

#10295

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS  
COUNTY DEPARTMENT, CHANCERY DIVISION

PEOPLE OF THE STATE OF ILLINOIS )  
 ex. rel. KIMBERLY M. FOXX, State's Attorney )  
 of Cook County, Illinois, )  
 )  
 Plaintiff, )  
 vs. )  
 )  
 CHICAGO BASKETBALL ACADEMY, LC3; )  
 DAMOND L. WILLIAMS, individually, as agent of )  
 Chicago Basketball Academy, L3C )  
 )  
 Defendants )

2017CH08669  
 CALENDAR/ROOM 07  
 TIME 00:00  
 No  
 Injunction

**VERIFIED COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

NOW COMES the Plaintiff, the People of the State of Illinois *ex rel.* KIMBERLY M. FOXX, State's Attorney of Cook County, Illinois, and complains of the CHICAGO BASKETBALL ACADEMY, L3C, (hereinafter the "ACADEMY") and DAMOND WILLIAMS, individually and as agent of the ACADEMY, for violations of the Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1 *et seq.* (hereinafter the "Consumer Fraud Act"), violations of the Uniform Deceptive Trade Practices Act, 815 ILCS 502/1 *et seq.*, and for engaging in common law fraud.

FILED  
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 CLERK

**INTRODUCTION**

1. In 2013, Damond Williams founded the ACADEMY as a co-ed, private boarding high school that prepared students for college basketball and for careers in the basketball industry. By late 2014, however, Damond Williams had failed to attract the necessary financial investment needed to build and operate the ACADEMY. Nevertheless, Damond Williams continued to solicit students and their families to enroll at the ACADEMY for the 2015-2016 academic year through the school's website, marketing materials, and student enrollment agreements, all of which made material misrepresentations and omissions regarding the ACADEMY's accreditation, facilities, staff, and its academic and athletic programs. In reliance upon these misrepresentations

and omissions, consumers enrolled their children at the ACADEMY's basketball-centered private high school and paid the required \$2,500.00 tuition deposit. Within two weeks of opening the school in the Fall of 2015, the ACADEMY closed after it failed to provide students with classrooms, textbooks, or instructional materials; failed to pay teachers and coaches; and failed to provide students with the promised educational and athletic programs described in the ACADEMY's brochures. Thereafter, Damond Williams and the ACADEMY refused to refund parents' pre-paid tuition.

### **JURISDICTION & VENUE**

2. This court has jurisdiction over the Defendants because the unlawful and deceptive conduct alleged in this Complaint was committed in Cook County, Illinois.

3. Venue for this action properly lies in Cook County, Illinois, because the consumer transactions which give rise to this action occurred in Cook County, Illinois.

### **PLAINTIFF**

3. KIMBERLY M. FOXX, State's Attorney of Cook County, Illinois brings this action in the public interest in the name of the People of the State of Illinois, pursuant to her authority to restrain the use of methods, acts, or practices declared to be unlawful by the Consumer Fraud Act. 815 ILCS 505/7.

### **DEFENDANTS**

#### **CHICAGO BASKETBALL ACADEMY**

4. The CHICAGO BASKETBALL ACADEMY, L3C, was organized as an Illinois low-profit limited liability company on April 19, 2013, and has renewed its status as such every year through the present date. ( See Exhibit A )

5. Pursuant to Illinois law, a low-profit limited liability company "shall at all times significantly further the accomplishment of one or more charitable or educational purposes within the meaning of Section 170(c)(2)(B) of the Internal Revenue Code ... and would not have been formed but for the relationship to the accomplishment of such charitable or educational purposes." See 815 ILCS 180/1-26(a).

6. At all relevant times, the ACADEMY purported to operate a private high school, grades 9 through 12.

7. At all relevant times, the ACADEMY purported to operate a Foundation through which it claimed to support various charitable causes, as well as the school's financial aid programs.

8. Pursuant to Illinois law, any company that operates, or holds itself out as a low-profit limited liability company, and any chief operating officer of any such company, is deemed to be a "Trustee" as that term is defined in Section 3 of the Charitable Trust Act. *See* 815 ILCS 180/1-26(d).

9. Upon receipt of any property for charitable or educational purpose, Trustees are required to register the company's articles of organization with the Illinois Attorney General's Office, and to file annual reports disclosing the nature, and manner of administration, of property or assets being held for charitable or educational purposes. *See* 760 ILCS 55/6(a) and 7.

#### **Damond Williams**

10. At all relevant times, Damond Williams was the owner, manager and registered agent of the ACADEMY. ( See Exhibit A )

11. Damond Williams is a former college, and professional basketball player who played for teams in the United States and overseas, including teams in Egypt and Syria.

12. Damond Williams is not, and has never been, a licensed teacher, educator or school administrator in Illinois for any grade levels, including grades 9 through 12.

13. At all relevant times, Damond Williams identified himself to members of the public as the Founder and Chief Executive Officer of the ACADEMY's private high school.

14. At all relevant times, Damond Williams directed, managed and controlled the ACADEMY's school policies, administration, and day-to-day operations, and had knowledge of, and control over, the ACADEMY's finances and bank account(s) as an authorized signatory.

15. At all relevant times, Damond Williams devised, approved, or implemented the ACADEMY's deceptive, unfair and unlawful advertising, marketing, employment, student enrollment practices complained of herein, either directly or indirectly through others he hired or controlled.

16. At all relevant times, Defendant Williams organized the CHICAGO BASKETBALL ACADEMY, L3C, as a low-profit limited liability company, in part, to facilitate the implementation of his plan or scheme to defraud consumers, private foundations, and donors.

17. At all relevant times, Damond Williams was an agent of the ACADEMY.

18. To adhere to the fiction of a separate corporate existence between the CHICAGO BASKETBALL ACADEMY, L3C, and Damond Williams would serve to promote fraud and injustice.

19. At all relevant times, Damond Williams resided in Cook County, IL.

#### **DEFENDANTS' DECEPTIVE & UNFAIR BUSINESS PRACTICES**

20. At all relevant times, the CHICAGO BASKETBALL ACADEMY and Damond Williams were engaged in "trade or commerce" in so far as they advertised and offered to provide educational, basketball development, and vocational services to high school aged students, and charged and collected substantial tuition and fees to provide these claimed services. *See* 815 ILCS 505/1(e) and (f).

21. At all relevant times, the Defendants engaged in a plan or scheme to defraud members of the public -- including parents, school administrators, teachers, and donors -- who contributed monies to further the ACADEMY's stated educational and charitable purpose.

#### **Defendants' false business and school address**

22. At all relevant times, the Defendants listed 612 N. Wells, Chicago, IL, as the ACADEMY's principal place of business in filings with the Illinois Secretary of State, and as the school's address in all advertising, marketing, and contracts.

23. At all relevant times, the Defendants did not maintain a business office or a school administrative office for the ACADEMY at 612 N. Wells, Chicago, IL; nor did they operate a private high school from this address.

24. At all relevant times, Carson's Ribs restaurant operated from 612 N. Wells, Chicago, IL.

25. At all relevant times, the Defendants utilized 612 N. Wells, Chicago, IL, as the ACADEMY's mailing address without the consent of the owners of Carson's Ribs. Specifically, Chris Carson authorized Damond Williams to use the address of 612 N.

Wells sometime in 2010 or 2011 until Damond had an established residence in Chicago where he could receive mail. After Damond Williams had a place of residence and had organized the ACADEMY, in late 2013 or early 2014 Carson's Ribs directed Damond Williams to stop using its business address as the ACADEMY's mailing address. Sometime thereafter, Carson's Ribs stopped accepting the ACADEMY's mail.

**Defendants' plan or scheme to defraud consumers**

26. In 2013 and 2014, Damond Williams actively solicited former and current professional basketball players and investors to help finance construction of the ACADEMY's private high school, and the development and implementation of the school's educational and athletic curriculum.

27. By the end of November 2013, Damond Williams' principal investor and former NBA basketball player backed out of the project. Thereafter, Damond Williams continued to promote and market the ACADEMY, but failed to attract the financial investment needed to build and operate his proposed basketball-centered, private boarding high school.

28. At all relevant times, Damond Williams knew that neither he, nor the ACADEMY, had the financial resources, or the administrative and educational expertise, to open and operate a private high school, grades 9-12.

**Defendants' deceptive advertising and marketing practices**

29. At all relevant times, the Defendants devised and created a website, [www.chicagobasketballacademy.org](http://www.chicagobasketballacademy.org), through which they advertised and promoted the ACADEMY's basketball-centered, co-ed, boarding high school, and solicited parents to enroll their children at the ACADEMY.

30. At all relevant times, the Defendants knowingly made misrepresentations and omissions of material fact on their website, [www.chicagobasketballacademy.org](http://www.chicagobasketballacademy.org), which falsely portrayed the CHICAGO BASKETBALL ACADEMY as having relationships with "100s of schools and universities" and "100s of organizations and companys ", and having an established educational program that prepares students for college. ( See Exhibit D, sampling of webpages from the CBA's website as of October 28, 2015 )

31. At all relevant times, parents who viewed the Defendants' website relied

upon the Defendants' statements, and contacted the CHICAGO BASKETBALL ACADEMY to obtain more information about the private high school.

32. At all relevant times, the Defendants sent marketing materials and informational packets to parents who contacted the ACADEMY and requested additional information.

33. At all relevant times, Damond Williams drafted, approved and/or had knowledge of the written and visual content of the ACADEMY's informational booklets that described the ACADEMY's 4-year academic program, curriculum, athletic programs, and financial assistance program. ( See Exhibits M & E, Defendants' "CBA PRIMARY" informational brochure distributed to parents in late 2014 and in early 2015, respectively, also referred to as "marketing materials" )

34. The Defendants' 2015 marketing materials identify Damond L. Williams as the school's Founder and Chief Executive, and includes his photo and credentials as follows: "former program director at MADE/CPS, Illinois P-20 Joint Education Leadership Committee, former global ambassador at Harlem Globetrotters International" and "NCAA, NBA, NBDL, Harlem Globetrotters & FIBA". The materials also identify Dee Choudhary as the ACADEMY's Chief Operating & Chief Athletic Officer, and identify six members of the school's Academic Committee and include each person's name, photo, educational background, and business, academic, and/or basketball credentials. ( See Exhibit E, at pp. 6 and 9 )

35. The Defendants' informational brochure represents that the ACADEMY has a 4-year flexible curriculum that provides "all learners ... with advanced learning materials and technologies" and accommodates non-English speaking learners. ( See Exhibit E, at pp. 1, 5 ) Additionally, the Defendants state that ACADEMY freshman receive classes in market adaptation, global economics, and social entrepreneurship; meet with business leaders; and shadow employers and employees in sports science industries. ( See Exhibit E, p. 7 )

36. The Defendants marketing materials also represent that the ACADEMY maintains high academic standards, and operates its programs in the U.S. and overseas:

- a) "the worlds best universities and employers recognize the global qualifications in CBA students";

- b) "CBAG's programming and qualifications are involved in 6 countries";
- c) "our programs and qualifications set the standard for education in the global economy";
- d) "Our Academy will help better the life of your learner, by becoming a resident of the global CBA learning community".

( See Exhibit E, at page 1 )

37. The Defendants' marketing materials represent that "there are 1000's of schools and universities affiliated with CBA" ; and "100% of colleges and universities recommend us." ( See Exhibit E, at p. 1 )

38. The Defendants' informational brochure also highlights the school's "premier" basketball training program. ( See Exhibit E, at p. 10, photos and captions stating: "NBA All-Star Derrick Rose and CBA Leaders during BEI skills training near United Center"; "Cultural exchange between New Zealand and the United States at East Bank Club"; and "NBA Guard Patrick Beverley & CBA Leaders after BEI skills training at Quest" )

39. Additionally, the ACADEMY's brochure represents that it boards students at Fornelli Hall & Tower, 55 E. Washington, Chicago. ( See Exhibit E, at p. 2 )

40. At all relevant times, the Defendants' statements in paragraphs 30, 35-37, and 39 above were false.

41. At the time the Defendants distributed the ACADEMY's informational brochure to parents of prospective students in late 2014 and in 2015, they knew that the statements in paragraphs 30, 35-37, and 39 were false.

42. At all relevant times, the Defendants knew, but failed to disclose, that the ACADEMY did not have :

- a) a school building, classrooms or dorm rooms for grades 9-12 in which to teach or house students;
- b) paid administrators, teachers or academic committee members on staff through which to implement the school's advertised academic, vocational and sports curriculum and programs;
- c) computers, text books or instructional materials in Math, Science, English,

Social Studies, or the sports-related science, technology or business electives described in the packet;

- d) a permanent athletic facility or basketball courts for students' use;
- e) partnership agreements with businesses to provide ACADEMY high school students with "shadowing" opportunities, or vocational skills and training;
- f) established schools or programs in six countries;
- g) affiliations with hundreds of schools and universities; or
- h) a school boarding contract with Fornelli Hall & Tower.

43. At all relevant times, the Defendants made the misrepresentations and omissions of material fact listed in paragraphs 30, 35-37, 39 and 42 with the intent that parents would rely on them and be induced to enroll their child at the ACADEMY.

44. At all relevant times, parents who viewed the ACADEMY's website and received the ACADEMY's informational brochure relied upon the Defendants' misrepresentations and omissions of fact, and believed the ACADEMY operated a private high school that prepared student-athletes for college and for a future in college or professional basketball.

#### **Defendants' deceptive sales solicitation methods and practices**

45. At all relevant times, Damond Williams met with parents, introduced himself as the Founder and Chief Executive of the ACADEMY, and told them that he was a former college and professional basketball player as he answered their questions about the basketball-centered high school.

46. At all relevant times, Damond Williams gave parents tours of the ACADEMY's purported classrooms and athletic facilities by showing them several Chicago loop business office locations where he claimed students would attend class, or develop their basketball playing skills.

47. On one or more occasions, Defendant Williams took parents to office space located on the 8<sup>th</sup> floor of 325 N. Wells, Chicago, and represented that classes would be held at this location during the Fall 2015. On another occasion, the Defendants directed a parent to go to the ACADEMY's Student Enrollment Office, located at 325 N. Wells,



Chicago, on the 10<sup>th</sup> floor, to meet with the ACADEMY's Chief Academic Officer, Dee Choudhary.

48. At all relevant times, the ACADEMY neither occupied nor leased space on the 8<sup>th</sup> floor of 325 N. Wells, Chicago. Additionally, the ACADEMY did not maintain a Student Enrollment Office on the 10<sup>th</sup> floor of 325 N. Wells, Chicago, or lease space at this location.

49. At all relevant times, Damond Williams had entered into business negotiations with a company named DIRTT which occupied the penthouse suite and offices located on the 10<sup>th</sup> floor of 325 N. Wells, Chicago, and which specialized in building interior spaces. At all relevant times, Damond Williams induced DIRTT to grant him occasional access to their penthouse suite, offices, and modular classroom by misrepresenting that the ACADEMY was constructing a new private high school building designed by Perkins & Will in Chicago, and by engaging in business discussions with DIRTT to build the classrooms in the new school. ( A true copy of Perkins & Will's rendering of the ACADEMY's new school building is attached as Exhibit B, and photos of DIRTT's penthouse showroom and modular classroom are attached as Exhibits C-1 and C-2 )

50. At no time did the Defendants execute a contract with DIRTT to build or install classrooms for the ACADEMY's use.

51. As part of his guided tour of the ACADEMY, Damond Williams took parents to the East Bank Club located at 500 N. Kingsbury Street, Chicago, and told parents that the ACADEMY had entered into a partnership with the East Bank Club which granted the school's student-athletes access to the private club's basketball courts, weight rooms, and other facilities.

52. At the time Damond Williams made the representation in paragraph 51 above, no such partnership agreement existed between the East Bank Club and the ACADEMY.

53. Damond Williams also took parents to Body Gears, located at 211 N. Clinton, Chicago, and represented that ACADEMY's high school students would shadow Body Gears employees, and receive hands-on instruction from the company's licensed professionals in sports science and physical therapy at this location.

54. At the time he made the representations in paragraph 53 above, no such partnership agreement existed between the ACADEMY and Body Gears.

55. At the time Damond Williams made the representations in paragraphs 46, 47, 51, and 53, and solicited parents to enroll their child at the ACADEMY, he knew these statements were false, and intended that parents would rely on these misrepresentations.

56. At all relevant times, Defendant Williams had merely entered into discussions with Body Gears about the possibility of hiring Body Gears' professional staff to teach at the ACADEMY and to provide its high school students with shadowing opportunities.

57. At all relevant times, the Defendants did not execute a contract with either the East Bank Club or Body Gears to provide athletic facilities or sports-related vocational training to the ACADEMY's high school students.

58. At all relevant times, parents who read the Defendants' website, informational brochure, and/or received Damond Williams' school tour relied on the Defendants' misrepresentations and omissions of material fact, and believed that the ACADEMY provided students with innovative educational and sports-related vocational programs, in partnership with several sports-related businesses.

#### **Defendants' Financial Aid practices**

59. For the 2015-2016 school year, the Defendants charged \$9,251.3 for non-boarding Illinois students to attend the ACADEMY, and charged boarding students \$15,116.88. Additionally, the Defendants assessed \$775.12 in fees for Athletics, Health Services, Technology and Laundry. ( See Exhibit E at p. 15, and Exhibit I-3, Student Enrollment Agreement )

60. To offset the high cost of private school tuition, the Defendants purported to offer financial aid to qualifying families. ( See Exhibit E, pp. 13, 14 )

61. At all relevant times, the Defendants furnished parents with a financial aid application and instructed them to submit copies of their most recent Federal tax forms, along with their W-2s, Social Security Income, Child Support, SNAP, TANF, and Food Stamps by June 15, 2015. ( See Exhibit E, p. 14 )

62. Parents relied upon the Defendants' representations, and submitted the ACADEMY's financial aid application, along with their personal financial documents, to the Defendants.

63. At all relevant times, the Defendants sent letters to parents which stated they had been awarded specific amounts of financial aid through the “CBA Leaders Award”, “CBA Work” and “Scholarship Initiative” programs. The Defendants’ financial aid award letter also stated that the cost of their child’s tuition had been lowered by the total amount awarded. ( See Exhibit I-3 )

64. At the time the Defendants sent these award letters to parents, the Defendants knew that the representations contained therein were false.

65. At all relevant times, on information and belief, the Defendants did not create, administer, or fund the financial aid programs referenced in the ACADEMY’s financial aid award letters to parents; nor did the Defendants apply for, or receive, “Scholarship Initiative” funds on behalf of the financial aid applicants.

66. At all relevant times, the Defendants advised parents that a \$2,500.00 tuition deposit was due upon signing the ACADEMY’s Enrollment Agreement. ( See Exhibit I-3 )

67. At all relevant times, the Defendants intended that parents would rely on the material misrepresentations and omissions contained in their financial aid award letter, and be induced to sign the Enrollment Agreement and pay the required \$2,500 deposit.

#### **Defendants’ deceptive contracting practices**

68. During his enrollment solicitations, Damond Williams represented to parents that the ACADEMY had been recognized, or accredited, by the Illinois State Board of Education. At all relevant times, Damond Williams also presented parents with an Enrollment Agreement that stated the ACADEMY was “recognized as a non-public school by: the Illinois State Board of Education, the Illinois Student Assistance Commission, and the P-20 Council of Illinois.” ( See Exhibit I-3 )

69. At all relevant times, the ACADEMY was not recognized by the Illinois State Board of Education (hereinafter “ISBE”) as a non-public school, nor was the ACADEMY registered with ISBE. ( See Exhibit F, Affidavit of Dr. Gary Greene )

70. At all relevant times, the ACADEMY was not recognized as a non-public school by the Illinois Student Assistance Council.

71. At all relevant times, the ACADEMY was not recognized as a non-public school by Illinois’ P-20 Council. Rather, Illinois’ P-20 Council had previously invited

Damond Williams to speak about the ACADEMY at one of the Council's meetings. ( See Exhibit G, P-20 Council Meeting Agenda, dated December 12, 2014 )

72. At the time the Defendants represented that ACADEMY was recognized by ISBE, ISAC and Illinois' P-20 Council, they knew these representations to be false and misleading.

73. At all relevant times, the Defendants made the misrepresentations in paragraph 69 with the intent that parents would rely on them, and be induced to believe the ACADEMY's educational programs met state standards.

74. At all relevant times, parents relied on the Defendants' misrepresentations and omissions of fact referenced in paragraphs 60, 61, 63, and 68 above, signed the Enrollment Agreement, and paid the required tuition deposit through the ACADEMY's "on-line store".

75. At all relevant times, the ACADEMY's vendor, Square-Up, Inc. processed parents' credit card payments, and deposited the proceeds into the Defendants' corporate bank account(s) after deducting its service fee.

76. At all relevant times, Damond Williams and/or his agent(s) took possession and control of the monies Square-Up, Inc. deposited into the ACADEMY's account.

#### **Defendants' deceptive hiring practices**

77. As part of the Defendants' plan or scheme to defraud, Damond Williams recruited Dee Choudhary, a business executive and student assessment professional, to help him develop the ACADEMY's "student-centered" educational, basketball, and vocational curriculum. Sometime in 2014, he also named her the ACADEMY's Chief Operating and Chief Athletic Officer. ( See Exhibit E, at p. 6; and Exhibit M )

78. On information and belief, Damond Williams induced Dee Choudhary to provide "pro-bono" services to the CBA by holding out the ACADEMY as a low-profit, social enterprise that educated economically disadvantaged youth and that prepared student-athletes for careers in the basketball industry.

79. On information and belief, Damond Williams repeatedly promised to compensate Dee Choudhary once the ACADEMY's high school opened in the Fall 2015.

80. In late summer of 2015, Damond Williams also hired Matt Kearney, a certified Physical Education and Health teacher, to coach basketball and teach students during the CBA's 2015-2016 school year.

81. Prior to accepting the full-time job offer, Matt Kearney reviewed, and relied upon, the information contained on the Defendants' website, [www.chicagobasketballacademy.org](http://www.chicagobasketballacademy.org), and verified Defendant Williams' representations that he was a former college and professional basketball player, and was the school's Founder and Chief Executive.

82. Williams repeatedly promised Matt Kearney that he would be compensated for his services, and stated Mr. Kearney's salary would be determined once the final number of enrolled students was known at the beginning of the school year.

83. At the time Damond Williams offered Dee Choudhary and Matt Kearney full-time employment, he did not intend to retain them as staff during the ACADEMY's 2015-2016 school year, and knew, but failed to disclose, that the ACADEMY could not pay them a salary commensurate with their professional skills and experience.

84. In reliance upon Damond Williams' repeated promises to compensate him, Matt Kearney helped the ACADEMY identify and recruit potential student-athletes to the school, performed administrative duties -- including securing temporary housing for a Croatian student-athlete who arrived in Chicago to attend the ACADEMY -- and held "class" during the first week of the ACADEMY's Fall 2015 session.

85. At all relevant times, the Defendants failed to pay Dee Choudhary and Matt Kearney for the services they rendered to the ACADEMY.

86. Dee Choudhary and Matt Kearney would not have accepted Damond Williams' job offer had they known that the ACADEMY could not pay them a full-time administrator or teacher salary, or known that the ACADEMY could not provide its enrolled students with the contracted-for educational, athletic, and vocational programs.

**Defendants' failure to provide contracted-for  
educational services and failure to refund tuition deposits**

87. At all relevant times, the Defendants began the ACADEMY's first day of classes on September 21, 2015, even though they did not have the school administrators,

teachers, and coaches needed to implement the ACADEMY's promised academic, vocational, and athletic programs, grades 9-12.

88. At all relevant times, the Defendants did not provide its hired teachers with class syllabi, a course curriculum, text books or instructional materials in any core academic area, or in the Defendants' advertised business and sports-related classes.

89. Sometime during the second week of classes, the ACADEMY's teachers directed students to stop attending the CBA because they were not receiving an education.

90. At all relevant times, students who attended the ACADEMY did not receive any of the contracted-for educational, athletic, or vocational services.

#### **Defendants' false refund promise**

91. At all relevant times, the Defendants' Enrollment Agreement stated that tuition deposits would be refunded to parents provided they gave written notice of their decision to cancel the Agreement before classes commenced in the Fall, or alternatively, they gave written notice of their decision to withdraw their child from the ACADEMY within seven days of the school year's commencement. ( See Exhibit I-3 )

92. At all relevant times, the Defendants instructed parents to send their written notice of cancellation or withdrawal to Carson's Ribs' address of 612 N. Wells, Chicago, after Damond Williams had been directed to stop utilizing this address to receive the ACADEMY's mail. ( See Exhibit I-3 )

93. At all relevant times, the Defendants did not intend to take receipt of parents' cancellation and withdrawal notices mailed to Carson's Ribs restaurant, or to refund parents' tuition deposits.

94. At all relevant times, the Defendants denied parents' refund requests, in part, by claiming their written notice of withdrawal had not been sent to 612 N. Wells, Chicago, IL, within the first seven days of classes.

#### **Defendants' deceptive and unlawful solicitation of charitable donations**

95. As a general rule, private foundations are required by law to distribute at least 5% of their assets every year for charitable purposes.

96. To facilitate, and attract, charitable contributions from private foundations –

as well as private investors, businesses and members of the public – Damond Williams organized the ACADEMY as an Illinois low-profit limited liability company.

97. At all relevant times, the Defendants organized and hosted fundraising events during which Damond Williams identified himself as the Founder and Chief Executive of the ACADEMY, and solicited financial contributions from private foundations, businesses, and members of the public to support the ACADEMY's purported educational mission.

98. At all relevant times, and through the present date, the Defendants' website, [www.chicagobasketballacademy.org](http://www.chicagobasketballacademy.org), has promoted fundraising events and has solicited donations to the ACADEMY's Foundation to support financial aid programs and charitable causes affiliated with its purported private high school.

99. Accordingly, the Defendants are "Trustees" as that term is defined under the Charitable Trust Act, and are required to file and register the ACADEMY's articles of organization and annual reports with the Office of the Illinois Attorney General. *See* 815 ILCS 180/1-26(d), and 760 ILCS 55/6(a) and 7(a).

100. At all relevant times, neither Damond Williams nor the CHICAGO BASKETBALL ACADEMY, LC3 filed or registered the ACADEMY's articles of organization with the Attorney General's Office, as required by law. *See* 760 ILCS 55/1 *et seq.* ( A true copy of the Attorney General's Charitable Trust Bureau's certification of non-registration is attached as Exhibit K )

101. At all relevant times, neither Damond Williams nor the ACADEMY registered its purported Foundation as a charitable organization with the Charitable Trust Bureau of the Office of the Illinois Attorney General, nor did they file annual reports disclosing the nature of the assets they held for charitable or educational purposes, as required by law. *See* 225 ILCS 460/1 *et seq.* ( *See* Exhibit K )

102. Under Illinois' Charitable Trust Act, the Defendants have a duty to ensure that statements or representations they make during solicitations are true and correct. *See* 225 ILCS 460/15(a).

103. At all relevant times the Defendants solicited funds from parents to whom they knowingly misrepresented that the ACADEMY provided students with a high school education and with basketball-centered vocational and athletic training programs.

104. At all relevant times the Defendants solicited donations from members of the public to the ACADEMY's purported Foundation and knowingly misrepresented that the Foundation supported specific charitable missions associated with the school, and the ACADEMY's financial aid programs for economically disadvantaged students.

105. At all relevant times, on information and belief, potential corporate sponsors, private foundations and members of the public relied upon the Defendants' misrepresentations and omissions of fact and contributed monies to the ACADEMY and/or its purported Foundation, via the Defendants' website.

106. At all relevant times, Square-Up, Inc. processed donors' payments made through the ACADEMY's on-line store, and deposited the proceeds into the Defendants' corporate bank account(s) after deducting its service fee.

107. At all relevant times, as agent and Trustee of the CHICAGO BASKETBALL ACADEMY, Damond Williams took possession and control of the charitable donations Square-Up deposited into the ACADEMY's account.

108. As Trustees, the Defendants had a duty to allocate financial contributions and charitable donations they received to further the ACADEMY's stated educational and charitable purposes. *See* 225 ILCS 460/15(a) and 18(b).

109. At all relevant times, the Defendants failed to apply the monies they received to provide ACADEMY students with the contracted-for educational services, in violation of law.

110. At all relevant times, on information and belief, the Defendants failed to apply the charitable donations made to the ACADEMY's "Foundation" to the Defendants' advertised charitable cause(s) or financial aid programs, in violation of law.

111. At all relevant times, Defendant Williams misapplied the majority of the financial and charitable contributions made to the ACADEMY and its "Foundation", in violation of law.

112. From at least June 2014 through at least May 12, 2017, the Defendants have continued to solicit student enrollments and charitable contributions to the ACADEMY's purported Foundation through their website. ( See Group Exhibit L, representative webpages from the ACADEMY's website as of May 12, 2017 )



## CONSUMER ILLUSTRATIONS

113. The paragraphs pertaining to consumer victims Katreina Morgan, Kristy Morgan, and Lori Moreno below are representative examples of the Defendants' deceptive and unlawful business practices, and are not meant to be exhaustive. Accordingly, Plaintiff reserves the right to prove that consumers other than those listed here have been injured by the Defendants' ongoing deceptive and unlawful business practices.

### **Kristy Morgan**

114. Kristy Morgan resides on the South Side of Chicago, and is the mother of a high school-aged son, Christian, who is an avid basketball player.

115. Sometime in early 2015, Kristy was referred to the CHICAGO BASKETBALL ACADEMY by her sister, Marguerite Morgan, who had learned about the Defendants' new school while researching private and charter schools on Illinois' Great School website, [www.greatschools.org/il](http://www.greatschools.org/il).

116. Kristy Morgan viewed the images and read the content on the ACADEMY's website, which described the Defendants' academic and athletic philosophy, and its student-centered curriculum and teaching methods.

117. On February 20, 2015, Kristy Morgan sent an e-mail to [info@chicagobasketballacademy.org](mailto:info@chicagobasketballacademy.org) and requested additional information about the school. In response, the ACADEMY's purported Office of Admissions sent her a 17-page informational booklet entitled "CBA PRIMARY", a financial aid packet, and applications to enroll in the ACADEMY's 2015 Summer Basketball Program and the ACADEMY's high school for the 2015-2016 school year. ( A true copy of the "CBA PRIMARY" informational booklet Kristy Morgan received is attached as Exhibit E )

118. After reviewing the informational packet, Kristy Morgan asked the Defendants if she could drop off her son's application for the Summer Basketball Program, and at the same time, speak with the school's Chief Administrator, Dee Choudhary, regarding enrollment in the Fall 2015.

119. On or about February 21, 2015, the Defendants directed Kristy Morgan to drop off her son's application at the ACADEMY's Enrollment Office located at 325 N. Wells, 10<sup>th</sup> Floor.

120. On February 25, 2015, Kristy Morgan and her son traveled to this location where they met with Damond Williams in the building's penthouse suite. ( See Exhibit C-1 )

121. Damond Williams introduced himself as the Founder and Chief Executive of the ACADEMY, and as a former college and professional basketball player with numerous contacts in the basketball industry and in Division I colleges. After answering their questions about the school, Damond Williams encouraged Kristy and her son to enroll at the ACADEMY.

122. That same day, in reliance on Damond Williams' representations, and on what she had read and seen about the ACADEMY, Kristy Morgan submitted an application for Christian to attend the Defendants' Summer Basketball Program and private high school in the Fall of 2015. Kristy paid the Defendants a total of \$150.00 in application fees. ( A true copy of Kristy Morgan's digital receipt for this payment is attached as Exhibit H-1 ).

123. On March 24, 2015, Damond Williams sent Kristy Morgan the ACADEMY's Enrollment Agreements for its Summer Basketball Program, which ran from July 20<sup>th</sup> - August 7<sup>th</sup>, 2015, and for its High School, which ran from September 21<sup>st</sup> - June 10<sup>th</sup> 2016, for her signature. He also gave Kristy his cell phone number : (208) 858-7489.

124. The Defendants' high school Enrollment Agreement (hereinafter the "Agreement") stated the ACADEMY was a recognized non-public school by the Illinois State Board of Education, the Illinois Student Assistance Council and the P-20 Council of Illinois. The Agreement also outlined the school's curriculum and learning objectives, and stated the tuition and fees were \$9,934.43 for Illinois, non-boarding, students.

125. On or about March 24, 2015, in reliance upon the Defendants' representations that the ACADEMY awarded financial aid to lower-income families, Kristy Morgan completed and sent the ACADEMY's financial aid application, along with her supporting financial documents, to the Defendants.

126. On or about March 24, 2015, Kristy Morgan signed, scanned, and e-mailed

the ACADEMY's Summer Basketball and High School Agreements to Damond Williams. ( True copies of Kristy Morgan's signed Enrollment Agreements are attached as Exhibits H-2 and H-3 )

127. On March 26, 2015, Kristy Morgan received a Financial Aid Award letter from Damond Williams stating that based on her income she had been granted \$4,303.92 in financial aid. The letter also stated that Kristy Morgan's tuition and fee costs were now \$5,630.51, instead of \$9,934.43. ( A true copy of Kristy Morgan's Financial Aid Award letter is attached as Exhibit H-4 ).

128. In reliance upon the Defendants' representation that her son's tuition costs had been reduced almost by half, Kristy Morgan scheduled an "educational tour" of the ACADEMY.

129. Sometime during the first week of April 2015, Kristy Morgan and her sister Katreina Morgan, along with 4 or 5 of their family members, traveled to 325 N. Wells and met Damond Williams, who identified himself as the founder and Chief Executive Officer of the ACADEMY. Damond Williams proceeded to show them the office space located on the 8<sup>th</sup> floor of the building, where he stated the ACADEMY's students would attend class in the Fall 2015, among several other Chicago loop business office locations.

130. Damond Williams affirmed the representations made on the CBA's website and its informational packet, including the ACADEMY's global business and basketball-centered curriculum offerings, and stated the ACADEMY was recognized by the Illinois State Board of Education.

131. During his sales solicitation, Damond Williams also took the Morgan sisters and their family members to the East Bank Club, located at 500 N. Kingsbury, Chicago, IL, and showed them the private health club's facilities. Damond Williams told Kristy and Katreina Morgan that the ACADEMY's basketball program would be run primarily from the East Bank Club, and stated that the ACADEMY had entered into a partnership with the East Bank Club which permitted students to practice and train at this location.

132. While giving his tour of the ACADEMY's purported facilities, Damond Williams also relayed that he had two masters degrees, had played for the Harlem Globetrotters and for teams in Europe, and would use his numerous contacts within the basketball industry to help the school's student-athletes get into Division I college

basketball programs, and to play in international basketball tournaments. Defendant Williams also told the Morgan sisters that through the school's numerous corporate sponsors, students would be invited to Chicago Bulls and Chicago Sky basketball games.

133. After visiting the East Bank Club, Damond Williams took the Morgan sisters to Body Gears' physical therapy office located at 211 N. Clinton, Chicago, IL, where he told them students would shadow Body Gears' employees, and receive instruction about sports science and physical therapy through licensed, professional staff.

134. During his enrollment solicitation, Damond Williams told the Morgan sisters that a \$2,500.00 tuition deposit was due upon signing the Enrollment Agreement.

135. On June 13, 2015, in reliance upon the Defendants' misrepresentations about the ACADEMY's basketball-centered private high school, and Damond Williams' personal assurance that he would help ACADEMY students obtain athletic scholarships to attend Division I colleges, Kristy Morgan paid the required \$2,500.00 tuition deposit and enrolled her son as a freshman at the ACADEMY for the 2015-2016 school year. ( A true copy of Kristy Morgan's digital tuition payment receipt is attached as Exhibit H-5 )

136. On June 16, 2015, Damond Williams acknowledged receipt of her tuition deposit payment via e-mail, and stated his e-mail served as the ACADEMY's electronic signature on the Student Enrollment Agreement.

137. In July 2015, Christian attended the ACADEMY's 3-week Summer Program.

138. In August 2015, Christian Morgan received a Certificate of Achievement for having completed the ACADEMY's Summer Program, which in relevant part stated: "Our Academy is recognized by the Illinois State Board of Education as a non-public school, verifying our stance in academia". ( See Exhibit H-6 )

139. Before school started, Kristy Morgan purchased the Defendants' required uniform and registered her son for Basketball Tryouts for a total cost of \$113.00. ( True copies of Kristy's CBA digital receipts for these purchases are attached as Exhibits H-7 and H-8 )

140. On or about September 18, 2015, Kristy Morgan received the ACADEMY's map of the ACADEMY's academic, athletic and boarding facilities. ( A true copy of the ACADEMY's Map is attached as Exhibit H-9 )

141. On September 21, 2015, the first day of school, Kristy Morgan's son arrived ready to attend class at 230 W. Superior, Chicago, however there were no classrooms at this location.

142. On September 21, 2015, at 4:31 p.m., in response to Kristy Morgan's inquiry, Damond Williams gave her two additional addresses where her son should report to class during the first week of school.

143. On September 22, 2015, Damond Williams notified Kristy Morgan that her son would not need to report for basketball tryouts on Friday, September 25, 2015, because he had been accepted to play with USABB, starting October 16, 2015.

144. After the first week of school, Kristy Morgan's son complained to his mother that the school was disorganized and that students were not learning anything in class.

145. On Friday, September 25, 2015, Kristy Morgan and her son received an e-mail from the Defendants containing the purported access codes to download the ACADEMY's digital course materials in English, Math, Science, and Social Studies.

146. Kristy Morgan and her son attempted to view, download, and retrieve the Defendants' promised academic content, instructional materials, and homework assignments, but were not successful despite their repeated attempts.

147. On or about September 29, 2015, Christian Morgan and his classmates were released from school by the ACADEMY's teaching staff, who told the students not to return because they were not receiving an education.

148. After the second week of "classes", the ACADEMY closed.

149. During the brief period Christian attended "school" at the ACADEMY, the Defendants failed to provide him with the freshman classes listed in the "CBA PRIMARY" curriculum, and failed to provide textbooks, instructional materials, or access to a computer lab or educational software programs.

150. Kristy Morgan requested a full refund of her \$2,500.00 deposit, which the Defendants denied without explanation.

151. On April 6, 2016, the Cook County State's Attorney's Office sent a demand letter to the ACADEMY's mailing address of 612 N. Wells, Chicago, and to Damond Williams' residential address, via regular and certified mail, and requested a refund of

\$2,713.00 on Kristy Morgan's behalf. ( A true copy of the demand letter is attached as Exhibit H-10 )

152. All of the demand letters sent via Certified Mail were returned to the State's Attorney's Office unopened, and marked "Unclaimed", "Unable to Forward" or "Return to Sender".

153. To date, neither Damond Williams nor the CHICAGO BASKETBALL ACADEMY has responded to the State's Attorney's demand letter, or refunded any portion of Kristy Morgan's high school tuition deposit and fees.

**Katreina Morgan**

154. Katreina Morgan resides on the South Side of Chicago, and is the mother of a high school aged son, Jalen, who is an avid basketball player.

155. Sometime in March 2015, Kristy was referred to the CHICAGO BASKETBALL ACADEMY by her sister, Marguerite Morgan, who had learned about the Defendants' new private high school while researching charter and private schools on Illinois' Great School website, [www.greatschools.org](http://www.greatschools.org).

156. Katreina Morgan visited the Chicago Basketball Academy's website, [www.chicagobasketballacademy.org](http://www.chicagobasketballacademy.org), and read about the Defendants' school, which appeared to offer innovative academic, athletic and vocational programs for students, with an emphasis on basketball.

157. Impressed by the Defendants' private school's offerings and student-centered approach, Katreina obtained the Defendants' informational brochure and application with the assistance of her sister Marguerite. ( See Exhibit E )

158. In early April 2015, Katreina and Kristy Morgan, along with 4 or 5 of their family members, met with Damond Williams and were given an "educational tour" of the ACADEMY's school facilities and programs, described *supra* at pp. 8-10.

159. On or about April 9, 2015, in reliance upon Damond William's representations, and the representations made in the Defendants' informational brochure, Katreina completed and submitted the ACADEMY's financial aid and high school applications, and paid a non-refundable \$100.00 fee. ( A true copy of Katreina Morgan's digital application fee receipt is attached as Exhibit I-1 )

160. On or about April 11, 2015, Square-Up, Inc. processed Katreina Morgan's credit card payment and deposited \$100.00, less its processing fee, into the ACADEMY's checking account.

161. On or about April 17, 2015, Katreina Morgan received a Financial Aid Award letter from Damond Williams stating that based on her income, and in furtherance of the ACADEMY's social mission, she had been granted \$4,303.92 in financial aid from three (3) different sources, which reduced her tuition and fees from \$9,934.43 to \$5,630.51. ( A true copy of Katreina Morgan's Financial Aid Award letter is attached as Exhibit I-2 ).

162. Katreina Morgan relied upon Damond Williams' statements during his school tour, and upon the Defendants' statements in their informational brochure and financial aid award letter, and decided to enroll her son at the ACADEMY for the 2015-2016 school year.

163. On April 24, 2015, Damond Williams sent Katreina Morgan the ACADEMY's Enrollment Agreement via e-mail. Katreina noted that the Agreement stated the ACADEMY was recognized by several state education agencies, including the Illinois State Board of Education. The Agreement outlined the school's curriculum assessment, teaching methods, and student learning objectives, and also stated that an enrollment deposit of \$2,500 was due at the time of signing. ( A copy of Katreina Morgan's executed Student Enrollment Agreement is attached hereto as Exhibit I-3 )

164. On April 24, 2015, in reliance on the Defendants' representations and omissions regarding the ACADEMY's private high school, Katreina Morgan paid the required \$2,500.00 deposit and signed the Agreement to enroll her son at the ACADEMY. ( A true copy of Katreina's CBA \$2,500.00 digital receipt is attached as Exhibit I-4 )

165. Jalen Morgan attended the ACADEMY's Summer Basketball Camp Program in July 2015 to "try out" the school, and decided after attending the camp that he did not want to attend the ACADEMY as a sophomore in the Fall.

166. In early August 2015, Katreina Morgan notified Damond Williams that she was cancelling the Agreement because she would be enrolling her son elsewhere, and requested a refund of her \$2,500 tuition deposit.

167. Damond Williams acknowledged Katreina Morgan's timely withdrawal, but informed her that he did not have enough money to fully reimburse her at that time.

168. On or about September 4, 2015, Damond Williams paid Katreina Morgan \$500.00 via a CHICAGO BASKETBALL ACADEMY, L3C, check.

169. On September 28, 2015, Katreina Morgan requested that the Defendants return her \$2,500.00 deposit by October 2, 2015, or she would take legal action.

170. On September 30<sup>th</sup> and October 14<sup>th</sup>, Defendant Williams paid Katreina Morgan \$400.00 and \$250.00, respectively.

171. In October 2015, Katreina Morgan filed a small claims action against Damond Williams seeking the balance due on her \$2,500.00 deposit, and later received a \$250.00 check from the Defendants.

172. On January 5, 2016, Katreina Morgan obtained a money judgment against the Defendants in the amount of \$1,731.00.

173. On April 6, 2016, the Cook County State's Attorney's Office sent a demand letter to the ACADEMY's mailing address, and to Damond Williams' residential address, via regular and certified mail, and requested a \$1,731.00 refund on behalf of Katreina Morgan. ( See Exhibit H-10 )

174. On or about October 8, 2016, Katreina Morgan received a \$250.00 money order from the Defendants.

175. To date, neither Damond Williams nor the ACADEMY has fully refunded Katreina Morgan's \$2,500.00 tuition deposit, or satisfied the money judgment.

#### **Lori Moreno**

176. Lori and Paul Moreno reside in Mount Prospect, IL, and have a son, Andrew, who is an avid basketball player.

177. Based on the representations made on the Defendants' website, [www.chicagobasketballacademy.org](http://www.chicagobasketballacademy.org), Lori Moreno scheduled an appointment to meet with representatives of the ACADEMY.

178. Sometime in June 2014, Lori Moreno and her son met with Damond Williams at 325 N. Wells, 10<sup>th</sup> Floor, Chicago, IL. Damond Williams identified himself as the Founder and President of the CHICAGO BASKETBALL ACADEMY, and as a



former college and professional basketball player with many connections in the basketball industry.

179. After Damond Williams answered Lori and Andrew's questions about the school, he showed them what he stated was a mock-up of the classrooms that would be installed at the ACADEMY's new building, which he stated was under construction. At the time, Damond showed them an architectural drawing of the ACADEMY's new school which he claimed was being built near Millenium Park. ( See Exhibits B & C-2 )

180. During his sales solicitation, Damond Williams represented to Lori Moreno that if her son attended the ACADEMY he would most certainly receive a college athletic scholarship, and stated he would do all that he could to help students obtain scholarships.

181. In reliance on Damond Williams' representations about the basketball-centered private high school, and his ability to help secure college athletic scholarships for students, Lori Moreno enrolled her son in the ACADEMY's 2014 Summer Basketball Program.

182. During the Summer session, the Defendants took photos of Andrew playing basketball at the East Bank Club, and visiting various businesses located in the Chicago Loop, including Body Gears. As part of their plan or scheme to defraud, the Defendants later utilized these images of Andrew in the ACADEMY's 2015 informational brochure to substantiate the ACADEMY's representations about the high school's athletic and vocational programs. ( See Exhibit E )

183. Throughout 2014, Damond Williams continued to solicit the Moreno's to enroll their son for the 2015-2016 school year as a freshman. On December 30, 2014, the Defendants sent Lori Moreno a 7-page informational packet entitled "CBA PRIMARY", and on January 15, 2015, the Defendants sent her a high school application and a financial aid request form. ( A true copy of the Defendants' informational brochure sent to Lori Moreno is attached as Exhibit M ).

184. On March 24, 2015, in reliance upon Damond Williams' representations, and the representations made in the ACADEMY's informational brochure, Lori Moreno completed and submitted the Defendants' financial aid application and high school application, and paid the required \$100 application fee. ( A copy of Lori Moreno's application fee receipt is attached as Exhibit J )

185. On or about March 26, 2015, Lori Moreno received a Financial Aid Award letter from Damond Williams stating that based on her income, she had been granted \$2,151.96 in financial aid from three (3) different sources, which reduced her tuition and fee obligations to \$7,782.47. ( A copy of Lori Moreno's Financial Aid Award letter is attached as Exhibit J-1 )

186. During his ongoing enrollment solicitations of the Moreno's, Damond Williams told Lori that the ACADEMY had been recognized by the State Board of Education. He also informed her that each grade level at the ACADEMY had 90 students, with 8 students assigned per class, and that the classes were co-ed.

187. On June 2, 2015, in reliance upon Damond Williams' representations, and upon the Defendants' representations made in their website, informational brochure, and financial aid award letter, Lori Moreno enrolled her son as a freshman at the ACADEMY for the 2015-2016 school year. ( A copy of Lori Moreno's signed Enrollment Agreement is attached as Exhibit J-2 )

188. On June 19, 2015, Lori Moreno paid the Defendants \$1,000 toward tuition, at which time Damond Williams signed the Enrollment Agreement. ( See Exhibit J-3 )

189. On July 22, 2015, and again on August 15, 2015, Lori Moreno made payments of \$500 toward the Defendants' required tuition deposit. ( See Ex. J-4 & J-5 )

190. On September 9, 2015, Lori Moreno purchased ACADEMY polo shirts for \$76.00 through the Defendants' on-line store, to comply with the Defendants' school uniform requirement.

191. Approximately one week before classes were scheduled to start, Damond Williams asked the Moreno's to temporarily house a student from Croatia named Luka while the ACADEMY finished construction of its dorms located near the University of Illinois' Chicago campus, which were not quite move-in ready. The Moreno's agreed.

192. On September 21, 2015, the first day of class, Andrew traveled to 935 W. Chestnut, Chicago, as directed by the Defendants. The ACADEMY did not have any classrooms at this location.

193. Between September 21 and September 25<sup>th</sup>, 2015, the Defendants directed the Moreno's son to attend "class" at 935 W. Chestnut, then 1184 N. Milwaukee, and later 230 W. Superior, Chicago, IL.

194. After the first two days of “classes”, Andrew told his mother that students were not being taught anything, and that no homework was being assigned.

195. On September 23, 2015, Lori Moreno sent Damond Williams an e-mail inquiring why no instruction appeared to be taking place in her son’s classes. Damond Williams replied that students were being assessed the first day of school, and were reviewing the school’s academic and athletic philosophy for the remainder of the week.

196. When Lori Moreno inquired why no educational materials were being distributed, Damond Williams replied that “all classroom materials were going to be distributed electronically” later that week.

197. In reliance on Damond Williams’ statement, Lori Moreno purchased a laptop so her son could download the school’s instructional materials and homework assignments.

198. The Defendants sent the Moreno’s Andrew’s assigned student ID number and separate passcodes to access his class materials on-line. Despite numerous attempts, the Moreno’s were unable to download the Defendants’ claimed digital course materials and homework assignments.

199. Lori Moreno complained to Damond Williams. In response, Damond Williams sent her a copy of the P-20 Committee’s Agenda and told her this proved the CHICAGO BASKETBALL ACADEMY had received accreditation from the Lieutenant Governor’s P-20 Joint Education Leadership Committee.

200. On Friday, September 25, 2015, Lori Moreno pulled her son from the ACADEMY. She also received a call from Matt Kearney -- the ACADEMY teacher who had dropped off Luka at their home – who warned her that the ACADEMY appeared to be a sham.

201. During the week that Andrew Moreno attended the ACADEMY, the Defendants failed to provide him with the freshman classes listed in the “CBA PRIMARY” curriculum. They also failed to provide textbooks, instructional materials, or access to a computer lab and educational software programs.

202. On September 28, 2015, Lori Moreno timely notified the Defendants, via fax and e-mail, that she was withdrawing her son from the ACADEMY, and requested a refund of the \$2,000.00 in tuition she had paid. ( See Exhibit J-6 )

203. At around the same time, the Moreno's learned that Luka had arrived in the U.S. without any money because the Defendants had told his parents that he had been given a full scholarship to attend the ACADEMY, which included room and board.

204. On October 15, 2015, the Defendants refused Lori Moreno's refund request because her notice of withdrawal was not sent to the ACADEMY's mailing office, 612 N. Wells, Chicago, as provided for under the Enrollment Agreement. ( A true copy of the ACADEMY's refund denial notice is attached as Exhibit J-7 )

205. On March 30, 2016, the Cook County State's Attorney's Office sent a demand letter to the ACADEMY's mailing address of 612 N. Wells, Chicago, IL and to Damond Williams' residential address, via regular and certified mail, and requested a refund of \$3,075.00 on behalf of the Moreno's. ( A true copy of the demand letter sent is attached as Exhibit J-8 )

206. All of the demand letters were returned to the State's Attorney's Office marked "Unclaimed", "Unable to Forward" and "Return to Sender" by the U.S. Postal Service, except the letter sent regular U.S. mail to Damond Williams' residence.

207. On April 11, 2016, Defendant Williams contacted the Cook County State's Attorney's Office and reaffirmed the school's position that the Moreno's were not entitled to a refund.

208. To date, neither Damond Williams nor the CHICAGO BASKETBALL ACADEMY have refunded any portion of Lori Moreno's pre-paid tuition and fees.

209. To date, the Defendants have not reimbursed the Moreno family for the expenses they incurred to board Luka until his family could arrange his return to Croatia.

#### **APPLICABLE LAWS**

#### **THE CONSUMER FRAUD ACT**

210. The Consumer Fraud Act provides that whenever the State's Attorney has reason to believe that any person is using, has used, or is about to use any method, act, or practice declared by the Consumer Fraud Act to be unlawful, . . . , the State's Attorney may bring an action in the name of the People of the State of Illinois against such person to restrain by preliminary or permanent injunction the use of any such method, act or practice. *See* 815 ILCS 505/7.

211. Pursuant to Section 2 of the Consumer Fraud Act, it is unlawful to engage in unfair or deceptive acts or practices in the conduct of any trade or commerce, including but not limited to “the use or employment of any deception, fraud, false pretenses, false promise, misrepresentation or the concealment, suppression or omission of any material fact, with the intent that others rely upon the concealment, suppression or omission of such material fact.” *See* 815 ILCS 505/2.

212. The Court, in its discretion, may exercise all powers necessary to restrain deceptive or unfair acts or practices in the conduct of commerce, including but not limited to: injunction; revocation, forfeiture or suspension of any license, charter, franchise, certificate or other evidence of authority of any person to do business in the State; . . . and restitution. *See* 815 ILCS 505/7.

213. The Court may impose a civil penalty in a sum not to exceed \$50,000 against any person found to have engaged in any method, act or practice declared unlawful by the Consumer Fraud Act. *See* 815 ILCS 505/7.

214. In the event the Court finds the method, act, or practice declared unlawful by the Consumer Fraud Act to have been conducted with the intent to defraud, the Court has the authority to impose a civil penalty in a sum not to exceed \$50,000 per violation. *See* 815 ILCS 505/7.

### **UNIFORM DECEPTIVE TRADE PRACTICES ACT**

215. Section 2(a) of the Deceptive Trade Practices Act provides, in part:

A person engages in a deceptive trade practice when, in the course of his or her business, vocation, or occupation, the person:

...

(2) causes likelihood of confusion or of misunderstanding as to the source, sponsorship, approval, or certification of goods or services;

...

(9) advertises goods or services with intent not to sell them as advertised;

...

(12) engages in any other conduct which similarly creates a likelihood of confusion or misunderstanding.

815 ILCS 510/2 (2016)

216. Section 3 of the Deceptive Trade Practices Act provides in relevant part:

A person likely to be damaged by a deceptive trade practice of another may be granted injunctive relief upon terms that the court considers reasonable. Proof of monetary damage, loss of profits or intent to deceive is not required. ... Costs or attorneys' fees or both may be assessed against a defendant only if the court finds that he has willfully engaged in a deceptive trade practice. The relief provided in this Section is in addition to remedies otherwise available against the same conduct under the common law or other statutes of this State.

815 ILCS 510/3 (2016)

217. Violations of Section 2(a) of the Uniform Deceptive Trade Practices Act also constitute a violation of Section 2 the Consumer Fraud Act.

### **COMMON LAW FRAUD**

218. To state a cause of action for common law fraud, a plaintiff must plead: 1) a false statement of material fact; 2) knowledge or belief by the Defendant that the statement was false; 3) an intention to induce the Plaintiff to act; 4) reasonable reliance upon the truth of the statement by the Plaintiff; and 5) damage to the Plaintiff resulting from this reliance.

### **COUNT I**

#### **THE CHICAGO BASKETBALL ACADEMY'S VIOLATIONS OF THE CONSUMER FRAUD ACT**

1. The State's Attorney incorporates by reference and realleges herein paragraphs 1 – 209.

210. By taking part in the aforementioned conduct, the CHICAGO BASKETBALL ACADEMY, L3C, acting through its various agents, engaged in the following deceptive, unlawful, and unfair business and trade practices, in violation of Section 2 of the Consumer Fraud Act:

- a. devised and implemented a plan or scheme to defraud which induced parents to execute contracts and pay the ACADEMY pre-paid tuition monies to enroll

their child in its “premier” basketball –centered private high school, when in fact the ACADEMY did not operate a high school, and had no means of providing students with the contracted-for educational and athletic services;

- b. misrepresented itself to be a low-profit limited liability company;
- c. misrepresented to consumers on its website, informational brochure, and Enrollment Agreement that it operated a private high school, grades 9-12;
- d. falsely promised to provide enrolled students with classrooms;
- e. misrepresented that its private high school was recognized by the Illinois State Board of Education, the Illinois Student Assistance Council, and the P-20 Council of Illinois;
- f. misrepresented it provided students with: a) a four-year academic curriculum that included classes in market adaptation, global economics, and social entrepreneurship; b) vocational programs and instruction in sports-science industries; c) advanced learning materials and technologies, including ThinkCERCA educational software; and d) an individualized athletic evaluation and personalized basketball program;
- g. misrepresented that it had partnerships with Body Gears and Movement Physical Therapy through which the ACADEMY implemented its high school sports science curriculum and employer shadowing program;
- h. misrepresented that it had a partnership with the East Bank Club through which students had access to basketball courts, coaching, and training;
- i. misrepresented that the ACADEMY administered and funded financial aid programs for the benefit of low-income students and their families;
- j. misrepresented to financial aid applicants that they had been awarded financial aid, and falsely promised to apply the awarded aid toward the cost of their child’s tuition;
- k. failed to disclose to parents to whom it had distributed its high school Enrollment Agreement, that the ACADEMY lacked : (1) classrooms for enrolled students grades 9-12; (2) a gymnasium, or alternatively, access to indoor basketball courts and athletic facilities for students throughout the school year; (3) paid school administrators, teachers, or athletic coaches for the school year, grades 9-12; (4) computers, educational software, or a computer lab; and (5) textbooks, workbooks or instructional materials in Math, Science, English, Social Studies, or in any of the sports-related science, technology or business electives described in its informational packet;

- l. made repeated false promises to pay its administrator(s) and teacher(s);
- m. falsely promised to refund parents' pre-paid tuition;
- n. made material misrepresentations and omissions that induced parents not to withdraw their child from the ACADEMY during the first seven days of the school year, after which the ACADEMY's tuition refund guarantee expired;
- o. directed parents of enrolled students to send their notices of cancellation and/or withdrawal to a false address for the school;
- p. misrepresented that the ACADEMY maintained its Administration Office at 612 N. Wells, Chicago, and its Student Enrollment Office at 325 N. Wells;
- q. misrepresented that it boarded ACADEMY students at Fornelli Hall & Tower;
- r. misrepresented that it administered a charitable Foundation;
- s. solicited, and received, financial contributions, goods, or services from private foundations, businesses and members of the public without registering its articles of organization, or filing annual reports, with the Illinois Attorney General's Charitable Trust Bureau;
- t. failed to allocate the tuition funds it received from parents to fulfill the ACADEMY's stated educational purpose;
- u. failed to allocate the charitable contributions made to its purported Foundation to the charitable causes the ACADEMY claimed to sponsor.

211. At all relevant times, the ACADEMY made the above false promises, misrepresentations and omissions of fact with the intent that parents of prospective students would rely on them.

212. At all relevant times, parents relied upon the ACADEMY's false promises, misrepresentations and omissions of fact, applied to the ACADEMY's high school and financial aid program, signed the ACADEMY's Enrollment Agreement, and paid required tuition to enroll their child at the ACADEMY.

213. At all relevant times, parents would not have paid the ACADEMY's \$2,000 to \$2,500 tuition deposit, and would not have enrolled their child at the ACADEMY had they known that the ACADEMY did not own, or operate, a private high school, or had



they known that the ACADEMY could not provide the contracted-for educational and athletic programs and services.

214. At all relevant times, the ACADEMY's plan or scheme to defraud caused parents financial losses, and disrupted students' high school education.

215. At all relevant times, the ACADEMY misrepresented that it operated as a low-profit limited liability company, maintained a Foundation which sponsored charitable causes, and administered financial aid programs for low income students with the intent that others would rely on these misrepresentations.

216. At all relevant times, members of the public relied upon the ACADEMY's misrepresentations and donated monies, goods or services to the ACADEMY purported high school and Foundation.

#### **PRAYER FOR RELIEF**

WHEREFORE, the People of the State of Illinois pray that this Court enter an order against the CHICAGO BASKETBALL ACADEMY that:

- A. Finds the Defendant has engaged in deceptive and unfair business practices in the course of trade or commerce in Cook County, Illinois, in violation of the Consumer Fraud Act;
- B. Permanently enjoins the Defendant from organizing itself and/or holding itself out as a low-income limited liability company;
- C. Permanently enjoins the Defendant from soliciting charitable contributions;
- D. Permanently enjoins the Defendant from committing any further violations of the Consumer Fraud Act, including but not limited to the unfair, unlawful and deceptive acts, practices, and omissions specified in Count I of the People's Verified Complaint;
- E. Rescinds all Enrollment Agreements that were entered into through the ACADEMY's employment of deceptive and unfair business practices;
- F. Requires the Defendant to pay restitution to all members of the public damaged by its violations of the Consumer Fraud Act;
- G. Assesses a civil penalty up to \$50,000.00 against the Defendant;

- H. In the event the Court finds that the Defendant has engaged in violations of the Consumer Fraud Act with the intent to defraud, assesses a \$50,000.00 civil penalty against the Defendant for each such intentional violation of the Act;
- I. Assesses court costs and investigative costs related to this enforcement proceeding against the Defendant;
- J. Grants such other relief that this Court deems necessary and just.

## **COUNT II**

### **DAMOND WILLIAMS' VIOLATIONS OF THE CONSUMER FRAUD ACT**

1. The State's Attorney incorporates by reference and realleges herein paragraphs 1 – 209 of Count I as paragraph 2-210 of Count II.

211. By taking part in the aforementioned conduct, Damond Williams engaged in the following deceptive and unfair business practices, in violation of Section 2 of the Consumer Fraud Act:

- a. devised and implemented a plan or scheme to defraud which induced parents to execute contracts and pay the ACADEMY substantial monies to enroll their child in its "premier" basketball –centered private high school, when in fact the ACADEMY did not operate a high school, and had no means of providing students with the contracted-for educational and athletic services;
- b. misrepresented the ACADEMY to be a low-profit limited liability company;
- c. misrepresented to consumers on its website, informational brochure, and Enrollment Agreement that it operated a private high school, grades 9-12;
- d. falsely promised to provide enrolled students with classrooms;
- e. misrepresented that the ACADEMY was recognized by the Illinois State Board of Education, the Illinois Student Assistance Council, and the P-20 Council of Illinois;
- f. misrepresented that the ACADEMY provided students with: a) a four-year academic curriculum that included classes in market adaptation, global economics, and social entrepreneurship; b) vocational programs and instruction in sports-science industries; c) advanced learning materials and technologies, including ThinkCERCA educational software; and d) an individualized athletic evaluation and personalized basketball program;

- g. misrepresented that he and/or the ACADEMY had partnerships with Body Gears and Movement Physical Therapy through which the ACADEMY implemented its high school sports science curriculum and employer shadowing program;
- h. misrepresented that the ACADEMY had a partnership with the East Bank Club which gave students access to basketball courts, coaching and training;
- i. misrepresented that the ACADEMY administered and funded financial aid programs for the benefit of low-income students and their families;
- j. misrepresented to financial aid applicants that they had received specific amounts of financial aid from the ACADEMY, and falsely promised to allocate these amounts to off-set the cost of their child's tuition;
- k. failed to disclose to parents to whom he distributed the Defendants' high school Enrollment Agreement, that the ACADEMY lacked: (1) classrooms for enrolled students grades 9-12; (2) a gymnasium, or alternatively, access to indoor basketball courts and athletic facilities for students throughout the school year; (3) paid school administrators, teachers, or athletic coaches for the school year, grades 9-12; (4) computers, educational software, or a computer lab; and (5) textbooks, workbooks or instructional materials in Math, Science, English, Social Studies, or in any of the sports-related science, technology or business electives described in its informational packet;
- l. made repeated false promises to pay its administrator(s) and teacher(s);
- m. falsely promised to refund parents' pre-paid tuition;
- n. made material misrepresentations and omissions that induced parents not to withdraw their child from the ACADEMY during the first seven days of the school year, after which the ACADEMY's tuition refund guarantee expired;
- o. directed parents of enrolled students to send their notices of cancellation and/or withdrawal to a false address for the school;
- p. misrepresented that the ACADEMY maintained its Administration Office at 612 N. Wells, Chicago, and its Student Enrollment Office at 325 N. Wells;
- q. misrepresented that it boarded ACADEMY students at Fornelli Hall & Tower;
- r. misrepresented that it administered a charitable Foundation;
- s. solicited, and received, financial contributions, goods, or services from private foundations, businesses and members of the public as a low-profit limited

liability company and failed to register its articles of organization with the Illinois Attorney General's Charitable Trust Bureau;

- t. failed to allocate the tuition funds it received from parents to fulfill the ACADEMY's stated educational purpose;
- u. failed to allocate the charitable contributions made to the ACADEMY's "Foundation" to the charitable causes the Defendants claimed to sponsor.

212. At all relevant times, Damond Williams made the above false promises, misrepresentations and omissions of fact with the intent that parents of prospective students would rely on them.

213. At all relevant times, parents relied upon Damond Williams' false promises, misrepresentations and omissions of fact, applied to the ACADEMY's high school and financial aid program, signed the ACADEMY's Enrollment Agreement, and paid required tuition to enroll their child at the ACADEMY.

214. At all relevant times, parents would not have paid Damond Williams and ACADEMY \$2000 - \$2,500, or enrolled their child at the ACADEMY had they known that the Defendants did not own, or operate, a private high school, or known they could not provide the contracted-for educational and athletic programs and services.

215. At all relevant times, Damond Williams' plan or scheme to defraud caused parents to suffer financial losses, and disrupted high school students' education.

216. At all relevant times, Damond Williams made the above misrepresentations that the ACADMEY operated as a low-profit limited liability company, maintained a Foundation which sponsored charitable causes, and administered financial aid programs for students with the intent that others would rely on these misrepresentations.

217. At all relevant times, private foundations, investors, businesses and members of the public relied upon the ACADEMY's misrepresentations and donated monies, goods or services to the ACADEMY's purported high school and Foundation.

## **PRAYER FOR RELIEF**

WHEREFORE, the People of the State of Illinois pray that this Court enter an order against Damond Williams that:

- A. Finds the Defendant has engaged in deceptive and unfair business practices in the course of trade or commerce in Cook County, Illinois, in violation of the Consumer Fraud Act;
- B. Permanently enjoins the Defendant from organizing the ACADEMY, or any other entity, as a low-income limited liability company;
- C. Permanently enjoins the Defendant from soliciting educational and/or charitable contributions;
- D. Permanently enjoins the Defendant from committing any further violations of the Consumer Fraud Act, including but not limited to the unfair, unlawful and deceptive acts, practices, and omissions specified in Count II of the People's Verified Complaint;
- E. Rescinds all ACADEMY Enrollment Agreements that were entered into with parent through the Defendant's employment of deceptive and unfair means;
- F. Requires the Defendant to pay restitution to all members of the public damaged by his violations of the Consumer Fraud Act;
- G. Assesses a civil penalty up to \$50,000.00 against the Defendant;
- H. In the event the Court finds that the Defendant has engaged in violations of the Consumer Fraud Act with the intent to defraud, assesses a \$50,000.00 civil penalty against the Defendant for each such intentional violation of the Consumer Fraud Act;
- I. Assesses court costs and investigative costs relating to this enforcement action brought against the Defendant;
- J. Grants such other relief that this Court deems necessary and just.

### COUNT III

#### VIOLATIONS OF THE UNIFORM DECEPTIVE TRADE PRACTICES ACT

1. The State's Attorney incorporates by reference and realleges herein paragraphs 1 – 209 of Count I as paragraphs 2 –210 of Count III.

211. By taking part in the aforementioned conduct the CHICAGO BASKETBALL ACADEMY and Damond Williams engaged in the following deceptive trade practices in violation of Section 2(a) of the Uniform Deceptive Trade Practices Act:

a) knowingly and willfully offered to sell, and sold the ACADEMY's educational, vocational and athletic services with the intent not to sell them as advertised;

b) knowingly caused the likelihood of confusion or misunderstanding as to the ACADEMY's affiliation, approval, or sponsorship by several state educational agencies, including but not limited to the Illinois State Board of Education;

c) knowingly caused the likelihood of confusion or misunderstanding as to Body Gears, Movement Physical Therapy, the East Bank Club, the Department of Education, American Association of Colleges of Nursing, and the Bureau of Labor Statistics' partnership, approval, or affiliation with the ACADEMY's purported high school;

d) knowingly caused the likelihood of confusion or misunderstanding regarding the nature and scope of the sponsorships the ACADEMY had obtained from institutions and leaders in education, business, and professional basketball;

e) knowingly caused the likelihood of confusion or misunderstanding regarding the ACADEMY's financial health and stability, global footprint, and years in operation.

212. At all relevant times, the CHICAGO BASKETBALL ACADEMY and Damond Williams' deceptive trade practices caused parents, students, educators, businesses, and private foundations to suffer financial losses, and has likely damaged the viability of any similar educational or social enterprise in the City of Chicago for a period of time.

## **PRAYER FOR RELIEF**

WHEREFORE, the People of the State of Illinois pray that this Court enter an order against the CHICAGO BASKETBALL ACADEMY and Damond Williams that:

- A. Finds the Defendants have engaged in deceptive trade practices in the course of advertising, promoting and selling its educational and charitable services, in violation of Section 2(a) of the Uniform Deceptive Trade Practices Act;
- B. Finds the Defendants have willfully engaged in deceptive trade practices;
- C. Permanently enjoins the Defendants from engaging in deceptive trade practices in Illinois, including but not limited to those identified in Count III of the Verified Complaint;
- D. Awards costs and attorneys' fees to the People;
- E. Grants such additional relief this Court deems just and necessary.

## **COUNT IV**

### **CHICAGO BASKETBALL ACADEMY'S COMMON LAW FRAUD**

1. The State's Attorney incorporates by reference and realleges herein paragraphs 1 – 218 of Count I as paragraphs 2 –219 of Count IV.

220. At all relevant times, the CHICAGO BASKETBALL ACADEMY made false statements and omissions of material facts during sales solicitations, on its website, and in marketing materials, informational brochures, and Student Enrollment Agreements, and falsely contracted to provide enrolled students with educational, vocational and athletic services that it knew it could not provide, and would not provide.

221. At the time the CHICAGO BASKETBALL ACADEMY made these material misrepresentations and omissions of fact, the ACADEMY intended that parents would rely on them and be induced to enroll their child at the ACADEMY's purported private high school.

222. At all relevant times, parents of high school-aged children relied on the ACADEMY's misrepresentations and omissions of fact, enrolled their child at the ACADEMY, and paid the required \$2,000 or \$2,500 tuition deposit.

223. Parents reasonably relied upon the ACADEMY's misrepresentations and omissions of fact contained in its website, informational brochures, financial aid award letters, and Student Enrollment Agreements because the ACADEMY represented that it owned and operated the advertised private high school, and thus, the ACADEMY would necessarily have knowledge of, or control over, the school's curriculum, day-to-day operations, finances and contractual agreements with others.

224. As a direct and proximate result of parents' reliance on the ACADEMY's knowing misrepresentations and omissions of material facts, and the ACADEMY's false promises, parents and students suffered financial, and educational, losses.

### **PRAAYER FOR RELIEF**

WHEREFORE, the People of the State of Illinois pray that this Court enter an order against the CHICAGO BASKETBALL ACADEMY that:

- A. Finds the Defendant engaged in a pattern of deceptive and unfair acts and practices with the intent to defraud consumers;
- B. Finds the Defendant engaged in common law fraud;
- C. Permanently enjoins the Defendant from engaging in any further deceptive and unfair acts or practices in the conduct of trade or commerce which the Court finds constitute intentional fraud, or common law fraud;
- D. Awards damages to all members of the public who were injured as a direct and proximate cause of the Defendant's deceptive and unfair acts or practices found to have been made with the intent to defraud;
- E. Awards costs and attorneys' fees to the People;
- F. Grants such additional relief this Court deems just and necessary.



## COUNT V

### **DAMOND WILLIAMS' COMMON LAW FRAUD**

1. The State's Attorney incorporates by reference and realleges herein paragraphs 1 – 218 of Count I as paragraphs 2 –219 of Count V.

220. At all relevant times, Damond Williams made material false statements and omissions to consumers during his sales solicitations, and in the ACADEMY's website, marketing materials, informational brochure, and Student Enrollment Agreement, and falsely contracted to provide high school-aged students with educational, vocational and athletic services that he knew the ACADEMY could not, and would not, provide.

221. At the time Damond Williams made these misrepresentations and omissions of material facts concerning the ACADEMY, he intended that parents would rely on them and be induced to enroll their child at the ACADEMY's purported private, co-ed high school.

222. At all relevant times, parents relied on Damond Williams' misrepresentations and omissions of fact and false promises, enrolled their children at the ACADEMY, and paid the ACADEMY's required \$2,000.00, or \$2,500, tuition deposit.

223. Parents reasonably relied upon Damond Williams' misrepresentations and omissions of facts because at all relevant times he identified himself to be the Founder and Chief Executive of the ACADEMY, and as such, Williams was in a position to know, and/or have control over, the school's curriculum, day-to-day operations, finances and contractual agreements with others.

224. As a direct and proximate result of parents' reliance on Damond Williams' knowing misrepresentations and omissions of fact, and false promises, parents and students suffered financial, and educational, losses.

**PRAYER FOR RELIEF**

WHEREFORE, the People of the State of Illinois pray that this Court enter an order against Damond Williams that:

- A. Finds the Defendant engaged in a pattern of deceptive and unfair acts and practices with the intent to defraud consumers;
- B. Finds the Defendant engaged in common law fraud;
- C. Permanently enjoins the Defendant from engaging in any further deceptive and unfair acts or practices in the conduct of trade or commerce which the Court finds constitute intentional fraud, or common law fraud;
- D. Awards damages to all members of the public who were injured as a direct and proximate cause of the Defendant's deceptive and unfair acts or practices found to have been made with the intent to defraud;
- E. Awards costs and attorneys' fees to the People;
- F. Grants such additional relief this Court deems just and necessary.

Respectfully submitted,

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