

IN THE CIRCUIT COURT OF BALDWIN COUNTY, ALABAMA

LAKE FOREST PROPERTY OWNERS' ASSOCIATION, INC. *

PLAINTIFF, *

vs. *

NO. CV-2023-_____

LAKE FOREST STRONG, DOREEN KNIGHT, EVE GRAY, DEXTER CURRY, CATHIE MARX, LYNN DAVIS, AND FICTITIOUS PARTIES 1-100 *

DEFENDANTS. *

COMPLAINT

Comes now Plaintiff Lake Forest Property Owners' Association, Inc., and files its complaint against Defendants Lake Forest Strong, Doreen Knight, Eve Gray, Dexter Curry, Cathie Marx, and Lynn Davis, and fictitious parties 1-100, as follows:

PARTIES

1. Plaintiff Lake Forest Property Owners' Association, Inc. ("LFPOA" or the "Association") is a non-profit corporation formed in 1971.

2. Defendant Lake Forest Strong is an unincorporated non-profit association organized and governed by certain members and non-members of the LFPOA.

3. Defendant Doreen Knight (“Knight”) a/k/a “Bea Better” is over the age of nineteen (19) and resides at 117 Pineridge Road, Daphne, Alabama 36526. Knight is not a member of the LFPOA.

4. Defendant Eve Gray (“Gray”) is over the age of nineteen (19) and resides at 114 Malibu Circle, Daphne, Alabama 36526. Gray is a member of the LFPOA.

5. Defendant Dexter Curry (“Curry”) is over the age of nineteen (19) and resides at 302 Larosa Circle West, Daphne, Alabama 36526. Curry is a member of the LFPOA.

6. Defendant Cathy C. Marx (“Marx”) is over the age of nineteen (19) and resides at 201 South Bradbury Circle, Daphne, Alabama 36526. Marx is a member of the LFPOA.

7. Defendant Lynn Davis (“Davis”) is over the age of nineteen (19) and resides at 137 Rolling Hill Drive, Daphne, Alabama 36526. Davis is a member of the LFPOA.

8. Fictitious parties 1-100 are the individuals or entities who participated in the factual allegations described herein, defamed and/or conspired to defame the LFPOA Board or its members, or who invaded the privacy of the LFPOA Board or its members.

JURISDICTION AND VENUE

9. The Court has subject matter jurisdiction over the dispute because the amount in controversy exceeds twenty thousand dollars (\$20,000), exclusive of interest and costs.

10. The proper venue for the dispute is Baldwin County, Alabama.

FACTS

11. Lake Forest is the largest residential subdivision in the state of Alabama.

12. There are over 2,800 members of the LFPOA. Each member of the LFPOA owns a lot in the subdivision and must comply with LFPOA's governing documents, including its declaration of covenants, articles, bylaws, and rules, as amended.

13. The LFPOA is operated under § 501(c)(7) of the Internal Revenue Code. 26 U.S.C. § 501(c)(7). Therefore, the Association is exempt from paying income taxes.

14. The LFPOA's current board of directors consists of John Lake, Mathew Laws, Gary Gray, Davida Williams, Victoria Phelps, and David Dueitt (collectively, the "Board"). The Board is tasked with managing the Lake Forest subdivision under the LFPOA governing documents, including its common amenities, such as the yacht club located on Mobile Bay, the golf course, swimming pools, tennis courts, and other common properties.

15. The Board members dedicate a significant amount of their time to manage the LFPOA. They work for free, too.

16. A small, vocal minority of LFPOA members and non-members, including Knight, Gray, Curry, Marx, and Davis, formed Lake Forest Strong in an ill-conceived, miscalculated attempt to overthrow the Board and replace the Board with members of Lake Forest Strong. Lake Forest Strong was organized into three groups: an "Interim Board", and "Advocacy Team", and an "Advisory Team". Marx and Gray were elected as the president and vice president of the Interim Board, respectively. They were also members of the Advisory Team. Curry was a member of the Interim Board, a member of the Advocacy Team, and a member of the Advisory Team. Knight managed and controlled the Advocacy Team. Davis was a member of the Advisory Team.

17. The Defendants believed that they could remove the Board members from their positions if a certain number of homeowners signed a petition. The Defendants further intended to replace each Board member with the Interim Board. To entice homeowners to sign the petition,

the Defendants privately conspired to create a false, defamatory narrative about the Board. The Defendants created a website, www.lakeforeststrong.com, with the petition and a link to a “Go Fund Me” platform to solicit money for legal funds to remove the Board through court proceedings. The Defendants conspired to feed a false, defamatory narrative to the media, including NBC 15 (the local NBC affiliate based in Mobile, Alabama) and Lagniappe (an independent weekly newspaper which publishes localized content).

18. The Defendants promoted the idea of a petition as a means to remove the Board to dozens of other LFPOA members through Facebook and other publications. On a private Facebook page used by hundreds of LFPOA members known as “Lake Forest Residents for Immediate Elections” f/k/a “The Residents for Responsible Management” a/k/a REFORM, the Defendants encouraged members to sign a petition based on the false, defamatory narrative created by the Defendants.

19. On May 27, 2022, Carl Winners (“Winners”), the administrator of REFORM, posted on the page that he would admit members of Lake Forest Strong on the page. In response, Davis posted on REFORM: “Thank you for allowing cooperative posts, but it’s time to think beyond watchdog now. We have had the last segment of control or influence taken from the membership by chicanery, bullying and back door deals. It is time for action.” Knight then responded, stating, in part: “I’m not even a member of the POA, so have little to gain from this beyond fulfilling a promise to a friend – and I will continue to contribute my monthly pledge until we win this fight because I believe it is the right thing to do.”

20. On September 3, 2022, Winners posted a link on REFORM to Lake Forest Strong’s petition, advocating members to sign it.

21. The Go Fund Me platform represented that the Board was not complying with the IRS code and had acted unethically.

22. The Defendants conspired to send hundreds of letters to the Alabama Attorney General (“AG”), Internal Revenue Service (“IRS”), and Federal Bureau of Investigation (“FBI”) in an attempt to cause a criminal investigation directed at the Board’s activities or, at a minimum, create the appearance that the Board had engaged in a crime. The Defendants knew that the criminal agencies would likely view any complaints as a “civil matter”, so they intentionally conspired to flood the criminal agencies with waves of letters to give the illusion of widespread complaints of a criminal nature. The Defendants acted with malice, ill will, and spite and knew or should have known that there was no factual basis to allege that the Board or any of its members had committed a crime.

23. The Defendants believed that if the Advocacy Team promoted sending letters to the AG and the IRS, then the Interim Board would be shielded from any knowledge or culpability, thus allowing the Interim Board to complete the scheme.

24. On May 23, 2022, Knight and Winners posted on REFORM and discussed “discrediting” the LFPOA Board with the city and community and forcing them to resign. He stated: “Their lives must be made as horrible as they made our legally elected representatives when the [sic] served with the bullying intimidation of the old guard.”

25. On May 26, 2022, NBC 15 in Mobile reported that Lake Forest Strong had retained an attorney, quoting him as stating that “these kinds of boards invite certain, ‘unsavory’ activities . . . improprieties, embezzlement, kickbacks, acts of friendly contracts.”

<https://myNBC15.com/news/local/daphne-residents-unhappy-with-homeowners-association#>.

Lake Forest Strong’s attorney publicly advocated a “complete forensic audit of the finances,

financial records, and their contracts . . .” On the same day, Knight posted on REFORM: “Can anyone record the news tonight – all stations?” Knight then posted a link to the petition on www.change.org.

26. On July 29, 2022, NBC 15 in Mobile broadcast a report which contained a narrative claiming that, “[a] group of residents called ‘Lake Forest Strong’ brought forth their complaints about the property owners association board of directors, and what the group claims are unscrupulous dealings.” NBC 15 further reported that Lake Forest Strong “sent thousands of complaint letters to the state attorney general and the IRS.” During the same broadcast, a video displayed boxes allegedly containing thousands of letters which were sent to the AG and the IRS. <https://myNBC15.com/newsletter-daily/community-group-sends-thousands-of-complaints-to-irs-alabama-ag-about-lake-forest-hoa>.

27. On its website, www.lakeforeststrong.com, the Defendants published a video of an unidentified person purportedly mailing hundreds of letters to the AG and the IRS. The Defendants intentionally misled the community and local media that hundreds of LFPOA members submitted criminal complaints to the criminal agencies.

28. On REFORM, in response to the NBC 15 broadcast, a LFPOA member posted, “[s]aw where Channel 15 sent a news crew and were turned away, They showed up to ask the board about the ‘thousands’ of messages sent by this group to the IRS and Alabama AG. Excellent work!!!”

29. The Defendants demanded that the AG investigate the LFPOA and the Board. The Defendants represented to the AG that the complaints made by the homeowners “are no longer civil.” The Defendants further represented that, “[p]ursuant to the IRS Compliance Guide, under the Private Benefit and Inurement, a non-profit is ‘prohibited from allowing more than an

insubstantial accrual of private benefit to individuals OR organizations. This restriction is to ensure that a tax-exempt organization serves a public interest, not a private one. If a private benefit is more than incidental, it could jeopardize the organization's tax-exempt status. No part of an organization's net earnings may inure to the benefit of a person who has a personal or private interest in the activities of the organization.”

30. Based upon information and belief, the Defendants falsely accused the LFPOA of violating § 501(c)(7) of the Internal Revenue Code in mass letters written to the IRS. In particular, the Defendants alleged that the LFPOA had engaged in inurement as a result of members personally profiting from the common amenities managed by the Board and engaging in acts contradictory to its non-profit, tax-exempt status. The Defendants believed that, if the LFPOA lost its § 501(c)(7) status, the Board or certain members would be personally liable for any “back taxes”, penalties, and interest. The Defendants believed or hoped that this could cause the Board or certain members to file for bankruptcy protection.

31. Based upon information and belief, the Defendants' letters to the IRS triggered an audit of the LFPOA in October 2022. The LFPOA was forced to retain and pay an accounting firm, Robertson, Andreoli & Covington, P.C., to respond to the IRS audit and provide documentation to the IRS in support of its § 501(c)(7) status. The LFPOA has incurred special damages.

32. In November 2022, the IRS sent a letter to the LFPOA and indicated that the audit did not reveal any irregularities or facts to cause the LFPOA to lose its § 501(c)(7) status.

33. If the Defendants had caused the LFPOA to lose its § 501(c)(7) status, there would have been serious negative financial consequences for the LFPOA.

34. After the current AG (Steve Marshall) did not comply with the Defendants' demands, the Defendants began supporting Wendall Major, a candidate running against Attorney

General Marshall in the November 2022 election. On REFORM, Knight posted: “Ya’ll if you have not signed up for Wendall Major’s meeting, this is the time and the exact reason you need to. The news will be there. It’s one thing for us to say this is wrong, and this is why. It’s another thing for a candidate for the AG office to say it – and to call the current AG out on doing his damned job. Really important that we have a big turn out!” Knight then posted a link to the campaign function, “Please RSVP. This is a very important meeting to attend. It will be televised. A candidate for Attorney General on record stating the AGs office has to intervene is a gift for this community.” Knight and the Defendants actively promoted that the LFPOA Board should be subject to a criminal investigation.

35. The Defendants intentionally and maliciously created the false impression through the media, its website, and other means that the LFPOA Board and its members had committed crimes, violated the IRS code and related regulations, violated LFPOA’s bylaws or rules, or otherwise acted dishonestly or unethically. The Defendants believed that, by starting the false, defamatory narrative, they could make Board members quit or otherwise replace the Board with the Interim Board. The Defendants intentionally tried to shame and humiliate the LFPOA Board.

36. The Defendants intentionally and maliciously sought to promote the false and defamatory narrative to entice LFPOA members and others to sign the petition Defendants were promoting under the narrative that the Defendants and their co-conspirators could take over the Association. Because of the Defendants’ conspiracy to defame the Board and spread disinformation, other LFPOA members were misled.

37. The LFPOA demanded that the Defendants retract their defamatory statements pursuant to § 6-5-180 et. seq., Code of Alabama (1975). The Defendants have failed to properly retract their defamatory statements. The Defendants, therefore, are liable for punitive damages.

COUNT I
(Libel)

38. The LFPOA incorporates the preceding paragraphs as if fully stated herein.

39. The Defendants and fictitious parties 1-100 made written false statements, or caused others to make written false statements, about the LFPOA and/or its Board.

40. The written statements were defamatory. The statements imputed crimes, fraud, dishonesty, and/or reflected shame on the Association and its Board members.

41. The Defendants published the defamatory statements to third parties, including the AG, the IRS, the media, and LFPOA members.

42. The Defendants negligently, wantonly, and/or intentionally published the defamatory statements.

43. The Defendants' acts and omissions damaged the Association and its Board.

WHEREFORE, considering the foregoing, the LFPOA demands a judgment against the Defendants for compensatory damages, punitive damages, attorney's fees, prejudgment interest, and costs. The LFPOA also demands injunctive relief and other appropriate equitable relief.

COUNT II
(Slander)

44. The LFPOA incorporates the preceding paragraphs as if fully stated herein.

45. The Defendants and fictitious parties 1-100 made verbal false statements, or caused others to make verbal false statements, about the LFPOA and/or its Board.

46. The verbal statements were defamatory. The statements imputed crimes, fraud, dishonesty, and/or reflected shame on the LFPOA and its Board members.

47. The Defendants published the defamatory statements to third parties, including the AG, the IRS, the media, and LFPOA members.

48. The Defendants negligently, wantonly, and/or intentionally published the defamatory statements.

49. The Defendants' acts and omissions proximately caused the LFPOA and its Board to suffer damages.

WHEREFORE, considering the foregoing, the LFPOA demands a judgment against the Defendants for compensatory damages, punitive damages, attorney's fees, prejudgment interest, and costs. The LFPOA also demands injunctive relief and other appropriate equitable relief.

COUNT III

(Invasion of Privacy – False Light)

50. The LFPOA incorporates the preceding paragraphs as if fully stated herein.

51. The Defendants and fictitious parties 1-100 caused inaccurate and misleading information to be published to the AG, the IRS, LFPOA members, the media, and other third parties that placed the LFPOA and its Board in a false light.

52. The false impressions created by the Defendants would be highly offensive to a reasonable person.

53. The Defendants knew the true facts, or recklessly disregarded the true facts, when publicizing the false information about the LFPOA and its Board.

54. The Defendants' acts and omissions proximately caused the LFPOA and its Board to suffer damages.

WHEREFORE, considering the foregoing, the LFPOA demands a judgment against the Defendants for compensatory damages, punitive damages, attorney's fees, prejudgment interest, and costs. The LFPOA also demands injunctive relief and other appropriate equitable relief.

COUNT IV
(Civil Conspiracy)

55. The LFPOA incorporates the preceding paragraphs as if fully stated herein.

56. The Defendants worked together to secretly plan to replace the LFPOA Board with the Interim Board by maliciously publishing defamatory statements about the Board to the AG, the IRS, LFPOA members, the media, and other third parties.

57. The Defendants worked together to invade the privacy of the LFPOA Board and place the Board members in a false light.

58. The Defendants' acts and omissions proximately caused the LFPOA and its Board to suffer damages.

WHEREFORE, considering the foregoing, the LFPOA demands a judgment against the Defendants for compensatory damages, punitive damages, attorney's fees, prejudgment interest, and costs. The LFPOA also demands injunctive relief and other appropriate equitable relief.

Respectfully submitted,

/s/ WILLIAM G. CHASON
WILLIAM G. CHASON (CHA079)
wchason@mcdowellknight.com

OF COUNSEL:

MCDOWELL KNIGHT ROEDDER
& SLEDGE, LLC
11 North Water St., Ste. 13290
Mobile, Alabama 36602
(251) 432-5300
(251) 432-5303 (fax)

**DEFENDANTS TO BE SERVED VIA PRIVATE PROCESS SERVER AT THE
ADDRESSES BELOW:**

Lake Forest Strong
c/o Cathie Marx
201 South Bradbury Circle
Daphne, Alabama 36526

Doreen Knight
117 Pineridge Road
Daphne, Alabama 36526

Eve Gray
114 Malibu Circle
Daphne, Alabama 36526

Dexter Curry
302 Larosa Circle West
Daphne, Alabama 36526

Cathie C. Marx
201 South Bradbury Circle
Daphne, Alabama 36526

Lynn Davis
137 Rolling Hill Drive
Daphne, Alabama 36526