

**IN THE CIRCUIT COURT OF JACKSON COUNTY, MISSOURI  
AT KANSAS CITY**

KANSAS CITY UNIVERSITY OF )  
 MEDICINE AND BIOSCIENCES )  
 1750 Independence Avenue )  
 Kansas City, Missouri 64106 )

Plaintiff, )

v. )

KAREN L. PLETZ )  
 Serve at: )  
 411 W. 46th Terrace )  
 Apt. 100 )  
 Kansas City, Missouri 64112 )

Defendant. )

Case No. \_\_\_\_\_

Division No. \_\_\_\_\_

FILED-CIRCUIT COURT  
 JACKSON CO MO-KC  
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**PETITION**

Plaintiff Kansas City University of Medicine and Biosciences, by and through its undersigned counsel, brings this case for damages against defendant Karen L. Pletz based on claims for breach of fiduciary duty, fraud, breach of contract and unjust enrichment, and for an accounting, and in that regard, alleges as follows:

**PARTIES, JURISDICTION AND VENUE**

1. Plaintiff Kansas City University of Medicine and Biosciences (“KCUMB”) is a Missouri nonprofit corporation with its principal place of business at 1750 Independence Avenue, Kansas City, Missouri 64106.

2. Karen L. Pletz (“Pletz”) is an individual who can be served at 411 W. 46th Terrace, Apt. 100, Kansas City, Missouri 64112.

3. Pletz is subject to the jurisdiction of this Court by virtue of being a resident of Jackson County, Missouri, and having transacted business and committed tortious acts within Jackson County, Missouri.

4. Venue is proper in this Court pursuant to RSMo § 508.010 in that KCUMB was injured in Jackson County, Missouri, and Pletz resides in Jackson County, Missouri.

**GENERAL ALLEGATIONS COMMON TO ALL COUNTS**

5. KCUMB is a university committed to the education of students in osteopathic medicine and the life sciences.

6. Pletz was the President and CEO of KCUMB and was a member of the Board of Trustees of KCUMB (“Board”), having served in such capacity since 1995. In such capacity, Pletz was a fiduciary to KCUMB and owed fiduciary duties of good faith, due care, honesty, obedience to the mission and loyalty to KCUMB. Pletz occupied a position of the highest trust and confidence, and the utmost good faith was required of her in the exercise of her powers as President, CEO and Trustee. Pletz was bound to act with fidelity and loyalty to KCUMB and to subordinate her personal interests to the interests of KCUMB.

**Special Committee Investigation**

7. On October 20, 2009, serious allegations of misconduct by Pletz were brought to the Board’s attention, including that Pletz was providing false information to the Internal Revenue Service (“IRS”). That same day, the Board appointed a Special Committee to conduct an investigation into the allegations and the Board hired independent legal counsel, which had no prior professional ties to Pletz and her management team and was knowledgeable about the special responsibilities of nonprofit institutions, to represent KCUMB and assist the Special Committee with its investigation.

8. Although Pletz had learned in early 2009 that the IRS was going to audit KCUMB, and the IRS began its audit in late January 2009, Pletz failed to advise the Board of the IRS audit until October 20, 2009.

9. That same day, October 20, 2009, in light of serious allegations of misconduct, the Board passed a resolution and thereafter directed Pletz, in writing, that she should not receive any cash advance without written permission of the Chairman of the Board. In complete disregard of this direction, on November 25, 2009, Pletz obtained a cash advance from KCUMB in the amount of \$5,700 to take a trip to New York.

10. As an employee of KCUMB and as a Board member, Pletz was obligated to cooperate with the investigation of the Special Committee, but instead she delayed appearing for her interview.

11. Finally, on December 4, 2009, Pletz appeared for her first interview but refused to discuss any of the documents counsel for the Special Committee had provided to her lawyers on November 25, 2009 and December 1, 2009 claiming she had not had time to review them.

12. Pletz was asked to appear for another interview during the week of December 7, 2009, on a day and time of her choice, to discuss the documents. She refused to appear because she was taking a trip to New York that she claimed was for KCUMB business. The Chairman of the Board directed her to stay in Kansas City, to prepare for her interview, to appear for her interview and to cooperate with the investigation.

13. Pletz refused the direct instructions of the Chairman of the Board. She went to New York for the week, using the cash from the cash advance she inappropriately obtained without permission from the Chairman.

14. Her interview was scheduled for December 14, 2009. She again refused to appear. She eventually appeared for her interview on December 15, 2009. Her employment was terminated on December 18, 2009.

15. The Special Committee's investigation, which is continuing, has revealed that Pletz defrauded KCUMB over a period of several years and used KCUMB's assets for her personal benefit and to the detriment of KCUMB. She misled the Board to perpetuate her fraud. Among other misconduct, Pletz spent an extraordinary amount of time traveling and entertaining people with no benefit to KCUMB and secured compensation and other payments from KCUMB through false representations.

#### **Fraudulent Personal Deductions Taken for KCUMB Donations**

16. During her tenure, Pletz directed that hundreds of thousands of dollars of KCUMB assets be donated, often in her personal name, to other nonprofit corporations in order to promote her own agenda to be viewed as a leading philanthropist in Kansas City. She then fraudulently took hundreds of thousands of dollars in KCUMB contributions as deductions on her personal tax returns in at least 2005 and 2006.

17. In 2005 and 2006 Pletz made personal donations of approximately \$45,000 to Benedictine College, ostensibly in connection with her status as a member of the board of that institution. She had KCUMB reimburse her for those personal donations to Benedictine College without the knowledge and consent of the Board of Trustees. In 2003 and 2004, KCUMB reimbursed Pletz for \$35,000 of contributions to Benedictine College. These reimbursements were made without the knowledge and consent of the Board of Trustees. Pletz did not direct KCUMB to include the amounts personally reimbursed to her for her personal contributions and commitments to Benedictine College or that were directly paid to Benedictine College on her behalf to be included in her personal income for these years.

18. Pletz joined the United Way's Tocqueville Society, a fundraising arm of the United Way. Membership in the Tocqueville Society is limited to individual donors. In 2005-2009 Pletz made personal commitments and pledges in the amounts of \$30,000 (2005), \$40,000 (2006), \$50,000 (2007), \$75,000 (2008) and \$75,800 (2009). Pletz then directed KCUMB, without the knowledge of the Board, to pay her personal pledges to the Tocqueville Society, which totaled \$270,800 over the five year period. Pletz did not direct KCUMB to include the amounts paid to the United Way by KCUMB for her personal pledges and commitments to the Tocqueville Society in her personal income for these years.

19. Eventually, when the IRS later questioned her personal deductions, Pletz acknowledged they were erroneous.

20. Then, in 2008, Pletz borrowed hundreds of thousands of dollars from subordinate KCUMB employees to pay the IRS penalties, interest and additional taxes required. In earlier years, Pletz borrowed money from two others affiliated with KCUMB. After these individual lenders died, Pletz approached their relatives and told them that the lenders had forgiven the loans before their passing but that she was going to make a donation to KCUMB in lieu of repaying the loan. KCUMB does not know whether Pletz reported the claimed forgiven loans as forgiveness of debt income with the IRS.

21. In addition to borrowing from subordinates, Pletz also made early hardship withdrawals from KCUMB's 457(b) plan in 2008 and 2009 without providing the necessary documentation, which potentially places the plan at risk.

#### **Misrepresentations to the Board and Fraudulently Obtained Compensation**

22. Through the Special Committee's investigation, which commenced on October 20, 2009, KCUMB has discovered that Pletz intentionally misled the Board as to material matters in several respects over a span of several years.

23. Specifically, Pletz regularly reported that KCUMB received gifts, grants and contributions of more than one million dollars in each year. However, the Special Committee has learned that she failed to report that costs associated therewith exceeded the total amount of gifts, grants and contributions.

24. By memorandum dated September 26, 1999, Pletz, who is an attorney, represented to the former Board Chairman that it was legal and appropriate for KCUMB to pay her an additional amount of cash – a stipend – for her to make political contributions that KCUMB is otherwise prohibited from making because of its tax-exempt status. Her representation was false and was a pretext for her to obtain additional compensation.

25. From 2003 through 2009, Pletz spent over 2.3 million dollars of KCUMB assets for her activities, which provided little or no benefit to KCUMB and the true purpose of a substantial majority of which was not disclosed to the Board of Trustees.

26. Pletz's own misconduct and lack of supervision encouraged Douglas Dalzell ("Dalzell") and Richard Hoffine ("Hoffine"), both of whom were officers of KCUMB, to disregard their own duties of good faith, due care, honesty, obedience to the mission and loyalty to KCUMB and its Board. Pletz's misconduct and her encouraging of misconduct by Dalzell and Hoffine caused a situation in which, while Dalzell and Hoffine were aware of these expenditures, they did nothing to bring these issues to the attention of the Board.

27. Pletz allowed minutes of KCUMB Board Executive Committee meetings that never occurred to be prepared and placed in minute books. These fraudulent minutes purport to approve additional lump sum stipend payments to Pletz, over and above her regular compensation, equal to \$195,000/year. The meetings that never occurred were allegedly held on

May 2, 2006, April 17, 2007, and April 22, 2008. Pletz took the stipend knowing that this additional compensation was never disclosed to nor approved by the Board.

28. Through stipends, various bonuses, reimbursements and other forms of compensation, in addition to base pay with payments made at various times in various amounts, Pletz structured her compensation arrangement in such a way that her total compensation was not fully disclosed to the KCUMB Board. She also attempted to support the excessive compensation by misrepresenting her actual duties and the real operations of KCUMB as compared to a person in similar positions at similar institutions.

29. By way of further example, beginning in 1999, KCUMB retained a consultant, The Hay Group, to provide guidance to KCUMB in establishing the appropriate levels of compensation to pay its executives, including Pletz. Unbeknownst to KCUMB, Pletz took advantage of the opportunity to inflate her own compensation and the compensation of certain other KCUMB executive officers in cooperation with the compensation consultant.

30. From 2000 through 2009, half of the compensation for certain of the KCUMB executive officers was performance-based incentive compensation. In 2006 and 2007, Pletz manipulated and falsified the performance results in order to increase her compensation.

31. Pletz was significantly over compensated to the detriment of KCUMB. Pletz's total compensation for years 2005 through 2009 exceeded one million dollars each year.

#### **Fraudulent Travel, Entertainment and Meal Expenses**

32. Pletz's misappropriation of corporate assets and misrepresentations made to KCUMB took many forms, including using KCUMB funds to pay for personal travel, entertainment and meals, and in connection with that, Pletz submitted false documents to justify the expenses and/or to obtain reimbursement from KCUMB under false pretenses.

33. In January 2007, Pletz spent several thousand dollars of KCUMB money on a reception at the River Club. She claimed that the reception was to benefit KCUMB. That claim was false. The invitations to the reception do not mention KCUMB. The invitation was from Pletz and her husband. The reception was two days before her nephew was married and the reception was given in honor of her nephew and his fiancé. The guests were family and personal friends.

34. The Special Committee's investigation has revealed that, even though KCUMB provided a corporate Visa card to Pletz for business use, she would obtain cash advances for out-of-town travel. In order to receive a cash advance the procedure of KCUMB required a statement of the business purpose of the trip and required reconciliation after the trip confirming the business purpose, providing receipts for meals and other expenses and the name of the people who were entertained.

35. Information Pletz provided to KCUMB with respect to purported business travel was materially false. Specifically, during December 2004, Pletz traveled to San Antonio, Texas for nine days. Before the trip, when she asked for a cash advance of more than four thousand dollars, she represented to KCUMB that the purpose of the trip was fundraising with selected alumni. After the trip, she submitted receipts so that she would not be required to pay the cash back; she again said the purpose of the trip was for fund-raising with alumni in San Antonio. KCUMB paid more than four thousand dollars for that trip.

36. The documents Pletz submitted to justify the trip were materially false. As part of the investigation, Pletz's emails were reviewed. Emails she exchanged with her cosmetic surgeon, who was located in San Antonio, before the trip confirm that the actual purpose of the

trip was for Pletz to have elective cosmetic surgery on her face. Pletz did not meet with any KCUMB alumni during her nine day pre-surgery and post-surgery stay in San Antonio.

37. During July 2007, Pletz traveled to Jackson Hole, Wyoming for a seven-day trip. When she requested a cash advance from KCUMB for over \$23,000, she stated the purpose of the trip was to meet with KCUMB alumni to entertain them in her suite for lunches, dinners and receptions. She rented a "Specialty Suite" at the Four Seasons for two persons at a cost of \$2,500/night. After she returned from the trip, she again said that the over \$23,000 cost of the trip was to entertain KCUMB alumni.

38. Although Pletz reserved her Speciality Suite at the Jackson Hole Four Seasons Hotel over eight months in advance and she had a detailed itinerary prepared with dinner reservations for two people each night of the seven night stay, there was not one appointment to meet with alumni on her itinerary. Her expense report related to this trip lists two receptions in her suite with a group of eleven KCUMB alumni. Her staff prepared invitations for two receptions in her suite. However, Pletz directed that the invitations NOT be sent.

39. During the Special Committee's investigation, when asked why the invitations were not mailed to the alumni, Pletz claimed that she used her rental car to drive to the locations of the nine KCUMB alumni and hand-delivered the invitations to the alumni. This claim was false. One of the alumni on the list lives in Jackson Hole. The remaining alumni live in Bozeman, MT, a 480 mile round trip from Jackson Hole, Lander, WY, a 320 mile round trip, Kemmerer, WY, a 334 mile round trip, Cheyenne, WY, a 932 mile round trip, Casper, WY, a 574 mile round trip, Sheridan, WY, a 754 mile round trip and Powell, WY, a 402 mile round trip from Jackson Hole. During the time Pletz was in Jackson Hole, she only put 348 miles on her rental car, which is a little more than the miles needed for the roundtrip to one of the closest places.

40. KCUMB paid more than twenty-three thousand dollars for the Jackson Hole trip. The reason that Pletz stated both before and after the trip, were materially false and kept the Board from knowing the truth.

41. During September 2008, Pletz traveled to New York and spent more than four thousand dollars entertaining family and personal friends. She represented to KCUMB that these expenses were related to the Mid-Missouri Medical Foundation.

42. This representation was materially false. The records of the Missouri Secretary of State reveal that Mid-Missouri Medical Foundation filed Articles of Dissolution with the Missouri Secretary of State on March 7, 2005 and filed Articles of Termination with the Missouri Secretary of State on May 27, 2007. The Articles of Dissolution and Articles of Termination were filed by the Mid-Missouri Medical Foundation's President, John Pletz. As a result, the Mid-Missouri Medical Foundation was dissolved more than three years before this trip and its existence formally terminated over a year prior to this trip and it did not exist at the time of the trip.

43. Pletz also made an exceptionally high number of trips to the Fort Lauderdale, Florida area from July 11, 2001 through December 9, 2008, allegedly for KCUMB business. During this seven year time period, Pletz took more than \$124,000 in cash advances for these 28 trips (approximately four trips a year) to the area where her parents own a condominium.

44. Pletz also misused the corporate Visa card relating to meals and entertainment. KCUMB required her to provide receipts for all charges on that card and an indication of the business reason for the expense. Pletz usually would hand write the name of the person she entertained on the receipt.

45. To protect Pletz, the Special Committee worked to keep its investigation confidential. Consequently, it questioned only a small group of witnesses who were listed on Pletz's expense reports and who agreed to keep the investigation confidential. From this limited group of witnesses, the Special Committee discovered that approximately 70% of the meals, and other entertainment expenses which Pletz had informed the IRS as being appropriate business and entertainment expenses were fraudulent, as many of the people Pletz listed on her expense reports did not attend the meal or entertainment event or there was no business purpose for the meal or entertainment event. For example, with respect to meals with members of the Board of Trustees, forty-eight times Pletz submitted receipts for meals or entertainment events that Pletz claimed were with members of the Board of Trustees. Those same Trustees stated under oath that they did not attend any such meals or events. The Special Committee's investigation continues.

46. The Special Committee's investigation revealed that the majority of information Pletz provided to KCUMB to justify charges on her corporate Visa with respect to purported business meals and entertainment was materially false. Specifically:

- a. On September 9, 2003, Pletz charged a dinner at Romanelli Grill in Kansas City, Missouri for \$41.48. The person listed on the expense report did not attend this event.
- b. On March 18, 2004, Pletz charged a dinner at the Melting Pot in Kansas City, Missouri for \$186.85. The person listed on the expense report did not attend this event.
- c. On March 26, 2004, Pletz charged a dinner at Plaza III in Kansas City, Missouri for \$247.56. The persons listed on the expense report did not attend this event.
- d. On April 5, 2004, Pletz charged a dinner at Romanelli Grill in Kansas City, Missouri for \$34.90. The person listed on the expense report did not attend this event.

- e. On May 9, 2004, Pletz charged a dinner at P.F. Chang's in Kansas City, Missouri for \$93.11. The person listed on the expense report did not attend this event.
- f. On March 8, 2005, Pletz charged a dinner at the American Restaurant Crown Center in Kansas City, Missouri for \$500.00. The persons listed on the expense report did not attend this event.
- g. On March 20, 2005, Pletz charged a dinner at Minsky's in Kansas City, Missouri for \$32.90. The persons listed on the expense report did not attend this event.
- h. On April 3, 2005, Pletz charged a dinner at Princess Garden in Kansas City, Missouri for \$66.95. The person listed on the expense report did not attend this event.
- i. On May 16, 2005, Pletz charged a dinner at the Better Cheddar in Kansas City, Missouri for \$478.00. The persons listed on the expense report did not attend this event.
- j. On May 17, 2005, Pletz charged a dinner at Minsky's in Kansas City, Missouri for \$30.66. The person listed on the expense report did not attend this event.
- k. On May 22, 2005, Pletz charged a dinner at Princess Gardens in Kansas City, Missouri for \$59.95. The person listed on the expense report did not attend this event.
- l. On June 29, 2005, Pletz charged a dinner at 1924 Main in Kansas City, Missouri for \$150.76. The person listed on the expense report did not attend this event.
- m. On December 20, 2005, Pletz charged a dinner at the American Restaurant Crown Center in Kansas City, Missouri for \$494.44 and \$250.00. The persons listed on the expense report did not attend this event.
- n. On April 11, 2006, Pletz charged a dinner at Room 39 – Seasons in Kansas City, Missouri for \$129.85. The person listed on the expense report did not attend this event.
- o. On April 23, 2006, Pletz charged a dinner at Princess Garden in Kansas City, Missouri for \$83.95. The persons listed on the expense report did not attend this event.
- p. On April 30, 2006, Pletz charged a dinner at the Intercontinental in Kansas City, Missouri for \$141.54. The person listed on the expense report did not attend this event.

- q. On June 15, 2006, Pletz charged a dinner at Gordon Ramsay Restaurant, Chelsea, London for \$1,807.94. The persons listed on the expense report did not attend this event.
- r. On June 20, 2006, Pletz charged a lunch at McDonald's in Kansas City, Missouri for \$10.50. The person listed on the expense report did not attend this event.
- s. On June 21, 2006, Pletz charged a lunch at McAdam's Ltd. in Columbia, Missouri for \$270.55. McAdam's Ltd. does not serve food.
- t. On June 23, 2006, Pletz charged a wine purchase from Rimann Liquors in Prairie Village, Kansas for \$677.46. The persons listed on the expense report did not attend this event.
- u. On June 23, 2006, Pletz charged a dinner at Better Cheddar in Kansas City, Missouri for \$282.09. The persons listed on the expense report did not attend this event.
- v. On June 24, 2006, Pletz charged a dinner at Room 39 in Kansas City, Missouri for \$76.51. The person listed on the expense report did not attend this event.
- w. On June 28, 2006, Pletz charged a lunch at McCormick & Schmick in Kansas City, Missouri for \$62.53. The persons listed on the expense report did not attend this event.
- x. On July 23, 2006, Pletz charged a dinner at Princess Garden in Kansas City, Missouri for \$59.95. The person listed on the expense report did not attend this event.
- y. On July 25, 2006, Pletz charged a dinner at Room 39 in Kansas City, Missouri for \$161.74. The person listed on the expense report did not attend this event.
- z. On August 7, 2006, Pletz charged a dinner at Mi Cocina in Kansas City, Missouri for \$48.91. The person listed on the expense report did not attend this event.
- aa. On August 16, 2006, Pletz charged a dinner at Houston's in Kansas City, Missouri for \$47.55. The person listed on the expense report did not attend this event.
- bb. On August 29, 2006, Pletz charged a dinner at 1924 Main in Kansas City, Missouri for \$276.18. The persons listed on the expense report did not attend this event.

- cc. On September 16, 2006, Pletz charged a dinner at the Graves 601 Hotel in Minneapolis, Minnesota for \$182.97. The persons listed on the expense report did not attend this event.
- dd. On September 23, 2006, Pletz charged wine at Chalet Wine & Cheese in Chicago, Illinois for \$126.68. The persons listed on the expense report did not attend this event.
- ee. On September 26, 2006, Pletz charged wine at Chalet Wine & Cheese in Chicago, Illinois for \$77.34. The persons listed on the expense report did not attend this event.
- ff. On October 20, 2006, Pletz charged a dinner at Paolucci's Deli in Atchison, Kansas for \$168.00. The person listed on the expense report did not attend this event.
- gg. On November 24, 2006, Pletz charged a lunch at Waldo Pizza in Kansas City, Missouri for \$30.60. The person listed on the expense report did not attend this event.
- hh. On December 30, 2006, Pletz charged a dinner at 40 Sardines in Overland Park, Kansas for \$795.27 and \$62.15. The persons listed on the expense report did not attend this event.
- ii. On January 5, 2007, Pletz charged a lunch at Room 39 in Kansas City, Missouri for \$68.49. The person listed on the expense report did not attend this event.
- jj. On March 13, 2007, Pletz charged a lunch at P.F. Chang in Kansas City, Missouri for \$92.16. The person listed on the expense report did not attend this event.
- kk. On March 24, 2007, Pletz charged a lunch at Waldo Pizza in Kansas City, Missouri for \$29.72. The person listed on the expense report did not attend this event.
- ll. On April 13, 2007, Pletz charged a lunch at Chili's in Overland Park, Kansas for \$42.87. The person listed on the expense report did not attend this event.
- mm. On May 2, 2007, Pletz charged entertainment at 1924 Main in Kansas City, Missouri for \$48.22. The person listed on the expense report did not attend this event.
- nn. On June 18, 2007, Pletz charged food and drinks on the Constellation Cruise Ship for \$47.70. The person listed on the expense report did not attend this event.

- oo. On June 23, 2007, Pletz charged a lunch at Room 39 in Kansas City, Missouri for \$64.91. The person listed on the expense report did not attend this event.
- pp. On August 10, 2007, Pletz charged a lunch at the Bristol in Kansas City, Missouri for \$83.26. The person listed on the expense report did not attend this event.
- qq. On August 12, 2007, Pletz charged a lunch at Salty Iguana in Prairie Village, Kansas for \$44.19. The person listed on the expense report did not attend this event.
- rr. On September 24, 2007, Pletz charged items for an event in her hotel suite for \$176.17 and \$136.89. The person listed on the expense report did not attend this event.
- ss. On October 1, 2007, Pletz charged items for a reception at a Marriott in San Diego, California for \$47.70 and \$35.10. The person listed on the expense report did not attend this event.
- tt. On October 7, 2007, Pletz charged a breakfast at Ritz Carlton in Chicago, Illinois for \$353.54. The person listed on the expense report did not attend this event.
- uu. On November 3, 2007, Pletz charged a lunch at Room 39 in Kansas City, Missouri for \$90.51. The person listed on the expense report did not attend this event.
- vv. On November 10, 2007, Pletz charged a lunch at Boomerang in Kansas City, Missouri for \$50.32. The person listed on the expense report did not attend this event.
- ww. On December 12, 2007, Pletz charged a breakfast at McDonald's in Kansas City, Missouri for \$14.38. The person listed on the expense report did not attend this event.
- xx. On December 17, 2007, Pletz charged a purchase of liquor in Kansas City, Missouri for \$2,268.69. The persons listed on the expense report did not attend this event.
- yy. On February 3, 2008, Pletz charged a lunch at Houston's in Kansas City, Missouri for \$81.24. The person listed on the expense report did not attend this event.
- zz. On March 2, 2008, Pletz charged a dinner at Marina Café in Destin, Florida for \$173.38. The persons listed on the expense report did not attend this event.

- aaa. On March 7, 2008, Pletz charged a dinner at Room 39 in Kansas City, Missouri for \$342.04. The person listed on the expense report did not attend this event.
- bbb. On March 20, 2008, Pletz charged a dinner at the Bristol in Kansas City, Missouri for \$305.72. The person listed on the expense report did not attend this event.
- ccc. On March 25, 2008, Pletz charged a dinner at Waldo Pizza in Kansas City, Missouri for \$33.26. The person listed on the expense report did not attend this event.
- ddd. On March 30, 2008, Pletz charged a dinner at Princess Garden in Kansas City, Missouri for \$103.95. The person listed on the expense report did not attend this event.
- eee. On April 18, 2008, Pletz charged a dinner at P.F. Chang's in Kansas City, Missouri for \$137.73. The person listed on the expense report did not attend this event.
- fff. On April 20, 2008, Pletz charged a dinner at Capital Grille in Kansas City, Missouri for \$163.60. The person listed on the expense report did not attend this event.
- ggg. On May 9, 2008, Pletz charged a lunch at the Capital Grille in Kansas City, Missouri for \$99.49. The person listed on the expense report did not attend this event.
- hhh. On May 10, 2008, Pletz charged a dinner at Bonefish in Kansas City, Missouri for \$58.15 and \$60.90. The persons listed on the expense report did not attend this event.
- iii. On May 24, 2008, Pletz charged a dinner at Frontera Grill in Chicago, Illinois for \$373.61 and \$60.28. The person listed on the expense report did not attend this event.
- jjj. On June 28, 2008, Pletz charged a dinner at Room 39 in Kansas City, Missouri for \$360.92. The persons listed on the expense report did not attend this event.
- kkk. On July 1, 2008, Pletz charged a dinner at Houlihan's in Kansas City, Missouri for \$113.13. The person listed on the expense report did not attend this event.
- lll. On July 9, 2008, Pletz charged a dinner at Princess Garden in Kansas City, Missouri for \$104.95. The persons listed on the expense report did not attend this event.

- mmm. On August 4, 2008, Pletz charged a dinner at Grand Street Café in Kansas City, Missouri for \$110.16. The persons listed on the expense report did not attend this event.
- nnn. On August 23, 2008, Pletz charged a dinner at Grand Street Café in Kansas City, Missouri for \$230.42. The persons listed on the expense report did not attend this event.
- ooo. On August 26, 2008, Pletz charged a dinner at Princess Garden in Kansas City, Missouri for \$116.50. The person listed on the expense report did not attend this event.
- ppp. On September 6, 2008, Pletz charged a dinner at 1924 Main in Kansas City, Missouri for \$690.06. The persons listed on the expense report did not attend this event.
- qqq. On October 2, 2008, Pletz charged a lunch at Waldo Pizza in Kansas City, Missouri for \$38.91. The person listed on the expense report did not attend this event.
- rrr. On October 23, 2008, Pletz charged a lunch at Grand Lux Café in Las Vegas, Nevada for \$111.47. The person listed on the expense report did not attend this event.
- sss. On October 23, 2008, Pletz charged a dinner at Grand Lux Café in Las Vegas, Nevada for \$71.64. The person listed on the expense report did not attend this event.
- ttt. On October 25, 2008, Pletz charged a lunch at the Country Club Steakhouse in Las Vegas, Nevada for \$320.78. The person listed on the expense report did not attend this event.
- uuu. On October 27, 2008, Pletz charged a dinner at Grand Lux Café in Las Vegas, Nevada for \$122.63. The persons listed on the expense report did not attend this event.
- vvv. On October 28, 2008, Pletz charged a dinner at Princess Garden in Kansas City, Missouri for \$131.50. The person listed on the expense report did not attend this event.
- www. On January 29, 2009, Pletz charged a dinner at Sailors Tai in Sydney, Australia for \$1,065.61. The persons listed on the expense report did not attend this event.
- xxx. On March 1, 2009, Pletz charged a dinner at Guadalajara Café in Kansas City, Missouri for \$68.32. The person listed on the expense report did not attend this event.

- yyy. On March 21, 2009, Pletz charged a lunch at Salty Iguana in Kansas City, Missouri for \$42.47. The person listed on the expense report did not attend this event.
- zzz. On April 14, 2009, Pletz charged a dinner at Waldo Pizza in Kansas City, Missouri for \$45.09. The person listed on the expense report did not attend this event.
- aaaa. On April 15, 2009, Pletz charged a dinner at 1924 Main in Kansas City, Missouri for \$47.54. The person listed on the expense report did not attend this event.
- bbbb. On April 17, 2009, Pletz charged a dinner at Table Fifty-Two in Chicago, Illinois for \$426.56. The persons listed on the expense report did not attend this event.
- cccc. On April 18, 2009, Pletz charged a dinner at Zealous in Chicago, Illinois for \$392.86. The person listed on the expense report did not attend this event.
- dddd. On April 26, 2009, Pletz charged a dinner at P.F. Chang's in Kansas City, Missouri for \$126.92. The person listed on the expense report did not attend this event.
- eeee. On June 26, 2009, Pletz charged a wine purchase from The Wine Merchant in Clayton, Missouri for \$3,270.28. The persons listed on the expense report did not attend this event.

47. Much of the above-detailed false information of claimed business expenses totaling almost \$22,000 that Pletz provided to KCUMB was also provided to the IRS as part of its audit of KCUMB.

48. The investigation of a select sample of expense reimbursement transactions claimed by Pletz revealed that approximately 70% of the charges or reimbursements were based upon false or materially incorrect information. The investigation of the remaining over two million dollars in claimed reimbursements and expenses by Pletz is ongoing.

#### **Lack of Supervision and Overcompensation of KCUMB Employees**

49. As President and CEO, Pletz was responsible for the supervision of KCUMB employees. Pletz failed to adequately carry out that responsibility.

50. Upon information and belief, likely as a result of her own misconduct and the conflicts of interest she created (*e.g.*, borrowing funds from subordinates, falsifying expense reports, etc.), Pletz allowed and fostered an atmosphere in the executive offices of “anything goes,” which included employees using KCUMB property, supplies and time to run other for-profit businesses out of KCUMB when they should have been engaged in KCUMB business.

51. As President and CEO, Pletz was also responsible for setting the compensation of KCUMB employees. Pletz failed to adequately carry out that responsibility. Namely, she grossly over-compensated the same employees who were misusing KCUMB property, supplies and time.

52. Pursuant to Section 355.476 of the Missouri Nonprofit Corporation Act and upon receipt of an Undertaking executed by Pletz dated December 4, 2009, KCUMB agreed to advance to Pletz certain attorneys' fees related to the Special Committee's investigation. Pursuant to such Undertaking and as required by law, Pletz agreed to repay any amounts advanced to her by KCUMB if she did not act in good faith and in a manner that she reasonably believed to be in or not opposed to the best interests of KCUMB. KCUMB did advance to Pletz her legal expenses related to the Special Committee's investigation. As set forth in paragraphs 7 through 52 of this petition, Pletz failed to act in good faith and in the best interests of KCUMB and did act in a manner opposed to the best interests of KCUMB. Therefore, Pletz is required to repay to KCUMB all amounts advanced to her and KCUMB is not required to advance any additional amounts to Pletz.

#### **Tolling of Statutes of Limitations**

53. Because Pletz had a fiduciary relationship with KCUMB, the applicable statutes of limitations did not begin to run and were necessarily tolled as a matter of Missouri law until

such time as the misconduct was actually discovered by KCUMB, which was not until commencement of the Special Committee's investigation in October 2009.

54. Further, as detailed above, Pletz affirmatively took steps to conceal her misconduct over the years by providing false and incomplete information to KCUMB, and to the IRS, such that KCUMB could not have discovered through the exercise of due diligence, and did not discover, Pletz's misconduct until the IRS audit commenced in 2009 and the Special Committee was thereafter formed to investigate.

### **COUNT I – BREACH OF FIDUCIARY DUTY**

55. KCUMB incorporates paragraphs 1 through 54 as if rewritten fully herein.

56. As President, CEO and a Trustee, Pletz was a fiduciary to KCUMB and owed a fiduciary duty to KCUMB as a matter of Missouri law. Pletz was required to act with the utmost good faith, due care, honesty, obedience to the mission and loyalty in relation to KCUMB and to avoid self-dealing.

57. Instead, Pletz abused her position of power for her own personal benefit and enrichment to the detriment of KCUMB.

58. Beginning in at least late 1999 and continuing to the present, Pletz breached her fiduciary duty to KCUMB by reason of the foregoing conduct detailed above in paragraphs 7 through 51, which includes but is not limited to:

- a. Directing that hundreds of thousands of dollars of KCUMB assets be given to other nonprofit corporations, in some instances misrepresenting that such contributions were made by her personally, and then fraudulently taking hundreds of thousands of dollars in KCUMB contributions as deductions on her personal tax return;
- b. Borrowing hundreds of thousands of dollars from subordinate employees to pay the penalties, interest and taxes associated with her fraudulent deductions;

- c. Making early withdrawals from KCUMB's 457(b) plan without providing the necessary documentation;
- d. Failing to report to the Board the true financial picture of gifts, grants and contributions received by KCUMB wherein the costs associated therewith exceeded the total amount of gifts, grants and contributions;
- e. Misleading the Board concerning her total compensation and the appropriateness, reason for and true use of stipends and substantial lump sum cash payments;
- f. Allowing minutes of KCUMB Board Executive Committee meetings that never occurred to be prepared and placed in minute books purporting to approve additional lump sum payments of \$195,000/year – payments that were not approved by the Board;
- g. Using KCUMB funds to pay for personal travel, entertainment and meals, and in connection with that, submitting false documents to justify the expenses and/or to obtain reimbursement from KCUMB under false pretenses;
- h. Failing to adequately supervise and grossly overcompensating KCUMB employees;
- i. Providing false information to the IRS on behalf of KCUMB;
- j. Failing to timely inform the Board of an impending IRS audit; and
- k. Failing to cooperate with the Special Committee's investigation.

59. As a direct result of such breach, KCUMB has sustained damage, including, but not limited to, in the form of compensation paid by KCUMB to Pletz from the date her misconduct began to the present; payments and stipends obtained by Pletz from KCUMB through false representations; amounts for travel, entertainment and meals paid by KCUMB based on false representations; amounts for donations made by KCUMB to nonprofit corporations for which Pletz took personal deductions; amounts lost due to Pletz's failure to adequately supervise, and gross overcompensation of KCUMB employees; professional and legal fees and costs incurred by KCUMB in connection with the IRS audit and the Special

Committee's investigation, including those fees advanced to her pursuant to RSMo § 355.476 which she is required to repay; and other consequential damages yet to be determined.

60. Pletz's misconduct was intentional and outrageous in that Pletz acted with evil motive and/or reckless indifference to the rights of others, thereby entitling KCUMB to an award of punitive damages in such amount as will serve to punish Pletz and deter her and others from like conduct.

61. Further, by breaching her fiduciary duty, Pletz has forfeited her right to compensation from KCUMB as a matter of Missouri law from the beginning date of her misconduct to the present. Pletz must disgorge and return all compensation she received from KCUMB during such time.

#### **COUNT II – FRAUD**

62. KCUMB incorporates paragraphs 1 through 61 as if rewritten fully herein.

63. During her tenure as President, CEO and Board member, Pletz made representations to KCUMB that were false, as detailed above in paragraphs 16 through 51, which include but are not limited to:

- a. Representing to KCUMB in 2006, 2007 and 2008, that an additional lump sum payment of \$195,000/year had been approved by the Executive Committee of the Board when in fact it had not been approved and instead was a result of forged minutes of meetings that never occurred – as detailed above in paragraphs 22 through 31; and
- b. Representing to KCUMB from at least 2003 through 2009 that travel, entertainment and meals were for business reasons and that persons listed on expense reports actually attended the travel, entertainment and meals when in fact the travel, entertainment and meals were for personal reasons and the persons listed did not attend – as detailed above in paragraphs 32 through 48.

64. Pletz knew the representations were false when made in that they involved matters of her personal knowledge. She made the representations with the intent that KCUMB would rely on them in making payments and providing compensation to her.

65. The false representations were material in that KCUMB would not have made the payments to Pletz, or provided the compensation to Pletz, but for the false representations.

66. KCUMB relied on the false representations in making payments and providing compensation to Pletz, and had a right to rely on the representations because, among other reasons, Pletz was a fiduciary.

67. As a direct result of Pletz's false representations, KCUMB has sustained damage, including, but not limited to, an amount equal to the payments and compensation obtained by Pletz from KCUMB through the false representations.

68. Pletz's misconduct was intentional and outrageous in that Pletz acted with evil motive and/or reckless indifference to the rights of others, thereby entitling KCUMB to an award of punitive damages in such amount as will serve to punish Pletz and deter her and others from like conduct.

### **COUNT III – BREACH OF CONTRACT**

69. KCUMB incorporates paragraphs 1 through 68 as if rewritten fully herein.

70. Pletz entered into an Employment Agreement with KCUMB with an effective date of November 1, 2000 ("Employment Agreement"), pursuant to which Pletz agreed to serve as President and CEO of KCUMB. The term of the Employment Agreement was subsequently extended by addendums through October 31, 2013.

71. Pursuant to the Employment Agreement, Pletz agreed to "perform such duties as are normally incident to" the positions of President and CEO, which would include, among other

things, keeping the Board informed of financial and other material matters and supervising KCUMB employees. (Employment Agreement at ¶ 1(b)).

72. Pletz also agreed to “devote her full time and best efforts to advance the interests of” KCUMB “in the performance of the duties assigned to her by” KCUMB. Pletz agreed that she “shall not be engaged or concerned with any other activities which would conflict with her obligations” under the Employment Agreement, “or require services on her part to the detriment of the performance of her obligations under” the Employment Agreement. (Employment Agreement at ¶ 1(c)).

73. The Employment Agreement also included the implied covenant of good faith and fair dealing, which required Pletz to carry out her performance under the contract in good faith.

74. Based on the misconduct detailed above in paragraphs 7 through 51, Pletz materially breached the express and implied terms of the Employment Agreement in that she did not adequately perform such duties as are normally incident to the positions of President and CEO, she did not keep the Board informed of financial or other material matters, she did not adequately supervise KCUMB employees, she did not devote her full time or best efforts to advance the interests of KCUMB in the performance of the duties assigned to her by KCUMB, and she engaged in activities that were in conflict with and to the detriment of her obligations as President and CEO.

75. As a direct result of Pletz’s breach of contract, KCUMB has sustained damage, including, but not limited to, in the form of compensation paid by KCUMB to Pletz under the Employment Agreement and/or otherwise as President and CEO, as well as amounts lost due to her failure to adequately supervise, and gross overcompensation of, KCUMB employees.

#### **COUNT IV – UNJUST ENRICHMENT**

76. KCUMB incorporates paragraphs 1 through 75 as if rewritten fully herein.

77. As a result of the misconduct detailed above in paragraphs 7 through 51, Pletz has been unjustly enriched from benefits conferred upon her from, and at the expense of, KCUMB.

78. In particular, Pletz has been unjustly enriched to the extent she received compensation from KCUMB during such time she was acting in breach of her fiduciary duty, to the extent she received payments from KCUMB in reimbursement for fraudulent travel, meal and entertainment expenses, to the extent of donations made by KCUMB to nonprofit corporations for which Pletz took personal tax deductions, to the extent Pletz received additional payments or stipends from KCUMB under false pretenses, and to the extent of the other misconduct detailed herein from which Pletz benefited at the expense of KCUMB.

79. It would be unjust for Pletz to retain the benefits conferred upon her from KCUMB in that they were obtained through fraud, breaches of fiduciary duty and/or other misconduct. Pletz should be required to disgorge such benefits.

#### **COUNT V – ACCOUNTING**

80. KCUMB incorporates paragraphs 1 through 79 as if rewritten fully herein.

81. Pletz's breach of fiduciary duty detailed above, from which she profited to the detriment of KCUMB, gives rise to an action for an accounting as a matter of Missouri law.

82. Pletz has complete and total control of her bank, investment, tax and other financial records which would reflect earnings, expenses, deductions, deposits and disbursements relating to the receipt and use of KCUMB funds. An inspection and accounting of such records is necessary in order to determine and calculate all of the damages and sums owed by Pletz to KCUMB.

83. Legal remedies are inadequate because, without an accounting, KCUMB will be unable to discover and quantify the full extent of the harm caused by Pletz's misconduct.

84. Accordingly, KCUMB prays for entry of the Court's order enjoining Pletz from destroying, altering or discarding any of her bank, investment, tax and any other financial records from or concerning such time that Pletz served as President and CEO of KCUMB through the present, until conclusion of this civil action.

85. KCUMB prays for an order of inspection and accounting of Pletz's bank, investment, tax and other financial records from or concerning such time that Pletz served as President and CEO of KCUMB through the present, and for an order of accounting of all monies received or disbursed by Pletz, from or to KCUMB or any of its employees, officers, Board members or alumni, from or concerning such time that Pletz served as President and CEO of KCUMB through the present.

#### **PRAYER FOR RELIEF**

WHEREFORE, plaintiff KCUMB prays for judgment in its favor and against defendant Pletz, and for an accounting in its favor and against defendant Pletz, as follows:

- a. Awarding damages in such amount that is fair and reasonable, including but not limited to:
  - i. All compensation paid by KCUMB to Pletz from the date her misconduct began to the present;
  - ii. All payments and stipends obtained by Pletz through false representations;
  - iii. All amounts for travel, entertainment and meals paid by KCUMB based on false representations;
  - iv. All amounts for donations made by KCUMB to nonprofit corporations for which Pletz took personal deductions;

- v. All amounts lost due to Pletz's failure to adequately supervise, and gross overcompensation of, KCUMB employees who used KCUMB time and property to conduct other business;
  - vi. All professional and legal fees and costs incurred by KCUMB in connection with the IRS audit;
  - vii. All professional and legal fees and costs incurred by KCUMB in connection with the Special Committee's investigation;
  - viii. All attorneys' fees related to the Special Committee's investigation that were advanced to Pletz pursuant to RSMo § 355.476; and
  - ix. All other consequential damages resulting from the above-described misconduct.
- b. Awarding punitive damages in an amount to be determined by the jury;
  - c. Awarding pre-judgment and post-judgment interest at the statutory rate;
  - d. Awarding attorney's fees and costs in pursuing this litigation;
  - e. Enjoining Pletz from destroying, altering or discarding any of her bank, investment, tax and any other financial records from or concerning such time that Pletz served as President and CEO of KCUMB through the present, until conclusion of this litigation;
  - f. Ordering an inspection and accounting of Pletz's bank, investment, tax and other financial records from or concerning such time that Pletz served as President and CEO of KCUMB through the present, and an accounting of all monies received or disbursed by Pletz, from or to KCUMB or any of its employees, officers, Board members or alumni, from or concerning such time that Pletz served as President and CEO of KCUMB through the present; and

- g. Awarding such other and further relief as this Court deems just and proper.

**JURY TRIAL DEMAND**

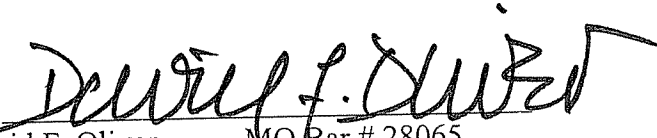
Plaintiff KCUMB hereby demands a jury trial.

DATED: March 22, 2010.

Respectfully submitted,

BERKOWITZ OLIVER WILLIAMS  
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