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14
15 **ARIZONA SUPERIOR COURT**

16 **MARICOPA COUNTY**

17 VANGUARD MUNICIPAL BOND FUNDS on
18 behalf of its series VANGUARD HIGH-YIELD
TAX-EXEMPT FUND, VANGUARD ULTRA-
19 SHORT-TERM TAX-EXEMPT FUND,
VANGUARD LIMITED-TERM TAX-EXEMPT
20 FUND, VANGUARD INTERMEDIATE-TERM
TAX-EXEMPT FUND, and VANGUARD LONG-
21 TERM TAX-EXEMPT FUND; VANGUARD TAX
MANAGED FUNDS on behalf of its series
22 VANGUARD TAX MANAGED BALANCED
23 FUND; AB BOND FUND, INC. on behalf of its
series AB MUNICIPAL BOND INFLATION
24 STRATEGY and AB TAX-AWARE FIXED
INCOME OPPORTUNITIES PORTFOLIO; AB
25 CORPORATE SHARES on behalf of its series AB
MUNICIPAL INCOME SHARES; AB
26 MUNICIPAL INCOME FUND II on behalf of its
27 series AB ARIZONA PORTFOLIO; AB
MUNICIPAL INCOME FUND, INC. on behalf of
28 its series AB HIGH INCOME MUNICIPAL

CASE NO. CV2024-024600

COMPLAINT

(Tier 3)

(Request Commercial Court Assignment)

1 PORTFOLIO and AB NATIONAL PORTFOLIO;
2 SANFORD C. BERNSTEIN FUND, INC. on behalf
3 of its series DIVERSIFIED MUNICIPAL
4 PORTFOLIO; VOYAGEUR MUTUAL FUNDS on
5 behalf of its series DELAWARE NATIONAL
6 HIGH-YIELD MUNICIPAL BOND FUND;
7 DELAWARE GROUP TAX-FREE FUND on
8 behalf of its series DELAWARE TAX-FREE USA
9 FUND AND DELAWARE TAX-FREE USA
10 INTERMEDIATE FUND; and VOYAGEUR
11 INSURED FUNDS on behalf of its series
12 DELAWARE TAX-FREE ARIZONA FUND,

13 Plaintiffs,

14 v.

15 B. C. ZIEGLER AND COMPANY, INC.; LEGACY
16 SPORTS, LLC; LEGACY SPORTS USA, LLC;
17 RANDY J. MILLER; CHAD MILLER; GUST
18 ROSENFELD, P.L.C.; and JOHN DOES 1-10;

19 Defendants.

20 Plaintiffs Vanguard Municipal Bond Funds on behalf of its series Vanguard High-Yield
21 Tax-Exempt Fund, Vanguard Ultra-Short-Term Tax-Exempt Fund, Vanguard Limited-Term Tax-
22 Exempt Fund, Vanguard Intermediate-Term Tax-Exempt Fund, and Vanguard Long-Term Tax-
23 Exempt Fund; Vanguard Tax Managed Funds on behalf of its series Vanguard Tax Managed
24 Balanced Fund; AB Bond Fund, Inc. on behalf of its series AB Municipal Bond Inflation Strategy
25 and AB Tax-Aware Fixed Income Opportunities Portfolio; AB Corporate Shares on behalf of its
26 series AB Municipal Income Shares; AB Municipal Income Fund II on behalf of its series AB
27 Arizona Portfolio; AB Municipal Income Fund, Inc. on behalf of its series AB High Income
28 Municipal Portfolio and AB National Portfolio; Sanford C. Bernstein Fund, Inc. on behalf of its
series Diversified Municipal Portfolio; Voyageur Mutual Funds on behalf of its series Delaware
National High-Yield Municipal Bond Fund; Delaware Group Tax-Free Fund on behalf of its series
Delaware Tax-Free USA Fund and Delaware Tax-Free USA Intermediate Fund; and Voyageur
Insured Funds on behalf of its series Delaware Tax-Free Arizona Fund (together “Plaintiffs” or the
“Bondholder Group”), submit the following Complaint against Defendants B. C. Ziegler and

1 Company, Inc. (“Ziegler”), Legacy Sports, LLC and Legacy Sports USA, LLC (collectively
2 “Legacy Sports”), Randy J. Miller and Chad Miller (collectively “the Millers”), Gust Rosenfeld,
3 P.L.C. (“Gust”), and John Does 1-10, alleging as follows:

4 **I. PRELIMINARY STATEMENT**

5 1. This litigation arises from a series of fraudulent statements and omissions in the
6 offering documents for more than \$280 million of revenue bonds issued to finance the construction
7 of a 300-acre sports and entertainment complex in Mesa, Arizona called Legacy Sports Park.
8 Unbeknownst to Plaintiffs, the project was doomed from the start as the bond offerings were based
9 on provably false projections of the sports complex’s potential revenues and costs, the risks
10 associated with the project, and the project’s ability to service the debt.

11 2. Specifically, in connection with the construction of Legacy Sports Park, in 2020
12 and 2021, Defendants—through the Arizona Industrial Development Authority (“AZIDA”)—
13 issued \$280 million in revenue bonds backed by the development and proceeds of the project.
14 While the offering materials claimed that Legacy Sports Park would generate nearly \$100 million
15 in revenue during its first year in operation, that projection was catastrophically false. By the time
16 the park opened in 2022, it generated less than \$30 million per year and operated at a nearly
17 \$15 million loss. The resulting failure and bankruptcy of Legacy Cares, Inc., the entity created to
18 own the park and the borrower for the bonds, caused Plaintiffs to suffer over \$200 million in losses.

19 3. To finance the acquisition, development, and operation of Legacy Sports Park, the
20 Millers and Legacy Sports participated in the issuance of economic development revenue bonds—
21 a type of quasi-municipal bond intended to incentivize local economic development. In 2020 and
22 2021, AZIDA issued approximately \$283 million of economic development revenue bonds across
23 two issuances: approximately \$250 million in 2020 (the “2020 Bonds”) and approximately
24 \$33 million in 2021 (the “2021 Bonds” and, together with the 2020 Bonds, the “Bonds”).

25 4. Defendants underwrote, sponsored, and advised on the issuance of the bonds.
26 Defendant Ziegler, as the underwriter for the Bonds, was responsible for confirming the
27 representations made by the Millers and Legacy Sports, and for the marketing and sale of the
28 Bonds. Defendant Gust served as the bond counsel for both the 2020 Bonds and the 2021 Bonds

1 and, at different times, also served as counsel to Ziegler and AZIDA. The bonds, while issued by
2 AZIDA, were repayable only by an affiliate of Legacy Sports, Legacy Cares, Inc.

3 5. On August 11, 2020, Defendants disseminated a Limited Offering Memorandum
4 (“Offering Memorandum”) for the 2020 Bonds that contained numerous material
5 misrepresentations regarding Legacy Sports’s projected financial performance and the risks related
6 to the project. Among other things, Defendants falsely inflated the purported demand for Legacy
7 Sports Park, evidenced by so-called letters of intent, many of which turned out to be fabricated.

8 6. The Offering Memorandum also included financial information to support Legacy
9 Sports Park’s projected revenues. Remarkably, although the 2020 Bonds were issued in the heart
10 of the COVID-19 pandemic, Defendants did not incorporate any related risks into their projection
11 of revenues for the development, and no reasonable diligence was conducted to ensure that the
12 financial projections accounted for the material risks related thereto. And when the 2021 Bonds
13 were issued in June 2021, Defendants did not provide an updated Offering Memorandum and
14 recycled the same financial projections—unaltered—from the 2020 Bonds. Ziegler did not
15 conduct any additional due diligence in connection with this offering, let alone conduct diligence
16 on whether the financial projections in the Offering Memorandum were still reasonable and
17 accurate in light of the severe financial consequence of the COVID-19 pandemic.

18 7. In reality, the development and construction of Legacy Sports Park was plagued by
19 delays and cost overruns, at least in part stemming from the COVID-19 pandemic. When Legacy
20 Sports Park finally opened in February 2022, its revenues were less than 30% of those projected
21 and represented in the Offering Memorandum. As a result of this dramatically reduced
22 performance, Legacy Cares defaulted on the Bonds within the year, and it declared bankruptcy 15
23 months later. Ultimately, Legacy Sports Park was sold out of the bankruptcy in October 2023 for
24 a mere \$26 million, resulting in more than a \$275 million loss for bondholders.

25 8. Defendants, in connection with the offering and sale of the Bonds, failed to disclose
26 and misrepresented material information regarding the project’s projected revenue and financial
27 viability, and multiple liabilities associated with the project. These misrepresentations and
28

1 omissions misled investors regarding the risks associated with the project, the Bonds as
2 investments, and the ability of the project to generate sufficient revenue to service the debt.

3 9. While Defendants' actions resulted in hundreds of millions of dollars of losses for
4 bondholders, Defendants themselves were compensated well for their roles in the issuance of the
5 Bonds. For example, Randy Miller was paid \$1 million at the time of closing of the 2020 Bonds.
6 He also received \$40,000 per month as operator of Legacy Sports—as did Chad Miller, Legacy
7 Sports's CEO. In addition, approximately \$1.2 million of Bond proceeds was used to pay a
8 settlement on behalf of the Millers in a pre-existing securities fraud lawsuit. None of these
9 payments were disclosed to Bond investors. In addition to the funds received by the Millers and
10 Legacy Sports, Ziegler was paid more than \$5 million at the closing of the 2020 Bond offering
11 and, upon information and belief, received an additional fee at the closing of the 2021 Bond
12 offering. Likewise, Gust was paid at least \$250,000 at the closing of the 2020 bond offering and,
13 upon information and belief, an additional fee at the closing of the 2021 bond offering.

14 10. Plaintiffs purchased tens of millions of dollars of the 2020 Bonds and 2021 Bonds
15 directly from Ziegler as the underwriter for the Bonds. In making these purchases, Plaintiffs relied
16 on the materially false and misleading information in the Offering Memorandum, including the
17 materially false financial projections and the risks related to the project. Following the demise of
18 Legacy Sports, Plaintiffs have lost essentially all of their investment in the Bonds and now seek to
19 hold Defendants responsible for their fraud.

20 **II. PARTIES**

21 11. Plaintiff Vanguard Municipal Bond Funds, on behalf of its Series Vanguard High-
22 Yield Tax-Exempt Fund, Vanguard Ultra-Short-Term Tax-Exempt Fund, Vanguard Limited-Term
23 Tax-Exempt Fund, Vanguard Intermediate-Term Tax-Exempt Fund, and Vanguard Long-Term
24 Tax-Exempt Fund, is a Delaware statutory trust registered with the United States Securities and
25 Exchange Commission ("SEC") under the Investment Company Act of 1940 (the "1940 Act") as
26 an open-end management investment company.

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1 12. Plaintiff Vanguard Tax Managed Funds, on behalf of its Series Vanguard Tax
2 Managed Balanced Fund, is a Delaware statutory trust registered with the SEC under the 1940 Act
3 as an open-end management investment company.

4 13. Plaintiff AB Bond Fund, Inc., on behalf of its series AB Municipal Bond Inflation
5 Strategy and AB Tax-Aware Fixed Income Opportunities Portfolio, is a Maryland corporation
6 registered with the SEC under the 1940 Act as an open-end management investment company.

7 14. Plaintiff AB Corporate Shares, on behalf of its series AB Municipal Income Shares,
8 is a Massachusetts business trust registered with the SEC under the 1940 Act as an open-end
9 management investment company.

10 15. Plaintiff AB Municipal Income Fund II, on behalf of its series AB Arizona
11 Portfolio, is a Massachusetts business trust registered with the SEC under the 1940 Act as an open-
12 end management investment company.

13 16. Plaintiff AB Municipal Income Fund, Inc., on behalf of its series AB High Income
14 Municipal Portfolio and AB National Portfolio, is a Maryland corporation registered with the SEC
15 under the 1940 Act as an open-end management investment company.

16 17. Plaintiff Sanford C. Bernstein Fund, Inc., on behalf of its series Diversified
17 Municipal Portfolio, is a Maryland corporation registered with the SEC under the 1940 Act as an
18 open-end management investment company.

19 18. Plaintiff Voyager Mutual Funds, on behalf of its series Delaware National
20 High-Yield Municipal Bond Fund, is a Delaware statutory trust registered with the SEC under the
21 1940 Act as an open-end management investment company.

22 19. Plaintiff Delaware Group Tax-Free Fund, on behalf of its series Delaware Tax-Free
23 USA Fund and Delaware Tax-Free USA Intermediate Fund, is a Delaware statutory trust registered
24 with the SEC under the 1940 Act as an open-end management investment company.

25 20. Plaintiff Voyager Insured Funds, on behalf of its series Delaware Tax-Free
26 Arizona Fund, is a Delaware statutory trust registered with the SEC under the 1940 Act as an open-
27 end management investment company.

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1 21. Defendant Randy J. Miller is an individual and resident of Maricopa County,
2 Arizona.

3 22. Defendant Chad Miller is an individual and resident of Maricopa County, Arizona.

4 23. Defendant Ziegler is a privately held investment bank, capital markets, and
5 proprietary investments firm that is incorporated in Wisconsin and authorized to conduct business
6 in Arizona.

7 24. Defendants Legacy Sports are Arizona limited liability companies authorized to
8 conduct business in Arizona.

9 25. Defendant Gust is an Arizona professional limited liability company authorized to
10 conduct business in Arizona.

11 26. The true names and capacities, whether individual, corporate, associate or
12 otherwise, of Defendants John Does 1-10 are unknown to Plaintiffs, which therefore sue said
13 Defendants by such fictitious names. Plaintiffs will amend this Complaint to state the true names
14 and capacities of these defendants when they are discovered.

15 **III. JURISDICTION AND VENUE**

16 27. Jurisdiction in this court is proper pursuant to Article 6, § 14, Arizona Constitution
17 and A.R.S. § 12-123

18 28. Venue in this court is proper pursuant to A.R.S. § 12-401.

19 **IV. STATEMENT OF FACTS**

20 **A. Defendants Issue the 2020 Bonds to Finance Legacy Sports Park**

21 29. Legacy Sports Park is a 320-acre multi-purpose sports and entertainment facility in
22 Mesa, Arizona. The park, which opened in January 2022, hosts youth, adult, and amateur sports
23 teams and serves as a venue for other events. Until March 2023, Legacy Sports Park was managed
24 by Legacy Sports, which was, in turn, operated by the Millers.

25 30. Legacy Sports is reported to have spent over \$250 million on purchasing,
26 developing, and constructing the park. To finance the project, Legacy Sports utilized debt
27 financing through AZIDA.

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1 31. AZIDA is a nonprofit corporation that provides financing to certain development
2 projects throughout Arizona by issuing tax-exempt bonds to investors on behalf of project
3 developers. While these “conduit” bonds are issued by AZIDA, the project developers are
4 responsible for repayments through the intended project’s revenues. AZIDA also does not
5 separately diligence or guarantee the accuracy of information in offering documents—instead the
6 developers, underwriters, and their agents are responsible for ensuring the accuracy of all
7 representations to investors. Instead, investors, like Plaintiffs, rely on the underwriter of the bond
8 offering, as well as bond counsel, to conduct due diligence to ensure that the offering materials
9 accompanying the bond offering are free and clear of material misstatements and disclose all
10 material risks.

11 32. In order to qualify for a bond issuance through AZIDA, Legacy Sports incorporated
12 a new affiliate entity, Legacy Cares, Inc., a non-profit that owned and operated Legacy Sports and
13 Legacy Sports Park. Legacy Sports and Legacy Cares retained Ziegler to serve as the investment
14 bank and underwriter for the Bond offering and Gust as bond counsel.

15 33. On August 11, 2020, Defendants issued approximately \$250 million worth of bonds
16 and disseminated a Limited Offering Memorandum, which, as detailed herein, contained numerous
17 materially false and misleading statements and failed to disclose all material risks. The Offering
18 Memorandum was issued on behalf of Legacy Cares, Legacy Sports, Ziegler, and Gust and was
19 prepared using substantial information provided by each company.

20 **B. Defendants Deceive Plaintiffs About the Project’s Feasibility, Projected Costs**
21 **and Revenues, and Management’s History With Investment Schemes**

22 34. The Offering Memorandum was filled with materially false and misleading
23 representations and omissions. Defendants concealed the true state of Legacy Sports’s financial
24 viability by misrepresenting: (1) the projected performance of Legacy Sports Park and the Legacy
25 Sports business; (2) the impact of COVID-19 on the projections for the development; (3) the costs
26 involved and anticipated in constructing and operating Legacy Sports Park; (4) conflicts of interest
27 that affected Legacy Sports’s management and ability to operate the park successfully; and (5) the
28 Millers’ involvement in a previous investment scheme. As Plaintiffs would come to learn,

1 Defendants vastly and fraudulently understated the projected costs and overstated the projected
2 revenues of Legacy Sports Park along with other information about the development based on
3 information that was known to them at the time of the Bond offerings.

4 **1. Defendants Misrepresent the Feasibility and Demand**

5 35. A critical selling point for the 2020 Bonds was the purported demand for Legacy
6 Sports Park. Indeed, the financial projections in the Offering Memorandum were largely driven
7 by so-called letters of intent, which purportedly underscored the financial feasibility of the project.

8 36. For example, the Offering Memorandum represented that in the first full year of
9 operations in 2022, the projected revenue was expected to be \$96.2 million, with over \$46 million
10 in cash flow after debt service. Defendants claimed that these projections (and other financial
11 projections in the Offering Memorandum) were supported by a series of “Letters of Intent,” which
12 supposedly dated back to January 2020, and were purportedly *binding* commitments to use space
13 in the completed Legacy Sports Park. In reality, the letters were merely *non-binding expressions*
14 *of interest*, devoid of any agreement to use the completed facilities. Through these letters,
15 Defendants were able to falsely model and project that Legacy Sports Park would be 90-100%
16 occupied from the day it opened.

17 37. Worse, since Defendants’ fraud came to light, at least seven entities that
18 purportedly signed these Letters of Intent subsequently stated that they never signed the documents
19 and that their names and “agreements” are outright forgeries. Among them, Manchester United,
20 the UK-based Premiere League soccer team, and Real Salt Lake-AZ, a youth soccer affiliate of the
21 Major League Soccer team Real Salt Lake, both disclaimed sending the supposed letters of intent
22 to Legacy Sports.

23 38. Defendants also claimed that the financial projections in the Offering
24 Memorandum, and the purported demand for the project, were supported by an “independent”
25 report conducted by a reputable consulting firm. Indeed, on or about July 30, 2020, Johnson
26 Consulting, issued a report titled “Peer Review and Impact Analysis” for the proposed Legacy
27 Sports Park. The report concluded, among other things, that there was “significant demand” for
28

1 sports and recreation facilities in the area (and, specifically, for Legacy Sports Park) and projected
2 total revenue of \$84.4 million for the first year of Legacy Sports Park's operation.

3 39. The data points underlying Johnson Consulting's estimates, however, were not
4 based on Johnson Consulting's independent analysis but were false assumptions dictated by the
5 Millers and Legacy Sports. Ziegler and Gust were well aware of this circular information flow.

6 40. Indeed, the demand model, (*i.e.*, expected use of the park over time based on market
7 information), was entirely constructed by the Millers. The model heavily relied upon the so-called
8 letters of intent described above.

9 41. The Johnson Consulting Report also relied on information provided by Oak View
10 Group, a sports and recreation management company that Legacy Sports indicated had been
11 retained to manage "outside the lines" functions at Legacy Sports Park, including food and
12 beverage, janitorial services, parking, security, and other operations. In addition, Legacy Sports
13 represented in the Offering Memorandum and in communications with prospective and existing
14 Bond purchasers that Oak View Group would itself contribute as much as \$10 million to the
15 Legacy Sports Park development. The participation of Oak View Group provided investors with
16 comfort that a company routinely involved in the management and operation of large-scale sports
17 facilities backed Legacy Sports Park. And investors, relying on representations from Legacy
18 Sports, the Millers, and others, accounted for the \$10 million contribution from Oak View Group
19 in their projections of Legacy Sports Park's ability to service its debt.

20 42. But, Oak View Group never made the \$10 million contribution and failed to meet
21 the professional standards of involvement by an active manager. Indeed, Oak View Group's
22 subpar efforts at management resulted in Legacy Sports Park incurring additional operational costs
23 and, ultimately, Legacy Sports taking over management of many operations that Oak View Group
24 was contracted to provide. Defendants never updated the Offering Memorandum or otherwise
25 informed investors about the material change in cash flows and operations that Oak View Group's
26 failures represented. In addition, neither Johnson Consulting nor any other analyst considered the
27 impact of Oak View Group's failure to perform on the project. Instead, Bond investors were kept
28 in the dark.

1 43. Beyond mischaracterizing the letters and failing to disclose Oak View Group’s
2 defaults, Defendants’ projections of Legacy Sports Park’s feasibility also intentionally ignored and
3 contradicted an independent feasibility study that expressly concluded that the park was not
4 financially viable. Unlike Johnson Consulting’s report, in September 2017 Sports Facilities
5 Advisory (“SFA”) issued a feasibility study and *pro forma* analysis of Legacy Sports Park based
6 on their own due diligence (the “SFA Study”). The study revealed that Legacy Sports Park would
7 *not* generate sufficient revenue to support the cost of the project and the debt burden of the Bonds.
8 To avoid jeopardizing the Bond Offering, Defendants downplayed the SFA Study and touted the
9 misleading conclusions in Johnson Consulting’s analysis instead.

10 44. Defendants also misled investors about a supposed line of new revenue streams:

11 The original feasibility study and pro forma for the Legacy Sports Park were
12 prepared for Legacy Sports USA, LLC (“Legacy”) by Sports Facilities Advisory
13 (SFA) of Clearwater, Florida. Subsequent to the creation of the original pro forma,
14 the Legacy Sports Park business model has expanded to include additional revenue
15 generating venues and other business opportunities that had not yet been secured
16 when the SFA feasibility study and pro forma were completed.

17 Legacy has obtained additional business commitments that have increased the
18 revenue generating capabilities of the Legacy Sports Park. This Updated Business
19 Pro Forma provides additional data and supporting documentation enhancing the
20 original pro forma by including the newly forged business commitments as set forth
21 in this revised revenue and expense pro forma.

22 45. Ziegler and Gust were well aware of—and actually assisted and participated in—
23 this scheme to “invent” new revenue streams. Not only did Ziegler and Gust fail to verify the
24 accuracy of these “new” revenue streams, but they also encouraged Legacy Sports and the Millers
25 to include those revenue projections in the Offering Memorandum.

26 46. Ziegler in particular, as the underwriter of the Bonds, should have known about
27 these fake revenue streams. Ziegler, however, never conducted sufficient due diligence and, in
28 fact, stopped performing its due diligence in 2019—well in advance of the offerings for the Bonds.

 47. Ziegler and Gust, likewise, were aware or should have been aware of the false and
fabricated letters of intent and of Oak View Group’s failure to invest into Legacy Sports Park the
funds and operational capacities investors originally expected. Despite that, Ziegler and Gust
never corrected or supplemented the Offering Memorandum with correct information.

1 2. ***Defendants Falsely Claim that the COVID-19 Pandemic Would Have No***
2 ***Impact on Legacy Sports Park’s Business***

3 48. Defendants also knowingly or recklessly failed to disclose known risks and
4 financial and operational impacts on the project because of the COVID-19 pandemic.

5 49. By March 2020, federal, state and local authorities throughout the United States
6 had begun to implement “stay-at-home” and other social distancing orders to stem the spread of
7 the COVID-19 pandemic. Defendants—aware that the pandemic would materially undermine
8 Legacy Sports Park’s projected performance, which was already artificially inflated—said
9 nothing. Not only did Defendants fail to revise the project’s financial projections to reflect the
10 expected lower demand, Defendants entirely neglected to warn investors of the risks to the project
11 posed by the pandemic.

12 50. In a section labeled “Potential Impact of infectious diseases,” Defendants purported
13 to warn investors that diseases, and resulting government actions, could impact the projected
14 revenue of Legacy Sports Park. But, Defendants omitted specific discussion of the actual COVID-
15 19 pandemic and the actual or projected effect on the business. Despite closing the sale of the
16 Bonds in August 2020, months into the pandemic, Defendants did not warn investors that the
17 pandemic could materially impact the projections and other information contained in the Offering
18 Memorandum. In fact, the Offering Memorandum stated that Defendants “cannot predict what
19 effect the spread of infectious diseases like COVID-19 will have” on the development.

20 51. Even the Johnson Consulting report specifically stated that its projections (which
21 were based on Defendants’ own assumptions) could be affected by the ultimate scale and impact
22 of the COVID-19 pandemic. Yet Defendants said nothing to investors about the specific impacts
23 of the pandemic.

24 52. Defendants also did not reassess the impact of the pandemic on the purportedly
25 binding and, in some cases, forged “Letters of Intent.” Even if the letters at one point represented
26 some actual indications of interest, Defendants failed to notify investors that such demand may
27 change or that the companies that were supposedly proffering the letters of intent may cease to
28

1 exist. Defendants also failed to inform investors that many of the letters of intent were forged, as
2 multiple alleged signatories later revealed when Legacy Cares filed for bankruptcy.

3 53. Indeed, the COVID-19 pandemic had an immense impact on the construction and
4 operation of Legacy Sports Park. Construction of the facility was severely delayed as a result of
5 supply chain, availability of labor, and other restrictions stemming from the pandemic. Not only
6 that, but once Legacy Sports Park finally was able to open, the facilities were largely unoccupied,
7 and expected revenue from sports game attendance (including concessions) was severely below
8 the projections Legacy Sports, Ziegler, and Gust provided to Bond investors.

9 **3. Defendants Materially Understate the Costs and Process of the**
10 **Construction And Development of Legacy Sports Park**

11 54. Defendants also misrepresented the costs of construction and development of
12 Legacy Sports Park and the operating business. Not only did the Offering Memorandum materially
13 understate these costs, but it failed to inform investors that the construction of the park was plagued
14 by delays, errors, and breaches of construction agreements.

15 55. According to the Offering Memorandum, the contract for construction of Legacy
16 Sports Park provided for a guaranteed maximum contract price of \$168,000,000. The construction
17 costs as of April 15, 2022 were \$196,610,105.60 or 17% higher than the “maximum” amount
18 disclosed in the Offering Memorandum. This was not merely a budget overrun—the additional
19 \$28 million materially impacted the debt profile of the construction project and the ability of
20 Legacy Sports Park to earn sufficient revenue to service the debt, as funds necessary for operations
21 were instead used for the heightened construction costs.

22 56. The additional costs—which were hidden from investors—were entirely avoidable.
23 Per the terms of the Bond issuance, Legacy Cares, Legacy Sports, and the Millers were required
24 to hire monitors and consultants to ensure compliance with the costs and schedules set out in the
25 relevant construction contracts and repeated in the Offering Memorandum and attached
26 documents. These supposedly independent third-parties, were, in fact, related to or in business
27 with the Millers or Legacy Sports.

28

1 57. For example, Jim Neal, the “independent” monitor of construction costs had a prior
2 business relationship with the park’s builders and was himself actively involved in Legacy Sports’
3 efforts to obtain financing to fund the project as early as 2019.

4 58. Despite the lack of independence, Mr. Neal’s monitoring of construction costs
5 revealed several costs that were not previously disclosed to investors or included in the Offering
6 Memorandum, including an undescribed \$17.2 million “operations” expense and a \$912,500
7 Deferred Technology Advisory Fee.

8 59. Mr. Neal’s monitoring report also reported increasing cumulative insurance in the
9 amount of \$5.3 million. According to Mr. Neal, this expense included an Owner Controlled
10 Insurance Project that consists of general liability and excess liability coverage. It also was used
11 for Director’s and Officer’s liability coverage. These costs were also never disclosed to investors.

12 60. Defendants also misrepresented the lack of independence of the project’s
13 “technology advisor.” While the Offering Memorandum stated that the advisor, KingDog
14 Enterprises LLC (“KingDog”), “is an independent company providing technology advisory
15 services,” the company is, in fact, owned by Doug Moss, who also served as the President of
16 Legacy Cares and previously worked with Legacy Sports as a “Consultant/Advisor.” KingDog
17 would be paid an advisory fee of 0.5% of the total capital expenditures on the project.

18 61. Defendants knew or were reckless in not knowing that the misrepresentations and
19 omissions stated above were materially false and misleading. Specifically, Defendants failed to
20 disclose that Mr. Neal and KingDog were not “independent,” that the costs disclosed in Mr. Neal’s
21 monitoring report would actually be incurred, and that the full project would exceed the
22 “maximum” costs described in the Offering Memorandum.

23 **4. Defendants Hid Multiple Liabilities And/Or Conflicts Of Interest Related**
24 **To The Proceeds Of The Project**

25 62. Beyond the supposedly independent consultants and monitors, Defendants failed to
26 disclose numerous conflicts of interest and other liabilities in the Offering Memorandum.

27
28

1 63. The Offering Memorandum, for example, falsely reported that Icing Investment
2 Holdings, LLC, a project advisor, had agreed to defer a 1% advisory fee that was due to it upon
3 closing of the 2020 Bond sale:

4 Icing Investment Holdings, LLC (“IIH”) is an independent company providing
5 advisory services under an agreement with LS-USA. IIH shall be paid an advisory
6 fee of one percent (1%) of the total capital expenditures on the Project. The advisory
7 fee shall be paid in increments as follows:

- 8 • Fifty percent (50%) shall be paid at the end of the first year in which the
9 Project meets the debt service coverage ratio of 1.45 as calculated by a year-
10 end audit; and
- 11 • The remaining fifty percent (50%) shall be paid at the end of the second
12 year in which the Project meets the debt service coverage ratio of 1.45 as
13 calculated by a year-end audit.

14 64. On or about August 11, 2020, Icing refused to defer any of its advisory fee, and the
15 full amount of the fee was paid out of Bond proceeds upon closing of the sale. Defendants knew
16 or should have known that Icing had not agreed to a deferral of the advisory fee.

17 65. Defendants also failed to disclose their use of \$1.2 million of the Bond offering
18 proceeds to settle a securities fraud lawsuit against the Millers, Legacy Sports, and J. Michael
19 Baggett. Defendants instead tried hiding the cost from investors by falsely labeling the
20 \$1.2 million payment in the Offering Memorandum as “pre-development costs.” These omissions
21 were highly material given that they improperly diverted proceeds from the Bond offering, and
22 concealed facts that impugned the integrity and credibility of the Millers and Legacy Sports.

23 66. The settlement payment was not the only wrongfully diverted funds. Defendants
24 also used capital from the Bond offering to fund at least two other Legacy Sports projects in other
25 states—neither of which were disclosed in the Offering Memorandum.

26 67. The Offering Documents also failed to disclose the loans Defendants were making,
27 and planned to make, to enrich themselves. For example, in 2021, the Millers caused a loan to be
28 made to Legacy Sports in the amount of \$3,234,076. This loan was funded at least in part from
Bond proceeds, as Legacy Sports Park’s 2021 revenue was less than \$1.6 million.

 68. In 2022, several additional loans were made to affiliates of Legacy Sports and the
Millers, including two entities formed by Randy Miller: Legacy Sports TN, LLC and Legacy

1 Sports TX, LLC. Moreover, in the first quarter of 2022, the Millers and Legacy Sports advanced
2 themselves over \$2.9 million. Neither this advance nor any of the “loans” described herein were
3 repaid. In total, Legacy Cares wrongly transferred more than \$7.28 million in loans and advances
4 to the Millers and Legacy Sports between 2021 and 2022.

5 69. While the Millers and Legacy Sports were repeatedly “loaning” and “advancing”
6 themselves funds from the Bond proceeds, they were also paying exorbitant undisclosed salaries
7 to themselves and their families and affiliates. In total, Legacy Sports and the Millers caused Bond
8 proceeds to be used to pay more than \$7.1 million of non-hourly salaries in 2022.

9 70. These were not *bona fide* salaries of legitimate employees, but instead were
10 dominated by payments to Miller family and friends. For example, Randy Miller’s sons, Chad
11 and Brett, were listed as CEO and President, respectively. Another member of Legacy Sports,
12 attorney Michael Baggett, was on the payroll as Legal Counsel. Mr. Baggett’s daughter, Layne,
13 was also employed by Legacy Sports. And, around this time, Ziegler Vice President Tyler Simons
14 left Ziegler to work for Legacy Sports as its Chief Financial Officer. And today, Mr. Simons has
15 an ownership interest in Legacy Sports.

16 71. Finally, the Millers also used Bond proceeds for personal expenses, such as luxury
17 vehicles and other business interests unrelated to the Project.

18 72. Each of the Defendants knew, or should have known, that the Bond proceeds were
19 improperly used to make loans and advances to the Millers and to pay above-market salaries to the
20 Millers and their family members. Nevertheless, none of these uses of funds were disclosed in the
21 Offering Memorandum or any other offering document related to the Bonds.

22 **5. *Defendants Fail to Disclose the Millers’ Connection to Fraud Schemes***

23 73. The Offering Memorandum also inflated the experience and expertise of Randy
24 Miller and contained material omissions regarding Randy Miller’s business dealings. Ziegler and
25 Gust knew, or should have known, of these material omissions and misrepresentations, but failed
26 to correct them in the Offering Memorandum.

27 74. The Offering Memorandum states that Legacy Sports is managed by its members,
28 Randy J. Miller, J. Michael Baggett, and Matt Waltz.

1 75. The Offering Memorandum further describes Randy Miller as the Chairman and
2 Founder of Legacy Sports and emphasize his “perfect blend of business management and
3 leadership that the company appreciates at all levels beginning with the strategic planning and
4 conceptual modeling of the business, facilities design, and operations and management.”

5 76. However, the Offering Memorandum fails to disclose that Randy Miller filed
6 multiple voluntary bankruptcy petitions in the 1990s. *See In re: Randy J. Miller and Paige E.*
7 *Miller*, No. 2:90-bk-00375 (Bankr. D.Ariz. Jan. 12, 1990); *In re: Randy J. Miller and Paige E.*
8 *Miller*, No. 2:91-bk-14770 (Bankr. D. Ariz. Dec. 18, 1991).

9 77. Likewise, the Offering Memorandum fails to disclose that Randy Miller was
10 connected to a previous fraudulent investment scheme involving entities he controlled, including
11 Millers A Game LLC (“MAG”). Indeed, in 2011, the SEC obtained injunctive relief and monetary
12 penalties against MAG and one of its members, Christopher Blackwell, in connection with an
13 enforcement action. *See SEC v. Blackwell, et al.*, No. 3:11 Civ. 234 (N.D. Tex. Feb. 7, 2011). Mr.
14 Blackwell also was convicted of a federal crime relating to the scheme.

15 78. Specifically, Mr. Blackwell had used MAG, a company Randy Miller controlled,
16 to perpetrate a \$4 million offering fraud involving fixed income trading programs, hedge funds,
17 movie distribution investment contracts, and advisory services. While Randy Miller was not a
18 defendant in the enforcement action, the SEC’s financial analysis revealed that he was paid
19 \$31,000 out of the fraudulently obtained proceeds. And, Randy Miller signed a consent judgment
20 in the action on behalf of MAG.

21 79. Following the SEC action, Randy Miller filed two additional bankruptcy
22 proceedings in Arizona. *See In re Randy J. Miller*, No. 2:12-bk-03770 (Bankr. D. Ariz. Feb. 29,
23 2012); *In re Randy Jewett Miller*, No. 2:12-bk-26337 (Bankr. D. Ariz. Dec. 12, 2012).

24 80. Relatedly, after the SEC proceedings were initiated, a group of private plaintiffs
25 sued Mr. Blackwell and others in Texas. *See Rizk, et al. v. Blackwell, et al.*, No. 1:11-cv-00180
26 (W.D. Tex. Mar. 8, 2011). The action resulted in an approximately \$800,000 judgment against
27 Mr. Blackwell. Notably, in connection with this action, Mr. Blackwell was represented by Michael
28 Baggett, one of the managers of Legacy Sports.

1 81. None of these legal actions or bankruptcy proceedings were disclosed in the
2 Offering Memorandum, even though they involved two of the members of the Board who were
3 directly involved in the planning, development, and operation of Legacy Sports Park.

4 82. Defendants each knew or should have known about each of these actions and failed
5 to disclose them in connection with the Bond offering.

6 83. Relying on the misstatements and omissions described above in the Offering
7 Memorandum and elsewhere, Plaintiffs purchased tens of millions of dollars of the 2020 Bonds
8 directly from Ziegler.

9 84. Even while their fraud related to the Bonds was ongoing, the Millers were caught
10 in yet another fraudulent scheme. In 2023, the State of North Dakota Securities Department
11 (“NDS”) found that the Millers were the direct recipients of funds that two others—Michael
12 Kuntz and Jeremy Carlson—defrauded from investors as part of a Ponzi-like scheme involving the
13 purchase and sale of promissory notes. While the Millers were not charged by the state regulators,
14 the NDS found that the Millers had run at least \$2,500,000 of the fraudulent funds through
15 accounts associated with Legacy Sports Park before paying them along to individuals and entities
16 in China. More than \$4,500,000 in other fraudulently obtained funds were paid to the Millers
17 directly from this scheme. Similarly, J. Michael Baggett also was named in the NDS’s findings
18 as being the recipient of more than \$4,500,000 in fraudulently obtained funds.

19 85. Legacy Sports Park, Legacy Sports, and the Millers featured prominently in the
20 NDS’s findings of fact regarding the Kuntz and Carlson fraud scheme. All of the fraudulent
21 funds received by the Millers and Baggett were received between 2021 and 2023 while Legacy
22 Sports Park was collapsing and, ultimately, defaulting on the Bonds.

23 86. Ziegler and Gust, despite representing the Millers and Legacy Sports in connection
24 with the Bond offering, failed to investigate and disclose these wrongful payments and the Millers
25 involvement in Kuntz and Carlson’s scheme.

26 **C. Defendants’ Misstatements Continue In 2021**

27 87. Defendants’ misstatements and omissions did not end in 2020. In connection with
28 the issuance of the 2021 Bonds, which closed in June 2021, Defendants repeated the same

1 misstatements and made new ones to induce investors to purchase the 2021 Bonds. In connection
2 with the 2021 Bonds, Ziegler again served as the underwriter, and Gust again served as bond
3 counsel for the offering.

4 88. Despite the passage of nearly a year, an updated Offering Memorandum was never
5 provided for the 2021 Bonds. Instead, the 2021 Bonds were issued based on the original Offering
6 Memorandum and certain supplements. The supplements did not address any of the misstatements
7 or omissions in the original Offering Memorandum. Tellingly, the supplements did not alter any
8 of the descriptions or projections of the project, its financing, or its projected revenues and costs.
9 Nor did the supplements include any disclosures regarding the payments to the Millers or the
10 improper use of the proceeds from the 2020 Bonds.

11 89. The failure to correct or update the financial projections in the Offering
12 Memorandum falsely underscored that the project was on track and would not be materially
13 impacted by the COVID-19 pandemic. Ultimately, once Legacy Sports Park began operations in
14 2022, the Millers reported that numerous teams canceled their use of the park due to COVID-19.

15 90. Upon information and belief, Ziegler failed to perform any due diligence for the
16 2021 Bonds and did not make any updates to the original financial projections in relation to the
17 offering of the 2021 Bonds. Defendants knew or should have known that the financial projections
18 they were relying upon were not only materially false and misleading, but had not been the subject
19 of any due diligence since 2019.

20 91. Relying on the misstatements and omissions described above in the Offering
21 Memorandum and elsewhere, Plaintiffs purchased millions of dollars of the 2021 Bonds directly
22 from Ziegler.

23 **D. The Business Collapses and Legacy Cares Files for Bankruptcy**

24 92. After Legacy Sports Park opened in January 2022, it almost immediately began to
25 experience difficulties. The park was more than 60% off of its revenue projections during its first
26 six months of operations; while the park was projected to earn more than \$30 million by the end
27 of April 2022, it had generated only \$10.4 million in that time.

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1 93. Despite the difficulties, the Millers continued to misrepresent the feasibility and
2 potential of Legacy Sports Park. In a call with Bond investors in June 2022, Chad Miller attempted
3 to reassure investors and doubled-down on the inflated projections of performance, stating that the
4 park needed to “get through the painful soft opening for six, seven months” in order to “put
5 ourselves in a position to hit expectations later this year and in 2023.”

6 94. Two months later, on another call with investors on August 30, 2022, Chad Miller
7 again misled Bond investors, claiming that Legacy Sports Park was positioned for success in the
8 immediate term. “We were dealing with material delays and some facilities at the park not being
9 able to open up 100% for the first six to seven months,” Miller said. “We unfortunately had to deal
10 with that, and the great thing about it is we now are heading into our busy season, which is
11 September all the way through May.” He also specifically addressed Legacy Cares’s ability to
12 make Bond payments, reassuring investors that the company was “right on track in the fall and
13 winter heading into a position where we don’t anticipate having any shortfalls whatsoever in
14 regards to those payments next year. Everything is trending and tracking as we suspected it would
15 the second part of this year, so, no, we’re very confident in the revenue anticipation and the
16 partnerships that we have.”

17 95. Unfortunately for investors, Legacy Sports Park never did—or could—meet
18 Defendants’ fraudulently inflated “expectations” for its performance. On or about October 18,
19 2022, UMB Bank, N.A., the Trustee for the Bonds, notified Legacy Cares, Legacy Sports, and the
20 Millers of defaults on the Bonds. In addition to failing to make principal and interest payments on
21 the Bonds, Legacy Cares and its affiliates also failed to provide audits and financial statements
22 and allowed liens to be filed naming Legacy Cares and the landlord of the project as debtors. The
23 defaults followed less than 60 days after Chad Miller’s fraudulent reassurances to Bond investors.

24 96. On or about October 27, 2022, UMB provided additional notices of defaults
25 involving failure to make principal and interest payments.

26 97. On May 1, 2023, Legacy Cares filed for Chapter 11 bankruptcy protection. In
27 connection with that action, Legacy Sports Park was sold for less than \$26 million. Of those
28 proceeds, approximately \$2.4 million went to repay the more than \$280 million due on the Bonds.

1 98. In the bankruptcy action, the truth surrounding Defendants' fraud was revealed,
2 including in a motion filed by the U.S. Trustee to appoint a trustee to oversee the business during
3 the pendency of the action. In the motion, the U.S. Trustee revealed the Millers' and Legacy
4 Sports's repeated and habitual transfer of Bond and operating funds from the park to themselves
5 and their families, as discussed above. The U.S. Trustee criticized management, stating that they
6 acted "either dishonestly or with a level of ineptitude that renders them completely incompetent to
7 manage" the business.

8 **V. DEFENDANTS' FALSE AND MISLEADING STATEMENTS**

9 99. As detailed above, the Offering Memorandum and the documents incorporated
10 therein contained numerous material omissions and misrepresentations.

11 100. In the Offering Memorandum, Defendants reported fraudulently inflated revenue
12 projections based on non-binding "Letters of Intent" that had no enforceability or expected income
13 and that, in at least several instances, were fabricated. Defendants also failed to disclose that the
14 only independent report of the project, conducted by SFA, expressly determined that Legacy
15 Sports Park would not generate sufficient revenue both to fund operations and service the debt.
16 Defendants also knew or should have known that the demand model used by Johnson Consulting
17 was manipulated by the Millers and did not support the false financial projections that were
18 contained in the Offering Memorandum.

19 101. Additionally, Ziegler and Gust failed to verify the adequacy and the accuracy of
20 those revenue streams and failed to conduct any due diligence related to them. In fact, based on
21 information available to them, upon information and belief, Ziegler and Gust each knew that the
22 representations in the Offering Memorandum regarding the projected revenues of Legacy Sports
23 Park were materially false and misleading.

24 102. The Offering Memorandum also misrepresented the effect of the COVID-19
25 pandemic on Legacy Sports Park's operations and projected revenues. Defendants knew at the
26 time, including because of statements made in the Johnson Consulting report, that the COVID-19
27 pandemic would have an impact on the performance of Legacy Sports Park. Nevertheless, in both
28 2020 and 2021, Defendants failed to warn investors that the pandemic would have a material

1 impact on the project's financial viability. Moreover, Defendants failed to update investors in
2 2021 regarding the continued effects of COVID-19 and the material impact that the prolonged
3 pandemic would have on Legacy Sports Park's operations.

4 103. Each of the Defendants knew or should have known at the time that the COVID-19
5 pandemic would have an adverse effect on the performance of the project. Moreover, Ziegler and
6 Gust wholly failed in their diligence to ensure that all material risks to the project were disclosed.

7 104. Defendants also falsely claimed that they secured a "maximum" construction price
8 and failed to disclose their improper uses of the Bond proceeds, as described above. Defendants
9 knew, or were reckless in not knowing, that the reported construction costs of the park were not
10 complete and that additional costs would be incurred to make Legacy Sports Park operational.
11 These increased costs materially changed investors' expectations about the use of the Bond
12 proceeds and expected repayment of the Bonds.

13 105. Finally, as set forth above, Defendants failed to disclose numerous conflicts of
14 interest and the Millers' involvement in previous investment schemes and litigation.

15 106. Each Defendant had an independent duty to ensure that the Offering Memorandum
16 and all other documents concerning the Bonds were not false or misleading and did not contain
17 the material misstatements and omissions described herein. Defendants, individually and
18 collectively, knew or should have known that Offering Memorandum contained numerous
19 materially false misstatements and omissions. Despite this knowledge, each Defendant
20 independently published the false or materially misleading information.

21 107. As the underwriter for the issuance of both the 2020 Bonds and 2021 Bonds, Ziegler
22 owed a duty to potential purchasers of the Bonds to have a reasonable basis for believing in the
23 accuracy of the representations therein and, based upon that belief, to make full, fair, and accurate
24 disclosure of all material facts. Ziegler, however, did not have a reasonable basis for believing the
25 material misrepresentations and omissions set forth above and failed to correct them.

26 108. Similarly, Gust, as bond counsel, owed a duty to purchasers not to approve the
27 offering documents for distribution unless and until it was reasonably satisfied that the disclosures
28 were complete, accurate, and not misleading in any material respect. Like Ziegler, Gust also had

1 a reason to believe that the Offering Memorandum contained material misstatements and
2 omissions and failed to correct them.

3 **VI. DEFENDANTS' SCIENTER**

4 109. Defendants each participated in and personally prepared the Offering
5 Memorandum. By larding the Offering Memorandum with false and misleading information,
6 Defendants were able to line their own pockets with millions of dollars.

7 110. In particular, the Millers used the Bond offerings to self-deal, including to transfer
8 millions of dollars in loans, advances, and salaries to themselves and their family members. The
9 Millers also used Bond funds to support other Legacy Sports projects outside Arizona and in
10 furtherance of their own business interests and not the Legacy Sports Park development.

11 111. Ziegler and Gust—who earned millions in fees in connection with the Bond
12 offerings—were similarly financially incentivized to ensure the offerings were successful. To do
13 so, Ziegler and Gust—who were responsible for conducting diligence and ensuring that the
14 representations included in the Offering Memorandum were true—looked the other way in the
15 face of knowingly false representations in the Offering Memorandum. Ziegler and Gust had
16 information available to them that contradicted the information included in the Offering
17 Memorandum, including business plans, *pro formas*, and other documents which contradicted the
18 false revenue and cost projections in the Offering Memorandum. They also knew, or should have
19 known that the Millers and Legacy Sports would use the Bond offering to enrich themselves rather
20 than to use the funds to pay for development of the property.

21 112. In particular, Gust, at various times, was counsel to AZIDA, Ziegler, Legacy Cares,
22 and Legacy Sports. In that capacity, Gust learned or should have learned the truth of the
23 misstatements in the Offering Memorandum. Once Gust learned the information, it had an
24 obligation to correct the misstatements in the Offering Memorandum.

1 **VII. CAUSES OF ACTION**

2 **FIRST CLAIM FOR RELIEF**

3 (Violation of Arizona State Securities Act, A.R.S. § 44-1991 Against All Defendants)

4 113. Plaintiffs reassert and reallege all allegations in the foregoing paragraphs as if fully
5 restated herein.

6 114. All of the Bonds issued in connection with the Legacy Sports Park project were
7 issued as securities under Arizona law.

8 115. In connection with a transaction or transactions involving the offer or sale of
9 securities within or from Arizona, each of the Defendants directly or indirectly: (i) knowingly
10 employed a device, scheme, or artifice to defraud; (ii) made untrue statements of material fact or
11 omitted to state any material fact which was necessary in order to make the statement not
12 misleading in light of the circumstances under which they were made; and/or (iii) engaged in a
13 transaction, practice, or course of business which operated or would operate as a fraud or deceit
14 upon Plaintiffs.

15 116. As described in detail above, each of the Defendants misrepresented the projected
16 revenue the project would generate; each understated the costs of construction; each hid multiple
17 liabilities and insider payments; and each failed to disclose Randy Miller's past involvement in
18 fraudulent schemes.

19 117. Each of these misrepresentations and omissions was material.

20 118. Each of the Defendants' conduct violated A.R.S. § 44-1991.

21 119. Randy Miller and Chad Miller directly or indirectly controlled Legacy Cares, Inc.
22 within the meaning of A.R.S. §§ 44-1991, 44-1999.

23 120. Legacy Sports, Ziegler, Randy Miller, Chad Miller, and Gust participated in or
24 induced the unlawful sale or purchase of the Bonds within the meaning of A.R.S. § 44-2003.

25 121. As a result of each of the Defendants' violations of A.R.S. § 44-1991, Plaintiffs
26 have been damaged and are, pursuant to A.R.S. § 44-2001, entitled to complete rescission and
27 return of its investment, plus interest, attorneys' fees, and costs, or, alternatively, are entitled to
28 recover damages plus interest, attorneys' fees, and costs.

1 **FIFTH CLAIM FOR RELIEF**

2 (Aiding and Abetting Fraud Against All Defendants)

3 143. Plaintiffs reassert and reallege all allegations in the foregoing paragraphs as if fully
4 restated herein.

5 144. One or more of the Defendants knowingly made material misrepresentations and
6 omissions of past and present facts as more fully alleged above and is liable to Plaintiffs as a
7 principal for fraudulent misrepresentation.

8 145. All Defendants knew that the material misrepresentations and omissions
9 constituted fraud.

10 146. In the event it is determined that any Defendant is not liable as a principal for fraud,
11 such Defendant, at a minimum, provided substantial assistance as described above to advance the
12 commission of the fraud.

13 147. As a direct and proximate cause of each of the Defendants' conduct, Plaintiffs have
14 suffered substantial damages.

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PRAYER FOR RELIEF

WHEREFORE, Plaintiffs request a judgment against Defendants as follows:

1. Rescission of the Bonds and re-payment of all amounts invested in the Bonds from the date of purchase until the date of award;
2. Actual damages related to the Bonds in an amount to be determined at trial, but that will exceed \$1,000,000.00;
3. Prejudgment and post judgment interest at the highest legal rate possible under the Bonds or Arizona law;
4. Reasonable attorneys' fees and costs in accordance with A.R.S. §§ 12-341; 12-341.01; 12-349; 44-2001; or otherwise; and,
5. Such other and further relief as this Court deems just and proper.

DATED: September 5, 2024.

HIMMELSTEIN & ADKINS, LLC

By /s/ Ben J. Himmelstein
Ben J. Himmelstein
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