

IN THE CIRCUIT COURT OF THE  
SEVENTEENTH JUDICIAL CIRCUIT IN  
AND FOR BROWARD COUNTY, FLORIDA

COMPLEX BUSINESS DIVISION

CASE NO. 09 059301

STUART A. ROSENFELDT, individually,  
and ROTHSTEIN ROSENFELDT ADLER, P.A.,  
a Florida Professional Service Corporation,

Plaintiffs,

v.

SCOTT W. ROTHSTEIN, individually,

Defendant.

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**AMENDED COMPLAINT FOR DISSOLUTION  
AND FOR EMERGENCY TRANSFER OF CORPORATE POWERS TO STUART A.  
ROSENFELDT, OR, IN THE ALTERNATIVE, FOR APPOINTMENT OF A  
CUSTODIAN OR RECEIVER**

Plaintiffs, Stuart A. Rosenfeldt, individually, and Rothstein Rosenfeldt Adler, P.A. (sometimes referred to as the “firm”), file this action against Scott W. Rothstein, and allege as follows:

**PRELIMINARY STATEMENT**

It is with surprise and sorrow that the attorneys of Rothstein Rosenfeldt Adler, P.A. have learned that Scott W. Rothstein, the managing partner and CEO of the firm, has, according to assertions of certain investors, allegedly orchestrated a substantial misappropriation of funds from investor trust accounts that made use of the law firm’s name. The investment business created and operated by Mr. Rothstein centered around the sale of interests in structured settlements. Immediate judicial action is being sought to facilitate the investigation and

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accounting of investor funds and to address the ongoing affairs of the firm in an appropriate manner through the transfer of all corporate powers to Stuart A. Rosenfeldt. Mr. Rosenfeldt, as the firm's President and only other equity holder in the firm besides Mr. Rothstein, is uniquely positioned to wind down the affairs of the firm, to account for all funds in the firm's trust accounts, and, most importantly, to protect the interests of the firm's clients. In the alternative, Plaintiffs request that the Court appoint Mr. Rosenfeldt as custodian of the firm during its dissolution or appoint a receiver. In the event that the Court appoints a receiver, there is no necessity for the receiver to assume any control of the firm's law practice because the dedicated attorneys and staff are continuing to assure that the interests of the firm's clients will remain paramount and will be fully protected.

Mr. Rosenfeldt and the firm have filed this action to minimize any further damage caused by Mr. Rothstein, to emphasize that the innocent attorneys and staff of the firm are not implicated in this controversy, and, most importantly, to protect the best interests of their clients.

### **NATURE OF ACTION**

1. This is an action for judicial dissolution of the firm and an accounting pursuant to Florida Statutes Section 607.1430(3). Additionally, Plaintiffs seek transfer of all corporate powers to Plaintiff Rosenfeldt, or, in the alternative, the appointment of Plaintiff Rosenfeldt as custodian of the firm or the appointment of a receiver, pursuant to Florida Statutes Sections 607.1431 and 607.1432.

2. Plaintiff Rosenfeldt is the firm's president. He has the inherent authority to initiate this emergency litigation.

3. Defendant Rothstein is the firm's managing partner and CEO. Rothstein, a charismatic and talented lawyer, has controlled firm management, especially financial matters,

and has not extended access to core financial matters and records to any other attorney at the firm.

4. Plaintiff Rosenfeldt and Defendant Rothstein are the sole owners of the equity in the firm.

5. The firm's principal office is located at 401 East Las Olas Blvd, Suite 1650, Fort Lauderdale, FL 33301.

6. Venue properly lies with this Court because the firm's principal office is in Broward County.

## **BACKGROUND AND GROUNDS FOR DISSOLUTION**

### **The Firm**

7. The firm was founded by Plaintiff Rosenfeldt and Defendant Rothstein in 2002.

8. The firm's practice was originally focused on labor and employment law, but the firm grew rapidly and its practice areas expanded to include intellectual property, corporate law, mergers and acquisitions, real estate, criminal defense, class actions, mass torts and personal injury claims, among others.

9. The firm currently has seven offices, with locations in Florida, New York, and Venezuela, and employs over 70 lawyers.

10. The firm has an outstanding group of attorneys, staff members, including distinguished former judges, many of whom have statewide, even national reputations, for professional excellence.

### **The Settlement Funding Scheme**

11. Firm lawyers learned in the past few days about irregularities surrounding a settlement funding business operated by Rothstein. The settlement funding business involved

the purchase of structured legal settlements and the sale of these settlements to investors.

Various investors have informed the firm that they believe that substantial funds are not properly accounted for and are missing. A review of the firm's records undertaken over this past weekend indicates that various funds unrelated to the direct practice of law cannot be accounted for, circumstances suggesting that investor money may have been misused by Rothstein who controlled all such accounts. Some investors allege that Defendant Rothstein may have been fabricating non-existent structured legal settlements for sale to investors.

12. Defendant Rothstein's allegedly improper activities were done without any knowledge of the other attorneys at the firm, and, in fact, Rothstein actively endeavored to hide the existence of the scheme. It was not until several days ago that Plaintiff Rosenfeldt or any of the other lawyers at the firm discovered some of the circumstances concerning Defendant Rothstein's actions and the alleged improprieties.

13. The firm's attorneys still have extremely limited knowledge concerning the allegations, and yet, recognize the importance of proceeding expeditiously to undercover the truth. Thus, the emergency transfer of all corporate powers to Plaintiff Rosenfeldt, or, in the alternative, the emergency appointment of Plaintiff Rosenfeldt as the firm's custodian or the appointment of a receiver, is critical to undertake at least a preliminary inquiry concerning Defendant Rothstein's conduct, and to make appropriate recommendations to the Court concerning any further investigation.

#### **Misuse of the Investor Trust Accounts**

14. With respect to the settlement funding scenario, Plaintiffs only recently discovered troubling information concerning Defendant Rothstein's investor trust accounts and details surrounding the transactions are still emerging. However, it appears that Defendant

Rothstein may have transferred substantial sums out of the investor trust accounts, and that the emergency transfer of all corporate powers to Plaintiff Rosenfeldt, or, in the alternative, the emergency appointment of Plaintiff Rosenfeldt as the firm's custodian or the appointment of a receiver, is necessary to account for and, if appropriate, consider taking action to recover the missing investor trust account funds.

### **Shareholder Deadlock**

15. Defendant Rothstein has declined to resign despite the asserted and substantial irregularities because he purports to hold a 50% share of the law firm. For this reason, among others, there is a substantial shareholder deadlock, making management of the firm as it currently stands impossible.

### **COUNT I (DISSOLUTION)**

16. Plaintiffs adopt, incorporate, and reallege paragraphs 1-15.

17. Under Florida Statute 607.1430, a circuit court may dissolve a corporation in a proceeding by a shareholder if the management of corporate affairs is deadlocked and irreparable injury to the corporation is threatened or being suffered. Additionally, a circuit court may dissolve a corporation having 35 or fewer shareholders if a sufficient showing is made with respect to improper or irregular conduct that materially injures the corporation.

18. For the reasons stated herein, Plaintiffs have demonstrated these two grounds for dissolving the firm.

WHEREFORE, Plaintiffs demand judgment of dissolution and all other such remedies that the Court finds appropriate.

**COUNT II**  
**(TRANSFER OF CORPORATE POWER TO PLAINTIFF ROSENFELDT)**

19. Plaintiffs adopt, incorporate, and reallege paragraphs 1-18.

20. Florida Statute 607.1431(3) permits a court in dissolution proceedings to take any action required to preserve the corporate assets wherever located, and carry on the business of the corporation.

21. For the reasons stated herein, Plaintiffs submit that the Court's exercise of this discretionary power is appropriate to transfer all corporate power over the firm to Plaintiff Rosenfeldt to effect the dissolution request in Count I, to perform an accounting of the firm's assets and liabilities, to undertake all actions necessary to uncover the extent of Defendant Rothstein's activities, to wind down the firm's client engagements, to appoint a chief restructuring officer and an inventory attorney pursuant to Florida Bar Rule 1-3.8, to institute federal bankruptcy proceedings or other related state law proceedings, to file assignments for the benefits of creditors, and to undertake all such other actions as may be necessary and appropriate under law.

WHEREFORE, Plaintiffs demand that the Court transfer all corporate power over the firm to Plaintiff Rosenfeldt.

**COUNT III**  
**(IN THE ALTERNATIVE, APPOINTMENT OF**  
**PLAINTIFF ROSENFELDT AS CUSTODIAN OF THE FIRM)**

22. Plaintiffs adopt, incorporate, and reallege paragraphs 1-18.

23. Florida Statutes 607.1431(3) and 607.1432 permit a circuit court in a judicial dissolution to appoint a custodian to manage the business and affairs of the dissolving corporation.

24. For the reasons stated herein, Plaintiffs request, in the alternative to Counts II and IV, that the Court appoint Plaintiff Rosenfeldt, the President of the firm and sole shareholder besides Defendant Rothstein, as custodian of the Firm to effect the dissolution requested in Count I, to perform an accounting of the firm's assets and liabilities, to undertake all actions necessary to uncover the extent of Defendant Rothstein's activities, to wind down the firm's client engagements, to appoint a chief restructuring officer and an inventory attorney pursuant to Florida Bar Rule 1-3.8, to institute federal bankruptcy proceedings or other related state law proceedings, to file assignments for the benefits of creditors, and to undertake all such other actions as may be necessary and appropriate under law.

WHEREFORE, Plaintiffs demand, in the alternative, that the Court appoint

**COUNT IV**  
**(IN THE ALTERNATIVE, APPOINTMENT OF A RECEIVER)**

25. Plaintiffs adopt, incorporate, and reallege paragraphs 1-18.

26. Florida Statutes 607.1431(3) and 607.1432 permit a circuit court in a judicial dissolution to appoint a receiver to wind up and liquidate the business and affairs of the dissolving corporation.

27. For the reasons stated herein, Plaintiffs request, in the alternative to Counts II and III, that the Court appoint a receiver to effect the dissolution requested in Count I, perform an accounting of the firm's assets and liabilities, undertake all actions necessary to uncover the extent of Defendant Rothstein's activities, and to undertake all such other actions as may be necessary and appropriate under law.


## CONCLUSION

28. Defendant Rothstein's conduct in connection with the settlement funding and the investor trust accounts appears at this point to be extensive. Dissolution and the emergency transfer of all corporate powers to Plaintiff Rosenfeldt, or, in the alternative, the emergency appointment of Plaintiff Rosenfeldt as the firm's custodian or the appointment of receiver, are critical to uncover the full extent of Defendant Rothstein's activities, to consider any appropriate action to recover missing proceeds, to protect the firm's clients, and to preserve, protect and review the firm's accounts and financial records.<sup>1</sup>

Dated this 3rd day of November, 2009.

Respectfully submitted,

COFFEY BURLINGTON  
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By:   
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<sup>1</sup> Annexed hereto as Exhibit A is an affidavit from Plaintiff Rosenfeldt attesting to the truthfulness of the allegations contained herein.



CERTIFICATE OF SERVICE

I certify that on this 3rd day of November, 2009, with the agreement and consent of Defendant Scott W. Rothstein's counsel, Mark Nurik, Esq., a true and correct copy of the above and foregoing was served via email on Mr. Nurik, at meeko51@yahoo.com.

This 3rd day of November, 2009.

/s/ Paul J. S. V.  
Fla Bar No.  
823244