippi professional limited liability company with its principal place of business at 605 Crescent Boulevard, Suite 200, Ridgeland, Mississippi 39157 and who may be served with process by serving any officer, a managing or general agent or any other agent authorized by appointment or by law to receive process for this Defendant at the above address.

#### IV. FACTS

The facts of this case show reprehensible conduct by the Defendants.

##### THE AGREEMENT

11. In November 2005, Plaintiff Jones, Funderburg, Sessums, Peterson & Lee, LLC, a law firm, entered into a Joint Venture Agreement, a copy of which is attached hereto and incorporated herein and marked as Exhibit 1. It should be noted that Paul Benton withdrew before the group began substantial work.

12. Defendant Scruggs approached Plaintiff who committed to the Joint Venture.

13. The only profit-sharing or fee allocation percentage decided upon was a thirty-five percent (35%) share to Defendant Nutt & McAlister in exchange for financing the Joint Venture. Plaintiff commenced intensive work efforts on behalf of the Joint Venture at this point.

14. The agreement was silent as to percentage of fees for all other parties.

##### THE PLAINTIFF'S WORK

15. From October 2005 until March 2006, Plaintiff logged substantial work for the SKG thereby foregoing other available legal work.

16. Plaintiff's senior partner Jones devoted approximately ninety-five percent (95%) of his available work time to the Joint Venture.

17. Jones was assisted by his partners Stewart Lee and Steve Funderburg who respectively devoted approximately fifty percent (50%) of their time to the Joint Venture at the request of Jones.

18. Plaintiff's work and performance included a variety of legal tasks including but not limited to developing the principal legal theories used by the Joint Venture in its Katrina