

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MINNESOTA

John A. Coy,

Case No. _____

Plaintiff,

COMPLAINT

v.

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

JURY TRIAL DEMANDED

Defendants.

INTRODUCTION

1. In late 2013, Defendants induced Plaintiff to loan \$200,000 to Defendant No Limits Education and Athletic Development, Inc. (“Defendant No Limits”). They represented that the money would be used for specified business purposes. In return, Plaintiff was to receive 800,000 shares of Defendant No Limits’ common stock, and Defendants promised to repay this loan over 10 years with interest. Defendants Shawn Black (“Defendant Black”), Scott Branovan (“Defendant Branovan”), and Craig Woodcroft (“Defendant Woodcroft”) (collectively “Defendants Black, Branovan, and Woodcroft”) each personally guaranteed repayment of the loan.

2. Just months after Plaintiff’s investment, Defendants sold the assets of Defendant No Limits to a third party without notice to or consent of Plaintiff. Defendants have since defaulted on their repayment obligation under the Promissory Note. Plaintiff brings this suit to hold Defendants accountable for the misrepresentations and omissions through which they induced his investment. He seeks to recover his money—with interest

and attorneys' fees—and the value of his 800,000 shares of Defendant No Limits' common stock, together with interest and attorneys' fees.

THE PARTIES

3. Plaintiff John A. Coy is a natural person and a citizen of the State of Oregon.
4. Defendant No Limits is a Minnesota corporation with its principal place of business in Minnesota.
5. Defendant Black is a natural person and a citizen of Texas
6. Defendant Branovan is a natural person and a citizen of the State of Wisconsin.
7. Defendant Woodcroft is a natural person and a citizen of the State of Missouri.

JURISDICTION AND VENUE

8. Plaintiff is a citizen of the State of Oregon, and all Defendants are citizens of other States. The amount in controversy exceeds \$75,000. Therefore, the Court has subject matter jurisdiction over this matter.
9. The Court has personal jurisdiction over Defendant No Limits because it is a Minnesota corporation with its principal place of business in Minnesota. The Court has personal jurisdiction over all Defendants because the conduct that forms the basis of the present action—including multiple meetings that led to the formation of the Promissory Note—occurred in Minnesota. Moreover, Plaintiff and all Defendants are parties to the Promissory Note, which expressly states that it is governed by Minnesota law.

10. Venue is proper in this Court because a substantial part of the acts and omissions upon which this action is based occurred in Minnesota.

FACTUAL ALLEGATIONS

11. Defendant No Limits is a Minnesota corporation. As of late 2013, its sole shareholders were Defendants Black, Branovan, and Woodcroft.

12. On October 12, 2013, Defendant Black contacted Plaintiff and invited him to invest in Defendant No Limits.

13. On October 21, 2013, Plaintiff flew to Minnesota, where he met with Defendants Black, Branovan, and Woodcroft and toured several of the sports facilities that Defendant No Limits purported to own.

14. At that meeting, and at other times throughout October 2013, Defendants each made statements and representations about Defendant No Limits in order to persuade Plaintiff to invest \$200,000 Defendant No Limits. Among other things, Defendants represented the following:

- a. Defendant No Limits expected to finish the 2013 fiscal year with revenues of more than \$5.8 million and earnings of nearly \$1.7 million.
- b. Defendant No Limits was aggressively growing and expanding its operations. It projected revenues of more than \$25 million in 2014, \$72 million in 2015, \$158 million in 2016, \$338 million in 2017, and \$631 million in 2018.
- c. A significant portion of Plaintiffs' investment would be used to expand an online university operated by Defendant No Limits called Achiever

University. Defendants represented that Achiever University alone had projected revenues of \$7.8 million in 2014, \$19.5 million in 2015, \$39 million in 2016, \$93 million in 2017, and \$195 million in 2018.

- d. Defendant No Limits had recently secured a lucrative contract to bring 300 students from Ukraine to the United States, where they would take courses and play hockey at sports facilities owned and operated by Defendant No Limits.
- e. Several other investors were identified by name, and they were purportedly in the process of making major investments in Defendant No Limits.

15. In fact, these representations were untrue. Defendant No Limits was near failure. Contrary to their representations, Plaintiff's money would be used to keep the enterprise afloat while they searched for someone to buy the company's assets, not to expand Achiever University. Defendant No Limits had no deal to bring students to the United States from Ukraine. And there were no other investors.

16. In reliance on their representations, on October 28, 2013, Plaintiff emailed Defendants Black, Branovan, and Woodcroft and expressed willingness to invest \$200,000 in Defendant No Limits.

17. On October 30, 2013, Plaintiff had several discussions with Defendants Black, Branovan, and Woodcroft to finalize documents that would govern Plaintiff's rights as an investor, including a Promissory Note.

18. On November 5, 2013, Plaintiff sent \$200,000 to Defendant Branovan in anticipation that the parties would finalize and execute the Promissory Note.

19. On November 7, 2013, Plaintiff and all Defendants executed the Promissory Note. Plaintiff received the executed documents on November 11, 2013.

20. Under the Promissory Note, Defendant No Limits promised “to pay John A. Coy (“Holder”)...the principal amount of Two Hundred Thousand and 00/100 Dollars (\$200,000.00), together with interest and in the manner set forth in this Promissory Note. In connection with the issuance of this Note, (i) [Defendant No Limits] agrees to issue to Holder 800,000 shares of [Defendant No Limits] common stock....” (Promissory Note ¶ 1.) It further provided that “[i]nterest shall accrue on the unpaid principal balance of this Note from the date hereof, at the rate of ten percent (10%) per annum” (*id.* at ¶ 2), and that Defendant No Limits would “pay all accrued but unpaid interest on the Note on an annual basis on each October 31 following the date hereof, commencing on October 31, 2014 through the maturity date. The entire unpaid principal balance of this Note together with all accrued but unpaid interest thereon shall be due and payable in full by [Defendant No Limits] on October 31, 2013.” (*Id.* at ¶ 3.)

21. Defendant Black represented that Plaintiff’s 800,000 shares represented a 5% ownership stake in Defendant No Limits.

22. Under the terms of the Promissory Note, all principal and interest would become immediately due and payable in its entirety if all or substantially all the assets of Defendant No Limits were ever sold, if there were a change of control with respect to Defendant No Limits, or if there were ever a default under the Promissory Note. (*Id.* at ¶ 4.)

23. Under the terms of the Promissory Note, all principal and interest also became immediately due and payable if Defendant No Limits ever failed to make any payment of principal or interest within five days of its due date. (*Id.* at ¶ 8.)

24. Defendants Black, Branovan, and Woodcroft each personally guaranteed that Plaintiff would receive all payments due under the Promissory Note. (*Id.* at ¶ 7.)

25. On January 3, 2014, Defendant No Limits sold substantially all of its assets to a non-party pursuant to an Asset Purchase Agreement.

26. The Asset Purchase Agreement included a space for Plaintiff's signature in his capacity as Shareholder, but Plaintiff was given no opportunity to review, sign, or dissent from this Asset Purchase Agreement before it was purportedly executed without his signature. Defendants did not disclose that fact of the sale to Plaintiff until after it was purportedly complete.

27. The Asset Purchase Agreement pursuant to which Defendants sold the assets of Defendant No Limits made no provision for the repayment of Defendant No Limits' debt to Plaintiff.

28. On January 26, 2014, following the sale of the assets of Defendant No Limits, Defendant Black emailed to reassure Plaintiff. Defendant Black stated that he and his wife would personally pay Plaintiff "\$20,000 every 31 October in the event that the criminals [meaning Defendants Branovan and Woodcroft] don't come through."

29. On October 31, 2014, the first payment came due under the Promissory Note.

30. Plaintiff has received no payment of principal or interest from Defendants No Limits, Black, Branovan, or Woodcroft.

31. Under the terms of the Promissory Note, Plaintiff is the owner of 800,000 shares of Defendant No Limits' common stock. Defendant No Limits has now apparently sold all of its assets to a non-party. Plaintiff has received nothing for his common stock of Defendant No Limits.

32. Under the terms of the Promissory Note, “[i]f this Note is not paid when due, whether at maturity or by acceleration, [Defendant No Limits] agrees to pay all reasonable costs incurred by [Plaintiff] in collecting the amounts due hereunder, including reasonable attorneys' fees.”

CAUSES OF ACTION

Count One: Breach of Contract—No Limits

33. The Promissory Note is a valid, enforceable contract.

34. Defendant No Limits breached the terms of the Promissory Note when it failed to repay Plaintiff's investment in its entirety, with principal and interest, upon the sale of substantially all of the assets of Defendant No Limits and the change of control of the company.

35. Defendant No Limits breached the terms of the Promissory Note when it failed to make the first payment of principal and interest that came due on October 31, 2014, and when it failed to repay Plaintiff's investment in its entirety, with principal and interest, upon that event of default.

36. Plaintiff thereby suffered damages.

**Count Two: Breach of Contract
Black, Branovan, and Woodcroft**

37. The Promissory Note is a valid, enforceable contract.
38. Defendants Black, Branovan, and Woodcroft, as guarantors, each breached the terms of the Promissory Note when they failed to repay Plaintiff's investment in its entirety, with principal and interest, upon Defendant No Limits' default.
39. Plaintiff thereby suffered damages.

**Count Three: Minn. Stat. 302A.471
No Limits, Black, Branovan, and Woodcroft**

40. Defendants Black, Branovan, and Woodcroft were the majority shareholders of Defendant No Limits, and Plaintiff was a minority shareholder.
41. In January 2014, Defendants Black, Branovan, and Woodcroft caused Defendant No Limits to sell substantially all of its assets and to cease all continuing business activity.
42. Under Minn. Stat. § 302A.661, subd. 2, such a transaction required written notice to all shareholders.
43. Plaintiff received no such notice.
44. Had Plaintiff received the notice required under Minn. Stat. § 302A.661, Plaintiff would have dissented from the sale of Defendant No Limits' assets.
45. Pursuant to Minn. Stat. § 302A.471, Plaintiff is entitled to obtain payment for the fair value of his 800,000 shares of Defendant No Limits' common stock.

**Count Four: Breach of Fiduciary Duty
Black, Branovan, and Woodcroft**

46. Defendants Black, Branovan, and Woodcroft were the majority shareholders of Defendant No Limits, and Plaintiff was a minority shareholder.

47. Defendants Black, Branovan, and Woodcroft each had superior knowledge of the financial and operational status of Defendant No Limits, as compared to Plaintiff.

48. Defendants Black, Branovan, and Woodcroft owed Plaintiff a fiduciary duty, including the duty of full disclosure of material information and the duty put Plaintiffs' interests before their own.

49. Defendants Black, Branovan, and Woodcroft breached their fiduciary duty to Plaintiff by misrepresenting and withholding material information (including information regarding the actual financial and operational status of Defendant No Limits, and later the sale of the assets of Defendant No Limits) and by putting their interests before those of Plaintiff.

50. Plaintiff thereby suffered damages.

PRAAYER FOR RELIEF

WHEREFORE, Plaintiff John A. Coy prays for judgment in his favor and against Defendants No Limits, Black, Branovan, and Woodcroft as follows:

- A. An award of damages against each Defendant in an amount exceeding \$75,000 to be determined at trial;
- B. An order requiring Defendants to pay Plaintiff the fair value of his shares;

- C. An award of all costs incurred in this action, including reasonable attorneys' fees in accordance with the terms of the Promissory Note; and
- D. An award of such other and different relief as this Court deems just and proper.

Dated: January 15, 2015

GREENE ESPEL PLLP

s / Mark L. Johnson
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Attorneys for Plaintiff

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

John A. Coy

(b) County of Residence of First Listed Plaintiff State of Oregon
(EXCEPT IN U.S. PLAINTIFF CASES)

DEFENDANTS

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

County of Residence of First Listed Defendant _____

(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

(c) Attorneys (Firm Name, Address, and Telephone Number)

Mark L. Johnson, Greene Espel PLLP, 222 South Ninth Street, #2200, Minneapolis, MN 55402; 612-373-0830; mjohnson@greeneespel.com

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

<input type="checkbox"/> 1 U.S. Government Plaintiff	<input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party)
<input type="checkbox"/> 2 U.S. Government Defendant	<input checked="" type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

	PTF	DEF		PTF	DEF
Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business In This State	<input type="checkbox"/> 4	<input type="checkbox"/> 4
Citizen of Another State	<input checked="" type="checkbox"/> 2	<input checked="" type="checkbox"/> 2	Incorporated and Principal Place of Business In Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance	PERSONAL INJURY	PERSONAL INJURY	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881	<input type="checkbox"/> 375 False Claims Act
<input type="checkbox"/> 120 Marine	<input type="checkbox"/> 310 Airplane	<input type="checkbox"/> 365 Personal Injury - Product Liability	<input type="checkbox"/> 422 Appeal 28 USC 158	<input type="checkbox"/> 400 State Reapportionment
<input type="checkbox"/> 130 Miller Act	<input type="checkbox"/> 315 Airplane Product Liability	<input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury	<input type="checkbox"/> 423 Withdrawal 28 USC 157	<input type="checkbox"/> 410 Antitrust
<input type="checkbox"/> 140 Negotiable Instrument	<input type="checkbox"/> 320 Assault, Libel & Slander	<input type="checkbox"/> 330 Federal Employers' Liability	PROPERTY RIGHTS	<input type="checkbox"/> 430 Banks and Banking
<input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment	<input type="checkbox"/> 340 Marine	<input type="checkbox"/> 345 Marine Product Liability	<input type="checkbox"/> 820 Copyrights	<input type="checkbox"/> 450 Commerce
<input type="checkbox"/> 151 Medicare Act	<input type="checkbox"/> 350 Motor Vehicle	<input type="checkbox"/> 370 Other Fraud	<input type="checkbox"/> 830 Patent	<input type="checkbox"/> 460 Deportation
<input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excludes Veterans)	<input type="checkbox"/> 355 Motor Vehicle	<input type="checkbox"/> 371 Truth in Lending	<input type="checkbox"/> 840 Trademark	<input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations
<input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits	<input type="checkbox"/> 360 Other Personal Injury	<input type="checkbox"/> 380 Other Personal Property Damage	LABOR	<input type="checkbox"/> 480 Consumer Credit
<input type="checkbox"/> 160 Stockholders' Suits	<input type="checkbox"/> 362 Personal Injury - Medical Malpractice	<input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 710 Fair Labor Standards Act	<input type="checkbox"/> 490 Cable/Sat TV
<input checked="" type="checkbox"/> 190 Other Contract			<input type="checkbox"/> 720 Labor/Management Relations	<input type="checkbox"/> 850 Securities/Commodities/ Exchange
<input type="checkbox"/> 195 Contract Product Liability			<input type="checkbox"/> 740 Railway Labor Act	<input type="checkbox"/> 861 HIA (1395ff)
<input type="checkbox"/> 196 Franchise			<input type="checkbox"/> 751 Family and Medical Leave Act	<input type="checkbox"/> 862 Black Lung (923)
			<input type="checkbox"/> 790 Other Labor Litigation	<input type="checkbox"/> 863 DIWC/DIWW (405(g))
			<input type="checkbox"/> 791 Employee Retirement Income Security Act	<input type="checkbox"/> 864 SSID Title XVI
				<input type="checkbox"/> 865 RSI (405(g))
			SOCIAL SECURITY	
			<input type="checkbox"/> 861 HIA (1395ff)	
			<input type="checkbox"/> 862 Black Lung (923)	
			<input type="checkbox"/> 863 DIWC/DIWW (405(g))	
			<input type="checkbox"/> 864 SSID Title XVI	
			<input type="checkbox"/> 865 RSI (405(g))	
			FEDERAL TAX SUITS	
			<input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant)	
			<input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	
			IMMIGRATION	
			<input type="checkbox"/> 462 Naturalization Application	
			<input type="checkbox"/> 465 Other Immigration Actions	

V. ORIGIN (Place an "X" in One Box Only)

<input checked="" type="checkbox"/> 1 Original Proceeding	<input type="checkbox"/> 2 Removed from State Court	<input type="checkbox"/> 3 Remanded from Appellate Court	<input type="checkbox"/> 4 Reinstated or Reopened	<input type="checkbox"/> 5 Transferred from Another District (specify) _____	<input type="checkbox"/> 6 Multidistrict Litigation
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Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
28 U.S.C. 1332

VI. CAUSE OF ACTION

Brief description of cause:
Plaintiff loaned \$200,000 to No Limits, with personal guaranties from other defendants. Debt is past due.

VII. REQUESTED IN COMPLAINT:

<input type="checkbox"/> CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.	DEMAND \$ 75,000.00	CHECK YES only if demanded in complaint: JURY DEMAND: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE _____

DOCKET NUMBER _____

DATE

SIGNATURE OF ATTORNEY OF RECORD

01/15/2015

s / Mark L. Johnson

FOR OFFICE USE ONLY

RECEIPT # _____

AMOUNT _____

APPLYING IFP _____

JUDGE _____

MAG. JUDGE _____