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December 9, 2019

Financial Litigation and Charitable Trusts Division  
Office of the Attorney General  
P. O. Box 12548  
Austin, Texas 78711-2548

*Via Certified Mail,  
Return Receipt Requested*

Re: Cause No. D-1-GN-18-007636; *The Roy F. & Joann Cole Mitte Foundation v. WC 1st and Trinity, LP, WC 1st and Trinity GP, LLC, WC 3rd and Congress, LP and WC 3rd and Congress GP, LLC*

Dear Sirs:

I represent the Roy F. & Joann Cole Mitte Foundation (“Mitte Foundation”), which is a charitable organization meeting the definition of Charitable Trust under §123 of the Texas Property Code. I write pursuant to Texas Property Code §123.003 to give you notice of a lawsuit that was initiated by the Mitte Foundation.

We are enclosing the original petition as well as the current live pleadings. I apologize for the delay in providing this notice. Section 123 was only recently brought to my attention.

If you need additional information, please do not hesitate to contact me.

Sincerely,



Ray Chester

RCC/klm  
Enclosures

**House Managers**  
**EX. 051**

CAUSE NO. **D-1-GN-18-007636**

THE ROY F. & JOANN COLE MITTE  
FOUNDATION,

*Plaintiff,*

v.

WC 1ST AND TRINITY, LP,  
WC 1ST AND TRINITY GP, LLC,  
WC 3RD AND CONGRESS, LP AND  
WORLD CLASS CAPITAL GROUP, LLC

*Defendants.*

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IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

126 th JUDICIAL DISTRICT

**PLAINTIFF'S ORIGINAL PETITION**

TO THE HONORABLE JUDGE OF SAID COURT:

NOW COMES The Roy F. & Joann Cole Mitte Foundation ("Mitte Foundation"), and files this Original Petition complaining of WC 1st and Trinity, LP, WC 1st and Trinity GP, LLC, WC 3rd and Congress, LP, and World Class Capital Group, LLC, and for cause of action would show as follows:

**I. DISCOVERY CONTROL PLAN**

1. Plaintiff requests this case be conducted under Discovery Control Plan Level Two pursuant to Rule 190.3 of the Texas Rules of Civil Procedure.

**II. PARTIES**

2. Plaintiff, the Mitte Foundation, is a non-profit corporation and charitable foundation which strives to invest in organizations and programs that improve the quality of life of individuals in the Central Texas area.

3. Defendant WC 1st and Trinity, LP is a Texas limited partnership which owns real property located at 1st and Trinity in Austin, Travis County. Defendant WC 1st and Trinity, LP can

be served with process by serving its registered agent, COGENCY GLOBAL INC., at 1601 Elm Street, Suite 4360, Dallas, Texas 75201.

4. Defendant WC 1st and Trinity GP, LLC is the General Partner of WC 1st and Trinity, LP. Defendant WC 1st and Trinity GP, LLC can be served with process by serving its registered agent, COGENCY GLOBAL INC., at 1601 Elm Street, Suite 4360, Dallas, Texas 75201.

5. Defendant WC 3rd and Congress, LP is a Texas limited partnership which owns real property located at 3rd and Congress in Austin, Travis County, Texas. Defendant WC 3rd and Congress, LP can be served with process by serving its registered agent, COGENCY GLOBAL INC., at 1601 Elm Street, Suite 4360, Dallas, Texas 75201.

6. Defendant World Class Capital Group, LLC is the General Partner of WC 3rd and Congress, LP. Defendant World Class Capital Group, LLC can be served with process by serving its registered agent, COGENCY GLOBAL INC., at 1601 Elm Street, Suite 4360, Dallas, Texas 75201.

### **III. VENUE AND JURISDICTION**

7. Venue is proper in Travis County, Texas because it is the county in which all or a substantial part of the events or omissions giving rise to the claims occurred, and is the county of at least one Defendant's principal office in this state. *See* TEX. CIV. PRAC. & REM. CODE §§ 15.002(a), 15.005.

8. The amount in controversy is within the jurisdictional limits of this court and Plaintiff seeks injunctive relief.

### **IV. REQUEST FOR BOOKS AND RECORDS OF WC 1ST AND TRINITY, LP**

9. The Mitte Foundation has invested in, and is a limited partner of, WC 1st and Trinity, LP. In approximately the last 12 months, the General Partner, World Class Group, LLC, has not timely provided annual and quarterly reports regarding the operations of the partnership. During 2018, these reports, which were previously provided automatically, were only provided

upon request by the Mitte Foundation, and even then not timely. In fact, the Q3 2018 reports have not been provided at all. The lack of timely financial reporting regarding Plaintiff's financial investment harms the Mitte Foundation, but in addition, upon information and belief, WC 1st and Trinity, LP and its General Partner have failed to respond to or otherwise act on at least two valid letters of intent to purchase the partnership property, to the detriment of the Mitte Foundation. The Mitte Foundation has made numerous requests for books, records and financial information to WC 1st and Trinity, LP and its general partner, but to date none of those requests have been honored. On December 13, 2018, the Mitte Foundation made a formal request for books and records under the Texas Business Organizations Code §§ 153.551 and 153.552. This formal notice requested access to the books and records of WC 1st and Trinity, LP within five (5) days as provided under the statute. Access to the books and records has not been granted.

10. Specifically, the books and records of WC 1st and Trinity, LP that the Mitte Foundation requests access to for inspection and copying are:

- 1) The name and mailing address of each partner, separately identifying in alphabetical order the general partners and limited partners;
- 2) The last known street address of the business or residence of each general partner;
- 3) The percentage or other interest in the partnership owned by each partner;
- 4) If one or more classes or groups are established under the partnership agreement, the names of the partners who are members of each specified class or group;
- 5) The limited partnership's federal, state and local information or income tax returns for the six most recent tax years;
- 6) The partnership agreement and certificate of formation and all amendments or restatements thereof;
- 7) Copies of any documents that creates, in the manner provided by the partnership agreement, classes or groups of partners;

- 8) An executed copy of any powers of attorney under which the partnership agreement, certificate of formation and all amendments or restatements to the agreement and certificate have been executed;
- 9) A written statement of the amount of cash contribution and a description and statement of the agreed value of any other contribution made by each partner;
- 10) The amount of the cash contribution and a description and statement of the agreed value of any other contribution that the partner has agreed to make in the future as an additional contribution;
- 11) The events requiring additional contributions to be made with a date on which additional contributions are to be made;
- 12) The events requiring the winding up of the limited partnership;
- 13) The date on which each partner in the limited partnership became a partner; and
- 14) The books and records of the accounts of the limited partnership.

11. Plaintiff hereby requests a temporary and a permanent injunction prohibiting WC 1st and Trinity, LP and WC 1st and Trinity GP, LLC from interfering with Plaintiff's attempt to gain access to the partnership's files, books and records, set forth above, and to make extracts and copies from these records during ordinary business hours at the partnership office.

**V. REQUEST FOR BOOKS AND RECORDS OF WC 3RD AND CONGRESS, LP**

12. The Mitte Foundation has invested in, and is a limited partner of, WC 3rd and Congress, LP. In approximately the last 12 months, the General Partner, World Class Capital Group, LLC, has not timely provided annual and quarterly reports regarding the operations of the partnership. During 2018, these reports, which were previously provided automatically, were only provided upon request by the Mitte Foundation, and even then not timely. In fact, the Q3 2018 reports have not been provided at all. The lack of timely financial reporting regarding Plaintiff's financial investment harms the Mitte Foundation, but in addition, upon information and belief, WC 3rd and Congress, LP and its General Partner have mismanaged the partnership property by,

among other things, requiring multiple capital calls to cover partnership expenses and costs associated with leasing and operating the property, despite the fact that the partnership property is located in the middle of downtown Austin in one of the hottest real estate markets on record. These capital calls have likely (the Mitte Foundation has no knowledge of the extent of the dilution because no financial records of these recent transactions have been provided) significantly diluted the ownership of the partnership to the Mitte Foundation's detriment. This course of action—continuing to operate the partnership property at an apparent loss rather than making serious efforts to sell the partnership property at what undoubtedly would be significant gain highlights the need for the Mitte Foundation to inspect the books and records of the partnership. The Mitte Foundation has made numerous requests for books, records and financial information to WC 3rd and Congress, LP and its general partner, but to date none of those requests have been honored. On December 13, 2018, the Mitte Foundation made a formal request for books and records under the Texas Business Organizations Code §§ 153.551 and 153.552. This formal notice requested access to the books and records of WC 3rd and Congress, LP within five (5) days as provided under the statute. Access to the books and records has not been granted.

13. Specifically, the books and records of WC 3rd and Congress, LP that the Mitte Foundation requests access to for inspection and copying are:

- 1) The name and mailing address of each partner, separately identifying in alphabetical order the general partners and limited partners;
- 2) The last known street address of the business or residence of each general partner;
- 3) The percentage or other interest in the partnership owned by each partner;
- 4) If one or more classes or groups are established under the partnership agreement, the names of the partners who are members of each specified class or group;

- 5) The limited partnership's federal, state and local information or income tax returns for the six most recent tax years;
- 6) The partnership agreement and certificate of formation and all amendments or restatements thereof;
- 7) Copies of any documents that creates, in the manner provided by the partnership agreement, classes or groups of partners;
- 8) An executed copy of any powers of attorney under which the partnership agreement, certificate of formation and all amendments or restatements to the agreement and certificate have been executed;
- 9) A written statement of the amount of cash contribution and a description and statement of the agreed value of any other contribution made by each partner;
- 10) The amount of the cash contribution and a description and statement of the agreed value of any other contribution that the partner has agreed to make in the future as an additional contribution;
- 11) The events requiring additional contributions to be made with a date on which additional contributions are to be made;
- 12) The events requiring the winding up of the limited partnership;
- 13) The date on which each partner in the limited partnership became a partner; and
- 14) The books and records of the accounts of the limited partnership.

14. Plaintiff hereby requests a temporary and a permanent injunction prohibiting WC 3rd and Congress, LP and World Class Capital Group, LLC from interfering with the Plaintiff's attempt to gain access to the partnership's files, books and records, set forth above, and to make extracts and copies from these records during ordinary business hours at the partnership office.

#### **VI. ACTIONS IN CONCERT**

15. Although this action for books and records involves two different partnerships, they are combined in one suit for purposes of efficiency, and also because all of the defendants herein are jointly owned and operated by Nate Paul and a set of companies commonly collectively known as World Class Holdings and World Class Property Company. The conduct of the various World

Class entities is consistently similar in each of the investment partnerships that the Mitte Foundation has been involved in.

## VII. REQUEST FOR RELIEF

WHEREFORE, PREMISES CONSIDERED, Plaintiff requests that the Court cite the Defendants to appear herein and answer this suit, and upon final trial or hearing of this cause award to the Plaintiff the following relief:

a) Temporary injunction prohibiting the Defendants from interfering with the Plaintiff's attempts to gain access to the partnership's file, books and records and to make extracts and copies from these records during ordinary business hours at the partnership office;

b) Permanent injunction prohibiting the Defendants from interfering with the Plaintiff's attempts to gain access to the partnership's files, books and records and to make extracts and copies from these records during ordinary business hours at the partnership office;

c) Reasonable and necessary attorney's fees incurred by Plaintiff in enforcing Plaintiff's rights under Texas Business Organizations Code § 153.552;

d) Costs of suit; and

e) Any and all further relief to which Plaintiff may show itself justly entitled.



Respectfully submitted,

**MCGINNIS LOCHRIDGE LLP**

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By: 

Ray C. Chester

**ATTORNEYS FOR PLAINTIFF THE ROY F.  
& JOANN COLE MITTE FOUNDATION**

CAUSE NO. D-1-GN-18-007636

THE ROY F. & JOANN COLE MITTE FOUNDATION,	§	IN THE DISTRICT COURT OF
	§	
	§	
<i>Plaintiff,</i>	§	
	§	
v.	§	TRAVIS COUNTY, TEXAS
	§	
WC 1ST AND TRINITY, LP, WC 1ST AND TRINITY GP, LLC, WC 3RD AND CONGRESS, LP AND WC 3RD and CONGRESS GP, LLC	§	
	§	
	§	
<i>Defendants.</i>	§	126th JUDICIAL DISTRICT

**PLAINTIFF'S THIRD AMENDED ORIGINAL PETITION**

TO THE HONORABLE JUDGE OF SAID COURT:

NOW COMES The Roy F. & Joann Cole Mitte Foundation (“Mitte Foundation”), and files this Third Amended Original Petition complaining of WC 1st and Trinity, LP, WC 1st and Trinity GP, LLC, WC 3rd and Congress, LP, and World Class Capital Group, LLC, and for cause of action would show as follows:

**I. DISCOVERY CONTROL PLAN**

1. Plaintiff requests this case be conducted under Discovery Control Plan Level Two pursuant to Rule 190.3 of the Texas Rules of Civil Procedure.

**II. PARTIES**

2. Plaintiff, the Mitte Foundation, is a non-profit corporation and charitable foundation which strives to invest in organizations and programs that improve the quality of life of individuals in the Central Texas area.

3. Defendant WC 1st and Trinity, LP is a Texas limited partnership which owns real property located at 1st and Trinity in Austin, Travis County. Defendant WC 1st and Trinity GP, LLC is the General Partner of WC 1st and Trinity, LP. Defendant WC 3rd and Congress, LP is a Texas limited partnership which owns real property located at 3rd and Congress in Austin, Travis County, Texas. Defendant World Class Capital Group, LLC is the General Partner of WC 3rd and Congress, LP. Each and every Defendant has answered and appeared herein and no further service of process is necessary.

### III. VENUE AND JURISDICTION

4. Venue is proper in Travis County, Texas because it is the county in which all or a substantial part of the events or omissions giving rise to the claims occurred, and is the county of at least one Defendant's principal office in this state. *See* TEX. CIV. PRAC. & REM. CODE §§ 15.002(a), 15.005.

5. The relief sought and amount in controversy is within the jurisdictional limits of this court and Plaintiff seeks injunctive relief.

### IV. FACTUAL BACKGROUND

6. The Mitte Foundation has invested in, and is a limited partner of WC 1st and Trinity, LP and WC 3rd and Congress, LP. There are identical partnership agreements in place for both partnerships, and both contain identical arbitration clauses which read as follows:

The Partners agree that in the event that any dispute or controversy arising out of, relating to or in connection with the interpretation, validity, construction, performance, breach or termination of this Agreement cannot be resolved through the mediation process described herein, such dispute shall be settled by binding arbitration to be held in Travis County, Texas, in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "AAA") as then in effect )the "Rules"). Unless otherwise provided below, an arbitration demand shall not be filed with the AAA or shall the arbitration be administered by or conducted pursuant to the authority of the AAA. If within thirty (30) days after receipt of the demand for arbitration by either party, the

parties have not reached an agreement on the selection of an arbitrator, then a party may file its demand with the AAA to be administered under its authority and in accordance with the Rules. The arbitrator may grant injunctions or other relief in such dispute or controversy. The decision of the arbitrator shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrator's decision in any court of competent jurisdiction of any Texas court or federal court sitting in the Fifth Circuit.

7. Defendants filed a Motion to Compel Arbitration in this cause on January 2, 2019. Defendants then formally initiated the arbitration by filing a Statement of Claims on February 19, 2019.

8. The Honorable Suzanne Covington, retired, was selected as the sole arbitrator by agreement of the parties. The Mitte Foundation filed its Answering Statement and Counterclaim on March 7, 2019. The parties have been engaged in the binding arbitration before Judge Covington since that time.

9. The property of WC 1st and Trinity, LP is valuable real property located in downtown Austin. There is a mortgage on the property held by United Heritage Credit Union ("UHCU"). In May of 2019, Defendants defaulted on the UHCU loan. United Heritage Credit Union then posted the property for foreclosure which was avoided on the day before the foreclosure sale when Defendants received a loan modification and placed certain funds in escrow with UHCU.

10. On July 1, 2019, the parties agreed to settle all claims in the arbitration. There were various terms to the settlement, but the primary term was that Defendants were to pay \$10.5 million to the Mitte Foundation in exchange for a release of all claims. Payment was to occur on August 20, 2019.

11. On August 14, 2019, the offices of Defendants and other affiliates of Defendants' owner, Nate Paul, were raided by the FBI in connection with an ongoing federal criminal investigation. On August 20, 2019, Defendants defaulted on the settlement reached in the arbitration.

12. The property of WC 3rd and Congress, LP also consists of valuable downtown real estate. There is a mortgage on that property which is held by Nalle Plastics Family Limited Partnership. That mortgage is currently in default.

13. Beyond FBI raid and the foreclosure posting for 1st and Trinity, LP, there are other indications of serious questions regarding the financial viability of Defendants, their affiliate companies, and their owner, Nate Paul. After never having an investment property posted for foreclosure at any point up through the end of 2018, World Class affiliates have had at least ten different investment properties posted for foreclosure during 2019, seven of which occurred in September 2019. On September 30, 2019, the Honorable Tim Sulak appointed a receiver over another World Class investment entity in default, Silicon Hills Campus, LLC.

14. On August 30, 2019 the Mitte Foundation filed a Motion to Appoint Receiver for the two partnership properties in the arbitration before Judge Covington. It was originally set for hearing on September 13, 2019, but Defendants moved for a continuance because yet another law firm (the third) had withdrawn from representing it, which was granted by Judge Covington. In the meantime, the Mitte Foundation filed Respondent's First Amended Motion to Appoint Receiver, which is attached hereto as Exhibit A.

15. After proper notice to all parties, an evidentiary hearing was held on Respondent's Motion to Appoint Receiver and Respondent's First Amended Motion to Appoint Receiver on October 4, 2019. The Mitte Foundation offered to split the cost of a court reporter to record the proceedings, but Defendants declined to share the cost so no record was made.

16. In an evidentiary hearing which took the better part of the day, Judge Covington listened to the testimony and documentary evidence produced by all parties, considered the arguments of counsel, and announced on October 4, 2019 that she found the evidence sufficient to appoint a

receiver and that Greg Milligan would be appointed as receiver. Despite the fact that Mitte was seeking a receivership over the valuable property of two partnerships he controls, Nate Paul did not appear at the hearing.

17. Mitte sought to subpoena Nate Paul and his CFO, Barbie Lee, for the hearing on its application for appointment of a receiver, but both repeatedly avoided service of the subpoenas. Lee was only able to be served with the subpoena for the hearing when she *finally* appeared for deposition after being ordered to multiple times by the Arbitrator.

18. The Order Appointing Receiver was signed by Judge Covington on October 11, 2019. After the arbitrator announced she was going to appoint a receiver at the conclusion of the evidentiary hearing, Defendants asked for time to review the form of the Order Appointing Receiver over the weekend. This turned out to be a subterfuge because Defendants purported to transfer the partnership properties that weekend to affiliates who are also wholly owned and controlled by Nate Paul. The combined sales price of all properties in this sham transaction was purported to be \$48 million. However, Defendants had previously received an offer to purchase the property of 1st and Trinity alone for \$60 million from an unaffiliated third party. This offer to purchase was not disclosed to Mitte.

19. The open defiance of the arbitrator ruling was a continuation of Defendants' behavior throughout the arbitration. They wholly failed to comply with discovery obligations. This includes document production and production of witnesses for depositions. Defendants have been sanctioned by the arbitrator on multiple occasions for failure to comply with valid orders of the arbitrator. Additionally, Defendants agreed to settle all claims in the arbitration in exchange for payment of \$10.5 million to Mitte, but then defaulted on the settlement. After the default, Defendants failed to

live up to their other obligations including transferring additional ownership to Mitte as a consequence of default. This was only done after several orders of the arbitrator.

20. As a result of their failure to comply with multiple valid orders of the arbitrator and to engage in arbitration in good faith, Defendants have waived their right to arbitration under the partnership agreements.

#### **V. FIRST CAUSE OF ACTION BREACH OF FIDUCIARY DUTY**

21. Defendants owe their partner, Mitte, a fiduciary duty. Defendants have breached this fiduciary duty on multiple occasions. These breaches include, but are not limited to:

1. Charging excessive management fees and loan acquisition fees to the partnership;
2. Charging to the partnerships attorneys' fees incurred for the purpose of advancing Nate Paul's personal interests;
3. Refusing to market the partnership properties for sale, even though that was the original plan as announced by Nate Paul, in an attempt to have Mitte "die on the vine" so that Defendants could acquire total ownership of these valuable properties. This is a pattern and practice of Nate Paul's companies;
4. Improperly diluting Mitte's ownership interest in WC 3<sup>rd</sup> and Congress, LP through capital calls;
5. Refusing to provide accounting and other financial information as required by the partnership agreements and by Texas law;
6. Agreeing to settle the arbitration claims for \$10.5 million and then defaulting;
7. Purporting to sell the partnership properties to other Nate Paul owned affiliates for substantially below market value in non-arm's length transactions. This was done in an attempt to grossly undervalue Mitte's ownership. This is also a pattern and practice of Nate Paul's companies; and
8. Failing to comply with the arbitrator's Order Appointing Receiver.

Each of these breaches of fiduciary duty has proximately caused harm to Mitte.

#### **V1. REQUEST FOR BOOKS AND RECORDS OF WC 1ST AND TRINITY, LP**

22. The Mitte Foundation has invested in, and is a limited partner of, WC 1st and Trinity, LP. In approximately the last 12 months, the General Partner, World Class Group, LLC, has not timely provided annual and quarterly reports regarding the operations of the partnership. During 2018, these reports, which were previously provided automatically, were only provided upon request by the Mitte Foundation, and even then not timely. In fact, the Q3 2018 reports have not been provided at all. The lack of timely financial reporting regarding Plaintiff's financial investment harms the Mitte Foundation, but in addition, upon information and belief, WC 1st and Trinity, LP and its General Partner have failed to respond to or otherwise act on at least two valid letters of intent to purchase the partnership property, to the detriment of the Mitte Foundation. The Mitte Foundation has made numerous requests for books, records and financial information to WC 1st and Trinity, LP and its general partner, but to date none of those requests have been honored. On December 13, 2018, the Mitte Foundation made a formal request for books and records under the Texas Business Organizations Code §§ 153.551 and 153.552. This formal notice requested access to the books and records of WC 1st and Trinity, LP within five (5) days as provided under the statute. Access to the books and records has not been granted.

23. Specifically, the books and records of WC 1st and Trinity, LP that the Mitte Foundation requests access to for inspection and copying are:

- 1) The name and mailing address of each partner, separately identifying in alphabetical order the general partners and limited partners;
- 2) The last known street address of the business or residence of each general partner;
- 3) The percentage or other interest in the partnership owned by each partner;
- 4) If one or more classes or groups are established under the partnership agreement, the names of the partners who are members of each specified class or group;



- 5) The limited partnership's federal, state and local information or income tax returns for the six most recent tax years;
- 6) The partnership agreement and certificate of formation and all amendments or restatements thereof;
- 7) Copies of any documents that creates, in the manner provided by the partnership agreement, classes or groups of partners;
- 8) An executed copy of any powers of attorney under which the partnership agreement, certificate of formation and all amendments or restatements to the agreement and certificate have been executed;
- 9) A written statement of the amount of cash contribution and a description and statement of the agreed value of any other contribution made by each partner;
- 10) The amount of the cash contribution and a description and statement of the agreed value of any other contribution that the partner has agreed to make in the future as an additional contribution;
- 11) The events requiring additional contributions to be made with a date on which additional contributions are to be made;
- 12) The events requiring the winding up of the limited partnership;
- 13) The date on which each partner in the limited partnership became a partner; and
- 14) The books and records of the accounts of the limited partnership.

24. Plaintiff hereby requests a temporary and a permanent injunction prohibiting WC 1st and Trinity, LP and WC 1st and Trinity GP, LLC from interfering with Plaintiff's attempt to gain access to the partnership's files, books and records, set forth above, and to make extracts and copies from these records during ordinary business hours at the partnership office.

#### **VII. REQUEST FOR BOOKS AND RECORDS OF WC 3RD AND CONGRESS, LP**

25. The Mitte Foundation has invested in, and is a limited partner of, WC 3rd and Congress, LP. In approximately the last 12 months, the General Partner, World Class Capital Group, LLC, has not timely provided annual and quarterly reports regarding the operations of the partnership. During 2018, these reports, which were previously provided automatically, were only

provided upon request by the Mitte Foundation, and even then not timely. In fact, the Q3 2018 reports have not been provided at all. The lack of timely financial reporting regarding Plaintiff's financial investment harms the Mitte Foundation, but in addition, upon information and belief, WC 3rd and Congress, LP and its General Partner have mismanaged the partnership property by, among other things, requiring multiple capital calls to cover partnership expenses and costs associated with leasing and operating the property, despite the fact that the partnership property is located in the middle of downtown Austin in one of the hottest real estate markets on record. These capital calls have likely (the Mitte Foundation has no knowledge of the extent of the dilution because no financial records of these recent transactions have been provided) significantly diluted the ownership of the partnership to the Mitte Foundation's detriment. This course of action—continuing to operate the partnership property at an apparent loss rather than making serious efforts to sell the partnership property at what undoubtedly would be significant gain highlights the need for the Mitte Foundation to inspect the books and records of the partnership. The Mitte Foundation has made numerous requests for books, records and financial information to WC 3rd and Congress, LP and its general partner, but to date none of those requests have been honored. On December 13, 2018, the Mitte Foundation made a formal request for books and records under the Texas Business Organizations Code §§ 153.551 and 153.552. This formal notice requested access to the books and records of WC 3rd and Congress, LP within five (5) days as provided under the statute. Access to the books and records has not been granted.

26. Specifically, the books and records of WC 3rd and Congress, LP that the Mitte Foundation requests access to for inspection and copying are:

- 1) The name and mailing address of each partner, separately identifying in alphabetical order the general partners and limited partners;
- 2) The last known street address of the business or residence of each general partner;

- 3) The percentage or other interest in the partnership owned by each partner;
- 4) If one or more classes or groups are established under the partnership agreement, the names of the partners who are members of each specified class or group;
- 5) The limited partnership's federal, state and local information or income tax returns for the six most recent tax years;
- 6) The partnership agreement and certificate of formation and all amendments or restatements thereof;
- 7) Copies of any documents that creates, in the manner provided by the partnership agreement, classes or groups of partners;
- 8) An executed copy of any powers of attorney under which the partnership agreement, certificate of formation and all amendments or restatements to the agreement and certificate have been executed;
- 9) A written statement of the amount of cash contribution and a description and statement of the agreed value of any other contribution made by each partner;
- 10) The amount of the cash contribution and a description and statement of the agreed value of any other contribution that the partner has agreed to make in the future as an additional contribution;
- 11) The events requiring additional contributions to be made with a date on which additional contributions are to be made;
- 12) The events requiring the winding up of the limited partnership;
- 13) The date on which each partner in the limited partnership became a partner; and
- 14) The books and records of the accounts of the limited partnership.

27. Plaintiff hereby requests a temporary and a permanent injunction prohibiting WC 3rd and Congress, LP and World Class Capital Group, LLC from interfering with the Plaintiff's attempt to gain access to the partnership's files, books and records, set forth above, and to make extracts and copies from these records during ordinary business hours at the partnership office.

#### **VIII. ACTIONS IN CONCERT**

28. Although this action for books and records involves two different partnerships, they are combined in one suit for purposes of efficiency, and also because all of the defendants herein are jointly owned and operated by Nate Paul and a set of companies commonly collectively known as World Class Holdings and World Class Property Company. The conduct of the various World Class entities is consistently similar in each of the investment partnerships that the Mitte Foundation has been involved in.

**IX. PRAYER AND REQUEST FOR RELIEF**

WHEREFORE, PREMISES CONSIDERED, Plaintiff prays for the following relief:

a) At the earliest opportunity, and prior to trial, Plaintiff requests the appointment of a receiver. In that regard, please see Plaintiff's Emergency Application for Appointment of Receiver;

b) Upon final trial or hearing of this cause, Plaintiff seeks a judgment against Defendants for its damages including forfeiture of all fees, all economic losses sustained by Plaintiff, reasonable and necessary attorneys' fees for breach of the partnership agreements including the arbitration provisions; prejudgment and postjudgment interest as allowed by law; costs of suit; and any and all further relief to which Plaintiff may show itself justly entitled.

Respectfully submitted,

**MCGINNIS LOCHRIDGE LLP**

Ray C. Chester

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By:  \_\_\_\_\_

Ray C. Chester

**ATTORNEYS FOR PLAINTIFF THE ROY F.  
& JOANN COLE MITTE FOUNDATION**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the above and foregoing document has been sent via email and on this the 25th day of November, 2019, to the following counsel of record:

Edward F. Fernandes  
Adam Gray  
Katherine Stein  
King & Spalding LLP  
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Austin, Texas 78701  
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agray@kslaw.com  
kstein@kslaw.com

ATTORNEYS FOR CLAIMANTS



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Ray Chester