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STATE OF MICHIGAN
IN THE CIRCUIT COURT FOR THE COUNTY OF OAKLAND

PETER KARMANOS, JR. STOCK LIMITED
PARTNERSHIP, a Michigan limited partnership;

2016-153218-CB
JUDGE POTTS

Plaintiff,

v.

Case No. 16- -CB
Hon.

PETER KARMANOS, JR., an individual,

Defendant.

Peter M. Alter (P10145)
Ethan R. Holtz (P71884)
Jaffe, Raitt, Heuer & Weiss, P.C.
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JAFFE RAITT HEUER & WEISS, P.C.

There is no other pending or resolved civil action arising out of the transaction or occurrence alleged in the complaint.

THIS MATTER SHOULD BE ASSIGNED TO THE BUSINESS COURT PURSUANT TO LOA 2012-3

COMPLAINT

Plaintiff the Peter Karmanos, Jr. Stock Limited Partnership, a Michigan limited partnership (the "SLP"), through its attorneys, Jaffe, Raitt, Heuer, and Weiss, P.C., for its Complaint against Defendant Peter Karmanos, Jr. ("PKJ") says:

PARTIES

1. SLP is a Michigan limited partnership, formed in 1996, that is registered and located in Oakland County.

2. Defendant PKJ, who is an individual who resides in Oakland County, is a limited partner owning 34.015531% of SLP

JURISDICTION AND VENUE

3. This matter is within the Court's jurisdiction because the amount in controversy exceeds the sum of \$25,000.00, exclusive of interest and costs and/or seeks equitable relief.

4. This Court has jurisdiction over the parties pursuant to, among other things, MCL 600.701 and 600.721.

5. Venue is proper in this County pursuant to, among other things, MCL 600.1621.

Background of Parties

6. PKJ is a well-known and highly successful businessman who, among other things, was one of the founders of Compuware Corporation ("Compuware") and, through various entities, owns the Carolina Hurricanes National Hockey League franchise (the "Hurricanes").

7. In or about February of 1996, PKJ was interested in divesting himself of certain assets as an estate planning tool to benefit three of his sons, Peter Karmanos, III ("PKIII"), Nicodemus Karmanos ("Nick") and Jason Karmanos ("Jason") and, therefore, formed SLP as a means to do so.

8. Among the purposes of SLP were "acquiring owning, maintaining, managing, selling and otherwise disposing of stock and other securities issued by Compuware [...]..." Exhibit A, **Limited Partnership Agreement of Peter Karmanos, Jr., Stock Limited Partnership**, dated February 7, 1996 (the "SLP Agreement").

9. By forming SLP to acquire and hold shares in Compuware and providing limited partnership interests to PKIII, Nick and Jason, PKJ could and did transfer valuable assets to them in a tax advantageous manner.

10. Accordingly, on or about February 7, 1996, PKJ and PKIII, as co-trustees of three certain irrevocable trusts, formed SLP and entered into the SLP Agreement, as General Partners who, pursuant to the SLP Agreement and the respective trust agreements, manage SLP.

11. The SLP Agreement was amended by and correctly titled **“First Amendment to Limited Partnership Agreement of Peter Karmanos, Jr., Stock Limited Partnership,”** dated September 1, 1998 (the “First Amendment to the SLP Agreement”). Exhibit B.

12. The SLP Agreement was then further amended by and incorrectly titled **“First Amendment to Limited Partnership Agreement of Peter Karmanos, Jr., Stock Limited Partnership,”** dated March 3, 2009 (the “Second Amendment to the SLP Agreement”) (Exhibit C), which re-configured the ownership of SLP.

13. As a result of the Second Amendment, the current ownership of SLP is:

Name	Type of Interest	Percent Interest
Peter Karmanos, Jr. Irrev. Trust FBO Peter Karmanos, III UAD 2/7/96	General Partner	0.359281
Peter Karmanos, Jr. Irrev. Trust FBO Nicodemus Karmanos UAD 2/7/96	General Partner	0.359281
Peter Karmanos, Jr. Irrev. Trust FBO Jason Karmanos UAD 2/7/96	General Partner	0.359281

(The three above identified irrevocable trusts are hereinafter referred to as the “General Partner Trusts”). A copy of the General Partner Trust Agreement is attached hereto as Exhibit D.

Peter Karmanos, Jr.	Limited Partner	34.015531
Peter Karmanos III 1996 Pourover Irrev. Trust	Limited Partner	21.635542
Nicodemus Karmanos 1996 Pourover Irrev. Trust	Limited Partner	21.635542
Jason Karmanos 1996	Limited Partner	21.635542

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Name	Type of Interest	Percent Interest
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Pourover Irrev. Trust

(The three above identified pourover irrevocable trusts are hereinafter referred to as the "Limited Partner Trusts")

14. The SLP Agreement provides the terms upon which SLP was to be operated.

15. After entering into the SLP Agreement, PKJ funded the SLP by transferring shares of Compuware stock to the SLP.

16. Eventually the assets of SLP increased dramatically in value and eventually became worth in excess of \$100 million.

Use and Transfer of SLP Assets

17. On November 19, 1999, PKJ caused certain assets to be transferred from SLP to other entities controlled by PKJ.

18. As a result, on December 13, 1999, PKJ, as "Obligor", executed a promissory note in favor of an entity called Karmanos Stock L.L.C., in the amount of \$180 million, at an interest rate of 6.5%, to be paid annually over a 30 year period (the "December 1999 Note").

19. During the period 2000-2013, PKJ and entities owned or controlled by him entered into various loan and credit agreements, obtaining tens of millions of dollars in loans and advances from various banks and the NHL, upon information and belief, to be used to support the Hurricanes and he caused SLP to pledge certain of its assets as collateral and he also transferred and/or caused to be transferred funds from SLP.

20. Among other transactions, on or about April 15, 2009, after PKJ borrowed \$69,710,130.18 from SLP, PKJ executed a promissory note agreeing to repay that same amount, plus interest at the rate of 2.15% per annum, to be paid in installments annually until the earlier of

December 17, 2017 or 365 days after PKJ's death (the "April 2009 Note"). Defendant is in possession of a copy of the April 2009 Note.

21. On or about June 30, 2013, PKJ executed another promissory note in favor of SLP, in the amount of \$101,308,993.00, plus interest at the rate of 2.15% per annum, all to be paid in installments, annually, until the earlier of June 29, 2022 or 365 days after PKJ's death (the "June 2013 Note"). Defendant is in possession of a copy of the June 2013 Note.

PKJ'S Breaches of the Note and Failure to Cure Default

22. Since 2013, PKJ has failed to make a single payment of principal and/or interest due pursuant to the June 2013 Note.

23. The amount of unpaid interest due and owing pursuant to the June 2013 Note as of filing is at least \$4,356,286.68.

24. As a result of PKJ's failure to make the required payments, pursuant to the terms of the June 2013 Note, SLP may accelerate and declare immediately due and payable the entire balance of principal and interest owing on the June 2013 Note.

25. Accordingly, on or about April 21, PKIII, authorized to act and acting as co-trustee of the General Partner Trusts and pursuant to the SLP Agreement, sent PKJ a notice of default of and under the June 2013 Note and demanding cure within 30 days, or, failing that, the entire balance of principal and interest on the June 2013 Note would become immediately due and payable. A copy of such notice is attached as Exhibit E.

26. PKJ has failed to timely cure such defaults and accordingly, on or about May 25, 2016, the entire balance of the June 2013 Note, including interest, became immediately and now is due and payable.

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27. SLP has commenced this action to protect SLP's interests and enforce SLP's rights to payment of the principal and interest due and owing under the June 2013 Note.

COUNT I
BREACH OF CONTRACT AGAINST PKJ

28. Plaintiff incorporates the preceding paragraphs as if full restated herein.

29. The June 2013 Note is a valid and enforceable contract between PKJ and SLP.

30. SLP has fully performed each of its obligations pursuant to the June 2013 Note.

31. PKJ has breached the terms of the June 2013 Note, by failing to pay principal and interest currently due and owing in the amount of at least \$105,665,279.68.

32. As a result of PKJ's breaches, SLP has suffered damages in an amount to be determined, but exceeding \$25,000.00, exclusive of interest and costs.

33. Pursuant to the June 2013 Note, SLP is also entitled to all costs and attorneys' fees incurred in enforcing its rights.

WHEREFORE, Plaintiff requests and is entitled to judgment in its favor awarding the following relief:

- A. Damages for breach of contract in an amount to be determined, but exceeding \$25,000.00, plus interest, costs and attorneys' fees;
- B. Any other relief the Court deems just and necessary under the circumstances.

Respectfully Submitted,

JAFFE, RAITT, HEUER & WEISS, P.C.

Dated: May 26, 2016

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