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U.S. District Court

District of Kansas

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Case Name: Louison v. Bear Sterns Venture L.P.
Case Number: 5:04-cv-4171
Filer: Garvey Louison
Document Number: !

Docket Text:

COMPLAINT No Summons Issued with trial location of Topeka, Kansas, filed by Garvey Louison.(sal,)

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Original filename:n/a

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**UNITED STATES DISTRICT COURT
FOR DISTRICT OF KANSAS**

GARVEY LOUISON, Liquidator,)	
Plaintiff,)	
)	
vs.)	CASE NO.: _____
)	
BEAR STERNS VENTURE L.P. BEAR)	
STERNS COMPANIES, INC.,)	
Defendant.)	
_____)	

COMPLAINT

Plaintiff Garvey Louison, alleges as follows:

PARTIES, JURISDICTION AND VENUE

1. Plaintiff, Garvey Louison of Louison Consulting St. Georges, Grenada, West Indies, was appointed by the Supreme Court of Grenada to serve as a liquidator of the Bank Crozier Limited for the purpose of winding up the business of the bank. (See Exhibit A)
2. Bank Crozier Limited was organized and granted license to operate as a financial institution in Grenada pursuant to the Offshore Banking Act No. 29, 1996, the Companies Act No. 39, 1996, and the International Companies Act, Cap 152. The bank was placed in involuntary receivership on or about July 24 2003, after the operators siphoned off depositors' funds.
3. Bear Stearns Venture Partners, L.P. is a limited partnership formed by The Bear Stearns Companies Inc under the limited partnership act of the state of Delaware. It has its principal place of business at 245 Park Avenue, New York, NY 10167.
4. This court has subject matter jurisdiction over this action pursuant to 28 U.S.C. 1332 in as

much as the plaintiff and the defendant are citizens of different states and the amount in controversy in this matter exclusive of interest and costs, exceeds the sum of \$75,000.00.

5. Venue is proper in this district pursuant to 28 U.S.C. § 1391(a) and 1391(b) because the defendant is doing business in this district and a substantial part of the events giving rise to the liquidator's claims set forth herein occurred in this district.

ALLEGATIONS COMMON TO ALL COUNTS

6. The defendant Bear Stearns is one of the top securities trading, investment banking and brokerage firms in the United States. It serves worldwide clientele and is or must be knowledgeable about the banking and company laws in various countries.

7. The country of Grenada is located a few flight hours from the main land of the United States in the Caribbean islands and therefore headquarters many offshore banks.

8. Due to the notoriety of offshore banking activities, the countries in West Indies endeavor to control and regulate the financial activities of banks and financial institution operating from these shores.

9. Bank Crozier was organized in 1997 and upon the payment of \$2 million share capital was granted license to operate as a financial institution in the State of Grenada. Peter Johansson, the 100% shareholder was CEO and President of the institution. The bank was headquartered at Grand Anse, St George's, Grenada.

10. In 1999, the Bank invested nearly \$9 million in instruments promoted by the defendant Bear Stearns. The audited financial statements indicated that in the year 2000 this investment amount had reduced to only \$312,774. Bear Stearns was used as a conduit by the bank operators to transfer funds.

11. In the fiscal year of 1998, 1999 and 2000, the audited financial statement, which is public information, show that the Bank's total assets were \$13.3 million, \$31.4 million and \$15.7

million respectively. Approximately 85% of these represent customer deposits. The bank had operated at a loss from 1998 until 2001 except for the year 1999 when it made a profit of \$66,000.00

12. Bear Stearns Venture Partners L.P. was formed on November 9, 1999 and commenced operations on January 14, 2004.

13. On or about November 10th 1999 upon solicitation by employees of the defendant, an account was opened for the Bank Crozier Ltd. The application (copy is hereby attached as Exhibit B and contents thereof made part of this complaint) indicates the bank's worth of \$200 million with \$2 million annual income. This application was filled by defendant's employees. A brokerage account was established for the bank with authorization granted to defendant by Peter Johansson contrary to the laws rules and regulations of the licensing state of Grenada.

14. Bank Crozier Limited through Peter Johansson and contrary to the laws, rules and regulations of the State of Grenada offered to purchase as an institutional investor, \$1,000,000 worth of "interest" being offered by the defendant.

15. The interest being offered by defendant was not registered under the securities Act of 1933 or that of any state. But according to the defendant's subscription booklet "The interests will be offered and sold under the exemption provided by Section 4(2) of the Securities Act and other exemptions of similar import in the laws of the states and other jurisdictions where the offering will be made." The offer was made in the state of Grenada and that state does not have any such exemptions. Defendant made this transaction in violation of the laws of the State of Grenada.

16. Olof Hogstrom and Peter Johansson executed a certificate of corporate secretary provided by defendant Bear Stearns, which purportedly gave themselves authority to execute the transaction, the subject matter of this controversy. The authorization was fails to comply with the

laws of the jurisdiction where the offering was made.

**FIRST CAUSE OF ACTION
(NEGLIGENCE)**

17. Plaintiff repeats and makes a part thereof, each and every allegation contained in paragraph 1 through 17 of this verified complaint.

18. Defendant Bear Stearns has a duty to conduct due diligence on the purchaser's ability and authority to engage in the transaction it entered into with Peter Johansson. Specifically, defendant's negligence includes but not limited to failing to check the financial status of the purchaser. Having been made fully aware that this is an institutional investor from Grenada, failing to check that the authority being exercised was in compliance with the jurisdiction in which the offer is being made. The defendant failed to do this and such omission is the proximate cause of the damages suffered by depositors of Bank Crozier, which the liquidator represents.

**SECOND CAUSE OF ACTION
(NEGLIGENCE PER SE)**

19. Plaintiff repeats and makes a part thereof, each and every allegation contained in paragraphs 1 through 18 of this verified complaint.

20. Violations of any law designed to protect a specified class constitute negligence per se.

21. The statutory scheme of the state of Grenada, specifically the Offshore Banking Act No. 39, 1996, the Companies Act No. 39, 1996, and The International Companies Act, Cap 152 are designed to control the harmful practices of individuals such as Peter Johansson and protect bank depositors. Defendant Bear Stearns violated each and every one of the foregoing provisions to the detriment of Bank Crozier's depositors.

22. Defendant's authorization which it caused Peter Johansson is in violation of the foregoing act. Additionally, the offer is in direct violation of banking laws of the state of Grenada. The offer

failed to require the necessary insurance to protect depositors.

23. Defendant Bear Stearns is liable for its omission and commissions, which has caused damages to be suffered by class these laws are designed to protect

**THIRD CAUSE OF ACTION
(BREACH OF CONTRACT)**

24. Plaintiff repeats and makes a part thereof, each and every allegation contained in paragraphs 1 through 23 of this verified complaint.

25. Bank Crozier entered into an expressed contract with its depositors to safeguard and protect their deposits. Any investments were to be made accordance with the laws of the state of Grenada.

26. The operators of the bank with the assistance, encouragement and in concert with defendant breached the contract with depositors by failing to comply the foregoing express contractual terms.

27. Defendant Bear Stearns is liable to plaintiff for breach of express and implied contract.

**FOURTH CAUSE OF ACTION
(FRAUD)**

28. Plaintiff repeats and makes a part thereof, each and every allegation contained in paragraphs 1 through 27 of this verified complaint.

29. Peter Johansen and Olaf Hogstrom misappropriated funds belonging to depositors with intent to defraud them.

30. Defendant Bear Stearns solicited funds from Bank Crozier making it possible for the operators to siphon funds from the bank. Defendant Bear Stearns knew that the Bank was a depository of individual funds and is fully conversant of the nefarious activities of some off shore banks. Defendant bear Sterns encouraged and granted substantial assistance to the operators of

Bank Crozier to engaged in the foregoing activity with intent to defraud depositors.

31. An actor is liable for harm resulting to a third person from tortious conduct of another if he know or should have known that the other's conduct constitute a breach and gives assistance or encouragement to the others.

32. Defendant Bear Stearns is liable to plaintiff for aiding and abetting the fraudulent conduct of Peter Johansson and Olof Hogstrom, which caused damage to the bank depositors.

**FIFTH CAUSE OF ACTION
(CONVERSION)**

33. Plaintiff repeats and makes a part thereof, each and every allegation contained in paragraphs 1 through 32 of this verified complaint.

34. Operators of Bank Crozier, Peter Johansson and Olof Hogstrom illegally transferred \$600,000.00 of depositors' funds to defendant Bear Stearns. Since plaintiff was appointed liquidator on or about July 2003 by the Supreme Court of Grenada to conserve all the funds of Bank Crozier, it has made repeated demands on defendant Bear Stearns to return the illegally transferred by the operators of Bank Crozier. Defendant Bear Stearns has refused or failed to comply with such reasonable request.

35. Defendant Bear Stearns is liable to plaintiff for conversion and plaintiff request unconditional return of the depositors' funds.

WHEREFORE, plaintiff prays for judgment as follows:

For judgment against Bear Stearns for actual damages of \$600,000.00 together with interest, attorneys fees and cost of suit. For such other and further relief as the court deem just and proper.

Respectfully Submitted,

s/ _____

Henry O. Boaten, #10970

1013 SW 10th Avenue

Topeka, KS 66604

(785) 234-8677

VERIFICATION

STATE OF _____)

) ss

COUNTY OF _____)

I, Garvey Louison, declare:

1. I, Garvey Louison, liquidator, am the plaintiff in this action, and I have been authorized to make this verification.
2. I have read the foregoing Complaint and know the contents thereof. Except as to allegations alleged upon information and belief, which allegations I believe to be true, all the allegations in the Complaint are true based on my own personal knowledge.

Garvey, Louison,

SWORN AND SUBSCRIBED to before me this _____ day of _____, 2004.

