

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

John A. Coy

JRT/BRT
**DEFENDANT CRAIG WOODCROFT'S
ANSWER AND CROSS-CLAIMS TO
PLAINTIFF'S AMENDED
COMPLAINT**

Plaintiff

Case No: 0:15-cv-00093

v.

No Limits Education and Athletic
Development, Inc.; Shawn Black; Scott
Branovan; and Craig Woodcroft,

Defendants

Defendant and Cross-Claim Plaintiff Craig Woodcroft ("Woodcroft"), through his undersigned counsel, responds to Plaintiff John A. Coy's ("Coy") Complaint as follows, with each numbered paragraph corresponding to the same numbered paragraph of the Complaint. Any allegation not specifically admitted is denied. Woodcroft responds on his own behalf and not for any other Defendant.

1. Paragraph 1 is a summary of allegations and is thus not susceptible to simple denial or admission. Specific allegations are addressed below.
2. Paragraph 2 is a summary of allegations and is thus not susceptible to simple denial or admission. Specific allegations are addressed below.
3. Admits that Plaintiff is a natural person, but has insufficient knowledge and information as to other allegations in the paragraph and so denies them.
4. Admitted.

5. Admits that Defendant Shawn Black (“Black”) is a natural person, but has insufficient knowledge and information as to other allegations in the paragraph and so denies them.

6. Admits that Defendant Scott Branovan (“Branovan”) is a natural person, but has insufficient knowledge and information as to other allegations in the paragraph and so denies them.

7. Admitted.

8. Lacks sufficient knowledge and belief as to the truth of the allegations of the paragraph, and so denies them.

9. Admits that the Court has jurisdiction over Defendant No Limits, lacks knowledge and information sufficient to form a belief as to the location of all of the alleged conduct, and asserts that the contents of the Promissory Note speak for themselves.

10. Admitted.

11. Denied because of the lack of a date certain.

12. Lacks sufficient knowledge and information as to the truth of the allegations of the paragraph, and so denies them.

13. Denied as to himself (Woodcroft), and lacks sufficient knowledge and belief as to the other defendants, and so denies these allegations.

14. Lacking sufficient knowledge and information as to the other Defendants regarding these allegations, and so denies them.

15. Woodcroft admits that Plaintiff visited Minnesota on or about the date alleged and saw Plaintiff at one sports facility, denies the remainder of the paragraph as applies to himself, and cannot speak for the other defendants.

16. This paragraph is denied as compound and conclusory. Nevertheless, Woodcroft denies that he made any representations to plaintiff as described in this paragraph.

17. Woodcroft denies the allegations as applies to himself, but lacks sufficient information and knowledge as to the truth of the allegations regarding the other Defendants, and so are denied.

18. Woodcroft denies the allegations as applies to himself, but lacks sufficient information and knowledge as to the truth of the allegations regarding the other Defendants, and so are denied.

19. Admitted as to the email, denied as to the state of mind of Plaintiff for lack of knowledge or information of Plaintiff's state of mind at that moment.

20. Woodcroft denies the allegations as applies to himself, but lacks sufficient information and knowledge as to the truth of the allegations regarding the other Defendants, and so are denied.

21. Woodcroft admits that he was made aware that Plaintiff sent \$200,000 on or about the date alleged, but lacks sufficient knowledge and information as to the remainder of the allegations of Plaintiff's state of mind and so denies them.

22. Admits that the Defendants signed a promissory note on the date alleged, but lacks information as to the rest of the allegations and so denies them.

23. Woodcroft notes that the contents of the Promissory Note speak for themselves, and denies any conclusions or characterizations thereof by Plaintiff.

24. Denied, as Woodcroft was not aware of this alleged statement by Defendant Black.

25. Woodcroft notes that the contents of the Promissory Note speak for themselves, and denies any conclusions or characterizations thereof by Plaintiff.

26. Woodcroft notes that the contents of the Promissory Note speak for themselves, and denies any conclusions or characterizations thereof by Plaintiff.

27. Woodcroft denies that he executed a personal guarantee of a Promissory Note as alleged in this paragraph, and lacks information and knowledge as to whether other Defendants did so at any time.

28. Admits that the Asset Purchase Agreement did not provide for separate payment to Plaintiff, denies the remainder of the allegations.

29. Woodcroft admits the Asset Purchase Agreement included a space for Plaintiff's signature, but denies the remainder of the allegations.

30. Woodcroft notes that the contents of the Asset Purchase Agreement speak for themselves, and denies any conclusions or characterizations thereof by Plaintiff.

31. Denied as lacking sufficient knowledge and information to Defendant Black's conduct.

32. Woodcroft notes that the contents of the alleged Promissory Note speak for themselves, and denies any conclusions or characterizations thereof by Plaintiff. Admits that No Limits has sold substantially all assets to a non-party. Denies the remainder of the allegations.

33. Admitted as to Woodcroft, denied for lack of knowledge and information as to other Defendants.

34. Woodcroft notes that the contents of the Promissory Note and Asset Purchase Agreement speak for themselves, and denies any conclusions or characterizations thereof by Plaintiff.

35. Woodcroft notes that the contents of the Asset Purchase Agreement speak for themselves, and denies any conclusions or characterizations thereof by Plaintiff.

36. Woodcroft notes that this is a legal conclusion to which no response is necessary, and so denies the allegations.

37. Denied.

38. Denied, and note that the contents of the alleged Promissory Note speak for themselves, and specifically denies any conclusions or characterizations thereof by Plaintiff.

39. Denied.

40. Woodcroft notes that this is a legal conclusion to which no response is necessary, and so denies the allegations.

41. Woodcroft notes that this is a legal conclusion to which no response is necessary, and so denies the allegations.

42. Denied.

43. Woodcroft denies that he was a majority shareholder in Defendant No Limits, and notes that it would be impossible for there to be more than one majority shareholder, and so denies the remainder of the allegations.

44. Admitted as to Woodcroft and Branovan as to the sale, denied as to the remainder of the allegations.

45. Woodcroft notes that this is a legal conclusion to which no response is necessary, and so denies the allegations.

46. Woodcroft lacks sufficient knowledge and information as to the truth of this allegation and so denies it.

47. This allegation is speculative and so not susceptible to admission or denial, this is denied.

48. Woodcroft notes that this is a legal conclusion to which no response is necessary, and so denies the allegations.

49. Woodcroft denies that he was a majority shareholder in Defendant No Limits, and notes that it would be impossible for there to be more than one majority shareholder, and so denies the remainder of the allegations.

50. Woodcroft lacks sufficient knowledge and information as to the truth of this allegation and so denies it.

51. Woodcroft notes that this is a legal conclusion to which no response is necessary, and so denies the allegations.

52. Woodcroft notes that this is a legal conclusion to which no response is necessary, and so denies the allegations.

53. Denied.

54. Denied as to Woodcroft, lacking knowledge as to the other Defendants as so denied.

55. Denied.

56. Denied.

Prayer for Relief:

Woodcroft denies that Plaintiff is entitled to any recovery and prays this Court to dismiss this action against him in its entirety with prejudice, along with any other relief the Court deems just and equitable.

Defenses

57. Plaintiff's claims against Woodcroft are barred in whole or in part by the Statute of Frauds, specifically that Plaintiff alleges Woodcroft is personally responsible for a debt without a sufficient and legally valid writing to that effect.

58. Plaintiff's claims against Woodcroft are barred in whole or in part by Plaintiff's unclean hands, specifically by Plaintiff's participation in the secret siphoning of funds from No Limits as further alleged below.

59. Plaintiff's claims against Woodcroft are barred in whole or in part by the doctrine of in pari delicto, specifically by Plaintiff's combination with Defendant Black to strip funds from Defendant No Limits.

60. Plaintiff's claims are barred in whole or in part by the doctrine of estoppel, specifically Plaintiff's failure to produce promised work regarding the proposed curricula for No Limits and Athletic Development, Inc., that could have enable those Defendants to remain viable.

61. Plaintiff's claims are barred in whole or in part by the doctrine of injury by fellow servant, specifically that here, any injury to Plaintiff as a result of his allegations was caused by other Defendants and not Woodcroft. As the person tasked solely with

managing hockey matters and not involved with the business operations of No Limits, Woodcroft was not involved or a part of any business dealings with Plaintiff, all of which were orchestrated by Defendants Black and Branovan.

62. Plaintiff has failed to plead his fraud claim against Woodcroft to the specificity required by Federal Rule of Civil Procedure 9(b).

63. Plaintiff's recovery, if any, should be offset by any and all funds he received from No Limits or its subsidiaries or predecessors.

CROSS-CLAIMS AGAINST DEFENDANTS BLACK AND BRANOVAN

As for its Cross-Claims against Defendants Black and Branovan, Defendant and Cross-Claim Plaintiff Woodcroft states and alleges as follows (utilizing the definitions and information from the above paragraphs:

64. Woodcroft was a hockey player from early childhood until April of 2003. In that time, he played for Colgate University of the NCAA, and various minor league hockey teams across North America and Europe.

65. During his playing career, Woodcroft began to develop his coaching and teaching skills, specifically to prepare him for a career in hockey after his playing career ended.

66. Consonant with this goal, Woodcroft developed a hockey school business, focusing on developmental hockey camps for youth hockey players in the off-season, while providing skill development and maintenance for players in-season.

67. This hockey business, Northern Edge Inc. ("Northern Edge"), provided hockey camps across the United States, including Missouri and Minnesota. Northern Edge provided a raft of hockey development support, from summer camps to private lessons to

fielding teams, for amateur and professional players. The success of Northern Edge attracted attention from players, parents, other coaches, and hockey associations seeking the services of Woodcroft and his assembled staff.

68. Based upon the success achieved by Northern Edge, Woodcroft was approached by Defendant Black in or about February of 2011 about creating a new business model upon the base of his successful hockey schools. Specifically, Black pitched Woodcroft on expanding the hockey teaching model to include academics as well, so students would not have to attend two different institutions during the day.

69. Woodcroft and Black together launched this new “all in one model” as Northern Educate LLC, with Woodcroft managing all hockey-related issues and Shawn Black solely responsible for providing the academic part for the player-students, as well as administering all of the business operations of the new entity.

70. This new business provided both education and hockey development for young hockey players, all in –house. Players would attend school and hockey instruction throughout the day, in the hopes of furthering their chances to play NCAA or professional hockey. And parents would pay dearly for the opportunity to procure training for their son or daughter that would set them apart from other hockey players seeking the same goals.

71. The new business, Northern Educate LLC, was a separate entity from Northern Edge Inc. but related through ownership, personnel and business practices.

72. In late 2012, Scott Branovan approached Woodcroft and Black to discuss bringing the Northern Educate model to a rink Branovan was managing in Rochester, New York.

73. These discussions led to the formation by Black and Woodcroft of an entity, BWY LLC, to develop a business to participate in a venture with Shawn Branovan to execute the Northern Educate model at the Rochester, NY rink.

74. Encouraged by the business prospects of Northern Educate and BWY LLC, Black, Branovan and Woodcroft decided to form an over-arching entity to develop and manage hockey/academic schools across the nation. This new entity was named No Limits Education and Athletic Development, Inc.

75. Black was to serve as the CEO of No Limits, utilizing his experience in managing educational businesses. Branovan would serve No Limits as its de facto chief operating officer, managing day-to-day business, and Woodcroft was in charge of the hockey portion as President of the Sports Division.

76. The new business, No Limits (“No Limits”), was the brainchild of Defendants Shawn Black (“Black”) and Scott Branovan (“Branovan”), who asked Woodcroft to join them in order to use Woodcroft’s hockey acumen and the financial and reputational strength of his hockey schools. Woodcroft would also be required to fold his successful personal business, Northern Edge, into No Limits in order to build No Limits on the stellar reputation for hockey development achieved by Northern Edge over a decade of work.

77. Besides contributing his Northern Edge business to the new joint venture, Woodcroft also contributed his interests in Northern Educate and BWY LLC to No Limits, both of which were ventures along with Shawn Black.

78. At all times from the formation of No Limits until mid-December of 2014, Woodcroft served only as the “hockey guy” in No Limits, with very limited access to

business or financial records of the operations (save bills run up against his former personal business Northern Educate), or input into the marketing or sales efforts, nor the development of the academic curricula. He was told by both Black and Branovan that those were not his area, and he was to concentrate on developing hockey players.

79. At some point in 2013, Black created a subsidiary of No Limits, a Minnesota LLC named Achiever University LLC, to carry out the portion of No Limits' mission related to academics. Black claimed to Woodcroft that this entity would provide the academic portion of the services provided by No Limits to its student-athlete clients.

80. Woodcroft was not part of the formation and operation of Achiever University LLC, and was excluded from knowledge or information related to its operation. Woodcroft later found out that Achiever University, LLC did not provide any academic content or services for No Limits, and instead those services were provided by a third party, paid for by No Limits.

81. During the period of June 2013 through late November 2013, Woodcroft was unaware of the financial condition and operations of No Limits. He had very limited access to the bank accounts, invoices, accounts payable or receivable, or any other financial records. Defendants Black and Branovan had exclusive access to the bank accounts of No Limits and its subsidiaries and exercised control over them. Woodcroft only had knowledge of financial matters, mostly unpaid invoices, as they related to his former business Northern Edge, now a subsidiary of No Limits.

82. During the period of January 2012 through December 2013, Black had ostensibly employed Plaintiff John Coy ("Coy") to perform work for Northern Educate and then No Limits on developing academic services, but routed the work and payment through

Black's own company, Achiever Education and Training LLC ("AET") and its related entity, Edvancement Solutions LLC.

83. Black claimed to Woodcroft that this arrangement would provide the necessary academic curricula for No Limits' various schools for student athletes.

84. Black submitted summary invoices for work from his personal company to No Limits without mention of Coy, and paid those invoices (to himself) through No Limits. Those funds, or at least most of them, were then transferred to Coy. Whatever work Coy may or may not have performed for the payments routed to him, No Limits received no benefit from Coy for these payments.

85. Black had also transferred money from Northern Educate to Achiever Education and Training LLC, before the formation of No Limits, in order to then transfer that money in the same manner to John Coy for no benefit to Northern Educate.

86. For instance, Black transferred \$38,400 from the business account of Northern Educate to Black's own company, AET, on December 27, 2012, and then shortly thereafter paid John Coy \$30,000 from AET on February 6, 2013.

87. Woodcroft does not know the exact sum at this time, but estimates the funds received by Coy from No Limits and Northern Educate through this scheme total over \$175,000.

88. Woodcroft believes that Black hired Coy through Black's own company in order to hide these transfers to Coy, as one component of Black's scheme to strip No Limits of its cash.

89. Black also paid his personal company from the bank accounts of No Limits for a variety of other alleged "services," all without the knowledge or consent of Woodcroft.

90. Woodcroft is not aware of any benefit conferred to No Limits as a result of these alleged services by Black's personal company. There were no "deliverables" to Northern Educate or No Limits for the alleged work of John Coy, and any curricula used by Northern Educate and No Limits during this time were provided by another third party and also paid for by Northern Educate and No Limits.

91. During the period between June 2013 and December 2014, Black paid his own company, Achiever Education and Training LLC, tens of thousands of dollars from the accounts of No Limits for work of no value to No Limits.

92. Woodcroft was unaware of these secret transfers during that time and would not have authorized them.

93. This depletion of the assets of No Limits by Black contributed directly to Woodcroft's loss of all value of his contributions to No Limits, including the contribution of his former business, Northern Edge. This depletion also caused Woodcroft personal liability in excess of \$200,000, as detailed below.

94. Also during the period June 2013 through December of 2014, Defendant Branovan was operating No Limits for his own benefit and to the detriment of Woodcroft and No Limits itself.

95. To this end, Branovan ran up credit purchases on the accounts of Northern Edge that were personally guaranteed by Woodcroft or his wife. Woodcroft had directly and personally instructed Branovan to close all Northern Edge accounts after the creation of No Limits, and specifically not to use those personally guaranteed accounts.

96. Woodcroft's former business, Northern Edge, had built up favorable business and credit relationships with companies operating in the business of hockey for twenty years

before the formation of No Limits. Hence many equipment suppliers extended generous credit terms to Northern Edge, and its favorable credit rating and Woodcroft personal guarantees enabled it to keep \$150,000 in lines of credit at US Bank.

97. In operating No Limits, Branovan took advantage of these relationships of No Limits subsidiary Northern Edge, running up hundreds of thousands of dollars in unpaid invoices for No Limits in the name and accounts of Northern Edge.

98. As a small business, most of the prior credit arrangements of Northern Edge required a back-up of a personal guarantee, or "co-signer." Woodcroft and his wife, Kara Woodcroft, served in this capacity for a number of these credit relationships for Northern Edge.

99. Among others, Defendant Woodcroft and his wife Kara Woodcroft guaranteed the American Express credit account, as well as the credit lines of \$150,000 with US Bank. Both of these accounts were depleted by Branovan.

100. In the course of managing the business affairs of No Limits, Defendant Branovan depleted these credit lines and others to their limits, causing Woodcroft and his wife to become personally responsible for well over \$200,000 in debt incurred by Branovan through No Limits.

101. At no time did Woodcroft authorize Branovan to utilize or deplete the Northern Edge credit lines personally guaranteed by the Woodcrofts.

102. Because of his knowledge and participation in the business operation of No Limits and Northern Educate, Defendant Shawn Black was aware of and responsible for the depletion of these credit lines to the detriment of Woodcroft.

103. Because of the marital property laws of Missouri and Minnesota, debts guaranteed by Kara Woodcroft during the marriage concurrently depleted the property of Defendant Woodcroft. Hence all of these debts incurred by Branovan were to the detriment of Woodcroft.

104. Defendants Shawn Black and Scott Branovan owed fiduciary duties to Craig Woodcroft as fellow members and shareholders of the limited liability company No Limits and its subsidiaries.

105. Defendants Shawn Black and Scott Branovan violated their fiduciary duties to Craig Woodcroft and their duty of good faith and fair dealing by their above-described actions in wrongfully depleting the assets of No Limits and its subsidiaries and by causing Woodcroft the above-described personal liability.

PRAAYER FOR RELIEF:

(a) Defendant and Cross-Claim Plaintiff Woodcroft asks this Court for a judgment against Defendant Black for conversion, breach of the covenant of good faith and fair dealing and breach of fiduciary duty for all monies Black withdrew from Northern Educate and No Limits for services never delivered by AET and John Coy, in an amount to be determined at trial;

(b) Defendant and Cross-Claim Plaintiff Woodcroft asks this Court for a judgment against Defendants Shawn Black and Scott Branovan for conversion, breach of the covenant of good faith and fair dealing and breach of fiduciary duty for all amounts charged to credit lines of Northern Edge and Northern Educate guaranteed by Craig and Kara Woodcroft;

(c) Defendant and Cross-Claim Plaintiff Woodcroft asks this Court for an order determining that any liability against Woodcroft as a result of Plaintiff's claims shall be the responsibility of Defendants Shawn Black and Scott Branovan through the doctrines of indemnity and/or contribution.

Dated: October 27, 2015

s/Thomas Lynn_____
Thomas Lynn
Bar Number 0391861
Attorney for Defendant Craig Woodcroft
Tom Lynn Law Office
150 South 5th Street, Suite 3100
Minneapolis, MN 55402
Telephone: (651)789-3107
Fax: (651)789-3142
tomlynn@tomlynn.biz