

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION AT CINCINNATI, OHIO

ROSY BLUE, NV, a foreign
corporation,

PLAINTIFF,

v.

EDMOND JOHN LANE, JR. a/k/a
EDDIE LANE, individually, and
EDB HOLDING COMPANY, LLC
an Ohio limited liability company, d/b/a
EDB'S DIAMOND SHOWROOM
n/k/a/ EDDIE LANE'S DIAMOND
SHOWROOM,

DEFENDANTS.

CASE NO.: **1010 CV 205**

JUDGE **J. BARRETT**

**COMPLAINT WITH
JURY DEMAND**

U.S. DISTRICT COURT
SOUTHERN DISTRICT OHIO
WEST DIV. CINCINNATI

10 APR - 1 AM 10: 14

FILED
JAMES BONINI
CLERK

Plaintiff, ROSY BLUE, NV ("ROSY BLUE"), a foreign corporation, by and through undersigned counsel, sues Defendants, EDMOND JOHN LANE, JR. a/k/a EDDIE LANE ("LANE"), individually, and EDB HOLDING COMPANY, LLC, an Ohio limited liability company, d/b/a EDDIE LANE'S DIAMOND SHOWROOM f/k/a EDB'S DIAMOND SHOWROOM ("DIAMOND SHOWROOM"), and alleges as follows:

JURISDICTION AND VENUE

1. This is an action for breach of a guaranty agreement, conspiracy to defraud, and fraudulent inducement against Defendants, LANE and DIAMOND SHOWROOM, all of which caused Plaintiff, ROSY BLUE, to suffer damages in the amount of \$4,514,755.12.

2. This Court has jurisdiction over this lawsuit under 28 U.S.C. §1332, as there is diversity of citizenship between the parties, and the amount in controversy exceeds \$75,000.00, exclusive of interest and costs.

3. Venue is proper in the United States District Court for the Southern District of Ohio pursuant to 28 U.S.C. §1391(a) and (c), in that the Defendants (and/or their predecessors) regularly conduct business in this District, and a substantial part of the events or omissions giving rise to Plaintiff's claims occurred in this District.

PARTIES

4. Plaintiff, ROSY BLUE is a Belgium corporation with a principal address of Hoveniersstraat 53, 2018 Antwerp, Belgium.

5. Defendant, LANE is an individual and resident of Cincinnati, Ohio.

6. Defendant, DIAMOND SHOWROOM is an Ohio limited liability company authorized to conduct business in the State of Ohio, and maintains its principal place of business located at 9301 Montgomery Road, Cincinnati, Ohio 45242.

7. Defendant, DIAMOND SHOWROOM is owned, managed and controlled by LANE, and at all times material to this dispute, was an instrumentality and conduit through which Defendant, LANE, solicited business and exercised complete dominion and control over such business to such an extent that any individuality or separateness of the Defendants, DIAMOND SHOWROOM and LANE, collectively, did not exist.

FACUTAL BACKGROUND

8. ROSY BLUE is a well known and highly respected seller and distributor of diamonds worldwide, and has been in the diamond business for over forty-five (45) years.

9. For many years, ROSY BLUE and LANE and DIAMOND SHOWROOM, had a long-standing business relationship during which LANE and DIAMOND SHOWROOM purchased diamonds from ROSY BLUE.

10. As a result of this long-standing business relationship, ROSY BLUE established a great degree of trust in, and respect for LANE and DIAMOND SHOWROOM.

11. Sometime in 2006, however, LANE and DIAMOND SHOWROOM conspired and acted in concert with business associates, Chad Davis (“Davis”) and Davis & Associates, LLC (“Davis & Associates”), to defraud Plaintiff, ROSY BLUE out of millions of dollars worth of diamonds by using LANE and DIAMOND SHOWROOM’s long-standing business relationship with ROSY BLUE to their own improper financial gain.

12. Specifically, on or about March 6, 2006, in furtherance of the conspiracy, LANE and DIAMOND SHOWROOM contacted ROSY BLUE, via letter, to introduce potential new clients, Davis and Davis & Associates, to ROSY BLUE. A true and accurate copy of the March 6, 2006 letter is attached as Exhibit “A” to this Complaint.

13. In the March 6, 2006 letter, LANE and DIAMOND SHOWROOM stated that Davis and Davis & Associates expressed an interest in purchasing large quantities of diamonds.

14. With the purpose and effect of inducing ROSY BLUE to conduct business and sell diamonds to Davis and Davis & Associates, in the March 6, 2006 letter, LANE and DIAMOND SHOWROOM represented that they had witnessed Davis and Davis & Associates “buy 1 million in one sitting,” and would “guarantee” purchases made by Davis and Davis & Associates.

15. As reflected in the March 6, 2006 letter, in exchange for introducing Davis and Davis & Associates to ROSY BLUE, LANE and DIAMOND SHOWROOM requested a 1% commission from ROSY BLUE on all purchases made by Davis and Davis & Associates.

16. As a result of ROSY BLUE's long standing business relationship with LANE and DIAMOND SHOWROOM, ROSY BLUE agreed to meet Davis and Davis & Associates and to consider a potential business relationship.

17. As confirmed in letters dated March 7, 10 and 14, 2006, in or about April, 2006, LANE and Davis traveled to ROSY BLUE's principal office in Antwerp, Belgium, for Davis and Davis & Associates to meet representatives of ROSY BLUE and to view diamonds requested by Davis and Davis & Associates. True and accurate copies of the March 7, 10 and 14, 2006 letters are attached as Composite Exhibit "B" to this Complaint.

18. During this visit, and to further induce ROSY BLUE to sell Davis and Davis & Associates large quantities of diamonds, LANE, DIAMOND SHOWROOM, Davis and Davis & Associates represented to ROSY BLUE that Davis and Davis & Associates maintained: significant financial assets to purchase and secure the purchase of diamonds; an established business of selling diamonds; the financial ability to pay for all diamonds purchased in a commercially reasonable manner; and the clientele to market and sell large quantities of diamonds at a profit.

19. Based upon ROSY BLUE's long standing business relationship with LANE and DIAMOND SHOWROOM, and induced by these representations on the part of LANE, DIAMOND SHOWROOM, Davis and Davis & Associates, as well as other assurances, ROSY BLUE agreed to sell large quantities of diamonds to Davis and Davis & Associates.

20. During this visit, Davis and Davis & Associates purchased \$905,713.00 worth of diamonds from ROSY BLUE, immediately transferred \$235,000.00 from Davis & Associates' bank account to ROSY BLUE, and agreed to pay the remaining balance in monthly installments.

21. From April, 2006 to October, 2006, Davis and Davis & Associates entered into nineteen (19) separate transactions with ROSY BLUE, and during this time period, as part of the conspiracy and the intent to defraud ROSY BLUE, Davis and Davis & Associates induced ROSY BLUE to sell and/or consign approximately \$6,500,000.00 worth of diamonds.

22. In exchange for the numerous shipments of diamonds, Davis and Davis & Associates agreed to make scheduled monthly payments to ROSY BLUE.

23. From April, 2006 through October, 2006, Davis and Davis & Associates made their scheduled monthly payments, without default, as agreed upon by Davis and Davis & Associates, as a ploy to obtain ROSY BLUE's trust and willingness to sell Davis and Davis & Associates even larger quantities of diamonds.

24. Throughout this period, ROSY BLUE was unaware that Davis and Davis & Associates' purchase of the diamonds in April, 2006 and partial payment were done in furtherance of the conspiracy with LANE and DIAMOND SHOWROOM, and to induce ROSY BLUE to believe that Davis and Davis & Associates had the financial capabilities to purchase and pay for large quantities of diamonds.

25. Furthermore, from the time that initial purchase was made and during the subsequent transactions, ROSY BLUE was unaware that LANE and DIAMOND SHOWROOM had never witnessed Davis and Davis & Associates "buy 1 million in one sitting" and knew that Davis and Davis & Associates did not have the financial capabilities to purchase large quantities of diamonds.

26. In the end, Davis and Davis & Associates, with the substantial assistance and active participation of LANE and DIAMOND SHOWROOM, engaged in this fraudulent conduct to obtain increasingly larger quantities of diamonds from ROSY BLUE for which they never intended to pay.

27. In or about November, 2006, Davis and Davis & Associates attempted to lead ROSY BLUE to believe that approximately \$4,000,000.00 worth of ROSY BLUE diamonds were stolen from Davis at The Florida Mall in Orlando, Florida.

28. Specifically, Davis and Davis & Associates falsely claimed that on November 1, 2006:

- (a) Davis decided to go shopping with his wife at The Florida Mall;
- (b) while shopping at the Mall, Davis was carrying approximately \$4,000,000.00 worth of ROSY BLUE diamonds in a "Tumi" bag;
- (c) Davis decided to stop and eat lunch at the Food Court within the Mall;
- (d) prior to sitting down to eat lunch, Davis placed the Tumi bag, which contained the diamonds, under his table;
- (e) after finishing lunch, Davis failed to recover the Tumi bag, containing the diamonds, from under his table before he left the Mall;
- (f) it was not until he left The Florida Mall and arrived home that Davis realized that the Tumi bag, was missing; and
- (g) soon thereafter, Davis returned to The Florida Mall to attempt to retrieve the Tumi bag containing the diamonds.

29. Davis and Davis & Associates claim that these diamonds are identified in the Stolen Inventory List, a true and accurate copy of which is attached as Exhibit "C" to this Complaint.

30. As reflected in the Mall Found Property Report, Mall Incident Report and Sheriff's Witness Statement, neither Davis nor Mall security was able to recover the diamonds, but Mall security and housekeeping found the Tumi bag in a restroom within the Mall. True and accurate copies of the Mall Found Property Report, Mall Incident Report and Sheriff's Witness Statement are attached, respectfully, as Exhibits "D," "E" and "F" to this Complaint.

31. As verified in the Sheriff's Incident Report, Davis waited for six (6) days to contact the local police to report that the diamonds were allegedly stolen from The Florida Mall. A true and accurate copy of the Sheriff's Incident Report is attached as Exhibit "G" to this Complaint.

32. The diamonds have not been recovered, nor have Davis and Davis & Associates, or LANE and DIAMOND SHOWROOM, paid the \$4,514,755.12 balance owed for the diamonds delivered to Davis and Davis & Associates.

33. The outstanding balance includes \$4,402,593.02 for diamonds which ROSY BLUE delivered to Davis and Davis & Associates on credit, and \$112,162.10 for diamonds delivered on consignment, as shown in the Customer Transaction Report and Open Memo Report attached as Composite Exhibit "H" to this Complaint.

34. On March 16, 2007, ROSY BLUE filed suit against Chad Davis and Davis & Associates in the *United States District Court Middle District of Florida, Case No.: 6:07-CV-465-GAP-UAM* for claims which included fraud, and obtained a judgment against Davis for \$1,000,000.00 and a judgment against Davis & Associates for \$5,000,000.00 after enforcing a settlement agreement.

35. The judgments remain unsatisfied, and both Davis and Davis & Associates filed for Chapter 7 bankruptcy protection in the United States Bankruptcy Court Middle District of Florida (Orlando) (Davis - Case No.: 6:09-bk-10054-ABB; Davis & Associates - Case No.: 6:09bk-13527-ABB).

36. In obtaining the diamonds on credit and consignment from ROSY BLUE, Davis and Davis & Associates never intended to pay for the diamonds, and their claim that a large quantity of diamonds was abandoned and lost is not credible.

37. Moreover, LANE and DIAMOND SHOWROOM never intended to honor their “guarantee,” contained in the March 6, 2006 letter to ROSY BLUE, or to pay any outstanding balances owed by Davis and Davis & Associates to ROSY BLUE.

38. To the contrary, LANE and DIAMOND SHOWROOM, as well as Davis and Davis & Associates, intended to, and in fact did fraudulently obtain diamonds from ROSY BLUE for their own mutual and improper economic gain.

39. Additionally, LANE and DIAMOND SHOWROOM invoiced and received a 1% commission from ROSY BLUE and purportedly from Davis and Davis & Associates on all diamond purchases made by Davis and Davis & Associates.

COUNT I
BREACH OF GUARANTY AGREEMENT AGAINST DEFENDANT, LANE

40. Plaintiff, ROSY BLUE repeats, with the same force and effect as if fully restated, the allegations as set forth in paragraphs 1 through 39, inclusive, of the Complaint, and further states and alleges as follows:

41. This is an action by ROSY BLUE on a Guaranty Agreement, and for damages in excess of the minimum jurisdictional requirements of this Court, exclusive of interest and costs.

42. On or about March 6, 2006, LANE for himself, and on behalf of DIAMOND SHOWROOM executed, and delivered to and in favor of ROSY BLUE, a Guaranty Agreement. A true and accurate copy of which is attached as Exhibit "A" to this Complaint.

43. Pursuant to the Guaranty Agreement, LANE and DIAMOND SHOWROOM guaranteed any diamonds purchased by Davis and Davis & Associates from ROSY BLUE.

44. The Guaranty Agreement was accepted and relied upon by ROSY BLUE to its detriment in the decision to sell and consign large quantities of diamonds to Davis and Davis & Associates.

45. ROSY BLUE owns and holds the Guaranty Agreement.

46. Davis and Davis & Associates have failed to pay for diamonds purchased from ROSY BLUE and currently there is an outstanding balance of \$4,514,755.12 due.

47. Owing to this default, and in accordance with the Guaranty Agreement, LANE and DIAMOND SHOWROOM are obligated to pay ROSY BLUE the outstanding balance in the amount of \$4,514,755.12, which is presently owed by Davis and Davis & Associates

48. LANE and DIAMOND SHOWROOM have breached the terms of the Guaranty Agreement by refusing to pay the outstanding balance of \$4,514,755.12, which is presently due as a result of Davis and Davis & Associates' default.

49. LANE and DIAMOND SHOWROOM are in default of their contractual obligations to ROSY BLUE and are bound by the terms and obligations of the Guaranty Agreement.

50. As a direct and proximate result of LANE and DIAMOND SHOWROOM's breach of the Guaranty Agreement, ROSY BLUE has suffered damages in excess of \$4,514,755.12.

WHEREFORE, Plaintiff, ROSY BLUE respectfully requests judgment against Defendants, LANE and DIAMOND SHOWROOM, jointly and severally, in the amount of \$4,514,755.12, prejudgment and post-judgment interest, litigation costs, and such other and further relief as this Court deems just and proper.

COUNT II
CONSPIRACY TO DEFRAUD AGAINST DEFENDANTS AND
CO-CONSPIRATORS, LANE AND DIAMOND SHOWROOM

51. Plaintiff, ROSY BLUE repeats, with the same force and effect as if fully restated, the allegations as set forth in paragraphs 1 through 39, inclusive, of the Complaint, and further states and alleges as follows:

52. This is an action by ROSY BLUE and against LANE and DIAMOND SHOWROOM for conspiracy to commit fraud, and for damages in excess of the minimum jurisdictional requirements of this Court, exclusive of interest and costs.

53. LANE and DIAMOND SHOWROOM, along with Davis and Davis & Associates, entered into an agreement, and conspired and endeavored, in active concert and participation with one another, to defraud ROSY BLUE into parting with millions of dollars worth of diamonds for their own improper profit and financial benefit, all as more fully explained in paragraphs 8 thorough 39, inclusive, of the Complaint.

54. Specifically, as devised by the co-conspirators, on or about March 6, 2006, LANE and DIAMOND SHOWROOM contacted ROSY BLUE, via letter, to introduce prospective clients, Davis and Davis & Associates, to ROSY BLUE.

55. Pursuant to the letter, LANE and DIAMOND SHOWROOM, on behalf of Davis and Davis & Associates, expressed Davis and Davis & Associates' interest in purchasing large quantities of diamonds.

56. To enable and assist Davis and Davis & Associates in convincing ROSY BLUE to deliver large quantities of diamonds to Davis and Davis & Associates, LANE and DIAMOND SHOWROOM represented in the letter that they had witnessed Davis and Davis & Associates “buy 1 million in one sitting,” and further promised in the letter to “guarantee” purchases made by Davis and Davis & Associates.

57. During the April, 2006 visit, and to further assist Davis and Davis & Associates in obtaining from ROSY BLUE large quantities of diamonds, LANE, DIAMOND SHOWROOM, Davis and Davis & Associates represented to ROSY BLUE that Davis and Davis & Associates maintained: significant financial assets to purchase and secure the purchase of diamonds; an established business of selling diamonds; the financial ability to pay for all diamonds purchased in a commercially reasonable manner; and the clientele to market and sell large quantities of diamonds at a profit.

58. Each representation was fraudulently made in furtherance of the conspiracy to induce ROSY BLUE to deliver to Davis and Davis & Associates millions of dollars worth of diamonds.

59. In reasonable reliance on these representations, ROSY BLUE entered into nineteen (19) transactions with Davis and Davis & Associates between April, 2006 and October, 2006, for the sale and consignment to Davis and Davis & Associates of \$6,500,000.00 worth of diamonds.

60. Through their active participation in this conspiracy, LANE and DIAMOND SHOWROOM greatly profited from the diamonds they actively assisted Davis and Davis & Associates in fraudulently obtaining from ROSY BLUE.

61. ROSY BLUE has been injured as a direct and proximate result of LANE and DIAMOND SHOWROOM conspiring with Davis and Davis & Associates to commit fraud against ROSY BLUE.

WHEREFORE, Plaintiff, ROSY BLUE respectfully requests judgment against Defendants, LANE and DIAMOND SHOWROOM, jointly and severally for compensatory damages in the amount of \$4,514,755.12, punitive damages, prejudgment and post-judgment interest, litigation costs, and such other and further relief as this Court deems just and proper.

COUNT III
FRAUDULENT INDUCEMENT AGAINST
DEFENDANTS, LANE AND DIAMOND SHOWROOM

62. Plaintiff, ROSY BLUE repeats, with the same force and effect as if fully restated, the allegations as set forth in paragraphs 1 through 39, inclusive, of the Complaint, and further states and alleges as follows:

63. This is an action by ROSY BLUE for fraud in the inducement against LANE and DIAMOND SHOWROOM, and for damages in excess of the minimum jurisdictional requirements of this Court, exclusive of interest and costs.

64. To induce ROSY BLUE into delivering large quantities of diamonds to Davis and Davis & Associates, LANE for himself and on behalf of DIAMOND SHOWROOM intentionally and/or negligently misrepresented material facts and failed to disclose other material facts necessary to make other representations to ROSY BLUE accurate.

65. Specifically, to induce ROSY BLUE to sell and consign large quantities of diamonds to Davis and Davis & Associates, Defendants, LANE and DIAMOND SHOWROOM fraudulently misrepresented the facts set forth in paragraphs 13 through 18, inclusive of the Complaint, including:

- (a) LANE and DIAMOND SHOWROOM guaranteed the purchase of diamonds by Davis and Davis & Associates from ROSY BLUE;
- (b) LANE and DIAMOND SHOWROOM had witnessed Davis and Davis & Associates purchase \$1,000,000.00 of diamonds “in one sitting;”
- (c) Davis and Davis & Associates had significant financial assets to purchase and secure the purchase of diamonds;
- (d) Davis and Davis & Associates had the financial ability to pay for all diamonds purchased in a commercially reasonable manner; and
- (e) that Davis and Davis & Associates had the clientele to market and sell large quantities of diamonds at a profit.

66. Each of these representations made by LANE and DIAMOND SHOWROOM was fraudulent when made.

67. At the time that each representation was made to ROSY BLUE, LANE and DIAMOND SHOWROOM knew or should have known that the representations were fraudulent and misleading and were intended to induce ROSY BLUE to sell and consign large quantities of diamonds to Davis and Davis & Associates for the improper financial benefit of LANE, DIAMOND SHOWROOM, Davis and Davis & Associates.

68. LANE and DIAMOND SHOWROOM also failed to disclose to ROSY BLUE other material facts including:

- (a) LANE and DIAMOND SHOWROOM never witnessed Davis and Davis & Associates purchase \$1,000,000.00 of diamonds “in one sitting;”
- (b) LANE and DIAMOND SHOWROOM knew that Davis and Davis & Associates did not have the financial assets to purchase and secure the purchase of diamonds, or the financial ability to pay for all diamonds purchased in a commercially reasonable manner; and
- (c) did not have the clientele to market and sell the diamonds at a profit.

69. LANE and DIAMOND SHOWROOM, and each of them, intentionally and/or negligently misrepresented these material facts, made untrue statements, and failed to disclose all material facts necessary to make other representations to ROSY BLUE true and correct.

70. ROSY BLUE reasonably relied on LANE and DIAMOND SHOWROOM's representations, to its detriment, in delivering diamonds to Davis and Davis & Associates on credit and consignment.

71. These actions, omissions, conduct and misrepresentations on the part of LANE and DIAMOND SHOWROOM were willful, unwarranted, outrageous, malicious, and carried out with the improper design, purpose and effect of defrauding ROSY BLUE for the personal and improper economic benefit of LANE and DIAMOND SHOWROOM.

72. As a direct and proximate result of, and in reasonable reliance upon LANE and DIAMOND SHOWROOM's fraudulent misrepresentations, omissions, and other fraudulent conduct, ROSY BLUE has been substantially damaged and continues to suffer damage.

WHEREFORE, Plaintiff, ROSY BLUE respectfully requests judgment against Defendants, LANE and DIAMOND SHOWROOM, jointly and severally, for compensatory damages in the amount of \$4,514,755.12, punitive damages, prejudgment and post-judgment interest, litigation costs, and such other and further relief as this Court deems just and proper.


DEMAND FOR JURY TRIAL

Plaintiff, ROSY BLUE, pursuant to Fed. R. Civ. P. 38, hereby demands trial by jury on all issues so triable as a matter of right by law.

Dated: March 29, 2010

Respectfully submitted,

By:


GARRY W. O'DONNELL - 0032926
Trial Attorney
ADORNO & YOSS LLP
700 S. Federal Highway, Suite 200
Boca Raton, Florida 33432
(561) 393-5660 fax (561)338-8698
Attorneys for Plaintiff, Rosy Blue, NV