

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

COMPLEX BUSINESS DIVISION

CASE NO. _____

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

Plaintiffs,

v.

SCOTT W. ROTHSTEIN, individually,

Defendant.

_____ /

**COMPLAINT FOR DISSOLUTION
AND FOR EMERGENCY APPOINTMENT OF A RECEIVER**

Plaintiffs, Stuart A. Rosenfeldt, individually, and Rothstein Rosenfeldt Adler, P.A. (sometimes referred to as the “firm”), files this action against Scott W. Rothstein, and alleges 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 Rothstein centered around the sale of interests in structured settlements. Immediate judicial action is being sought to facilitate the investigation and accounting of investor funds and to address the ongoing affairs of the firm in an appropriate manner.

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Meanwhile, 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.

Stuart 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, an accounting, and appointment of a receiver pursuant to Florida Statutes Sections 607.1430(3), 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 uncover the truth. Thus, the emergency 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 appointment of a receiver is necessary to account for and, if appropriate, consider taking action to recover the missing investor trust account funds.

CONCLUSION

15. Defendant Rothstein's conduct in connection with the settlement funding and the investor trust accounts appears at this point to be extensive. Under Florida Statute, 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. Moreover, based on Rothstein's own statements, there is a deadlock with respect to material aspects of the firm's

management. Among other disagreements, he has declined to resign despite the asserted and substantial irregularities because he purports to hold a 50% share of the law firm. Florida Statutes provide for the appointment of a receiver in the context of these circumstances. Dissolution and appointment of a receiver are critical to uncover the full extent of Defendant Rothstein's activities, to consider any appropriate action to recover missing proceeds, and to preserve, protect and review the firm's accounts and financial records.¹

WHEREFORE, Plaintiffs demand judgment of dissolution and the appointment of a receiver to effect the dissolution, 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.

Dated this 2nd day of November, 2009.

Respectfully submitted,

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¹ Annexed hereto as Exhibit A is an affidavit from Plaintiff Rosenfeldt attesting to the truthfulness of the allegations contained herein.