

**CAUSE NO. 2010-CI-10977**

JOHN K. MEYER, <i>ET AL.</i> ,	§	IN THE DISTRICT COURT
	§	
<i>Plaintiffs,</i>	§	
	§	
JP MORGAN CHASE BANK, N.A.,	§	
INDIVIDUALLY/CORPORATELY AND	§	225 <sup>th</sup> JUDICIAL DISTRICT
AS TRUSTEE OF THE SOUTH TEXAS	§	
SYNDICATE TRUST	§	
	§	
	§	
<i>Defendant.</i>	§	BEXAR COUNTY, TEXAS

**PLAINTIFFS' SIXTH AMENDED PETITION**

Plaintiffs complain of JP Morgan Chase Bank, N.A., Individually/Corporately and as Trustee of the SOUTH TEXAS SYNDICATE TRUST (“Defendant” or “J.P. Morgan”), and for causes of action would show the following:

**I.**

**PARTIES AND AUTHORITY TO BRING ACTION**

1. Defendant J.P. Morgan Chase Bank, N.A. is a foreign financial institution licensed to do business in the State of Texas. J.P. Morgan has appeared in this cause. J.P. Morgan is the current Trustee of the South Texas Syndicate Trust (the “STS Trust”).

2. Plaintiff Linda Aldrich is a resident of California. Ms. Aldrich is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust. Plaintiff Aldrich is also a beneficiary of the Harry C. Piper Sr. Trust FBO Linda Aldrich, which holds a Certificate of Beneficial Interest in the STS Trust.

3. Plaintiffs Edward P. and Karla Barrington are residents of Spokane, WA. The Barringtons are beneficiaries holding a Certificate of Beneficial Interest in the STS Trust.

4. Plaintiff Judy A. Barrington is a resident of Spokane, WA. Ms. Barrington is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

5. Plaintiff Maryann Barrington, is a resident of Spokane, WA. Ms. Barrington is a beneficiary holding a Certificate of Beneficiary Interest in the STS Trust.

6. Plaintiffs Patrick R. and Delores Bartleson are residents of Spokane, WA. The Bartlesons are beneficiaries holding a Certificate of Beneficial Interest in the STS Trust.

7. Plaintiff Sarah Bell is a resident of Minnesota. Ms. Bell is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

8. Plaintiff Emilie Blaze is a resident of Ruxton, MD. Ms. Blaze is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

9. Plaintiffs Sharon T. and Joe Blazek are residents of Nine Mile Falls, WA. The Blazeks are beneficiaries holding a Certificate of Beneficial Interest in the STS Trust.

10. Plaintiff Noah Bly is a resident of Edina, MN. Mr. Bly is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

11. Plaintiff Anne Bouliane is a resident of San Francisco, CA. Ms. Bouliane is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

12. Plaintiff Douglas Burdette is a resident of Burbank, CA. Mr. Burdette is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

13. Plaintiff Wayne Burdette is a resident of Meadow Vista, CA. Mr. Burdette is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

14. Plaintiff Kathryn M. Canwell is a resident of Washington. Ms. Canwell is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

15. Plaintiff Bonnie Card is a resident of Monrovia, CA. Ms. Card is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

16. Plaintiff John Carney is a resident of Minnesota. Mr. Carney is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

17. Plaintiff Josephine Carney is a resident of North Carolina. Ms. Carney is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

18. Plaintiff Barbara Carson is a resident of Washington. Ms. Carson is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

19. Plaintiff Alice P. Cestari is a resident of Massachusetts. Ms. Cestari is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust. Ms. Cestari is also a beneficiary of the George F. Piper Trust FBO Alice P. Cestari, which holds a Certificate of Beneficial Interest in the STS Trust.

20. Plaintiff Barbara Warner Collins is a resident of Colorado. Ms. Collins is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

21. Plaintiff Catherine M. Cowles is a resident of Duluth, MN. Ms. Cowles is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

22. Plaintiffs Sally and Daniel E. Crowley, IV are residents of Spokane, WA. The Crowleys are beneficiaries holding a Certificate of Beneficial Interest in the STS Trust.

23. Plaintiff Sheila Ann Curlee is a resident of Houston, TX. Ms. Curlee is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

24. Plaintiff Harriett O. Curry is a resident of Oregon. Ms. Curry is a beneficiary and trustee of the Harriett O. Curry Revocable Trust U/A February 24, 2000 (aka "RBC Wealth Management Ref: 309-46212"), which holds a Certificate of Beneficial Interest in the STS Trust.

25. Plaintiff AnnaJo Doerr is a resident of Wisconsin. Ms. Doerr is the manager and beneficiary of the AnnaJo Doerr Managing Agency, which holds a Certificate of Beneficial Interest in the STS Trust.

26. Plaintiff Edward Doerr is a resident of Alaska. Mr. Doerr is the manager and beneficiary of the Edward Doerr Managing Agency, which holds a Certificate of Beneficial Interest in the STS Trust.

27. Plaintiff Henry Doerr IV is a resident of New Zealand. Mr. Doerr is a beneficiary of the Henry Doerr IV Trust, which holds a Certificate of Beneficial Interest in the STS Trust.

28. Plaintiff Katherine D. Doerr is a resident of Minnesota. Ms. Doerr is a beneficiary of the Katherine D. Doerr Revocable Trust, which holds a Certificate of Beneficial Interest in the STS Trust.

29. Plaintiff Mary C. Doerr is a resident of Minnesota. Ms. Doerr is the manager and beneficiary of the Mary C. Doerr Managing Agency, which holds a Certificate of Beneficial Interest in the STS Trust.

30. Plaintiff Robin P. Downs is a resident of Madison, WI. Ms. Downs is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

31. Plaintiff Cathy A. Duus is a resident of California. Ms. Duus is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust. Ms. Duus is also a final beneficiary of the Robert Elbridge Norris Testamentary Trust (Union Bank), which holds a Certificate of Beneficial Interest in the STS Trust.

32. Plaintiff Mary McLean Evans is a resident of Clinton, NY. Ms. Evans is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

33. Plaintiff Fred Fair is a resident of Taos, NM. Mr. Fair is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

34. Plaintiffs Sandra and Douglas Faulkner are residents of Spokane, WA. The Faulkners are beneficiaries holding a Certificate of Beneficial Interest in the STS Trust.

35. Plaintiffs Susan A. and Raymond L. Foster, Sr. are residents of Spokane, WA. The Fosters are beneficiaries holding a Certificate of Beneficial Interest in the STS Trust.

36. Plaintiffs John D. and Kathleen French are residents of Virginia. The Frenches are trustees and beneficiaries of the John D. French Living Trust dtd 3-26-97, which holds a Certificate of Beneficial Interest in the STS Trust.

37. Plaintiff Charles B. Gertmenian is a resident of Berlin, Germany. Mr. Gertmenian is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

38. Plaintiff Sarah Gertmenian is a resident of Laguna Beach, CA. Ms. Gertmenian is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

39. Plaintiff Thomas G. Gertmenian is a resident of Los Angeles, CA. Mr. Gertmenian is a beneficiary and trustee of the Thomas G. Gertmenian Trust holding a Certificate of Beneficial Interest in the STS Trust.

40. Plaintiff Linda Merrill Haas is a resident of Scotts Valley, CA. Ms. Haas is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

41. Plaintiff Susan P. Hansell is a resident of Pennsylvania. Ms. Hansell is a trustee and beneficiary of the Anne Pennock 2012 Trust, which holds a Certificate of Beneficial Interest in the STS Trust.

42. Plaintiff Andrew Hilgartner is a resident of Illinois. Mr. Hilgartner is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

43. Plaintiff Elizabeth Jubert is a resident of Minnesota. Ms. Jubert is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

44. Plaintiff Monte J. Kestell, Jr. is a resident of Spokane, WA. Mr. Kestell is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

45. Plaintiff Robert J. Kestell is a resident of Auburn, WA. Mr. Kestell is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

46. Plaintiff Patricia Larrabure is a resident of Virginia. Ms. Larrabure is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

47. Plaintiffs Sheila M. and Kevin P. Magee are residents of Spokane, WA. The Magees are beneficiaries holding a Certificate of Beneficial Interest in the STS Trust.

48. Plaintiff Catherine Hilgartner Masucci is a resident of New Jersey. Ms. Masucci is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

49. Plaintiff Deirdre A. McCarthy is a resident of Duluth, MN. Ms. McCarthy is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

50. Plaintiff, John McCarthy is a resident of Sturgeon, WI. Mr. McCarthy is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

51. Plaintiff Patrick McCarthy is a resident of Duluth, MN. Mr. McCarthy is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

52. Plaintiff Timothy S. McCarthy is a resident of Oconomowoc, WI. Mr. McCarthy is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

53. Plaintiff Janet G. McFarlane is a resident of Denver, CO. Ms. McFarlane is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

54. Plaintiff Thomas P. and Laurie McGrath are residences of Poplar, WI. The McGraths are beneficiaries holding a Certificate of Beneficial Interest in the STS Trust.

55. Plaintiff Jamie McGrath-Marx is a resident of Eureka, CA. Ms. McGrath-Marx is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

56. Plaintiff David W. McLean is a resident of Minnesota. Mr. McLean is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

57. Plaintiff Laura T. McLean is a resident of Duluth, MN. Ms. McLean is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

58. Plaintiff Lisa F. McLean is a resident of Minnesota. Ms. McLean is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

59. Plaintiff Nancy McLean is a resident of Minnesota. Ms. McLean is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

60. Plaintiffs Robert C. and Kathryn F. Mesaros are residents of Vermont. The Mesaroses are beneficiaries holding a Certificate of Beneficial Interest in the STS Trust.

61. Plaintiff John K. Meyer is a resident of Bexar County, TX. Mr. Meyer is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust. Mr. Meyer assigned some of his shares to his grandchildren who are as follows: Plaintiff Kristen E. Meyer is a resident of Harris County, TX. Ms. Meyer is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust. Plaintiff Helen Aubrey Meyer is a resident of Bexar County, TX. Ms. Meyer is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust. Plaintiff Theodore F. Meyer, V is a resident of Bexar County, TX. Mr. Meyer is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

62. Plaintiff John Meyer, Jr. is a resident of Bexar County, TX. Mr. Meyer is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

63. Plaintiff Theodore Meyer is a resident of Bexar County, TX. Mr. Meyer is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

64. Plaintiff Mary C. Miller is a resident of Minneapolis, MN. Ms. Miller is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

65. Plaintiff Julia P. Mombello is a resident of Westport, CT. Ms. Mombello is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

66. Plaintiff Jeannette M. Muirhead is a resident of California. Ms. Muirhead is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

67. Plaintiff Gwen S. Myers is a resident of Minnetonka, MN. Ms. Myers is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

68. Plaintiff Caroline P. Myhre is a resident of Montana. Plaintiff Myhre is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

69. Plaintiff Marcia Lee Nelson is a resident of California. Plaintiff Nelson is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

70. Plaintiffs Shannon and James Nelson, are residents of Spokane, WA. The Nelsons are beneficiaries holding a Certificate of Beneficial Interest in the STS Trust.

71. Plaintiff Roland C. Nickerson is a resident of Hailey, ID. Mr. Nickerson is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

72. Plaintiffs Roger B. and Sally Noyes are residents of Cottonwood, AZ. The Noyes are beneficiaries and trustees of the Roger B/Henrietta P Noyes Revocable Living Trust holding a Certificate of Beneficial Interest in the STS Trust.



73. Plaintiff Anne Pennock is a resident of Pennsylvania. Ms. Pennock is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

74. Plaintiff Charles F. Pierson, Jr. is a resident of Montana. Mr. Pierson is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust. Mr. Pierson is also a beneficiary of the HC Piper Trust U/A Charles Pierson Jr., the Louise G. Piper Trust FBO for Charles F Pierson Jr., and the Harry C. Piper Trust FBO Charles F Pierson Jr., all of which hold Certificates of Beneficial Interest in the STS Trust.

75. Plaintiff David Pierson is a resident of Minnesota. Mr. Pierson is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

76. Plaintiff James Pierson is a resident of Oregon. Mr. Pierson is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

77. Plaintiff John Pierson is a resident of Denver, CO. Mr. Pierson is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

78. Plaintiff Addison Piper is a resident of Minnesota. Plaintiff Piper is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust. Plaintiff Piper is also the beneficiary of the H.C. Piper Trust FBO Addison L. Piper and the Louise G. Piper Trust FBO Addison L. Piper, both of which hold Certificates of Beneficial Interest in the STS Trust.

79. Plaintiff Andrew P. Piper is a resident of Oregon. Mr. Piper is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

80. Plaintiff Ann Piper is a resident of California. Ms. Piper is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

81. Plaintiff George F. Piper is a resident of Minnesota. Mr. Piper is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

82. Plaintiff Harry C. Piper III is a resident of Oregon. Mr. Piper is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust. Mr. Piper is also the beneficiary of the H.C. Piper Trust FBO Harry C. Piper III and the Louise G. Piper Trust FBO Harry C. Piper III, both of which hold Certificates of Beneficial Interest in the STS Trust.

83. Plaintiff James T. Piper is a resident of California. Mr. Piper is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

84. Plaintiff John Carter Piper is a resident of California. Mr. Piper is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust. Mr. Piper is also a co-trustee of the MCP Trust, which holds a Certificate of Beneficial Interest in the STS Trust.

85. Plaintiff John Q. Piper is a resident of Virginia. Mr. Piper is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

86. Plaintiff Karen B. Piper is a resident of Roslindale, MA. Ms. Piper is a beneficiary and trustee of the Karen Odessa Piper 2012 Revocable Trust holding a Certificate of Beneficial Interest in the STS Trust.

87. Plaintiff Kathleen P. Piper is a resident of Barneveld, WI. Ms. Piper is a beneficiary and Robin Downs is the trustee of the Kathleen Page Piper Revocable Living Trust holding a Certificate of Beneficial Interest in the STS Trust.

88. Plaintiff Matthew B. Piper is a resident of California. Mr. Piper is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

89. Plaintiff Timothy T. Piper is a resident of Newburyport, MA. Mr. Piper is a beneficiary and trustee (along with Carol A. Piper, trustee) of the Timothy T. Piper Living Trust holding a Certificate of Beneficial Interest in the STS Trust.

90. Plaintiff Vincent G. Pardo Piper is a resident of California. Mr. Piper is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

91. Plaintiff William Piper is a resident of California. Mr. Piper is the trustee of the William Piper Trust, which holds a Certificate of Beneficial Interest in the STS Trust.

92. Plaintiff William G. Piper is a resident of California. Mr. Piper is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

93. Plaintiff Elizabeth Piper-Forman is a resident of California. Ms. Piper-Forman is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust. Ms. Piper-Forman is also a co-trustee of the MCP Trust, which holds a Certificate of Beneficial Interest in the STS Trust.

94. Plaintiff Geraldine A. Rasmussen is a resident of Woodbury, MN. Ms. Rasmussen is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

95. Plaintiff Richard Richard, Sr. is a resident of Spokane, WA. Mr. Richard is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

96. Plaintiff Richard M. Rogers is a resident of Imperial Beach, CA. Mr. Rogers is a beneficiary and trustee of the Carl E. Rogers Trust holding a Certificate of Beneficial Interest in the STS Trust.

97. Plaintiff Donald B. Salisbury is a resident of Menomonie, WI. Mr. Salisbury is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

98. Plaintiff Mary M. Schwartz is a resident of Montana. Ms. Schwartz is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

99. Plaintiff Marjorie N. Skiff is a resident of South Burlington, VT. Ms. Skiff is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

100. Plaintiff Susan G. Snow Trust is a resident of Sebastopol, CA. Ms. Snow is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

101. Plaintiff Elizabeth Warner Verkade is a resident of California. Ms. Verkade is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

102. Plaintiff Julia Mary Walker is a resident of California. Ms. Walker is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

103. Plaintiff Barbara Warner is a resident of Minnesota. Ms. Warner is the trustee for the Thomas L. Warner Irrevocable Trust, which holds a Certificate of Beneficial Interest in the STS Trust.

104. Plaintiff Bonnie Warner is a resident of Nevada. Ms. Warner is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

105. Plaintiff Ellsworth A. Warner, Jr. is a resident of California. Mr. Warner is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

106. Plaintiffs H. T. and S. S. Warner are residents of Minnesota. The Warners are beneficiaries holding a Certificate of Beneficial Interest in the STS Trust. The Warners are also beneficiaries of the Sally S. Warner Trust U/A 2/12/1997, which holds a Certificate of Beneficial Interest in the STS Trust.

107. Plaintiff M. A. Warner Jr. is a resident of Minnesota. Mr. Warner is a beneficiary and a trustee of the M. A. Warner Jr. Revocable Trust, which holds a Certificate of Beneficial Interest in the STS Trust.

108. Plaintiff Ted E. Warner is a resident of Minnesota. Mr. Warner is co-trustee of the Katherine B. Warner Trust and the H. David Warner Trust, both of which hold Certificates of Beneficial Interest in the STS Trust.

109. Plaintiff Thomas Livingston Warner is a resident of Minnesota. Mr. Warner is a beneficiary holding three Certificates of Beneficial Interest in the STS Trust. Mr. Warner is also the Special Trustee for the Thomas L. Warner Irrevocable Trust, co-trustee of the Katherine B. Warner Trust, and co-trustee of the H. David Warner Trust, all of which hold Certificates of Beneficial Interest in the STS Trust.

110. Plaintiff William Piper Warner, Jr. is a resident of Fort Worth, TX. Mr. Warner is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

111. Plaintiff Dixie Webb is a resident of Alberta, Canada. Ms. Webb is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

112. Plaintiff William B. Whiting is a resident of Contocook, NH. Mr. Whiting is a beneficiary and trustee of the Jean W. Whiting Family Trust holding a Certificate of Beneficial Interest in the STS Trust.

113. Plaintiff Sarah Warner Whittington, is a resident of Carrollton, TX. Ms. Whittington is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

114. Plaintiff Louise Windsor is a resident of Naples, FL. Ms. Windsor is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

115. Plaintiff Dwight D. Sholes is a resident of Bowdoinham, ME. Mr. Sholes is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

116. Plaintiff Harry Aldrich is a resident of Portland, OR. Mr. Aldrich is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

117. Plaintiff Mary Bly is a resident of New York, NY. Ms. Bly is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

118. Plaintiff Kevin Clarke is a resident of Pendleton, ID. Mr. Clarke is a beneficiary holding a Certificate of Beneficial Interest in the STS Trust.

119. Plaintiffs listed above bring this Action. The Texas Trust Code details the rights of trust beneficiaries with regard to trust litigation. Any interested person may bring an action under Section 115.001 of this the Texas Trust Act. *See* Tex. Prop. Code Ann. § 115.011; *see also* Tex. Prop. Code §§ 111.006, 111.004(16) and 114.008; Tex. Civ. St. Art. 7425b-24. Derivative claims are not necessary in this action. Additionally, under Texas law, a beneficiary of a trust may intervene and contest the right of the plaintiff to recover in an action against the trustee as representative of the trust for a tort committed in the course of the trustee's administration or on a contract executed by the trustee. *See, e.g.*, Tex. Prop. Code Ann. § 115.011(d).

120. Plaintiffs seek recovery of all damages caused by Defendant to the STS Trust by the actions described in this Amended Petition. These damages will be paid to the STS Trust and shared pro rata with each beneficiary of the STS Trust (the "STS beneficiaries") according to their percentage ownership of the Trust. Plaintiffs anticipate that their efforts will result in the creation of a common fund that benefits all STS beneficiaries, including those beneficiaries that are not named plaintiffs in this action. Texas law recognizes the equitable "common fund" doctrine. *See, e.g.*, 48 Tex. Prac., Tex. Lawyer & Jud. Ethics § 1:16 (2013 ed.).

121. Plaintiffs have at all times in this matter been in compliance with Texas Rule of Civil Procedure 39. The names and contact information of the STS beneficiaries are known to Defendant. The Defendant has provided all STS beneficiaries with monthly updates regarding developments in this action. The Court has provided notice to these beneficiaries on multiple occasions. Defendant has moved on multiple occasions to have all STS beneficiaries declared

“necessary” parties to this Action. J.P. Morgan has moved on multiple occasions under Texas Rule of Civil Procedure 39. Under the relevant substantive Texas trust law, beneficiaries are necessary parties only when the action is predicated on the act or obligation of a beneficiary. *See* TEXAS TRUST ACT, Art. 7425b-24 (1943) (“If the action is predicated upon any act or obligation of any beneficiary, such beneficiary shall be a necessary party to the proceedings”). On numerous occasions, the Court has exercised its discretion to delay the addition of certain STS beneficiaries to this action—beneficiaries who have been given notice, but have not decided to opt into this litigation. Decisions by this Court with regard to necessary parties have been within its discretion and clearly supported by Texas Law. *See, e.g., State Office of Risk Mgmt. v. Herrera*, 288 S.W.3d 543, 549 (Tex. App.—Amarillo 2009, no pet.) (“Rule of Civil Procedure 39 provides a pragmatic rather than mechanical approach to dealing with a defect in parties.”); *see also Ernst v. Banker’s Servs. Group, Inc.*, 05-98-00496-CV, 2001 WL 1256524, \*2 (Tex. App.—Dallas Oct. 22, 2001, pet. denied); *Cullum v. Texas Commerce Bank Dallas, Nat. Ass’n*, 05-91-01211-CV, 1992 WL 297338, \*2 (Tex. App.—Dallas Oct. 14, 1992, writ denied).

## **II.**

### **DISCOVERY CONTROL LEVEL**

122. This action is being conducted in accordance with a docket control order pursuant to discovery control Level 3, as provided by TEX. R. CIV. P. 190.4.

## **III.**

### **JURISDICTION AND VENUE**

123. The STS Trust was created under the Texas Trust Act of 1943. The current Texas Trust Code applies to the STS Trust through the Texas Trust Code Applicability section, which limits the Trust Code’s application to certain enumerated “transactions” after the effective date

of the Texas Trust Code (January 1, 1984). Tex. Prop. Code §§ 111.006 and 111.004(16); Tex. Civ. St. Art. 7425b-1 *et seq.*, Texas Trust Act. This Court has jurisdiction over this matter pursuant to Texas Property Code § 115.001, Tex. Prop. Code §§ 111.006, and Tex. Civ. St. Art. 7425b-24.

124. Jurisdiction is proper because the damages sought are within the jurisdictional limits of this Court.

125. Pursuant to Texas Property Code § 115.002, venue is proper in Bexar County, Texas, as the situs of the administration of the STS Trust is in this county. Venue is also proper in Bexar County, Texas, under Tex. Civ. Prac. & Rem. Code § 15.002. Specifically, a substantial part of the events or omissions giving rise to Plaintiffs' claims occurred in Bexar County, Texas.

#### **IV.**

### **FACTUAL BACKGROUND**

#### **The STS Trust**

126. This case involves defendant J.P. Morgan's blatant mishandling of an incredibly rare and valuable 132,000-acre mineral trust in the heart of the South Texas oil patch, the STS Trust.

127. The sole asset of the STS Trust is the undivided interest to mineral rights in 132,000 contiguous acres in La Salle and McMullen Counties, Texas. The ownership dates back to the purchase of the Washburn Ranch in 1906 by six friends from the Washburn, Piper, Warner and Douglas families. Over the course of the last century, the mineral interests have spread to approximately 285 STS beneficiaries, the vast majority of whom are descendants of the original



owners. Most beneficiaries treasure their STS interest as a “family legacy asset.” Over the past century, they have incurred substantial holding costs to preserve the asset.

128. One of the most unique and valuable aspects of the STS Trust is that there is a single point of control over the undivided interest to mineral rights to 132,000 contiguous acres in La Salle and McMullen Counties, dating to a 1906 title. These massive and unified mineral rights are one of a very limited number of “gem assets” in the Eagle Ford shale play.

129. Notably, defendant J.P. Morgan was not selected by the STS beneficiaries to act as Trustee. Rather, the Alamo National Bank became the first commercial trustee of the STS Trust in 1951. As the financial industry consolidated through successive bank mergers and consolidations, J.P. Morgan became the successor trustee of the STS Trust in 2001.

130. Pursuant to a July 2013 order of Judge Nellermeoe, 73rd Judicial District Court of Bexar County, Texas, J.P. Morgan was ordered to resign as trustee and transition the STS Trust to a successor trustee.

### **J.P. MORGAN’S VARIOUS BREACHES AND VIOLATIONS**

131. During J.P. Morgan’s tenure as Trustee, it repeatedly breached its duties to the STS beneficiaries. It did this by, *inter alia*: (1) leasing out all available acreage (approximately 80,000 acres) to one of its commercial clients, Petrohawk, for exceedingly low bonus compensation; (2) failing to procure leases with adequate terms and development requirements; and (3) failing to obtain releases of acreage subject to terminated leases held by certain other J.P. Morgan commercial clients, allowing these commercial clients to “flip” the STS acreage for exorbitant profits.

## **The 2008 Petrohawk Leases and J.P. Morgan's Improper Conduct**

132. Mineral lease negotiations between oil producers and mineral owners involve opposing interests and need to be careful, deliberate and somewhat adversarial. This is particularly true where the acreage is large and potentially valuable. Here, in contrast, the facts show a close and collaborative relationship between J.P. Morgan and a well-known shale player, Petrohawk. Specifically:

- J.P. Morgan's trust department was approached in March of 2008 by a J.P. Morgan commercial client, Petrohawk. J.P. Morgan was informed that Petrohawk wanted all the available STS acreage (approximately 79,524.77 acres).

- At the time of the contact, Petrohawk was employing a "stealth" land acquisition strategy, relying on a small Corpus Christi entity (First Rock) to act as lessee for acquisition of Eagle Ford acreage. Public statements from Petrohawk acknowledged that the price would have increased exponentially if others were made aware of their acquisition strategy in the Eagle Ford.

- Although Petrohawk had been secretly using First Rock to acquire acreage from other mineral owners in the Eagle Ford, it openly approached its commercial partner, J.P. Morgan, and stated that it had \$900 million to spend on a new development in South Texas. Petrohawk employees have testified that they could "trust" J.P. Morgan to keep the Petrohawk transactions "confidential."

- The commercial relationship between J.P. Morgan and Petrohawk was substantial. During the time that J.P. Morgan and Petrohawk negotiated and signed leases on the entire 80,000 acres of available STS acreage, J.P. Morgan was a member of a banking consortium providing Petrohawk with a line of credit ranging between \$1.1 billion and \$1.5 billion.

- J.P. Morgan leased all available STS acreage to Petrohawk with imprudent speed, such that all of the 80,000 available STS acres was leased out to Petrohawk between May and December of 2008.

- J.P. Morgan did not undertake due diligence to determine whether the STS Trust acreage contained valuable minerals before completing the Petrohawk leases.

- Even after Petrohawk publically announced that it had drilled a lucrative well on the STS acreage in October 2008, J.P. Morgan blithely continued leasing out nearly 40,000 additional acres to Petrohawk on similar (and even worse) terms as the earlier acreage.

- J.P. Morgan failed to seek out competitive bidding on the remaining STS acreage after the Petrohawk well was announced.

- J.P. Morgan intentionally concealed Petrohawk’s involvement in the STS leasing process from not only potential competitors, but also from the STS beneficiaries and the geologist working for the STS Trust.

133. The per-acre bonus amounts received by J.P. Morgan on the nearly 80,000 acres of Petrohawk leases were far lower than the amounts that should have been received if J.P. Morgan had encouraged market competition and exercised proper restraint by leasing the acreage out over a longer period of time (as it obtained more information about the value of the minerals).

134. J.P. Morgan’s improper and imprudent leasing resulted in bonus amounts ranging between \$150-\$200 per acre in 2008. Comparable acreage was valued at approximately \$10,000 per acre by 2010, and this specific acreage was valued at approximately \$12,000 per acre by 2011.

135. The substantial damage caused by J.P. Morgan’s improper and imprudent leases to Petrohawk is not theoretical—it is empirical. By way of comparison, the Harrison Ranch contains 100,000 contiguous Eagle Ford acres in Dimmit County, about 30 miles west of the STS Trust. Like the STS Trust acreage, the Harrison Ranch is subject to a single point of control. The contrast, however, between how the two similar acreages were leased is startling.

136. J.P. Morgan allowed a single overworked mineral manager, Ms. Patty Ormond, to decide the timing and terms of all the Petrohawk leases with no meaningful supervision or management approval process. Thus, the J.P. Morgan “negotiation” was a blind rush to lease everything to a commercial client with virtually no adversary or competitive process. J.P. Morgan’s leases to Petrohawk resulted in bonus compensation to the STS Trust of approximately \$14.9 million for 79,524.77 acres (an average of \$188.40 per acre).

137. The Harrison Ranch, in contrast, used a team of professionals and a lengthy, deliberate and adversarial negotiating process, which included competitive bidding. Accordingly, a public excerpt from the June 3, 2010 issue of *A & D Transaction* states that the Harrison Ranch ownership received \$1 billion – in bonus payments alone – for approximately 100,000 acres in June of 2010 (\$10,000 per acre). Significantly, the production from the typical Harrison Ranch wells pales in comparison to the typical production profile from the wells on STS acreage.

138. The stark difference between \$1 billion received for the Harrison Ranch and the \$14.9 million received for the superior STS acreage is illustrative of either willful bad faith or gross negligence on the part of J.P. Morgan.

139. J.P. Morgan further violated its duties to Plaintiffs by failing to obtain reasonable development provisions in the Petrohawk leases. As such, Petrohawk was allowed to hold the 80,000 acres of STS mineral interests while drilling very few wells each year. This means that the net present value of the STS mineral interests are significantly lower than otherwise, since the production of oil and gas will extend out into the distant future.

140. Since the 2008 Petrohawk leases were executed, only 26 wells have been completed on the STS Petrohawk acreage. In contrast, the Harrison Ranch leases were signed two years later in 2010, and 150 wells have been completed.

141. Likewise, the number of wells completed on other Eagle Ford acreage near STS greatly exceeds the number and density of wells on the STS acreage.

142. Accordingly, not only did the beneficiaries lose hundreds of millions in net present value royalty income, but Petrohawk gained a massive 80,000-acre asset with very few obligations.

143. J.P. Morgan's breaches of duty regarding the Petrohawk leasing process resulted in an enormous amount of the asset value being transferred from the STS beneficiaries to Petrohawk. Specifically, after acquiring the 80,000 acres of STS mineral interests, Petrohawk sold itself to BHP Billiton for \$15.1 billion in July of 2011. The undeveloped STS acreage was valued at \$12,125 per acre in that sale, or approximately \$970 million.

144. J.P. Morgan's intentional or negligent mishandling of the Petrohawk leases took nearly a billion in value from the STS beneficiaries and effectively handed it to Petrohawk (quickly, secretly, and without any competition). The \$14.9 million in bonus compensation received by the STS Trust was about 1.5% of the amount that Petrohawk received approximately two years later.

145. Similarly, the executive officers of Petrohawk received more in "change of control" bonus in the BHP Billiton transaction than the STS beneficiaries received in lease bonus on the leases to Petrohawk.

146. J.P. Morgan used its dual role as trustee and commercial banker to gain advantage for itself to the detriment of the STS Trust in its management of the Petrohawk leases.

147. As a result of J.P. Morgan's improper conduct and breaches of duty with respect to the Petrohawk leases, the STS beneficiaries incurred bonus payment damages of \$238,605,960 and loss of royalty in the amount of approximately \$320 million. Thus, the economic damages incurred from the Petrohawk leases are approximately \$559 million.

### **The Hunt Leases and J.P. Morgan's Intentional Deception**

148. In addition to the Petrohawk dealings, J.P. Morgan engaged in a number of other unfair and imprudent dealings with its commercial clients.

149. In one such instance, J.P. Morgan continually and repeatedly provided assistance to its commercial client, Hunt Oil Company (and the original lessee, Broad Oak), on 10,328 acres of STS acreage covered by four leases. J.P. Morgan took a number of actions designed to ensure that the four STS leases would not lapse and the mineral rights would not return to the STS Trust.

150. Specifically, J.P. Morgan gave away lease term extensions, the right to pool acreage, retained acreage amendments and dramatically decreased drilling obligations.

151. As a result of these favors, and at the expense of the STS beneficiaries, Hunt Oil was able to enrich itself by selling off interests in the STS acreage.

152. In January of 2012, Hunt publically announced that it had divested 35% of its interest in its STS acreage to a Japanese company, Marubeni (as part of a larger sale of Hunt Oil's Eagle Ford holdings).

153. J.P. Morgan had given Hunt Oil lease extensions and amendments on this acreage without getting any reasonable consideration, even after lease bonus prices had escalated to approximately \$10,000 per acre in 2010. Any prudent trustee would have enforced the original leases and had the opportunity to market the relinquished acreage in 2010.

154. The value placed on the mineral interests sold to Marubeni was nearly \$15,000 per acre in the 2012 sale. Thus, the original 10,328 acres of mineral interests had an implied value of approximately \$150 million in 2012.

155. J.P. Morgan had previously given all of this acreage away by granting lease extensions and amendments for no meaningful compensation.

156. After the Marubeni sale was completed in May of 2012, Hunt Oil and/or Marubeni discovered that two of the four Hunt Oil leases would expire on July 25, 2012 and

would revert to the STS Trust. Thus, Hunt Oil went back to J.P. Morgan in July of 2012 and got J.P. Morgan to agree to extend these two leases for 60 days to prevent them from expiring and reverting to the STS Trust. Although Hunt Oil paid \$175,000 for extending one of the expiring leases, it allowed the other lease to actually expire. In August of 2012, however, J.P. Morgan agreed to renew the expired lease for \$3.9 million (\$700 per acre). J.P. Morgan likewise agreed to grant extensions on the remaining two leases (which were not expiring for another year) for no compensation at all.

157. Consequently, J.P. Morgan knew that the Hunt acreage was worth \$15,000 per acre (or \$150 million for all four leases) and it subsequently agreed to accept total compensation of only about \$4.1 million for all four leases.

158. Further, J.P. Morgan went so far as to rebuff other operators so that it could essentially give the acreage away to Hunt (who had already sold much of it). Instead of effectively giving that valuable asset to Hunt, J.P. Morgan should have taken it back for the benefit of the STS Trust.

159. J.P. Morgan effectively gave away a trust asset valued at \$150 million for only \$4.1 million in 2012. At that time, Hunt had already “flipped” part of that asset for a substantial financial gain.

160. Hunt Oil was a substantial commercial client of J.P. Morgan during this time period.

161. H.L. Tomkins took over management of the STS Trust after Ms. Ormond was let go by J.P. Morgan.

162. Hunt Oil wrote Mr. Tompkins and pressured him by referencing Hunt’s commercial relationship with J.P. Morgan.

163. J.P. Morgan was also one of the largest shareholders in the Japanese purchaser of the Hunt Oil STS acreage, Marubeni.

164. At the time J.P. Morgan granted the lease extensions to Hunt Oil, et al., in the summer of 2012, it already knew that Hunt had “flipped” its STS acreage to Marubeni because: (1) the Hunt Oil/Marubeni sale had been publically announced in January of 2012; (2) this transaction was included in the investment banker’s reports submitted to J.P. Morgan at this time; and (3) Marubeni’s name was on the lease assignment later signed by J.P. Morgan.

165. In an effort to keep this a secret and cover up the fact that it had accepted \$4.1 million for an asset it already knew was worth \$150 million, J.P. Morgan prepared a memo in August of 2012 purporting to explain why the paltry amount paid to the STS Trust was a fair price. In other words, even though J.P. Morgan knew that a percentage interest in the acreage had been sold months earlier for nearly \$15,000 an acre (an implied value of \$150 million for the 10,000 acres), it tried to deceive the STS beneficiaries into thinking it had obtained a fair price for the acreage when it granted Hunt Oil the extensions in July and August of 2012 for only \$4.1 million.

166. J.P. Morgan used its dual role as trustee and commercial banker to gain advantage for itself to the detriment of the STS Trust in its management of the Hunt leases.

167. As a result of J.P. Morgan’s improper conduct and breaches of duty with respect to the Hunt leases, the STS beneficiaries incurred bonus payment damages of \$93,353,040 and loss of royalty in the amount of approximately \$74 million. Thus, the economic damages incurred from the Hunt transactions are at least \$167 million.



### **The Pioneer Acreage and J.P. Morgan's Failure to Disclose**

168. Cullen Leases A and B contain approximately 7,954.69 acres each, or about 15,797 acres. Both of these leases were signed approximately 70 years ago, and require reasonable diligence in development.

169. No drilling permits were issued for Cullen Lease A from November 18, 1997 through November 15, 2005, an eight-year period.

170. No drilling permits were issued for Cullen Lease B from November 16, 2005 through December 31, 2012 and no new wells were drilled during this seven-year period.

171. J.P. Morgan should have taken action to return the Pioneer/Cullen acreage to the STS Trust many years earlier, before this acreage became extremely valuable in 2009.

172. J.P. Morgan did not move to obtain the release of the Pioneer/Cullen acreage in a prudent or timely manner.

173. As a result of the failure to develop the Cullen acreage as provided in the leases, approximately 13,927 unearned acres should have been released back to the STS Trust.

174. Pioneer Natural Resources, through assignment, became the Lessee of the Cullen Leases. By 2009, approximately 15,000 acres of STS Trust mineral assets were controlled by Pioneer.

175. Pioneer is a substantial commercial client of J.P. Morgan.

176. J.P. Morgan was also a co-defendant with Pioneer in a similar case where J.P. Morgan had failed to pursue releases of acreage held by Pioneer (the "MOSH Litigation"). In that case, the beneficiaries sued both J.P. Morgan and Pioneer. The beneficiaries in the MOSH Litigation alleged that J.P. Morgan's commercial relationship with Pioneer had caused it to fail to seek release of trust acreage that Pioneer had failed to develop.

177. J.P. Morgan, working in concert with Pioneer as co-defendants, unilaterally entered into a settlement agreement of the MOSH litigation without the knowledge or input of the Plaintiff MOSH beneficiaries for virtually no compensation. Following a week-long evidentiary hearing, the MOSH court rejected J.P. Morgan's efforts and ultimately required that the MOSH beneficiaries receive approximately \$50 million in compensation in a subsequent court-supervised settlement.

178. J.P. Morgan never disclosed its commercial or litigation relationships with Pioneer to the STS beneficiaries. J.P. Morgan likewise never informed the STS beneficiaries that it had been accused of failing to recover acreage from Pioneer based on an improper commercial relationship.

179. The MOSH Litigation settled in April of 2009, and that very same month J.P. Morgan filed a suit against Pioneer alleging that Pioneer had not properly developed the Pioneer/Cullen leases at issue in this case. Even after it entered litigation against Pioneer, J.P. Morgan did not disclose to the STS beneficiaries its commercial or litigation relationships with Pioneer or its settlement of the MOSH Litigation.

180. Pioneer subsequently filed a \$39 million counterclaim against the STS Trust, alleging that the litigation harmed Pioneer's ability to sell a portion of Pioneer's Eagle Ford assets to Reliance Industries, Ltd. as part of a major joint venture agreement Pioneer and Reliance had recently completed to develop Pioneer's Eagle Ford acreage.

181. J.P. Morgan then abandoned its purported efforts to obtain the return of the Cullen/Pioneer acreage for the STS Trust and settled its litigation with Pioneer for no meaningful compensation (as it had unsuccessfully tried to do in the MOSH Litigation).

182. At all times relevant, J.P. Morgan never disclosed anything about the nature of its commercial or litigation relationships with Pioneer to the STS beneficiaries.

183. The STS beneficiaries received nominal value from the Pioneer/Cullen acreage when J.P. Morgan settled the litigation. Pioneer received \$182 million in the sale of this acreage to Reliance.

184. J.P. Morgan also had substantial commercial relationships with Reliance, but failed to disclose these relationships to the STS beneficiaries.

185. J.P. Morgan used its dual role as trustee and commercial banker to gain advantage for itself to the detriment of the STS Trust in its management of the Cullen/Pioneer leases.

186. As a result of J.P. Morgan's improper conduct and breaches of duty with respect to the Pioneer/Cullen leases, the STS beneficiaries incurred bonus payment damages of \$86,343,000 and loss of royalty in the amount of approximately \$110 million. Thus, the economic damages incurred from the loss of the Pioneer/Cullen leases are at least \$196 million.

#### **J.P. Morgan's Commercial Clients Received Nearly All of the Value of the STS Asset**

187. J.P. Morgan subordinated the interests of the STS beneficiaries to its own interests and those of its commercial clients.

188. The STS Trust received payments totaling \$32,490,000 for all of the STS acreage (inclusive of bonus, delay rentals and all other compensation). J.P. Morgan's commercial clients (e.g., Petrohawk, Hunt Oil and Pioneer), in contrast, benefitted some \$1,302,000,000 by getting the rights to this same acreage.

189. The STS beneficiaries received approximately 2.43% of the value of their STS asset, and J.P. Morgan's commercial clients received 97.57% of the value.

**J.P. Morgan Failed to Devote Adequate Time or Resources To The STS Trust**

190. J.P. Morgan did not manage the STS asset commensurate with an understanding that it had a fiduciary duty for the development and caretaking of a “gem asset.”

191. J.P. Morgan considered closing down the STS Trust in 2005 because “it wasn’t making enough money.”

192. Responsibility for the STS Trust mineral interests during 2008-2009 was given to a lone mineral manager, Ms. Patty Ormond.

193. STS was not Ms. Ormond’s only responsibility as she was required to simultaneously manage 140 other oil and gas trusts. Given the management-intensive nature of the STS “gem asset,” it was impossible for Ms. Ormond to find the time or resources necessary to properly manage the STS mineral estate.

194. Both Ms. Ormond and H.L. Tompkins, who took over for Ms. Ormond in managing the mineral interest, have repeatedly complained to J.P. Morgan that they did not have the resources and level of personnel necessary to permit them to properly and prudently manage their trust accounts.

195. Ms. Ormond further confirmed the lack of resources that J.P. Morgan provided when she told the following to a group of STS beneficiaries:

“They [J.P. Morgan] have seven mineral managers. They have 12,000 accounts. They manage 200,000 assets. How can they manage your asset? How can they – they don’t have the time to pick up the phone and spend two hours on the phone negotiating your lease.”

196. Moreover, Ms. Ormond specifically told her purported negotiating adversary, Petrohawk, that she did not have time to focus on the 2008 STS leases to Petrohawk:

“...I am underwater and do not have the staff I need to address the many leases and drilling initiatives...for which I am responsible. I am trying to get help but am in a position at this point of simply trying to put out fires.”

197. J.P. Morgan did not give the STS asset the focus it required until J.P. Morgan unilaterally decided to sell the STS asset in 2012 and identified an opportunity for its own Trust Department to earn hundreds of millions of dollars in commission fees generated by the sale transaction.

198. J.P. Morgan’s remarkable appetite for profit even caused it to consider serving as the investment bank to lead the STS divestiture.

199. J.P. Morgan’s disregard for the interests of the STS beneficiaries when compared to its own profits is illustrated by a simple comparison. In 2008, when J.P. Morgan had responsibility for leasing the asset for the STS beneficiaries, it relied exclusively on the efforts of Patty Ormond (with no oversight or analysis of market value). In comparison, a few years later when it decided to sell the sole trust asset in a transaction from which it stood to reap a financial windfall for itself, it hired more than 20 professionals to guide and assist the process and to thoroughly analyze the market value. Equally as damning, J.P. Morgan put the matter out for competitive bidding and created competition among some of the biggest investment banks in the business – a process it failed to follow when the interests of the STS beneficiaries conflicted with the interests of J.P. Morgan’s commercial clients.

200. J.P. Morgan’s breaches of fiduciary duties as described above (and additional breaches to be described at trial) were on top of its failures to have proper mineral management policies and procedures in place to prudently manage the mineral estate held in trust. As a result, substantial damages consisting of lost lease bonus payments and lost lease royalty payments

were suffered by the STS beneficiaries in the amounts set forth above which total at least \$922 million.

**V.**

**FIRST CAUSE OF ACTION – BREACH OF FIDUCIARY DUTY  
AND BREACH OF TRUST**

201. Plaintiffs repeat, re-allege and incorporate each and every prior factual allegation in the preceding paragraphs as if fully set forth herein.

202. Defendant's acts and/or omissions constitute a breach fiduciary duty and a breach of Trust to Plaintiffs in the following respects, in that Defendant:

1. Was negligent;
2. Was grossly negligent;
3. Was guilty of mismanagement and mal administration;
4. Failed to place the interest of the Plaintiffs ahead of its own;
5. Engaged in acts of self- dealing;
6. Failed to invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust;
7. Failed to diversify the investments of the trust;
8. Failed to have the proper mineral management policies and procedures in place to prudently manage the mineral estate assets held in trust by:
  - a. Failure to have in place decision making processes inclusive of a concise hierarchy chain of command with established controls to evaluate transaction risk of the asset and personnel resources

- possessing the qualification, expertise and time required to maximize the value of the mineral estate.
- b. Failure to timely identify lease violations and non-productive leasehold acreage and pursue Lessor right of reverter or other remedies.
  - c. Failure of mineral management personnel to properly assess market conditions.
  - d. Failure to seek legal and industry expertise prior to encumbering the mineral estate under terms of legally binding documents.
  - e. Failure to conduct production audits.
9. Failed to exercise a reasonable level of skill, care, and caution to fulfill its duty of:
- a. Prudence in administration,
  - b. Loyalty, honesty and fair dealings to the Trust and its beneficiaries, and
  - c. Full disclosure of the status of the Trust administration and of significant, non-routine, and material information to the beneficiaries.
10. Acted in an imprudent manner as it undertook and concluded the negotiation of unfavorable mineral leases of the Trust's principal asset, being the mineral estate and water rights in the 132,000 acres:
- a. Without doing reasonable and prudent levels of due diligence;
  - b. Without obtaining market rate lease terms and compensation;

- c. Without maximizing the Trust's benefits and interests in the mineral estate and water rights; and
- d. Without keeping the Trust beneficiaries adequately informed to allow them to monitor and protect their interests.

11. Improperly administered the Trust by:

- a. Interpreting the 1951 court order in a self-serving manner that improperly benefited J.P. Morgan to the detriment of the Trust;
- b. Failing to disclose and avoid conflicts of interest between its corporate interests and its obligations as Trustee to the detriment of the Trust and its beneficiaries; and
- c. Failing to timely tender its resignation as Trustee causing harm to the Trust.

203. The Defendants are liable to the Plaintiffs for all of the damages resulting from these breaches of trust and fiduciary duties.

## **VI.**

### **SECOND CAUSE OF ACTION – FRAUD**

204. Plaintiffs repeat, re-allege and incorporate each and every prior factual allegation in the preceding paragraphs as if fully set forth herein.

205. In addition to or in the alternative, and without waiving the foregoing, the acts and omissions of the Defendant referenced above constitute fraud, which proximately caused damage to Plaintiffs, which damages Plaintiffs should recover and seek to recover from the Defendant. These representations and actions were made knowingly, falsely, and with the intent that Plaintiffs would rely on each of them. Plaintiffs did, in fact, rely on Defendant's fraudulent acts and/or omissions.



206. Plaintiffs are also entitled to recover and seek to recover punitive damages from J.P. Morgan, taking into account the net worth of J.P. Morgan.

## VII.

### **THIRD CAUSE OF ACTION – FRAUD BY NONDISCLOSURE**

207. Plaintiffs repeat, re-allege and incorporate each and every prior factual allegation in the preceding paragraphs as if fully set forth herein.

208. Defendant concealed from Plaintiffs, or failed to disclose to Plaintiffs, facts related to Defendant's management of STS Trust assets.

209. Defendant had the duty to disclose the facts to Plaintiffs because of special and/or fiduciary relationships.

210. The non-disclosed facts were material in that they would have been important to Plaintiffs in the making of certain decisions related to Defendant and the management of STS Trust assets. Additionally, any reasonable person would have attached importance to the non-disclosed facts.

211. Defendant knew Plaintiffs were not aware of facts that Defendant had a duty to disclose.

212. Defendant knew Plaintiffs did not have equal opportunity to discover the facts.

213. Defendant was deliberately silent when it had a duty to speak.

214. By failing to disclose the facts, Defendant intended to induce Plaintiffs to continue to allow Defendant to administer and manage STS Trust assets.

215. Plaintiffs relied on Defendant's nondisclosure.

216. As a proximate cause of the foregoing, Plaintiffs have been injured in an actual amount to be proven at trial and should be awarded actual, exemplary, consequential and incidental damages from Defendant, in accordance with the evidence.

**VIII.**

**FOURTH CAUSE OF ACTION –  
NEGLIGENT MISREPRESENTATION**

217. Plaintiffs repeat, re-allege and incorporate each and every prior factual allegation in the preceding paragraphs as if fully set forth herein.

218. In addition to or in the alternative and without waiving the foregoing, the acts and omissions of the Defendant referenced above constitute negligent misrepresentation, which proximately caused damage to Plaintiffs, which damages Plaintiffs should recover and seek to recover from the Defendant.

219. As a proximate cause of the foregoing, Plaintiffs have been injured in an actual amount to be proven at trial and should be awarded actual, exemplary, consequential and incidental damages from Defendant, in accordance with the evidence.

**IX.**

**FIFTH CAUSE OF ACTION – FORFEITURE OF FEES FOR BREACHES OF DUTY,  
NEGLIGENCE AND INCOMPETENCE**

220. Plaintiffs repeat, re-allege and incorporate each and every prior factual allegation in the preceding paragraphs as if fully set forth herein.

221. Plaintiffs further seek forfeiture and return of some or all of the Trustee fees paid or incurred to the fullest extent allowed by Texas Property Code § 114.061(b), Tex. Civ. St. Art. 7425b-1 *et seq.* of the Texas Trust Act, and applicable Texas law.

**X.**

**SIXTH CAUSE OF ACTION – ATTORNEYS' FEES**

222. Plaintiffs repeat, re-allege and incorporate each and every prior factual allegation in the preceding paragraphs as if fully set forth herein.

223. As a result of Defendant's wrongful acts and omissions, Plaintiffs retained the undersigned attorneys to represent them and agreed to pay their reasonable and necessary attorneys' fees, expenses, and costs. Plaintiffs seek recovery of their reasonable and necessary attorneys' fees, expenses, and costs through trial and all appeals, as well as recovery of any attorneys' fees and costs charged to the STS Trust by J.P. Morgan, under applicable Texas law, including but not limited to, the Texas Trust Act, the Texas Trust Code, and as otherwise authorized by law.

## **XI.**

### **ADDITIONAL ALLEGATIONS CONCERNING CAUSES OF ACTION**

224. The causes of action asserted by Plaintiffs against Defendant herein are timely filed as the discovery rule deferred accrual of the respective statutes of limitations for such causes of action. Plaintiffs' damages resulting from Defendant's misconduct alleged herein were inherently undiscoverable and objectively verifiable. Plaintiffs did not discover the injuries caused by the wrongful acts of Defendant alleged herein until no earlier than a time within the applicable statutes of limitations.

225. The causes of action asserted by Plaintiffs against Defendant are timely filed as Defendant fraudulently concealed the wrongful conduct alleged herein, thereby tolling the applicable statutes of limitations. Defendant had actual knowledge of the wrongful conduct alleged herein. Defendant concealed the wrongful acts and omissions alleged herein by remaining silent and/or making misrepresentations about wrongful conduct despite having a duty to inform Plaintiffs of such wrongful acts and omissions. Defendant's silence and misrepresentations prevented Plaintiffs from discovering Defendant's wrongful acts and

omissions. Defendant had a fixed purpose to conceal the wrongful conduct. Plaintiffs reasonably relied on Defendant's silence and misrepresentations to the detriment of Plaintiffs.

226. The causes of action asserted by Plaintiffs against Defendant are timely filed pursuant to the Continuing Tort Doctrine as the Defendant's wrongful conduct was repeated for a period of time and continued until at least the filing of this action.

## **XII.**

### **DAMAGES**

227. As a result of the acts and/or omission alleged above Plaintiffs have suffered economic injuries in that the income that Plaintiffs that they were entitled to was impaired and reduced.

228. As a result of the actions by Defendant described herein, Plaintiffs have suffered damages and these damages include, but are not limited to, damages sustained in the past, damages that in reasonable probability will be sustained in the future, reduced distributions, and exemplary damages. Plaintiffs' damages further include, but are not limited to, loss of past and future bonus payments, rental payments, royalty payments, and other payments to which Plaintiffs were reasonably entitled, attorneys' fees and expenses J.P. Morgan has charged to the Trust, including the attorneys' fees and expenses incurred by Defendant in this action, and attorneys' fees and expenses incurred by Plaintiffs in prosecuting this action. Plaintiffs further seek recovery of pre-judgment and post-judgment interest under the common law and applicable statutes.

229. The acts described herein were done in bad faith and with an improper motive.

230. The conduct of Defendant was a willful breach of trust and breach of fiduciary duty. The conduct of the Defendant alleged herein represents a reckless indifference to the right

and financial interest of the Plaintiffs. The acts and/or omissions constitute malice or gross negligence. J.P. Morgan authorized or subsequently approved its agent's malice or gross negligence, or acted with malice or gross negligence through a vice principal.

231. As a result of the conduct identified above, Plaintiffs have suffered economic injury in that Plaintiffs' beneficial interests and the income Plaintiffs were entitled to therefrom were impaired and reduced by: (1) the Trustee's failure to adequately evaluate, value and manage the Trust property and maximize the value of the Trust property for the beneficiaries; (2) the Trustee's failure to negotiate market-rate lease terms for trust assets; (3) the Trustee's failure to act competently on the beneficiaries' behalf in legal matters related to the Trust; and (4) the Trustee's failure to provide information as properly requested by beneficiaries.

232. As a proximate cause of the foregoing or said damages resulting from the foregoing, Plaintiffs have been injured in an actual amount to be proven at trial and should be awarded actual, exemplary, consequential and incidental damages in accordance with the evidence, plus attorneys' fees, expenses, and costs.

233. These damages are at least \$1.026 billion, to include, but not to be limited to, bonus damages of at least \$418.3 million, royalty damages of at least \$504 million, interest estimated to be at least \$68 million, Plaintiffs' attorneys' fees estimated to be at least \$20.5 million, Trustee attorneys' fees estimated to be at least \$10 million, damages for uncompensated water usage of at least \$3.5 million, forfeiture of trustee fees in excess of \$2.5 million and exemplary damages in an amount to be determined at trial.

### **XIII.**

#### **CONDITIONS PRECEDENT**

234. Plaintiffs have fulfilled all conditions precedent for recovery on these claims.

**XIV.**

**DEMAND FOR JURY TRIAL**

235. Plaintiffs hereby demand a trial by jury.

**XV.**

**GENERAL DENIAL**

236. Pursuant to Rule 92 of the Texas Rules of Civil Procedure, Plaintiffs/Counter-Petition Defendants deny each and every, all and singular, the material allegations in Defendant's/Counter-Petition Plaintiffs' Counter-Petition for Declaratory Relief and Instructions from the Court, and demand strict proof thereof by a preponderance of the evidence.

**XVI.**

**PRODUCTION OF DOCUMENTS**

237. Plaintiffs hereby place Defendant on notice that Plaintiffs intend to use any document produced by Defendant in any pretrial proceeding or at trial.

**XVII.**

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiffs request that on final hearing Plaintiffs have judgment against Defendant, for:

- a. Actual damages;
- b. Consequential and incidental damages;
- c. Disgorgement of all compensation, fees, and expenses paid by the STS Trust to Defendant and to third-parties at the direction of Defendant;
- d. Pre- and post-judgment interest at the highest legal rate allowed by law;
- e. All attorneys' fees, expenses, and costs in pursuing this matter;
- f. Exemplary or punitive damages in an amount to be determined at trial;

- g. An order prohibiting Defendant from using Trust assets, property, or revenue, to pay attorneys' fees, expenses, and costs in defending this action and any other actions brought by other beneficiaries;
- h. Such other and further relief to which Plaintiffs may show themselves to be justly entitled; and
- i. Such other, further, and different damages as allowed in accordance with the evidence and applicable law.

Plaintiffs further request all relief sought in J.P. Morgan's Defendants/Counter-Petition for Declaratory Relief and Instructions from the Court be denied.

DATE: February 26, 2014.

Respectfully submitted,

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By: /s/ James L. Drought

**ATTORNEYS FOR PLAINTIFFS**



**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the above and foregoing instrument has been served on the below listed counsel of record via the method indicated, this 26<sup>th</sup> day of February, 2014:

Patrick K. Sheehan  
David Jed Williams  
Rudy Garza  
Hornberger Sheehan Fuller  
Beiter Wittenberg & Garza Inc.  
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