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IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

STATE OF OREGON, ex rel. DAN RAYFIELD, Attorney General for the State of Oregon, and the OREGON DEPARTMENT OF THE STATE FIRE MARSHAL,

Plaintiff,

v.

CASCADE RELIEF TEAM, an Oregon public benefit nonprofit corporation, and MARCUS JUWAN BROOKS, an individual,

Defendants.

Case No.

COMPLAINT

(Breach of Fiduciary Duties; Ultra Vires; Unjust Enrichment; Injunction; Judicial Dissolution)

ORS 20.140 - State fees deferred at filing

NOT SUBJECT TO MANDATORY ARBITRATION

DAN RAYFIELD, Attorney General of the State of Oregon, (“Attorney General” or “Rayfield”), files this Complaint as Attorney General along with the OREGON DEPARTMENT OF THE STATE FIRE MARSHAL (“OSFM”) and alleges as follows:

IDENTIFICATION OF PARTIES AND VENUE

1.

Dan Rayfield is the duly constituted Attorney General for the State of Oregon and is suing only in his official capacity pursuant to ORS 65.040, 65.327, 65.661, 128.680, 128.735, and common law to oversee charitable organizations, assets, and fiduciaries.

2.

OSFM is the state agency charged with protecting people, property, and the environment from fire and hazardous materials. As a component of that mission, OSFM issues grants to individuals and entities who provide services that assist the agency in its official duties pursuant to the Community Risk Reduction Fund found in ORS 476.396.

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3.

This is derivative action brought on behalf of a charitable organization, Cascade Relief Team (“CRT”). Defendant Marcus Juwan Brooks (“Brooks”) has participated in the wrongs alleged herein and would not have sought redress on behalf of CRT or the public in whose interest CRT should operate.

4.

Defendant Brooks has been the executive director, president, and secretary of Defendant CRT since CRT’s formation in 2020. Defendant Brooks was responsible for the day-to-day management of the affairs of CRT and exercised complete control over the organization’s accounts and assets. Defendant Brooks’s residence is unknown, although at the time of the acts forming the basis of the Complaint, Defendant Brooks resided in Otis, Oregon.

5.

Defendant CRT is an Oregon nonprofit public benefit corporation subject to the Attorney General’s oversight over charitable organizations, assets, and fiduciaries. It is a nominal defendant herein because the Attorney General is seeking judicial dissolution. Defendant CRT’s principal office was in Lincoln County, Oregon.

6.

Pursuant to ORS 65.664, venue for this proceeding lies in Multnomah County.

FACTS COMMON TO ALL CLAIMS

7.

This is a case about Defendant Brooks’s exploitation of an Oregon charity for his personal gain. Defendant Brooks has defrauded disaster victims, funders, and the general public by diverting assets from CRT, a charitable Oregon nonprofit, to himself. As a result of his fiscal mismanagement, nearly \$837,000 that should have been used to help fire and flood victims in Oregon and provide tornado relief in Kentucky were wasted, lost, or diverted. Defendant Brooks used those charitable dollars to, among other things, gamble at casinos, visit a strip club, buy

1 alcohol, vacation around the country (including stops at Disneyland and vacation rentals in
2 Florida), pay rent and bills, and purchase vehicles. Because Defendant Brooks drained CRT's
3 coffers to enrich himself, the charity was forced to unexpectedly close, leaving CRT's employees
4 and its program beneficiaries in the lurch. The Attorney General seeks a judgment that, among
5 other provisions, enjoins Defendant Brooks from serving as a charitable fiduciary, orders
6 Defendant Brooks to repay charitable assets he wasted or unlawfully diverted from CRT, and
7 orders that CRT be judicially dissolved and any remaining assets directed to charitable purposes.

8 8.

9 Defendant Brooks incorporated CRT on September 11, 2020, during one of the most
10 destructive wildfire seasons in Oregon's history. He capitalized on the moment by forming a
11 public benefit corporation named Pacific Northwest Crisis and Evacuation Resources Inc., with a
12 mission of providing essential items and resources to survivors of natural disasters. Defendant
13 Brooks applied for and received tax-exempt, tax-deductible status for the organization from the
14 Internal Revenue Service ("IRS") pursuant to Section 501(c)(3) of the Internal Revenue Code. In
15 March 2021, Brooks filed Articles of Amendment with the Oregon Secretary of State changing
16 the corporation's name to Cascade Relief Team (CRT).

17 9.

18 Defendant Brooks listed himself as registered agent, president, and secretary of CRT.
19 After the Department made multiple written requests to Defendant Brooks, CRT registered with
20 the Oregon Department of Justice as a charitable corporation in June 2021.

21 10.

22 Prior to filing this Complaint, the Department initiated an investigation into CRT, which
23 included issuing orders pursuant to ORS 128.690 to CRT and Defendant Brooks. After
24 Defendant Brooks failed to respond, the Department issued orders to financial institutions
25 associated with CRT and Brooks for account records. Those records revealed that CRT was a
26 sham charitable organization. It was not governed by a board of directors; Defendant Brooks was

1 in total and complete control of CRT and its assets, financial records, and programs. CRT's
2 "board members" appeared only as names listed on government filings. Most had never attended
3 a board meeting or seen a financial record, in part because Defendant Brooks did not keep
4 records or make any attempts to track or account for the charitable assets in his control. Instead,
5 he would open several accounts in CRT's name at a bank and run those accounts dry, incurring
6 wasteful and unnecessary fees and eventually causing the bank to close the accounts. Defendant
7 Brooks would then find a different bank and do the same thing. By the time CRT was completely
8 tapped by Defendant Brooks, CRT's funds had flowed through 26 different financial accounts.

9 11.

10 Despite Defendant Brooks reporting that CRT received \$48,000 in revenue in 2020,
11 bank records show that only \$26,195.76 in revenues were deposited in CRT's accounts that year.
12 Similarly, for 2021, CRT reported revenues of \$941,587, but bank records show only
13 approximately \$856,000 was deposited into CRT's bank accounts, leaving approximately
14 \$86,000 unaccounted for. After 2021, Brooks stopped filing required financial reports altogether,
15 although bank statements show that the organization continued to receive revenues.

16 12.

17 The precipitous growth in revenues was due to an influx in donations, mostly from
18 Oregonians, in response to solicitations for humanitarian assistance, and from a government
19 contract between the Oregon Department of Human Services ("ODHS") to provide social
20 services and wraparound support to Oregonians in need as a result an emergency or disaster. The
21 contract period was November 1, 2022, through June 30, 2023. During that time, ODHS
22 provided CRT with a monthly list of Oregonians eligible for and in need of disaster relief
23 services. CRT was paid \$60 per hour for its work and was reimbursed for actual expenditures for
24 the benefit of disaster victims based on invoices Defendant Brooks, acting through CRT,
25 submitted to ODHS. ODHS chose not to renew the contract with CRT when it expired in June
26 2023 due to its concerns about CRT's governance and administration.

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13.

In May of 2023, CRT, through Defendant Brooks, entered into Grant Agreement 2023-CWRR-005 (“Grant Agreement”) with OSFM wherein it was given \$100,000 to perform organic debris clean-up and tree removal associated with the Echo Mountain, Riverside, Beachie Creek, Alameda, Bootleg, and Holiday Farm fires.

14.

CRT was obligated under the Grant Agreement to submit workplans and regular progress reports to OSFM. After submitting its first workplan to OSFM on or about September 19, 2023, CRT failed to supply any additional reports, including end-of-year reports, or supporting documents to the agency.

15.

Prior to receiving the \$100,000 OSFM grant, CRT’s Facebook page outlined its plan for the money; however, once the grant was issued, those plans were removed from the page. OSFM attempted to email CRT regarding the status of the grant funds, but the address no longer worked. Further, the Oregon Secretary of State’s business registry records reported CRT had been administratively dissolved on November 7, 2024. OSFM has been unable to confirm whether CRT performed any Grant Agreement work with the \$100,000 distribution.

16.

ODHS’s failure to renew the contract put CRT and Defendant Brooks in a difficult cash flow position; Defendant Brooks had not made any efforts to account for or manage CRT’s funds. In July 2023, he sold 15% of CRT’s future receipts to CFG Merchant Solutions, LLC in exchange for \$15,000. Defendant Brooks only made one payment on the multipayment contract. In October 2023, CFG Merchant Solutions, LLC took a default judgment against Defendants for approximately \$34,000 after Defendant Brooks failed to appear or arrange for CRT’s defense in that litigation.

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1 17.

2 Before CRT's collapse, and using charitable funds, Defendant Brooks caused CRT to
3 purchase two vehicles (which Brooks registered to himself), at least two trailers (only one of
4 which is registered to CRT through the Oregon Department of Motor Vehicles), and multiple
5 pieces of heavy equipment. Some of these purchases were financed, but Defendant Brooks has
6 failed to make the payments, resulting in repossession of the asset or claims for breach of loan
7 contracts. Each vehicle or piece of heavy equipment purchased with CRT's funds is a charitable
8 asset, the value of which should be returned for charitable purposes.

9 18.

10 Because of Defendant Brooks's fiscal mismanagement, CRT ran out of money in the fall
11 of 2023. Defendant Brooks unexpectedly fired CRT staff, stating that CRT could not meet its
12 payroll obligations. What CRT's employees did not know was that Defendant Brooks's was
13 diverting CRT assets for his personal benefit. At the time the employees were fired, CRT ceased
14 all charitable programs but did not inform grantors, lenders, donors, program recipients, or the
15 communities that were intended to benefit from CRT's services.

16 19.

17 As executive director and principal manager of CRT, Defendant Brooks was responsible
18 for ensuring that CRT filed the required reports with government entities. One such report is IRS
19 Form 990, which is the informational return that organizations with Section 501(c)(3) status must
20 file annually. CRT has not filed a Form 990 since 2021 and has lost its Section 501(c)(3) status
21 for failure to file this form for three consecutive years. Defendant Brooks has also not filed
22 annual Form CT-12 financial reports with the Oregon Department of Justice (the Department),
23 which are required by the Oregon Charitable Trust and Corporation Act, ORS 128.610 *et seq.*,
24 since the 2021 fiscal year. These failures to meet CRT's legal obligations were violations of
25 Defendant Brooks's fiduciary duties.

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1 20.

2 When CRT unexpectedly closed, the Department issued an Order to Attend and Produce
3 Documents to Defendant Brooks, pursuant to ORS 128.690, to determine whether CRT was
4 fulfilling its charitable purpose and safeguarding the charitable assets in its care. The order
5 required production of various categories of documents, including financial information, board
6 meeting minutes, and a board roster. Although Defendant Brooks initially acknowledged
7 receiving the order, he never produced any documents (another breach of his fiduciary duties).
8 The Department then subpoenaed financial records for CRT directly from financial institutions.
9 Those records show an organization in almost complete financial chaos that has been primarily
10 operated for the benefit of Defendant Brooks.

11 21.

12 In addition to drawing a salary for his work for CRT, Defendant Brooks caused CRT to
13 pay him \$74,260 in additional compensation or purported reimbursements that were never
14 approved by a disinterested board of directors. But that was not the extent of his unlawful
15 distribution of charitable assets. He also used CRT's accounts to:

- 16 • Withdraw \$11,589.51 in cash (\$6,051 of which was at casinos);
- 17 • Pay \$270,861.70 on his personal credit cards, loans, and bills;
- 18 • Spend \$116,133.97 in travel expenses with no recognizable connection to disaster
19 relief;
- 20 • Purchase his personal vehicles and pay related expenses at a cost of \$63,336.80;
- 21 • Stream content and buy subscriptions of \$4,412.38;
- 22 • Solicit and accept loans to CRT of \$155,000, which he never deposited into
23 CRT's accounts but which he repaid from CRT's funds;
- 24 • Purchase heavy equipment that is now missing at a cost of \$64,436.75; and
- 25 • Expend \$67,885.42 for his personal expenses, including rent, child support,
26 liquor, jewelry, dining, and entertainment.

1 22.

2 Defendant Brooks's significant asset diversions were not the only way in which he
3 harmed CRT or the public's interest in charitable assets and organizations. His severe
4 mismanagement of CRT's finances destroyed the organization. Defendant Brooks routinely
5 overdrew CRT's accounts, incurring \$8,865.37 in avoidable bank fees. Defendant Brooks would
6 open a bank account for CRT, and then either let it languish and incur monthly service charges or
7 overdraw the account. He would then move on to another financial institution and repeat the
8 same pattern. Defendant Brooks's mismanagement of CRT's accounts resulted in the misuse,
9 waste, and unlawful distribution of charitable assets. A conservative estimate of the loss resulting
10 from Defendant Brooks's conduct based on available financial records is \$836,781.90.

11 23.

12 Defendant Brooks also mismanaged CRT's revenues by causing CRT to enter contracts
13 and accept loans without board approval and by misdirecting restricted assets. In September and
14 November 2023, the Red Cross granted \$326,000 to CRT to help tornado victims in Kentucky.
15 The grant was facilitated by the Community Foundation of Western Kentucky ("CFWK"), a
16 charitable foundation. The funds landed in CRT's overdrawn bank account, resulting in an
17 immediate loss of almost \$17,000 to satisfy overdraft fees that had been incurred due to
18 Defendant Brooks's financial mismanagement. Defendant Brooks did not use the remaining
19 \$309,000 to help tornado victims. When CFWK asked how its grant was spent, Defendant
20 Brooks claimed the funds had been used to restructure CRT. In reality, CRT had collapsed, and
21 Defendant Brooks used the money that was for tornado victims to start his own business.

22 24.

23 When CRT folded, Defendant Brooks made no efforts to reach out to donors or charitable
24 beneficiaries to advise them of the closure, nor did he distribute any of CRT's assets to another
25 charity, remove the website, or dissolve the corporation. CRT continues to hold itself out to the
26 public as a bona fide charitable corporation, but its tax-exempt, tax-deductible status has been

1 revoked by the IRS and it does not serve any charitable purpose—it serves only Defendant
2 Brooks’s personal financial interests. To protect the public in the future and remedy the harm
3 from Defendant Brooks’s wrongful conduct, the Court should judicially dissolve CRT, enjoin
4 Defendant Brooks from acting as a charitable fiduciary, order him to repay the charitable assets
5 he wrongfully diverted or wasted, and to pay Plaintiff’s fees and costs in bringing this action.

6 **FIRST CLAIM FOR RELIEF – BREACH OF FIDUCIARY DUTIES**

7 **(By the Plaintiff Rayfield Against Defendant Brooks)**

8 25.

9 Plaintiff Rayfield re-alleges each of the proceeding paragraphs as if fully set forth herein.

10 26.

11 As an officer and director of CRT, Defendant Books owed fiduciary duties to CRT and to
12 the public pursuant to the Oregon Nonprofit Corporation Act and common law.

13 27.

14 Defendant’s conduct in breaching his fiduciary duties was negligent, grossly negligent, or
15 intentional. To the extent Defendant Brooks received financial compensation or benefits from
16 CRT, he is not entitled to the liability protections of ORS 65.539 for negligent conduct and is
17 subject to financial liability for breaches of fiduciary duty.

18 28.

19 The State is entitled to an award of its attorney fees, costs, and disbursements, including
20 its investigative costs, incurred in this action pursuant to ORS 128.735.

21 **COUNT ONE – BREACH OF DUTY OF REASONABLE CARE UNDER ORS 65.357**

22 29.

23 Plaintiff Rayfield re-alleges each of the preceding paragraphs as if fully set forth herein.

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1 30.

2 As director and officer of CRT, Defendant Brooks failed to act with the care an ordinarily
3 prudent person in a like position would exercise under similar circumstances, as required by
4 ORS 65.357, including in one or more of the following respects:

- 5 A. Engaging in financial transactions that were not related to the accomplishment of
6 CRT's charitable purposes, that jeopardized or interfered with the ability of CRT to
7 accomplish its charitable purpose, or that put Defendant Brooks's interests before
8 those of CRT;
- 9 B. Failing to maintain appropriate accounting or other corporate records as required by
10 ORS 65.771, including by failing to adopt a budget and bookkeeping system to track
11 CRT's income and expenses so that CRT's obligations were paid in a timely manner
12 and its accounts were not overdrawn;
- 13 C. Failing to ensure that CRT had appropriate executive compensation procedures in
14 place;
- 15 D. Failing to adopt or observe any internal financial controls;
- 16 E. Failing to observe corporate formalities, including by failing to ensure all affairs were
17 managed by a board of directors, pursuant to ORS 65.301, including by holding board
18 meetings;
- 19 F. Causing CRT to borrow funds without ensuring CRT had the ability to repay the
20 funds and without ensuring that the borrowed funds were used for charitable
21 purposes;
- 22 G. Wasting corporate assets by incurring unnecessary bank fees and other expenses;
- 23 H. Failing to defend CRT in litigation, resulting in sanctions and judgments against
24 CRT;

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- 1 I. Failing to adopt, observe, and comply with CRT’s governing documents, or
2 applicable legal requirements, including by failing to file annual informational returns
3 with the IRS and the Department;
- 4 J. Failing to ensure the board met on a regular basis or as necessary and appropriate to
5 address the organization’s circumstances;
- 6 K. Failing to adopt or follow bylaws, as required by ORS 65.061;
- 7 L. Failing to observe the requirements of ORS 65.361 with respect to transactions
8 involving conflicts of interest, including Defendant Brooks paying his personal
9 expenses with corporate assets, seeking reimbursement, and using corporate assets to
10 fund his for-profit business; and
- 11 M. Failing to respond to the Department’s administrative orders.

12 31.

13 Defendant Brooks’s violations of his duties of reasonable care resulted in significant
14 financial losses to the organization of at least \$836,781.90. The Court should enter a judgment
15 against Defendant Brooks in the amount of those losses and enjoin him from acting as an officer,
16 director, trustee, fiduciary employee, or manager, whether compensated or volunteer, of any
17 charitable corporation, trust, association, or other charitable organization, and from handling any
18 money or financial matters for any charitable organization in the future.

19 **COUNT TWO – BREACH OF FIDUCIARY DUTIES RELATED TO HANDLING**
20 **CONFLICT-OF-INTEREST TRANSACTIONS UNDER ORS 65.361**

21 32.

22 Plaintiff Rayfield re-alleges each of the preceding paragraphs as if fully set forth herein.

23 33.

24 Defendant Brooks breached his statutory fiduciary duties under ORS 65.361 by failing to
25 ensure that transactions in which he had a direct or indirect interest were approved by a vote of a
26 majority of CRT’s directors without an interest in the transaction, with knowledge of the material

1 facts of the transaction, and acting in accordance with ORS 65.357. Accordingly, Defendant
2 Brooks is liable for authorizing, approving, ratifying, or engaging in transactions in which he had
3 an interest and that were not fair to the organization, including one or more of the following
4 transactions:

5 A. The payment of compensation, reimbursements, or other transfers to or for the benefit
6 of Defendant Brooks, even though he was in breach of his fiduciary duties for failing
7 to perform the services for which he was being compensated;

8 B. Accepting loans on behalf of CRT from individual and commercial lenders when loan
9 proceeds were used for the benefit of Defendant Brooks, or when Defendant Brooks
10 failed to document CRT's use of such loans and failed to consider how such loans
11 would be repaid and how such loans were reasonably necessary to the
12 accomplishment of CRT's charitable purposes; and

13 C. Expenditures of funds made by Defendant Brooks from CRT accounts for travel, for
14 personal expenses, to fund his for-profit business ventures, or for any other purpose
15 for which he failed to maintain documentation that such expenditures were related to
16 CRT's charitable purposes.

17 34.

18 Defendant Brooks's failure to comply with the standards set forth in ORS 65.361 has
19 resulted in him engaging in numerous transactions in which he had an interest that were and are
20 not fair to CRT. Such transactions have caused significant financial losses to the organization.

21 The Court should enter a judgment against Defendant Brooks in the amount of those losses and
22 enjoin him from acting as an officer, director, trustee, fiduciary employee, or manager, whether
23 compensated or volunteer, of any charitable corporation, trust, association, or other charitable
24 organization, and from handling any money or financial matters for any charitable organization
25 in the future.

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40.

Defendant Brooks has operated CRT for his own personal benefit since its inception. He deliberately chose not to maintain any accounting records to avoid documentation of his income. He used organizational assets to pay his living expenses and was not otherwise employed. He did not report the payments CRT made to him as compensation on financial reports he filed on behalf of CRT with the Department or the IRS.

41.

The use of organizational assets for Defendant Brooks’s personal expenses constitutes a misuse of charitable funds. To the extent any payments were for services he provided to the organization, they have not been properly reviewed or authorized. Conflict-of-interest transactions must be approved by disinterested board members and cannot be approved by a single director, pursuant to ORS 65.361. Payments and/or distributions to or for the benefit of Defendant Brooks have not been reviewed or authorized as required by law.

42.

Defendant Brooks has been unjustly enriched by payments and financial support taken from CRT. He should be made to account for any and all payments or financial support received from CRT. A constructive trust should be imposed on any property or assets Defendant Brooks obtained using the organization’s assets, and the court should order these assets be distributed to charitable interests.

43.

Plaintiffs are entitled to an award of their attorney fees, costs, and disbursements, including its investigative costs, incurred in this action pursuant to ORS 128.735.

THIRD CLAIM FOR RELIEF – ULTRA VIRES ACTS, ORS 65.084
(By Plaintiff Rayfield Against Defendant Brooks)

44.

Plaintiff Rayfield re-alleges each of the preceding paragraphs as if fully set forth herein.

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45.

Defendant Brooks has caused or permitted CRT to engage in unauthorized corporate action, including by accepting substantial loans and grants without approval by a disinterested board and without loan agreements or documentation, and using corporate assets for his personal benefit without board approval. This ultra vires conduct caused losses of at least \$836,781.90. The Court should enter judgment against Defendant Brooks for the damages in that amount.

46.

Plaintiff is entitled to an award of attorney fees, costs, and disbursements, including investigative costs, incurred in this action pursuant to ORS 128.735.

FOURTH CLAIM FOR RELIEF – INJUNCTION
(By Plaintiff Rayfield Against Defendant Brooks)

47.

Plaintiff Rayfield re-alleges each of the preceding paragraphs as if fully set forth herein.

48.

The Attorney General is authorized to protect charitable interests and assets and to protect the public from breaches of duties owed by charitable fiduciaries. To prevent Defendant Brooks from wrongfully profiting from the diversion of charitable assets for his personal benefit, the Court should enjoin him from acting as an officer, director, trustee, fiduciary, key employee, or manager, whether compensated or volunteer, of any charitable corporation, trust, association, or other charitable organization, and from handling any money or financial matters for any charitable organization in the future.

49.

CRT’s revenue included payments from ODHS for services CRT claimed to provide to disaster victims. Defendant Brooks’s mismanagement of CRT and its assets demonstrates his substantial unfitness to serve as a social services provider. His misconduct in diverting substantial asserts that should have been devoted to disaster victims for his personal benefit was

1 part of an intentional pattern of Defendant Brooks benefiting himself at the expense of CRT and
2 its charitable programs. If Defendant Brooks is permitted to enter government contracts to
3 provide services, it is likely that he will engage in similar conduct. The Court should enjoin him
4 from receiving or managing funds in connection with government contracts.

5 **FIFTH CLAIM FOR RELIEF – JUDICIAL DISSOLUTION ORS 65.661**

6 **(By Plaintiff Rayfield Against Defendant Brooks)**

7 50.

8 Plaintiff Rayfield re-alleges each of the preceding paragraphs as if fully set forth herein.

9 51.

10 CRT is unable to fulfill its mission, is unlikely to be able to fulfill its mission in the
11 future, has assets that are being wasted, and has engaged in fraudulent conduct.

12 52.

13 It is in the public interest that CRT be dissolved and any assets remaining be distributed
14 consistent with its charitable purpose.

15 53.

16 Plaintiff is entitled to an award of attorney fees, costs, and disbursements, including
17 investigative costs, incurred in this action pursuant to ORS 128.735.

18 **SIXTH CLAIM FOR RELIEF – VEIL PIERCING**

19 **(By Plaintiff OSFM against Defendant Brooks)**

20 54.

21 Plaintiff OSFM re-alleges each of the preceding paragraphs as if fully set forth herein.

22 55.

23 Veil piercing is a procedural claim that allows a party to seek recovery against members
24 directly based on substantive causes of action for improper conduct, such as fraudulent asset

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1 transfers, milking assets, inadequate capitalization and misrepresentation or fraud.¹ Prosecution
2 of the claim requires proving:²

- 3 (1) A member had actual control or shared in the actual control of the operation;
- 4 (2) A member must have engaged in improper conduct in the exercise of control over the
5 operation; and
- 6 (3) A member's improper conduct caused the victim's inability to obtain an adequate remedy
7 from the operation.

8 56.

9 Defendant Brooks has been the executive director, president, and secretary of CRT since
10 CRT's formation in 2020. Defendant Brooks was responsible for the day-to-day management of
11 the affairs of CRT and exercised complete control over the organization's accounts and assets.

12 57.

13 Defendant Brooks used his control of CRT to engage in improper conduct including:

- 14 A. Engaging in financial transactions that were not related to the accomplishment of
15 CRT's charitable purposes, that jeopardized or interfered with the ability of CRT to
16 accomplish its charitable purpose, or that put Defendant Brooks's interests before
17 those of CRT;
- 18 B. Failing to maintain appropriate accounting or other corporate records, as required by
19 ORS 65.771, including by failing to adopt a budget and bookkeeping system to track
20 CRT's income and expenses so that CRT's obligations were paid in a timely manner
21 and its accounts were not overdrawn;

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25 ¹ *Salem Tent and Awning v. Schmidt*, 79 OrApp 475, 481 (1986).

26 ² *AmFac Foods v. Int'l Systems*, 294 Or 94, 103 (1982) – describing the alter ego theory of corporate veil piercing.

- 1 C. Failing to ensure that CRT had appropriate executive compensation procedures in
2 place;
- 3 D. Failing to adopt or observe any internal financial controls;
- 4 E. Failing to observe corporate formalities, including failing to ensure all affairs were
5 managed by a board of directors, pursuant to ORS 65.301, including by holding board
6 meetings;
- 7 F. Causing CRT to borrow funds without ensuring CRT had the ability to repay the
8 funds and without ensuring that the borrowed funds were used for charitable
9 purposes;
- 10 G. Wasting corporate assets by incurring unnecessary bank fees and other expenses;
- 11 H. Failing to defend CRT in litigation, resulting in sanctions and judgments against
12 CRT;
- 13 I. Failing to adopt, observe, and comply with CRT's governing documents, or
14 applicable legal requirements, including by failing to file annual informational returns
15 with the IRS and Department;
- 16 J. Failing to ensure the board met on a regular basis or as necessary and appropriate to
17 address the organization's circumstances;
- 18 K. Failing to adopt or follow bylaws, as required by ORS 65.061;
- 19 L. Failing to observe the requirements of ORS 65.361 with respect to transactions
20 involving conflicts of interest, including Defendant Brooks paying his personal
21 expenses with corporate assets, seeking reimbursement, and using corporate assets to
22 fund his for-profit business; and
- 23 M. Failing to respond to the Department's administrative orders.

24 58.

25 Defendant Brooks repeatedly misrepresented CRT's expenditures and comingled the
26 nonprofit's assets with his own to benefit himself. His history of improper conduct left CRT with

1 inadequate capitalization to operate, resulting in the nonprofit's closure. Neither CRT nor
2 Defendant Brooks has accounted for how the \$100,000 OSFM grant was disbursed, as required
3 by the Grant Agreement. Now that CRT has been drained of its assets by Defendant Brooks,
4 OSFM has no adequate remedy against the nonprofit. Given Defendant Brooks' history of
5 improper conduct that has caused OSFM to be unable to recover from CRT, OSFM should be
6 allowed to pursue Defendant Brooks directly for the recovery of the misappropriated \$100,000
7 grant to prevent injustice.

8 **SEVENTH CLAIM FOR RELIEF – BREACH OF CONTRACT**

9 **(By Plaintiff OSFM Against Defendants CRT and Brooks)**

10 59.

11 Plaintiff OSFM re-alleges each of the preceding paragraphs as if fully set forth herein.

12 60.

13 In exchange for a payment of \$100,000 from OSFM, CRT was obligated to perform
14 organic debris clean-up and tree removal associated with the Echo Mountain, Riverside, Beachie
15 Creek, Almeda, Bootleg, and Holiday Farm fires according to the terms, conditions,
16 requirements, plans and specifications set out in the Grant Agreement.

17 61.

18 CRT breached the Grant Agreement in one or more of the following particulars:

- 19 A. Failing to perform the required work in a workmanlike manner.
20 B. Failing to perform the required work according to the terms, conditions, requirements,
21 plans, and specifications set out in the Grant Agreement.
22 C. Failing to supply OSFM with the regular expenditure and progress reports, including
23 end-of-year reports, required by the Grant Agreement.
24 D. Failing to keep accurate books and records of the uses of the Grant Agreement
25 disbursement.

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1 E. Failing to make accessible to OSFM all books, documents, papers, and records
2 directly related to the Grant Agreement.

3 F. Failing to provide OSFM an accounting for how the \$100,000 grant distribution was
4 spent.

5 62.

6 At all material times, Defendant Brooks identified himself as the executive director,
7 president, and secretary of CRT, and he had complete control of the nonprofit's finances and
8 daily operations. Defendant Brooks's improper conduct resulted in CRT's breach of the Grant
9 Agreement, and he should be found to have breached the agreement himself to avoid injustice.

10 63.

11 OSFM has performed all conditions, covenants, and promises required by it to be
12 performed in accordance with the terms and conditions of the Grant Agreement.

13 64.

14 Subject to proof at trial, the contract breach by CRT and Defendant Brooks has damaged
15 Plaintiff OSFM in excess of \$100,000.

16 **EIGHTH CLAIM FOR RELIEF – CIVIL FRAUD**

17 **(By Plaintiff OSFM Against Defendants CRT and Brooks)**

18 65.

19 Plaintiff OSFM re-alleges each of the preceding paragraphs as if fully set forth herein.

20 66.

21 Civil fraud requires the showing of (1) a representation; (2) its falsity; (3) its materiality;
22 (4) the speaker's knowledge of its falsity or ignorance of its truth; (5) his intent that it should be
23 acted on by the person and in the manner reasonably contemplated; (6) the hearer's ignorance of
24 its falsity; (7) his reliance on its truth; (8) his right to rely thereon; and (9) his consequent and

25 ///

1 proximate injury.³ The injured party is entitled to such damages as naturally and proximately
2 resulted from the fraud.⁴

3 67.

4 Defendants Brooks and CRT represented to OSFM the intent to perform organic debris
5 clean-up and tree removal associated with the Echo Mountain, Riverside, Beachie Creek,
6 Alameda, Bootleg, and Holiday Farm fires. The representation was material to OSFM’s decision
7 to provide CRT with a \$100,000 grant. However, the representation was false because the work
8 was not performed.

9 68.

10 At the time of the Grant Agreement, CRT’s financial position had deteriorated to the
11 point it had to cease charitable programs just a few months later. Defendant Brooks had been
12 actively and aggressively diverting funds away from CRT for his own personal benefit. By the
13 time OSFM issued the grant disbursement, Defendant Brooks was aware that CRT did not have
14 the resources to perform the work promised under the Grant Agreement. Still, Defendant Brooks
15 knowingly acted with the intent to induce OSFM to make the distribution.

16 69.

17 CRT appeared to be a legitimate charitable corporation properly registered with the
18 Oregon Secretary of State and the IRS. OSFM needed assistance with clean-up and related
19 services after the devastating 2020 fires. OSFM ensured CRT’s obligations were clearly
20 identified in the Grant Agreement, and there was no reason for OSFM to question CRT’s
21 intention to perform in May of 2023. However, it is now apparent that neither CRT nor
22 Defendant Brooks intended to perform the required duties.

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25 ³ *Morasch v. Hood*, 232 OrApp 392 (2009), citing *US National Bank v. Fought*, 291 Or 201,
26 220–21 (1981).

⁴ *McLean v. Charels Ellis Realty, Inc.*, 189 Or App 417, 427 (2003), *rev. den.*, 337 Or 34 (2004).

1 70.

2 The misrepresentations from Defendants CRT and Brooks have resulted in Plaintiff
3 OSFM losing \$100,000 that could have been invested with other legitimate organizations that
4 could have performed the necessary fire clean-up work.

5 **PRAYER FOR RELIEF**

6 WHEREFORE, Plaintiffs pray for a General Judgment against Defendants as follows:

7 1. On the FIRST CLAIM FOR RELIEF (Breach of Fiduciary Duties):

- 8 a. For damages or injury for losses suffered by CRT as a result of Defendant
9 Brooks's breaches of fiduciary duty in the amount of \$836,781.90;
- 10 b. Enjoining Defendant Brooks from acting as an officer, director, trustee,
11 fiduciary employee, or manager, whether compensated or volunteer, of any
12 charitable corporation, trust, association, or other charitable organization, and
13 from handling any money or financial matters for any charitable organization
14 in the future;
- 15 c. Awarding Plaintiff Rayfield attorney fees against Defendant Brooks;
- 16 d. Awarding Plaintiff Rayfield reasonable costs and disbursements against
17 Defendant Brooks; and
- 18 e. Such other equitable relief as the Court deems appropriate and just.

19 2. On the SECOND CLAIM FOR RELIEF (Unjust Enrichment):

- 20 a. Imposing a constructive charitable trust on the property that Defendant Brooks
21 obtained using CRT's assets;
- 22 b. Ordering Defendant Brooks to surrender to Plaintiffs all real or personal
23 property purchased with CRT's assets for distribution to charitable interests;
- 24 c. Awarding Plaintiffs their attorney fees against Defendant Brooks;
- 25 d. Awarding Plaintiffs their reasonable costs and disbursements against
26 Defendant Brooks; and

1 e. Such other equitable relief as the Court deems appropriate and just.

2 3. On the THIRD CLAIM FOR RELIEF (Ultra Vires Conduct):

3 a. For damages caused by Defendants' ultra vires conduct in the amount of
4 \$836,781.90;

5 b. Awarding Plaintiff Rayfield attorney fees against Defendant Brooks;

6 c. Awarding Plaintiff Rayfield reasonable costs and disbursements against
7 Defendant Brooks; and

8 d. Such other equitable relief as the Court deems appropriate and just.

9 4. On the FOURTH CLAIM FOR RELIEF (Injunction):

10 a. Enjoining Defendant Brooks from acting as an officer, director, trustee,
11 fiduciary employee, or manager, whether compensated or volunteer, of any
12 charitable corporation, trust, association, or other charitable organization, and
13 from handling any money or financial matters for any charitable organization
14 in the future;

15 b. Enjoining Defendant Brooks, directly or through any entity in his control,
16 from entering into government contracts to provide services;

17 c. Awarding Plaintiff Rayfield attorney fees against Defendant Brooks;

18 d. Awarding Plaintiff Rayfield reasonable costs and disbursements against
19 Defendant Brooks; and

20 e. Such other equitable relief as the Court deems appropriate and just.

21 5. On the FIFTH CLAIM FOR RELIEF (Judicial Dissolution):

22 a. Dissolving CRT;

23 b. Awarding Plaintiff Rayfield attorney fees as the court deems appropriate;

24 c. Awarding Plaintiff Rayfield reasonable costs and disbursements as the Court
25 deems appropriate; and

26 d. Such other equitable relief as the court deems appropriate and just.

1 6. On the SIXTH CLAIM FOR RELIEF (Veil Piercing):

- 2 a. Ordering that Plaintiff OSFM may pierce the corporate veil of Defendant CRT
3 and pursue recovery on its claims directly from Defendant Brooks; and
4 b. Such other equitable relief as the Court deems appropriate and just.

5 G. On the SEVENTH CLAIM FOR RELIEF (Breach of Contract):

- 6 a. For damages in excess of \$100,000 for Plaintiff OSFM subject to proof at
7 trial; and
8 b. Such other equitable relief as the Court deems appropriate and just.

9 H. On the EIGHTH CLAIM FOR RELIEF (Civil Fraud):

- 10 a. For damages resulting from civil fraud in the amount of \$100,000 for Plaintiff
11 OSFM; and
12 b. Such other equitable relief as the Court deems appropriate and just.

13 DATED this 13th day of April, 2026.

14 Respectfully submitted,

15 DAN RAYFIELD
16 Attorney General

17 *Heather L. Weigler*

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