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7 Attorneys for Plaintiff, **STARR INDEMNITY**  
8 **& LIABILITY COMPANY**

9 **THE UNITED STATES DISTRICT COURT**  
10 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**

11  
12 STARR INDEMNITY & LIABILITY ) CASE NO.: 8:19-cv-1704  
COMPANY, a TEXAS CORPORATION, )  
13 ) **PLAINTIFF STARR INDEMNITY**  
Plaintiff, ) **& LIABILITY COMPANY'S**  
14 ) **COMPLAINT FOR**  
vs. ) **DECLARATORY RELIEF,**  
15 ) **RESCISSION AND**  
16 ) **INTERPLEADER**  
17 MICHAEL J. AVENATTI, an Individual )  
and citizen of California, AVENATTI & )  
18 ASSOCIATES, APC, a California ) **[DEMAND FOR JURY TRIAL]**  
Professional Corporation, PASSPORT )  
19 420, LLC, a Delaware Limited Liability )  
20 Company, WILLIAM PARRISH, an )  
Individual and citizen of California, )  
21 SPRING CREEK RESEARCH, LLC, a )  
22 California Limited Liability Company, )  
ALEXIS GARDNER, an Individual and )  
23 citizen of Georgia, and the UNITED )  
24 STATES OF AMERICA, and DOES 1 to )  
25 25, INCLUSIVE, )  
26 Defendants )

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**GENERAL ALLEGATIONS**

Plaintiff STARR INDEMNITY & LIABILITY COMPANY, a Texas corporation (hereinafter “Starr Aviation”), brings this Complaint for Declaratory Relief, Rescission and Interpleader against Defendants MICHAEL J. AVENATTI, an Individual and citizen of California, AVENATTI & ASSOCIATES, APC, a California Professional Corporation, PASSPORT 420, LLC, a Delaware Limited Liability Company, WILLIAM PARRISH, an Individual and citizen of California, SPRING CREEK RESEARCH, LLC, a California Limited Liability Company, ALEXIS GARDNER, an Individual and citizen of Georgia, and the UNITED STATES OF AMERICA, and DOES 1 to 25, INCLUSIVE (collectively “Defendants”) and alleges as follows:

**FEDERAL JURISDICTION AND VENUE**

1. This is an action for declaratory relief, pursuant to the Federal Declaratory Relief Act, Title 28, U.S.C., Section 2201, brought against the Defendants, because Starr Aviation, in these rather unusual circumstances, requires the assistance of the court to determine the rights, obligations and interests of the parties, or absence and lack thereof, arising under certain insurance policies issued by Starr Aviation to Passport 420, LLC. The United States of America has indicted Michael Avenatti, accusing him of criminal embezzlement of client funds to

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1 purchase an aircraft titled in the name of Passport 420, LLC and purportedly insured  
2 under the insurance policies in question, and further accusing him of bankruptcy  
3 fraud that might have involved the improper diversion of funds to acquire the  
4 insurance policies.  
5

6 2. If these allegations are substantiated, Starr Aviation believes the  
7 insurance policies are to be rescinded because Starr Aviation would not have issued  
8 the policies if it had known the aircraft had been purchased with embezzled funds or  
9 the funds used to purchase the policies had been acquired through a bankruptcy  
10 fraud. If rescission is not authorized, Starr Aviation nevertheless believes that one or  
11 more exclusions in the policies would apply, causing coverage not to be in order for  
12 claims being made, as described below.  
13  
14

15 3. If coverage is in order, Starr Aviation requires the assistance of the  
16 court to determine who should receive payments under the insurance policies  
17 because it reasonably appears there are competing claims to any payments made  
18 under the policy. Similarly, if rescission is appropriate, Starr Aviation requires  
19 assistance of the court to determine who should receive the return of the premiums  
20 paid for the policies.  
21  
22

23 4. There is complete diversity pursuant to Title 28, U.S.C., Section 1332,  
24 as Plaintiff Starr Aviation, a Texas corporation, is headquartered in New York, and  
25 all of the defendants are citizens of California, or possibly Georgia, except for the  
26

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1 United States of America. The amount in controversy exceeds \$75,000.00  
2 (Seventy-Five Thousand Dollars) exclusive of interest and costs. This Court  
3 accordingly has jurisdiction of this action.  
4

5 5. There is federal question subject matter jurisdiction pursuant to Title  
6 28, U.S.C., Section 1331 and 28 U.S.C. Section 1346(a)(2). The United States of  
7 America, through Nicola T. Hanna, acting in his official capacity as the United  
8 States Attorney for the Central District of California, has asserted interests in  
9 property in a criminal indictment against Michael Avenatti pursuant to 18 U.S.C.  
10 981 (a)(1)(C) and 28 U.S.C. 2461 (c), as more specifically alleged herein, that may  
11 ultimately confer upon the United States of America an interest in the insurance  
12 policies which are the subject of this action. The United States has consented to a  
13 suit for declaratory relief in this case pursuant to 5 U.S.C. § 702.  
14  
15  
16

17 6. Venue in this District is proper under Title 28, U.S.C., Section 1391(a)  
18 since a substantial part of the events giving rise to this action occurred within the  
19 District, including the purchases of the insurance policies at issue here, and as  
20 discussed more fully below, policies that were delivered within this District.  
21 Moreover, all of the Defendants, with the possible exception of ALEXIS  
22 GARDNER, are present and reside in this District, and do business in this District.  
23

24  
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**INSURANCE POLICIES AT ISSUE AND PARTIES**

1  
2 7. Plaintiff Starr Aviation is and was, at times material hereto, a  
3 corporation organized and existing under the laws of Texas, with its principal place  
4 of business in the State of New York.  
5

6 8. Starr Aviation issued a Starr Elite Comprehensive Corporate Aircraft  
7 Policy to Passport 420, LLC, Policy Number 1000320046-01 with effective dates  
8 from January 26, 2017 until January 26, 2018 (“Policy 1”). Policy 1 was issued  
9 pursuant to an “Aircraft Insurance Application” submitted by applicant, Passport  
10 420, LLC.  
11

12 9. Starr Aviation issued a Starr Elite Comprehensive Corporate Aircraft  
13 Policy to Passport 420, LLC, Policy Number 1000320046-02 with effective dates  
14 from January 26, 2018 until January 26, 2019 (“Policy 2”). Policy 2 was issued  
15 pursuant to an “Aircraft Insurance Application” submitted by applicant, Passport  
16 420, LLC.  
17

18 10. Starr Aviation issued a Starr Elite Comprehensive Corporate Aircraft  
19 Policy to Passport 420, LLC, Policy Number 1000320046-03 with effective dates  
20 from January 26, 2019 until January 26, 2020 (“Policy 3”). Policy 3 was issued  
21 pursuant to an “Aircraft Insurance Application” submitted by applicant, Passport  
22 420, LLC.  
23  
24  
25

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1           11. Policy 1 and Policy 2 and Policy 3 are sometimes referred to  
2 collectively as “The Policies.”

3           12. Each of The Policies scheduled as an insured aircraft a 2016 Honda Jet,  
4 Model HA-420, Serial Number SN42000029, Registration N227WP (the  
5 “Aircraft”), providing certain coverages pursuant to the terms, conditions,  
6 exclusions and languages of The Policies. Pursuant to the records of the Federal  
7 Aviation Administration, and other information publicly and privately available, the  
8 title to the Aircraft is owned by defendant Passport 420, LLC (“Passport 420”)  
9 which is organized under the laws of Delaware with its principal place of business in  
10 California within this District.

11           13. The defendant, Alexis Gardner, believed to be a citizen of Georgia,  
12 possibly California, was a client of defendant, Michael Avenatti, a citizen of  
13 California, who allegedly embezzled approximately \$2,500,000.00 from Alexis  
14 Gardner to purchase the Aircraft scheduled under The Policies issued by Starr  
15 Aviation. Upon information and belief, Alexis Gardner may claim some interest  
16 against proceeds that might come due under The Policies.

17           14. The defendant, William Parrish, a citizen of California living within  
18 this District, is a beneficiary, trustor or trustee, or all of the foregoing, of the Parrish  
19 Family Trust dated 1997 (“Parrish Family Trust”), based in and a citizen of  
20 California with its principal place of business in this District, which is a member of

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1 Spring Creek Research, LLC, a California limited liability company (“Spring Creek  
2 Research”) with its principal place of business in this District, which in turn is a  
3 member of Passport 420. Upon information and belief, William Parrish is claiming  
4 that any proceeds that might come due under The Policies shall be paid to him  
5 individually, or to Spring Creek Research, or the Parrish Family Trust dated 1997,  
6 rather than to Passport 420, the ostensibly titled owner of the Aircraft, or Alexis  
7 Gardner or the United States of America.  
8  
9

10 15. The defendant, Avenatti & Associates, APC, is a California  
11 Professional Corporation (“Avenatti & Associates”) with its principal place of  
12 business in this District, owned by Michael Avenatti, and is the other member of  
13 Passport 420.  
14

15 16. The defendant, United States of America, has filed a criminal  
16 indictment against Michael Avenatti in this District, alleging that it is seeking  
17 forfeiture as part of any sentence in the event of Michael Avenatti’s conviction of all  
18 right, title and interest in any property derived from any proceeds obtained directly  
19 or indirectly as a result of any offense or property traceable to such proceeds.  
20

21 Moreover, the United States of America, through the Internal Revenue Service, has  
22 taken possession of the Aircraft for security for payment of certain taxes that are  
23 allegedly due and unpaid; or alternatively, the Internal Revenue Service claims that  
24 certain taxes are due and unpaid and the Aircraft may serve as security for payment  
25  
26

1 of some or all of those taxes. Upon information and belief, the United States of  
2 America may claim some interest in The Policies.

3 17. Defendants DOES 1 through 25 are actual or potentially interested parties  
4 with an alleged interest in The Policies. Starr Aviation does not presently name as  
5 defendants in this complaint the DOE defendants because it is uncertain who they are or  
6 whether those defendants are making a claim against the Policy. Starr Aviation  
7 reserves the right to name as DOE defendants those interested parties once their identity  
8 is learned and it is confirmed they are making a claim under the Policies.  
9  
10

11  
12  
13 **PASSPORT 420**

14 18. On or about April 14, 2016, a Certificate of Formation of Passport 420  
15 was duly executed and filed under the Delaware Limited Liability Company Act (6  
16 Del. C. Sections 18-101, et. seq.)

17  
18 19. Upon information and belief, the members of Passport 420 are  
19 defendant, Spring Creek Research and defendant, Avenatti & Associates.  
20

21 20. Upon information and belief, Spring Creek Research has as its member  
22 the Parrish Family Trust dated 1997. The defendant, William Parrish, upon  
23 information and belief, as noted above, is a trustor, trustee and/or beneficiary of the  
24 Parrish Family Trust.  
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1           24. Under the Operating Agreement the relationship between Spring Creek  
2 and Avenatti & Associates “shall be that of tenants-in-common” and that each  
3 Member agreed that the sole and adequate means by which it may divest its  
4 Ownership Interest in Passport 420 and the Aircraft “shall be the transfer of the  
5 interest in accordance with the terms and conditions of this Agreement.” The  
6 Operating Agreement provided that the sale of Member’s ownership interest in the  
7 Aircraft was to be triggered by Notice of Intent to Sell to the other Member. The  
8 non-selling Member had the right to purchase the remaining interest in the Aircraft  
9 owned by the selling Member, at a fair market evaluation, and if the non-selling  
10 member did not exercise its right to buy, the Members agreed to retain an aircraft  
11 broker to facilitate the sale of the entire Aircraft to a third party.

12           25. The Operating Agreement appointed defendant, Michael Avenatti as  
13 Manager of Passport 420; and as manager Michael Avenatti had full and complete  
14 authority, power and discretion to manage and control the affairs of Passport 420, to  
15 make all decisions regarding such matters, and to perform any and all other acts and  
16 activities customary or incident to Passport 420’s purpose. “The actions of the  
17 Manager taken in accordance with this Agreement shall bind the Company.”

18           26. Paragraph 12.5 of the Operating Agreement provides: “Member shall  
19 not create or place any Lien against the Aircraft other than a security interest in  
20 favor of a financial institution providing financing for the Member’s Ownership  
21

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1 Interest and/or the Aircraft (a “Financing”) and each Member shall ensure that no  
2 Liens are created or placed against the Aircraft by third-parties as a result of its  
3 actions, and shall take all actions as may be necessary to discharge and satisfy in full  
4 any such Lien promptly after the same becomes known to it.”  
5

6 27. Paragraph 7.1 of the Operating Agreement states that the failure of a  
7 Member to timely pay when due any amount required to be paid by the Member  
8 under the Operating Agreement or any other agreement related to the Aircraft or the  
9 use of the Aircraft including but not limited to any agreement with a financial  
10 institution providing financing for the Member’s Ownership interest in the Aircraft  
11 shall be a default.  
12  
13

14  
15 **AVENATTI INDICTMENT**  
16

17 28. On or about April 10, 2019, a thirty-two-count indictment was handed  
18 down against defendant, Michael Avenatti, in the United States District Court,  
19 Central District of California (“Central District Indictment”). Paragraph p. on Page  
20 12 of the Central District Indictment is a section titled, “Embezzlement of Client 2’s  
21 Funds.” The Central District Indictment alleges: “On or about January 26 2017,  
22 defendant Avenatti caused \$2,500,000.00 of the \$2,750,000.00 settlement payment  
23 [Client 2’s money held in an Avenatti trust account] to be transferred [to] Honda  
24 Aircraft Company, LLC, to purchase a private airplane for defendant Avenatti’s  
25  
26

1 company, Passport 420.” This is the day prior to Passport 420 taking delivery of the  
2 Aircraft in Greensboro, North Carolina.

3 29. The Central District Indictment alleges that defendant, Michael  
4 Avenatti, was the “effective owner and controlled” Passport 420.  
5

6 30. Upon information and belief, Client 2 of Michael Avenatti is Alexis  
7 Gardner.  
8

9 31. The Central District Indictment includes a “Forfeiture Allegation One”  
10 brought pursuant to 18 U.S.C. 981 (a)(1)(C) and 28 U.S.C. 2461 (c). “Pursuant to  
11 Rule 32.2 of the Federal Rules of Criminal Procedure, notice is hereby given that the  
12 United States of America will seek forfeiture as part of any sentence . . . in the event  
13 the defendant’s conviction of offenses [including the offenses against Client 2].”  
14 The United States of America alleges that defendant Avenatti shall forfeit to the  
15 United States of America . . . “all right, title, and interest in any and all property,  
16 real and personal, constituting or derived from any proceeds obtained, directly or  
17 indirectly, as a result of the offense, or property traceable to such proceeds . . . to the  
18 extent such property is not available for forfeiture, a sum equal to the total value of  
19 the property.”  
20  
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22

23 32. The Central District Indictment accuses defendant, Michael Avenatti of  
24 bankruptcy fraud. An involuntary bankruptcy petition had been initiated against  
25 Michael Avenatti’s law firm, Egan Avenatti, LLP, in the United States District  
26

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1 Court, Middle District of Florida, on or about March 1, 2017, a proceeding that was  
2 later transferred to the United States District Court, Central District of California.  
3 Michael Avenatti was allowed to remain as a debtor-in-possession for a period of  
4 time, and was under court order to notify creditors of Egan Avenatti before he took  
5 compensation for himself. However, the Central District Indictment alleges that  
6 Michael Avenatti secretly transferred funds to himself or to organizations he  
7 controlled without providing the court ordered notice, leaving the bankruptcy court  
8 and its creditors to believe he received zero compensation during the bankruptcy.  
9

10  
11 33. Upon information and belief, some of the illegally transferred funds  
12 may have been used by defendant, Michael Avenatti, as manager of Passport 420, to  
13 pay operational and maintenance expenses associated with the Aircraft, including  
14 the payment of insurance premiums to Starr Aviation.  
15  
16

17  
18 **PARRISH ISSUES NOTICE OF DEFAULT TO AVENATTI**

19 34. Upon information and belief, on or about August 29, 2018, defendant,  
20 William Parrish, issued to defendant, Michael Avenatti, a “Notice of Default” under  
21 the Operating Agreement. The Notice of Default recited numerous alleged breaches  
22 of fiduciary and alleged breaches of California’s Rules of Professional Conduct,  
23 arising out of a long-standing attorney-client relationship between William Parrish  
24 and Michael Avenatti.  
25  
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1           35. Among other things the Notice of Default dated August 29, 2018  
2 stated: “As you know, during the course of your attorney-client relationship with  
3 Mr. Parrish, you persuaded him to join you in the purchase of a private jet, and you  
4 subsequently formed a limited liability company (“Passport 420”) with Mr. Parrish. .  
5 . . The purpose of forming Passport 420 was to acquire, own and operate a HondaJet  
6 for use by Avenatti & Associates and Spring Creek Research, LLC (“Spring  
7 Creek”), an entity controlled by Mr. Parrish. . . Your conduct in entering into that  
8 transaction has caused serious and ongoing harm to Mr. Parrish. In addition to your  
9 failure to make adequate disclosures to Mr. Parrish, you have failed in your role as  
10 LLC manager . . . This letter serves as notice to you that based on your malfeasance  
11 and failure to follow the operating agreement, Mr. Parrish is stepping in to assume  
12 the role of manager of Passport 420.”

13           36. Upon information and belief, defendant, Spring Creek did not and has  
14 not issued a “Notice of Intent to Sell” the Aircraft. Instead, it is believed Spring  
15 Creek continued to operate the Aircraft up to April 10, 2019.

16           37. Upon information and belief, on or about August 20, 2018 (nine days  
17 prior to the “Notice of Default”), William Parrish had filed a lawsuit against  
18 Michael Avenatti, alleging breach of fiduciary duty, breach of promissory note,  
19 account stated, open book account, common count—money had and received, and  
20 common count---money lent. The complaint was filed in the Superior Court of the

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1 State of California, For The County of Santa Barbara, Case No. 18CV04106 (“Santa  
2 Barbara Lawsuit One”). The Santa Barbara Lawsuit One alleges that as attorney for  
3 William Parrish, Michael Avenatti “took advantage of that trust . . . and persuaded  
4 [William Parrish]” to loan him \$1,500,000.00 in order to invest in a coffee  
5 company, Tully’s. “Avenatti falsely promised [Parrish] that he would repay the  
6 funds in 45 days. . .” The \$1,500,000.00 loan was made in or about June of 2013,  
7  
8 and as of August of 2018 remained unpaid.

9  
10 38. Defendant, William Parrish, has since filed a second lawsuit against  
11 Michael Avenatti, and others, on or about April 2, 2019, in the Superior Court of  
12 California, For The County of Santa Barbara, Case No. 19CV01686 (“Santa Barbara  
13 Lawsuit Two”). The Santa Barbara Lawsuit Two accuses Michael Avenatti of fraud,  
14 conversion, promissory estoppel and professional negligence arising out of an  
15 alleged malfeasance relating to the disposition of settlement funds from a prior  
16 lawsuit going back to 2013.  
17  
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21 **INTERNAL REVENUE SERVICE COLLECTION ACTION**

22 39. Upon information and belief, the Internal Revenue Service, an agency  
23 of the United States of America, initiated a collection action against defendant,  
24 Michael Avenatti, in or about September of 2016. This is five months before the  
25 purchase of the Aircraft. The collection related to the failure of a company called  
26

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1 Global Baristas US and a company called Global Baristas, LLC to pay taxes. These  
2 companies owned a collection of Tully Coffee Houses in the State of Washington  
3 and, upon information and belief, are the same companies related to the  
4  
5 \$1,500,000.00 loan made by defendant, William Parrish to defendant, Michael  
6 Avenatti, in or about June of 2013, and which is the subject of the Santa Barbara  
7 Lawsuit One.

8  
9 40. According to the Central District Indictment, the defendant, Michael  
10 Avenatti, transferred unpaid payroll taxes from Global Baristas US and Global  
11 Baristas LLC, to himself or his law firm to make minimal payments to Client 2 and  
12 others. According to the Central District Indictment: “Beginning on or about  
13 October 7 2016, and continuing until at least in or around September 2018 . . .  
14 Avenatti corruptly obstructed and impeded, and corruptly endeavored to obstruct  
15 and impede, the due administration of the internal revenue laws of the United  
16 States.”

17  
18  
19 41. Upon information and belief, on or about April 10, 2019, the Internal  
20 Revenue Service took possession of the Aircraft, as security for payment of certain  
21 taxes alleged owed by defendants, Michael Avenatti and/or Avenatti & Associates,  
22 or one or more of various corporations or entities owned and controlled by Michael  
23 Avenatti, pursuant to a warrant filed under seal in the United States District Court,  
24 Central District of California; or alternatively, the United States of America took  
25  
26

1 possession of the Aircraft so that funds derived from the sale thereof may be used to  
2 compensate and reimburse victims of the alleged embezzlements allegedly  
3 committed by Michael J. Avenatti. As of the date of the filing of this complaint,  
4 upon information and belief, the warrant remains under seal.  
5

6  
7 **PARRISH DEMANDS PAYMENT BE**  
8 **MADE TO HIM INDIVIDUALLY**  
9

10 42. The defendant, William Parrish, following April 10, 2019, filed with  
11 Starr Aviation a “Proof of Claim” requesting that Starr Aviation issue to him in his  
12 individual capacity a payment for the taking of the Aircraft under Endorsement 10  
13 of Policy 3, titled Extended Coverage Endorsement: War Risk For Physical Damage  
14 Coverage, Extortion, and Hi-Jacking Extra Expense Coverage (sometimes “War  
15 Risk Coverage Endorsement”). The demand has been made even though William  
16 Parrish is not the owner of the Aircraft, and a payment direct to William Parrish  
17 would seemingly avoid the creditors and claimants of Michael Avenatti and  
18 Passport 420, the titled owner of the Aircraft.  
19  
20  
21

22 43. The term “Physical Damage” is defined by The Policies to mean:  
23 “accidental, direct physical loss of or damage to scheduled aircraft, spare engines or  
24 spare parts during the policy period including ingestion, but it does not include the  
25  
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1 loss of use or any residual depreciation in value either before or after any repairs  
2 have been made.”

3 44. The aircraft has an agreed-upon value in Policy 3 stated at  
4 \$4,000,000.00.  
5

6  
7 **WAR RISK COVERAGE ENDORSEMENT**  
8

9 45. Subject to the terms, conditions, exclusions and language of Policy 3,  
10 the War Risk Coverage Endorsement provides certain coverages for “confiscation,  
11 nationalization, seizure, restraint, detention, appropriation, requisition for title, use  
12 by, or under the order of any government, public or local authority, whether civil,  
13 military or de facto.” (Section One, Page 1 of the War Risk Coverage  
14 Endorsement).  
15

16 46. Exclusion D of The Policies (set forth in Section Seven – Exclusions on  
17 Page 31 of The Policies) state: The insurance provided by the Policy shall not apply:  
18 to illegal, criminal or dishonest acts or activities, alleged or otherwise, committed by  
19 or at the direction of or with the knowledge and consent of directors or officers of  
20 the insured and with the knowledge at the time that such act was illegal or criminal,  
21 but with respect to the named insured this exclusion shall apply only if such  
22 activities or acts are with the knowledge and consent of an officer or director of the  
23 named insured.”  
24  
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1 47. Pursuant to the War Risk Coverage Endorsement the coverage provided  
2 therein will not cover any loss, damage or expense arising out of “the repossession  
3 or any attempt at repossession by any person or organization having any legal title  
4 or lien on the scheduled aircraft or any other type of legal contractual relationship  
5 with the insured.”

7 48. Pursuant to the War Risk Coverage Endorsement the coverage provided  
8 therein will not cover any loss, damage or expense arising out of “any failure to  
9 provide any type of bond, security or any other financial cause whether or not  
10 required under a court order.” (Page 2 of the War Risk Coverage Endorsement,  
11 Exclusion (D)).  
12  
13  
14  
15

16 **FIRST CLAIM FOR RELIEF**

17 **(Declaratory Relief against All Defendants)**

18 49. Starr Aviation incorporates herein by reference all of the allegations  
19 contained in the above stated paragraphs, as if set forth in full herein.  
20

21 50. Upon information and belief, the defendant, Michael Avenatti, denies  
22 on behalf of himself, Avenatti & Associates (“Avenatti Defendants”) and Passport  
23 420, that he embezzled funds from his client, Alexis Gardner, or committed  
24 bankruptcy fraud. Further, upon information and belief, William Parrish, on behalf  
25 of himself, Spring Creek and Parrish Family Trust (“Parrish Defendants”) and  
26

1 Passport 420 denies that Michael Avenatti embezzled funds from Alexis Gardner, or  
2 that Michael Avenatti committed bankruptcy fraud.

3 51. Upon information and belief, the Parrish Defendants and the Avenatti  
4 Defendants claim that even if the Aircraft was purchased with funds embezzled  
5 from Alexis Gardner, or The Policies were purchased with funds arising from a  
6 bankruptcy fraud, that Starr Aviation is not entitled to rescind The Policies.  
7

8 52. Upon information and belief, the Parrish Defendants and the Avenatti  
9 Defendants claim that no condition, term or exclusion would apply to preclude  
10 coverage even if the Aircraft was purchased with funds embezzled from Alexis  
11 Gardner, or The Policies were purchased with funds arising from a bankruptcy  
12 fraud, or that the Internal Revenue Service took possession of the Aircraft because  
13 of the failure to pay and satisfy tax liens and obligations, or that the United States of  
14 America took possession of the Aircraft so that funds derived from the sale thereof  
15 may be used to compensate and reimburse victims of the alleged embezzlements  
16 allegedly committed by Michael J. Avenatti.  
17

18 53. Upon information and belief, Alexis Gardner, The United States of  
19 America, and DOES 1- 25, deny that Starr Aviation is entitled to rescind The  
20 Policies, deny that one or more conditions, terms or exclusions in The Policies apply  
21 to preclude coverage, and contend that any payment due under The Policies shall be  
22 paid to Alexis Gardner or the United States of America.  
23  
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1 payment is due under The Policies, either because coverage is found to be in order  
2 or because The Policies are rescinded and premiums refunded, the sums so paid  
3 should be paid into the court registry for determination of how the funds shall be  
4 ultimately disbursed.

5  
6 57. Wherefore, an actual controversy has arisen and now exists between Starr  
7 Aviation on the one hand, and one or more of the defendants, on the other hand.  
8 Accordingly, Starr Aviation respectfully requests that a judicial declaration of the  
9 rights, duties and obligations of the respective parties under The Policies is necessary  
10 and appropriate so that the actual controversy that has arisen may be ended and the  
11 parties may proceed without further delay or uncertainty.  
12  
13

14  
15 **SECOND CLAIM FOR RELIEF**

16 **(Rescission against All Defendants)**

17  
18 58. Starr Aviation incorporates herein by reference all of the allegations in the  
19 paragraphs set forth above as if set forth in full herein.

20  
21 59. Under the law, Passport 420 had a duty to communicate all facts within  
22 its knowledge that were material to the insurance being requested, and Starr  
23 Aviation had the right by law to rely upon the honesty and truthfulness and  
24 completeness of the applications submitted by Passport 420 that led to issuance of  
25 The Policies.  
26





1 insured and with the knowledge at the time that such act was illegal or criminal, but  
2 with respect to the named insured this exclusion shall apply only if such activities or  
3 acts are with the knowledge and consent of an officer or director of the named  
4 insured.”

5  
6 68. The allegations of bankruptcy fraud and embezzlement are allegations  
7 of illegal, criminal and dishonest acts and activities, committed on behalf of the  
8 named insured, Passport 420, with the knowledge and consent of Michael Avenatti,  
9 the manager of Passport 420. The possession of the Aircraft by the United States of  
10 America is a direct result of the alleged illegal, criminal and dishonest acts and  
11 activities.

12  
13  
14 69. As already noted, the Internal Revenue Service began a collection  
15 against Michael Avenatti as early as September 2016, said collection action  
16 apparently extending to Avenatti & Associates, a member of Passport 420, the titled  
17 owner of the Aircraft, months before the purchase of the Aircraft by Passport 420.  
18 Upon information and belief, neither Michael Avenatti or Avenatti & Associates or  
19 Passport 420 posted bond or security for payment of taxes being claimed by the  
20 Internal Revenue Service, and the possession of the Aircraft by the Internal Revenue  
21 Service was the direct result of the failure to provide the require bond or security.  
22 The possession of the Aircraft by the Internal Revenue Service was the direct result  
23 of a “financial cause.”  
24  
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1           70. Upon information and belief, if the allegations of the foregoing  
2 paragraph are substantiated, Starr Aviation contends that Exclusion (D) in the War  
3 Risk Coverage Endorsement applies: Exclusion (D) states that the War Risk  
4 Coverage Endorsement does not cover any loss, damage or expense arising out of  
5 “any failure to provide any type of bond, security or other financial cause whether or  
6 not required under a court order.”  
7

8  
9           71. Upon information and belief, the Internal Revenue Service had a lien  
10 on the Aircraft, as a result of the failure to pay taxes or to post bond or security for  
11 the payment of taxes, resulting in the possession by the Internal Revenue Service of  
12 the Aircraft to satisfy that lien. Exclusion (E) of the War Risk Coverage  
13 Endorsement states there is no coverage thereunder for any loss, damage or expense  
14 arising out of the “repossession or any attempt at repossession by any person or  
15 organization having any legal title or lien on the scheduled aircraft or any other type  
16 of legal contractual relationship with the insured.”  
17

18  
19           72. Starr Aviation requests the entry of a court order declaring that one or  
20 more, or all, of these exclusions apply, or that one or more other exclusions, terms  
21 and conditions in The Policies apply, and that no insurance or coverages are  
22 available under The Policies as a result of the illegal, criminal and dishonest acts  
23 and activities, the possession of the Aircraft by the United States of America  
24 because of the illegal, criminal and dishonest acts and actions, the possession of the  
25  
26

1 Aircraft by the Internal Revenue Service as a result of its tax lien, and the failure to  
2 provide a bond or security for the payment of taxes, and because the possession of  
3 the Aircraft was the direct result of a financial cause arising from the failure to pay  
4 financial obligations.  
5

6  
7  
8 **FOURTH CLAIM FOR RELIEF**

9 **(Interpleader)**

10 73. Starr Aviation incorporates herein by reference all of the allegations in the  
11 paragraphs set forth above as if set forth in full herein.

12  
13 74. Should the court determine that coverage is in order, and The Policies  
14 are not subject to rescission, Starr Aviation requests pursuant to Federal Rules of  
15 Civil Procedure, Rule 22 that the court enter an order authorizing Starr Aviation to  
16 deposit in the court registry those sums due and payable under the War Risk  
17 Coverage Endorsement, so that the court may determine which defendants have an  
18 interest in said payment and thereafter direct how payment is to be made to any  
19 defendant, and the amount of payment. Alternatively, should the court conclude that  
20 rescission is appropriate Starr Aviation requests the court to enter an order  
21 authorizing Starr Aviation to deposit in the court registry the returned premiums on  
22 The Policies, so that the court may thereafter determine how the returned premiums  
23 are to be disbursed and to which defendant or defendants.  
24  
25  
26

WHEREFORE, Starr Aviation prays for judgment as follows:

**FIRST CLAIM FOR RELIEF**

1. For an Order determining that if the allegations against Michael Avenatti are substantiated, Starr Aviation is entitled to rescind The Policies;
2. In the alternative, for an order determining that if The Policies, for whatever reason cannot be rescinded but the allegations against Michael Avenatti are substantiated, that one or more conditions, terms or exclusions in The Policies apply, precluding coverage;
3. In the alternative, for an order determining that if any payment is due under The Policies, either because coverage is found to be in order or because The Policies are rescinded and premiums refunded, the sums so paid should be paid into the court registry for determination of how the funds shall be ultimately disbursed.

**SECOND CLAIM FOR RELIEF**

1. For an Order granting full rescission of The Policies from the date of issuance, and declaring all coverages null and void.

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**THIRD CLAIM FOR RELIEF**

1. For an Order declaring that no coverage rights exist by operation of law and under the terms, conditions and exclusions of The Policies.

**FOURTH CLAIM FOR RELIEF**

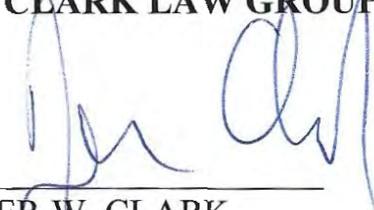
1. In the alternative, for an order authorizing payment into the Court Registry of any sums due or premiums to be refunded;
2. For an award of attorney fees.

**AS TO ALL CLAIMS FOR RELIEF**

1. As to all Claims, all such relief as the court may deem appropriate and necessary.

Dated: September 6, 2019

**THE CLARK LAW GROUP**

By:   
\_\_\_\_\_  
ROGER W. CLARK  
ROBERT D. GOLDBERG  
Attorneys for Plaintiff STARR  
**INDEMNITY AND LIABILITY  
COMPANY**

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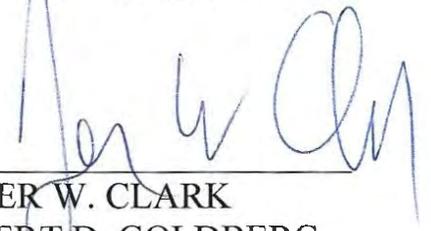
**DEMAND FOR JURY TRIAL**

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Plaintiff Starr Aviation hereby requests trial by jury in the above caption action.

DATED: September 6, 2019

**THE CLARK LAW GROUP**

By: 

ROGER W. CLARK  
ROBERT D. GOLDBERG  
Attorneys for Plaintiff STARR  
**INDEMNITY AND LIABILITY  
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