

site copy

IN THE COMMON PLEAS COURT OF
COLUMBIANA COUNTY, OHIO

C. Ashley Pike

CASE NO. 2011 CV 616

NEW HOPE COMMUNITY CHURCH
PO Box 192
Wellsville, OH 43968
and
LEROY H. BAKER, JR., AND
CHRISTINE A. BAKER,
92144 SR 172,
E. Rochester, OH 44625
and
LEROY H. BAKER & EDITH BAKER TRUST
29144 St Rt 172
E. Rochester OH 44625
and
CHRISTENE ANN BAKER,
JEFFREY BAKER,
LEROY H. BAKER, JR. and
BRET H. BAKER
29144 SR 172
E Rochester OH 44625
and
HENRY & DONA BERGFELD,
33909 Yellow Creek Church Rd - Box 1,
Summitville OH 43962
and
JACK & ROBIN BRANDT
19186 Bill Smith Rd,
Wellsville, OH 43968
and
RICHARD & BILLIE JO CAMERON,
9434 Trinity Church Rd,
Lisbon, 44432
and
RANDY & VICKI CARROLL,
41658 Boyd Rd

FILED
COLUMBIANA COUNTY
COURT OF COMMON PLEAS
AUG 31 2011
ANTHONY J. DATTILIO
CLERK

Wellsville, OH 43968
and
LARRY AND BEVERLY DULANEY,
40901 SR 39
Wellsville, OH 43968
and
THOMAS H. & CAROL J. EXCELL, TRUSTEES
17848 Forbes Rd,
Wellsville 43968
and
LAVERN, JR. & URSULA GOSSMAN,
52 West Main St,
Salineville, 43945-1084
and
NINA GRAVES
1020 Commerce St,
Wellsville, OH 43968
and
THOMAS & NANCY KEATING,
1635 Merle Rd,
Salem 44460
and
BRUCE C. & IRMA L. MEADOWS
1274 Kay Drive
Mason, OH 45040
and
DAVID MILLER
32835 Spiedel Road,
Lisbon, OH 44432
and
THOMAS and NANCY SHERWOOD,
PO Box 45
Wellsville, OH 43968
and
JAMES & BONITA SMELTZER, TRUSTEES
6347 Depot Rd,
Lisbon, OH 44432
and
EVELYN THOMPSON,
CLARA LEATHERBERRY
c/o 41777 Boyd Road
Wellsville OH 43968
and
KENNETH AND PAMELA YOUNG
20820 Clarks Mill Road

Hammondsville, Ohio 43930

PLAINTIFFS

VS

PATRIOT ENERGY PARTNERS, LLC
ANDREW BLOCKSOM, individually
all: c/o 7716 Depot Road, Unit 1
Lisbon, OH 44432
and
CHESAPEAKE EXPLORATION LLC
c/o CT CORPORATION SYSTEM
1300 EAST NINTH STREET
CLEVELAND, OH 44114

DEFENDANTS

COMPLAINT

FRAUDULENT INDUCEMENT TO A CONTRACT;
UNFAIR, UNCONSCIONABLE AND DECEPTIVE ACTS;
BREACH OF FIDUCIARY DUTY;
FRAUDULENT CONCEALMENT;
BREACH OF CONTRACT;
UNJUST ENRICHMENT;
INVALID TRANSFER;
INJUNCTIVE RELIEF - RESTRAINING ORDER

JURY DEMAND

Now come Plaintiffs by and through counsel, BURTON LAW, LLC, by ROBERT L. GUEHL, ESQ., and state their Complaint as follows:

1. Plaintiffs are real estate property owners in Columbiana County and Carroll County, Ohio, and Lessors in certain Oil and Gas Leases (“Leases”) entered into in the years 2008 and subsequent, the subject of this lawsuit. The Leases are appended to this Complaint as Exhibits 1 - 19.
2. Defendant Patriot Energy Partners, LLC [hereafter “Patriot”] is an Ohio Limited Liability Company originally organized as LMF Holdings, LLC in the year 2007 with

a mailing address of Lisbon Maintenance Company and Andrew Blocksom as Statutory Agent.

3. LMF Holdings LLC subsequently changed names to Patriot Energy Partners LLC on April 30, 2008.
4. By information and belief, Plaintiffs state that Defendant Andrew Blocksom [hereafter "Blocksom"] is an individual and principal in Defendant Patriot.
5. Defendant Patriot was undercapitalized and a mere shell for improper insulation of Blocksom from personal liability for his actions in regard to the Leases.
6. Patriot was the original Lessee in regard to the Leases.
7. CHESAPEAKE EXPLORATION LLC [hereafter "Chesapeake"] is an Oklahoma corporation doing business in Columbiana County, Ohio.
8. On or about October 1, 2010, Patriot assigned the "deep rights" to the Leases to Defendant Chesapeake.

COUNT ONE: FRAUDULENT INDUCEMENT TO A CONTRACT

9. Plaintiffs hereby incorporate by this reference each and every allegation contained in paragraphs 1 through 8 above, as if the same were fully rewritten herein.
10. Immediately prior to entry into the Leases in 2008, Defendants Patriot and Blocksom, individually and collectively, represented to Plaintiffs that Patriot was a gas drilling company; that Patriot had drilled natural gas wells; or concealed the fact that Patriot was not a drilling company; and that the neighboring properties were all signing leases on the same terms. Patriot in fact is a land speculation company.
11. Defendants Patriot and Blocksom, individually and collectively, further made misrepresentations during May 2010 to Plaintiffs to induce them to extend or ratify

their leases. Specifically, named Defendants misrepresented that

- a. Patriot Energy was “entering into a new phase of partnership for drilling purposes....”
 - b. “We are preparing to enter an engineering phase of the leasing program in which we start to select drilling locations and drilling partners. Moving forward, we need you to sign a "Ratification and Amendment of Lease" so we can do a final title search of your property. The completion of this form is a prerequisite to our ability to work with large drilling companies to drill wells on our leased acreage.”
 - c. “Due to low gas prices, we are being forced to take a longer term approach toward development than we had originally expected.”
12. Named Defendants further individually and collectively knew and concealed from Plaintiffs the environmental dangers inherent in the anticipated drilling processes required to make the gas leases productive.
 13. The misrepresentations and/or concealments by named Defendants were material to the gas lease transactions at issue.
 14. The representations or concealments were made falsely by named Defendants, with knowledge of the falsity or with such utter disregard and recklessness about its truth or falsity that knowledge may be inferred, with the intent to mislead Plaintiffs into relying upon them.
 15. Plaintiffs justifiably relied upon the representations or concealment to enter into the subject gas leases, and in individual cases to continue the Leases for extended periods.

16. Plaintiffs were injured as a proximate result of the reliance on the representations or concealments by named Defendants.

COUNT TWO: UNFAIR, UNCONSCIONABLE AND DECEPTIVE ACTS

17. Plaintiffs hereby incorporate by this reference each and every allegation contained in paragraphs 1 through 16 above, as if the same were fully rewritten herein.

18. Plaintiffs are “consumers” of services offered by Defendants.

19. Defendants Patriot and Blocksom, individually and collectively, represented that their drilling service capabilities had performance characteristics, uses, or benefits that it does not have.

20. Defendants Patriot and Blocksom, individually and collectively, represented that the subjects of the consumer transactions (Leases) with Plaintiffs were of a particular standard, quality, or grade, and the Leases are not.

21. Defendants Patriot and Blocksom, individually and collectively, represented that a specific price advantage exists with the Leases, and it does not.

22. The actions of Defendants Patriot and Blocksom, individually and collectively, were unconscionable as named Defendants knowingly took advantage of the inability of the Plaintiffs to reasonably protect their interests because of the Plaintiffs' physical or mental infirmities, ignorance, illiteracy, or inability to understand the language of the agreements.

23. Defendants Patriot and Blocksom, individually and collectively, knew at the time the Plaintiffs' Leases were entered into that the offered consideration was substantially less than the price at which similar services were readily obtainable in similar transactions by like property owners.

24. Defendants Patriot and Blocksom, individually and collectively, knew at the time the Plaintiffs' Leases were entered into of the inability of the Plaintiffs to receive a substantial benefit from the Leases.
25. Defendants Patriot and Blocksom, individually and collectively, required the Plaintiffs to enter into the Leases on terms the named Defendants knew were substantially one-sided in favor of the Defendants.
26. Defendants Patriot and Blocksom, individually and collectively, knowingly made misleading statements of opinion (set out above) concerning the Leases on which the Plaintiffs were likely to rely to the Plaintiffs' detriment.
27. Plaintiffs were injured (in an amount to be determined) as a proximate result of the reliance on the misrepresentations or concealment by named Defendants.

COUNT THREE: BREACH OF FIDUCIARY DUTY

28. Plaintiffs hereby incorporate by this reference each and every allegation contained in paragraphs 1 through 27 above, as if the same were fully rewritten herein.
29. Defendants Patriot and Blocksom, individually and collectively, breached the implied covenant to conduct all operations that affect the Plaintiffs/Lessors' deferred rental and royalty interests pursuant to the Leases with reasonable care and due diligence.
30. Defendants Patriot and Blocksom, individually and collectively, knew, or had good grounds for believing that the Plaintiffs were being deceived or misled as to the value of the Leases.
31. Defendants Patriot and Blocksom, individually and collectively, knew, or had good grounds for believing, that the Plaintiffs may not enter the Leases and assume the

obligation, if they became aware of material facts known to the Defendants, including their intent and purpose to merely speculate in such leasehold interests.

32. Defendants Patriot and Blocksom, individually and collectively, had an opportunity before finalizing the Leases, to inform the Plaintiffs of such material facts, and failed to do so.

33. Good faith and fair dealings require that the Defendants Patriot and Blocksom, individually and collectively, make such disclosures to Plaintiffs.

34. Because Defendants Patriot and Blocksom, individually and collectively, entered into the Leases under such circumstances without disclosing such material facts, the Plaintiffs may avoid the same.

35. Plaintiffs hereby rescind the Leases.

COUNT FOUR: FRAUDULENT CONCEALMENT

36. Plaintiffs hereby incorporate by this reference each and every allegation contained in paragraphs 1 through 35 above, as if the same were fully rewritten herein.

37. Defendants, Patriot and Blocksom, individually and collectively, knowingly concealed from Plaintiffs material information concerning the Leases, when they had a duty to disclose.

38. The concealment from Plaintiffs by named Defendants was material to the Leases.

39. The concealment by named Defendants was made with the intent of misleading the Plaintiffs.

40. Plaintiffs were justifiably misled by the concealment.

41. The Plaintiffs were injured and the injury (in an amount to be determined) was proximately caused by the concealment.

COUNT FIVE: BREACH OF CONTRACT

42. Plaintiffs hereby incorporate by this reference each and every allegation contained in paragraphs 1 through 41 above, as if the same were fully rewritten herein.
43. The parties had no “meeting of the minds” at the entry into the Leases as to the scope of the Leases, the value of the Leases, or the procedures to be followed in the Leases.
44. Further, Defendants Patriot and Blocksom, individually and collectively, breached the explicit terms of the Lease agreements by failing to secure written authorization from the Lessors prior to assignment of the Leases to Chesapeake Energy.
45. In a continuing pattern of conduct consistent with lack of disclosure to Plaintiffs, Defendant Patriot contracted with Trinity Land Development Company (“Trinity”) for assignment of the Leases in September 2010 prior to requesting written permission from Plaintiffs.
46. Defendant Patriot subsequently failed to complete the contract for assignment of the Leases to Trinity, and instead assigned the “deep rights” under the Leases to Chesapeake by Agreement dated October 1, 2010.
47. Subsequent to the actual assignment of the Leases, Patriot sent letters to Plaintiffs on or about October 7 through October 12, 2010, requesting retroactive written permission to assign the Leases to Chesapeake.
48. Plaintiffs stated reasonable objections to the assignment of the Leases to Chesapeake.
49. Both Patriot and Chesapeake ignored the reasonable objections of Plaintiffs and proceeded with the Assignment of the Leases without the written permission of the

Plaintiffs, thereby breaching the explicit terms of the Leases.

50. As a direct and proximate cause of Defendants' breach of contract, Plaintiffs have been damaged in an amount to be determined.

COUNT SIX: UNJUST ENRICHMENT

51. Plaintiffs hereby incorporate by this reference each and every allegation contained in paragraphs 1 through 50 above, as if the same were fully rewritten herein.
52. Defendants have been unjustly enriched in an amount in excess of Five Million Dollars at Plaintiffs' expense and to Plaintiffs' detriment by failing to pay Plaintiffs the reasonable value of the Leases.

COUNT SEVEN: INVALID TRANSFER

53. Plaintiffs hereby incorporate by this reference each and every allegation contained in paragraphs 1 through 52 above, as if the same were fully rewritten herein.
54. Defendants Patriot and Blocksom, individually and collectively, failed to properly notarize and record the Leases, rendering them invalid.
55. Defendants failed to properly assign the Leases to other parties.
56. Plaintiffs request this court to declare the subject Leases null and void.

COUNT EIGHT: INJUNCTIVE RELIEF - RESTRAINING ORDER

57. Plaintiffs hereby incorporate by this reference each and every allegation contained in paragraphs 1 through 56 above, as if the same were fully rewritten herein.
58. Because of significant concerns about the environmental impact of the proposed drilling methods, the financial viability of the assignee and future assignees, Chesapeake's express policy of selling off leases or "partnering" with non-USA companies, Plaintiffs request a restraining order precluding drilling for natural gas

pursuant to the Leases during the pendency of this action.

59. Pursuant to Civ. R. 65(B), Plaintiffs are entitled to a Preliminary Injunction to prevent and prohibit Defendant Patriot and Chesapeake Energy from drilling for natural gas pursuant to the terms of the Leases allegedly assigned to Chesapeake.

COUNT NINE - PIERCE CORPORATE VEIL

60. Plaintiffs hereby incorporate by this reference each and every allegation contained in paragraphs 1 through 59 above, as if the same were fully rewritten herein.
61. Defendant Blocksom organized Patriot Energy Partners LLC (Patriot) as his alter ego in 2008.
62. Patriot has never had, and does not have now, any genuine or separate corporate existence, but has been used and exists for the sole purpose of permitting Blocksom to transact a portion of his personal business under a corporate guise.
63. By information and belief, Blocksom has held the office of President of Patriot from the date of incorporation until currently.
64. By information and belief, Blocksom is the only member or officer of Patriot throughout its existence.
65. Blocksom held all of the important positions in Patriot, and exercised complete control over decision-making, and was the sole owner of Patriot.
66. Patriot is a mere sham and was organized and operated as the alter ego of Blocksom in that Blocksom has at all times exercised total dominion and control over Patriot.
67. Blocksom used Patriot as a conduit for his personal business, and merged the financial dealings of Patriot with his personal financial dealings.

68. Blocksom treated corporate assets as his own, and used corporate assets to promote and further his own personal business and welfare rather than Patriot's business and welfare.
69. Blocksom used Patriot and assets of Patriot to procure goods and services for himself, and to pay some of his personal obligations.
70. Patriot was undercapitalized and essentially operated with Blocksom's personal funds.
71. Patriot conducted business and effected transactions which benefitted Blocksom and other business entities of Blocksom at the expense of the corporation and its creditors, and Patriot maintained inadequate or no records of these transactions.
72. Blocksom has been conducting, managing, and controlling the affairs of Patriot since its incorporation as though it were his own business, and has used Patriot for the purpose of defrauding Plaintiffs and others similarly situated.
73. Patriot and Blocksom have so intermingled personal and business financial affairs that Patriot was, and is, the alter ego of Blocksom.
74. Blocksom should be held personally liable for the misrepresentations and concealments undertaken by agents of Patriot in connection with the Leases.

WHEREFORE, Plaintiffs request this court to enter judgment against Defendants, individually and collectively, jointly and severally, and in favor of Plaintiffs, as follows:

1. Rescind the Leases due to the misrepresentations, unfair and deceptive acts of Defendants Patriot and Andrew Blocksom, individually and collectively;
2. Declare the Leases null and void;
3. Award compensatory damages against all Defendants in an amount to be

- determined in excess of Five Million Dollars (\$5,000,000.00);
4. Set aside any transfers of money or property from Patriot to or on behalf of defendant Andrew Blocksom; and
 5. Award exemplary damages in an amount equal to three times compensatory damages; and
 6. Award reasonable attorney fees.

JURY DEMAND

Plaintiffs hereby request a fair and impartial jury to determine the substantive facts before this Court.

Respectfully submitted

BURTON LAW LLC.
By: Robert L. Guehl, S. Ct. #0005491
Chad Burton, S. Ct. #0078014
Brandon Cogswell, S. Ct. #0081542
5540 Far Hills Avenue
Dayton, OH 45429
Tele: 937.479.5598
Fax: 937.660.9383
email: RGuehl@Burton-Law.com
Counsel for Plaintiffs

TO THE CLERK: REQUEST FOR SERVICE

PLEASE SERVE SUMMONS AND COMPLAINT ON DEFENDANTS AT THE ADDRESSES LISTED IN THE CAPTION:

PATRIOT ENERGY PARTNERS, LLC
ANDREW BLOCKSOM
CHESAPEAKE EXPLORATION LLC
DEFENDANTS

Robert L. Guehl