

STATE OF SOUTH CAROLINA )  
COUNTY OF ALLENDALE )  
ARTHUR BADGER, individually and as )  
Second Successor Personal Representative )  
of the ESTATE OF DONNA BADGER, )  
Plaintiff, )  
v. )  
RUSSELL LUCIUS LAFFITTE, )  
PALMETTO STATE BANK, and )  
RICHARD ALEXANDER MURDAUGH, )  
Defendants. )  
\_\_\_\_\_ )

IN THE COURT OF COMMON PLEAS  
CASE NO. 2022-CP-03-\_\_\_\_\_

**SUMMONS**  
**(Jury Trial Demanded)**  
**(Civil Conspiracy/Conversion/Fraud)**

**TO THE DEFENDANTS ABOVE NAMED:**

**YOU ARE HEREBY SUMMOND AND REQUIRED** to answer the Complaint herein, a copy of which is herewith served upon you, and to serve a copy of your Answer to said Complaint on the subscriber at his office at 265 Barnwell Highway, Allendale, South Carolina, within thirty (30) days after service hereof, exclusive of the day of such service; and if you fail to answer the Complaint within the time aforesaid; the Plaintiff in this action will apply to the Court for the relief demanded in the Complaint and judgment by default will be entered against you for relief demanded in the Complaint.

GOODING AND GOODING, P.A.

s/Mark B. Tinsley  
Mark B. Tinsley (SC Bar #15597)  
P. O. Box 1000  
Allendale, SC 29810  
803-587-7676  
[mark@goodingandgooding.com](mailto:mark@goodingandgooding.com)

June 2, 2022

*Attorney for Plaintiffs*

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	CASE NO. 2022-CP-03-_____
COUNTY OF ALLENDALE	)	
	)	
ARTHUR BADGER, individually and as	)	
Second Successor Personal Representative	)	
of the ESTATE OF DONNA BADGER,	)	
	)	
Plaintiff,	)	
	)	
v.	)	<b>COMPLAINT</b>
	)	<b>(Jury Trial Demanded)</b>
RUSSELL LUCIUS LAFFITTE,	)	<b>(Civil Conspiracy/Conversion/Fraud)</b>
PALMETTO STATE BANK, and	)	
RICHARD ALEXANDER MURDAUGH,	)	
	)	
Defendants.	)	
_____	)	

The Plaintiff would respectfully show:

1. Plaintiff Arthur Badger (hereinafter “Arthur Badger”) is, and was at all times relevant herein, a citizen and resident of Allendale County, South Carolina. Moreover, by Order of the Allendale County Probate Court dated May 18, 2022, Arthur Badger was appointed second successor personal representative of the Estate of Donna Badger, the Estate having been re-opened by Order of the Allendale County Probate Court also dated May 18, 2022. At the time of her death, Donna Badger, the decedent, was a citizen and resident of Allendale County, South Carolina.

2. Defendant Russell Laffitte (hereinafter Defendant Laffitte) is, and was at all times relevant herein, a citizen and resident of Hampton County, South Carolina, who applied in Allendale County to serve as the Personal Representative of the Estate of Donna Badger.

3. Defendant Palmetto State Bank (hereinafter Defendant Bank) is a corporation organized and existing under the laws of the State of South Carolina. At all times relevant herein, Defendant Bank owned and operated a bank branch in Allendale County, South Carolina.

4. Defendant Alexander Murdaugh (hereinafter Defendant Murdaugh) is, and was at all times relevant herein, a citizen and resident of Hampton County, South Carolina. Defendant Murdaugh is currently incarcerated in Richland County, South Carolina, awaiting trial on a number of indictments, including indictments arising from the facts alleged herein. Moreover, at all relevant times herein, Defendant Murdaugh was an attorney licensed to practice law in the State of South Carolina, who undertook the representation of the Plaintiffs herein. As the legal representative of the Plaintiffs, Defendant Murdaugh owed them professional duties of honesty, competence, diligence, communication, safekeeping, supervision, deference, loyalty and the duty not to commit crimes against them, as outlined in the affidavit of merit of Michael J. Virzi filed contemporaneously herewith and incorporated by reference herein.

5. The most substantial part of the acts or omissions giving rise to the causes of action set forth herein occurred in Allendale County, South Carolina, making venue proper in Allendale County. Moreover, as described in greater detail below, Defendant Laffitte's acts of filing documents, including false and fraudulent documents, with the Allendale County Probate Court and the Allendale County Court of Common Pleas are deemed to have occurred in Allendale County thereby making venue proper in Allendale County under South Carolina law.

6. At all times relevant herein, Defendant Laffitte was an agent, servant and/or employee of Defendant Bank and was acting within the scope and course of his agency, service and/or employment thereby making Defendant Bank responsible for the acts or omissions of Defendant Laffitte under the theory of *respondeat superior*. Moreover, at all times relevant herein, Defendant Bank knew of Defendant Laffitte's acts and omissions set forth herein, ratified all of his acts and omissions, and adopted them as its own.

7. On or about January 28, 2011, Arthur Badger and Donna Badger, along with other individuals, were involved in an automobile wreck caused by a UPS truck. As a result of the acts and omissions of UPS and its driver, Arthur and Donna Badger both sustained personal injuries, and Donna Badger met her untimely death.

8. At the time of her death, Donna Badger was married to Arthur Badger, and they had six children. Donna Badger died intestate, thereby leaving Arthur and her six children as the intestate heirs and statutory beneficiaries of her estate pursuant to South Carolina statutory law.

9. Shortly after the wreck, Arthur Badger retained the services of Defendant Murdaugh to represent him in pursuing claims against UPS on behalf of Arthur Badger individually for damages he sustained as a result of his own personal injuries as well as on behalf of his wife's estate for damages sustained by her intestate heirs and statutory beneficiaries as a result of her personal injuries and untimely death.

10. Because the claims arising out of the injuries and death of Arthur Badger's wife consisted of a survival claim and a wrongful death claim, a personal representative was required to prosecute the claims on behalf of the Estate of Donna Badger and the statutory beneficiaries of Donna Badger in accordance with South Carolina statutory law.

11. The selection and appointment of a personal representative for such purposes is likewise a function of South Carolina statutory right.

12. In accordance with S.C. Code § 62-3-203, Arthur Badger had statutory priority to serve as the personal representative of Donna Badger's estate.

13. On February 9, 2011, at the direction of and with the assistance of Defendant Murdaugh, Arthur Badger was appointed personal representative of his wife's estate by order of the Allendale County Probate Court in case number 2011-ES-03-00011.

14. On that same date, Defendant Murdaugh filed civil action number 2011-CP-03-00039, captioned “Arthur Badger, as Personal Representative of the Estate of Donna Badger, v. United Parcel Services, Inc. and Matthew Fields,” asserting both wrongful death and survival actions against UPS on behalf of the Estate of Donna Badger. Defendant Murdaugh also filed civil action number 2011-CP-03-00043, captioned “Arthur Badger v. United Parcel Service, Inc. and Matthew Fields,” asserting the individual personal injury claims of Arthur Badger against UPS.

15. From February 9, 2011, until September 14, 2012, Arthur Badger faithfully served as the Personal Representative of his wife’s estate fulfilling all the duties and responsibilities of that position.

16. The above-referenced civil actions were scheduled for mediation on or about September 6, 2012. Prior to that date, the Defendants joined together and devised a scheme to steal money from Arthur Badger and the Estate. Shortly before the mediation, despite the fact that Arthur Badger was the duly appointed personal representative, fulfilling all of his duties as the personal representative and filing all required documents, and despite the fact that Arthur Badger had statutory priority to serve as personal representative, the Defendants fraudulently deceived Arthur Badger into unknowingly signing a Statement of Resignation, effectively resigning his position as personal representative of his wife’s estate, in order to hide the details of their scheme and any settlement from Arthur Badger, thereby carrying out the details of their scheme to steal money.

17. Immediately after acquiescing in the scheme, on or about August 30, 2012, and just days before the upcoming mediation, in order to take control of the lawsuit and to facilitate, aid and abet Defendant Murdaugh in the theft and conversion of client funds, Defendant Laffitte with the express permission of Defendant Bank used his title, position and affiliation with the Bank in

order to sign and file an application in the Allendale County Probate Court petitioning to become the successor personal representative of the Estate; this was done through deceit and fraud, despite the fact Arthur Badger or other family members had priority under the applicable statute to serve as personal representative. Moreover, the Defendants listed Defendant Bank's address and telephone number as well as Defendant Laffitte's position with Defendant Bank in order to secure the appointment as successor personal representative. Naming Defendant Laffitte as the personal representative and excluding Arthur Badger and/or other family members of Donna Badger from important facts concerning the claims allowed only the Defendants to have any knowledge regarding the true facts of the handling of the claims as well as any petition to the court for approval of settlements and/or notice of any hearings to approve settlements. Through these deceptive, clandestine acts, Defendants were able to carry out their conspiracy to steal and were able to keep their theft and fraud hidden from Arthur Badger and the beneficiaries of the Estate of Donna Badger.

18. Moreover, unbeknownst to Arthur Badger, at that time, the Defendants were engaged in an ongoing criminal conspiracy involving, among other things, illegal loans and theft of money from other clients of Defendant Murdaugh. Further, Defendants Laffitte and the Bank assisted, aided, abetted, enabled, misrepresented facts to governmental agencies, and did other things in order to help Defendant Murdaugh perpetuate their scheme of fraud and theft in order to attempt to recoup potential bad loans that had been made to Defendant Murdaugh as reflected in internal Palmetto State Bank Documents.

19. Defendant Bank approved of Defendant Laffitte's role as personal representative and Defendant Laffitte acted at all times as an agent and representative of Defendant Bank. Moreover, upon information and belief, this relationship between the Defendants had been in place

for other legal matters and was the Bank's attempt at helping Defendant Murdaugh become solvent thereby protecting its own bad investments.

20. By order of the Allendale County Probate Court dated September 14, 2012, Defendant Laffitte was appointed successor personal representative of the Estate of Donna Badger, thereby assuming liability for all transactions, acts and omissions occurring in the handling of the Estate. Defendant Laffitte also signed a statement of qualification and acceptance of the appointment as personal representative of the estate and agreed to perform the duties and discharge the trust of that position as an officer of the court and as a representative of Defendant Bank.

21. At no time before or since Defendant Laffitte's appointment has he or Defendant Murdaugh had any discussion with Arthur Badger about Defendant Laffitte's appointment, the Estate, the details of the lawsuit, the actual facts concerning the settlement of the claims of the Estate, Arthur Badger's alleged waiver or renunciation of any of his rights to receive proceeds from the Estate's claims, nor anything else related to Defendant Laffitte's handling of the Estate's claims or the Defendants' fraudulent scheme.

22. At some point prior to September 13, 2021, unbeknownst to Arthur Badger and without any consultation or communication with Arthur Badger, Defendants settled Arthur Badger's individual claim as well as the claims of the Estate. Neither Arthur Badger nor any other intestate heir or statutory beneficiary was told or knew the actual facts concerning any settlement offer, negotiations or participated in the settlement negotiations, signed any true settlement agreements, or were told the extent of the monies recovered for them.

23. Arthur Badger, as the surviving spouse of Donna Badger who died intestate, was entitled to receive half of the settlement proceeds of both the Estate's survival action and the

wrongful death action. Further, at no time did Arthur Bader waive, disclaim or renounce his right to receive from his wife's Estate.

24. By statute, wrongful death and survival claims require court approval. Therefore, on or about October 30, 2012, Defendant Laffitte, as Personal Representative of the Estate of Donna Badger, filed a verified petition in the Allendale County Court of Common Pleas to approve the settlement of the survival and wrongful death claims. In the verified petition, in order to steal settlement funds from Arthur Badger and the Estate and despite Arthur Badger having not waived or renounced his rights as an intestate heir and statutory beneficiary, Defendant Laffitte, as personal representative of the estate, swore under oath that Arthur Badger had "specifically renounced his right as a statutory beneficiary" and asked the Allendale County Court of Common Pleas to approve the settlement of the Estate's wrongful death and survival claims. A copy of the petition is incorporated by reference herein. The settlement hearing was held that same day although neither Arthur Badger nor any other statutory beneficiary or intestate heir was notified or invited to attend.

25. On the morning of November 19, 2012, Defendant Murdaugh went to the Defendant Bank's office where he met with Defendant Laffitte and other Bank officials to finalize their plans to carry out the theft of the Badger money. The Badger settlements were "disbursed" the afternoon of November 19, 2012.

26. Of the total settlement in favor of the Estate, Defendants allocated only \$500 of the total settlement to Donna Badger's survival claim which is therefore the only portion of the settlement that went through Donna Badger's Estate. There were no creditor's claims against the Estate and no valid justification for this allocation made by the Defendants.



27. The remainder of the settlement amount was allocated to wrongful death. Pursuant to South Carolina law, the wrongful death settlement was a direct claim of Arthur Badger and the children of Donna Badger, with Arthur Badger having a one-half interest, to compensate them for the grief, sorrow and mourning associated with the loss of Donna Badger. These wrongful death proceeds did not pass through the Estate of Donna Badger. Rather, these funds required no further supervision of the probate court and should have been immediately disbursed to the statutory beneficiaries. Instead, Defendants stole or attempted to steal Arthur Badger's interest thereby depriving him of the same.

28. Contrary to the false, sworn statement that Arthur Badger had renounced his right as a statutory beneficiary given by Defendant Laffitte in the verified petition to approve the settlement of the claims of the Estate of Donna Badger, Arthur Badger had not waived his right of inheritance as a statutory beneficiary or intestate heir. This false statement is demonstrated by the fact that on December 20, 2012, Defendant Laffitte signed and filed the Proposal for Distribution in the probate court indicating that Arthur Badger was an intestate heir and statutory beneficiary entitled to 50% of his wife's estate, shown here:

**(THIS SPACE INTENTIONALLY LEFT BLANK FOR INSERTION OF  
PROPOSAL FOR DISTRIBUTION ON FOLLOWING PAGE)**



The letter of transmission of the Final Accounting to the probate court also indicates that it contains "Receipts and Releases from all 7 heirs" which too recognizes Arthur's status as a beneficiary, as shown here in the Receipt and Release for Arthur Badger:

STATE OF SOUTH CAROLINA	}	IN THE PROBATE COURT
COUNTY OF: ALLENDALE	}	RECEIPT AND RELEASE
IN THE MATTER OF: DONNA HAY BADGER	}	CASE NUMBER: 2011-ES-03-0011

The undersigned hereby acknowledges receipt from the Personal Representative(s) in this matter of the following property:

50% of Decedent's Personal Property

In consideration of the distribution, the undersigned releases and forever discharges the Personal Representative(s) and the Estate from any and all rights and claims, which the undersigned may have against the Personal Representative(s) and the Estate.

Executed this 20<sup>th</sup> day of December, 2012.

Witness:

Amette B. Ginn

Beneficiary:

Arthur Badger  
Arthur Badger

A+A-3  
pg. 49

FORM 442-SPC (7/87)  
SCPC administrative

Page 1 of 1

Arthur Badger was tricked into signing the Receipts and Releases by the Defendants to steal his money, which in any event lacked any consideration and are otherwise illegal. Further, contrary to the false sworn statement made by Defendant Laffitte, a disbursement sheet dated January 27, 2014, prepared by Defendant Murdaugh's law firm includes Arthur Badger as a beneficiary of Donna Badger and shows Arthur Badger was entitled to receive one-half of an undisbursed amount of \$18,018.50 because he was in fact a beneficiary of the Estate of Donna Badger. The disbursement sheet is incorporated by reference as follows:

**(THIS SPACE INTENTIONALLY LEFT BLANK FOR INSERTION OF  
DISBURSMENT SHEET ON FOLLOWING PAGE)**

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
COUNTY OF ALLENDALE	)	CIVIL ACTION NO.: 2011-CP-03-39
	)	
RUSSELL LAFITTE AS PR OF THE	)	
ESTATE OF DONNA BADGER,	)	
	)	
PLAINTIFF,	)	
	)	
v.	)	<b>DISBURSEMENT SHEET</b>
	)	
UNITED PARCEL SERVICES, INC.,	)	
AND MATTHEW FIELDS,	)	
	)	
DEFENDANTS.	)	

**FUNDS HELD IN TRUST PENDING ADDITIONAL EXPENSES** \$18,018.50

**DISBURSEMENTS:**

**COSTS/EXPENSES:** \$ 6,017.37

**LOANS/LIENS:**

Palmetto State Bank Loan # 6984995	\$ 585.26	
Palmetto State Bank Loan # 6985243	\$3,648.03	
Total Loan Amount:		\$ 4,233.29

**TOTAL COSTS/EXPENSES & LOANS:** \$10,250.66

**PROCEEDS TO THE BENEFICIARIES OF DONNA BADGER:** \$ 7,767.84

**DISBURSEMENTS:**

Arthur Badger	\$3,883.92	
Cory H. Fleming, Esquire		\$ 3,300.00
Proceeds Arthur Badger		\$ 585.92
Tejwanna Hay		\$ 647.32
Arthur Badger as natural parent and guardian for Antonio Badger		\$ 647.32
Arthur Badger as natural parent and guardian for Arthur Badger, III		\$ 647.32
Arthur Badger as natural parent and guardian for Fantasia Badger		\$ 647.32
Arthur Badger as natural parent and guardian for Shawdonna Badger		\$ 647.32
Arthur Badger as natural parent and guardian for Shanteria Badger		\$ 647.32

**TOTAL DISBURSEMENTS:** \$18,018.50

**I UNDERSTAND THAT I WILL BE RESPONSIBLE FOR THE PAYMENT OF ANY AND ALL BILLS, EXPENSES AND/OR LIENS NOT DEDUCTED ABOVE.**

29. To the extent the Receipt and Release referenced above signed by Arthur Badger constitutes a release, Defendants fraudulently induced him to sign and fraudulently procured its execution, all in an effort and in accordance with their plan to conceal their theft.

30. Additionally, at some point prior to October 30, 2012, unbeknownst to Arthur Badger, Defendant Murdaugh settled Arthur's individual claim. Unfortunately, Defendants Laffitte and Bank assisted Defendant Murdaugh in stealing the majority of Arthur Badger's settlement. To accomplish this theft, Defendant Murdaugh had Arthur Badger sign a fraudulent two page disbursement statement on November 19, 2012, which contained the financial information on the first page and the second page containing only the signature line that Defendant Murdaugh later replaced the first page to conceal the true facts from Arthur Badger. The fake, substituted page of the fraudulent disbursement statement shows a payment to Defendant Bank as a "Payment to fund structure per client request." However, at no time did Arthur Badger authorize this payment or request any type of structured settlement to be funded on his behalf, nor did he request that any of his settlement be paid to the Defendant Bank. Rather, this was an attempt by Defendants to conceal and coverup their theft of Arthur Badger's funds.

31. Moreover, Defendants Murdaugh and Laffitte authorized or paid a number of fraudulent fees and costs including but not limited to fake costs, improper attorneys' fees, payments for fraudulent loans and interest to be paid from Arthur Badger's individual claim as well as the wrongful death and survival proceeds in order to steal additional funds from Arthur Badger and the intestate heirs and statutory beneficiaries of the Estate, including but not limited to Arthur Badger.

32. Further, Defendant Laffitte fraudulently and unlawfully took a fee of \$35,000 from the Estate's settlement proceeds, even though only \$500 was allocated to the survival claims which capped his allowable administrative fee at \$25 by statute. Additionally, Defendant Laffitte also took and received a fraudulent and unlawful "fee" from Arthur Badger's personal claim, also of \$35,000.00.

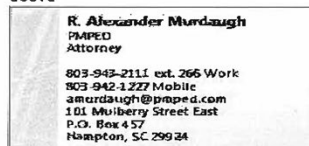
33. Because Defendants stole or assisted in stealing the settlement funds, as well as stealing the fraudulent costs, the attorney fees paid to Defendant Murdaugh out of the settlements and authorized by Defendant Laffitte were inappropriate and must be disgorged or otherwise repaid by the Defendants.

34. The payment to Defendant Bank reflected on the fraudulent disbursement statement for Arthur Badger's settlement was drawn on the PMPED trust account held, managed and administered by Defendant Bank for the benefit of its trust account clients including Plaintiff, by check number 43162 dated November 19, 2012. However, after PMPED issued the check payable to Defendant Bank from its trust account and referencing Arthur Badger, the Defendants fraudulently reported to PMPED that check had been lost and requested PMPED to sign forms indicating the same. Based on this false representation, the check was reversed or otherwise voided and rewritten, again from the PMPED trust account. Thereafter, on February 6, 2013, at 2:50 p.m., after talking it over with at least Defendant Laffitte, Defendant Murdaugh sent Defendant Laffitte the following email requesting that Defendant Laffitte send a fake or fraudulent email asking that the check and Arthur Badger's funds in the trust account be re-issued in several individual payments:

From: Alex Murdaugh  
 To: "Russell L. Laffitte"  
 Subject: check  
 Date: Wednesday, February 6, 2013 2:50:23 PM  
 Attachments: R. Alexander Murdaugh.vcf

388,687.50  
 Whatever the amount I owe on Hannah loan  
 75k  
 Whatever the balance would be on 1,325,000 after these deductions

Pls email me and ask that check number 43162 dated 11-19-12 for 1,325,000 be re-cut as listed above



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35. Later that same day at 4:15 p.m., Defendant Laffitte, as requested by Defendant Murdaugh, and in furtherance of the plan to steal Arthur Badger's settlement funds and so as to not cause questions with PMPED and otherwise hide this fraud from PMPED, emailed Defendant Murdaugh the following:

**From:** Russell L. Laffitte [mailto:rlaffitte@palmettostatebank.com]  
**Sent:** Wednesday, February 06, 2013 4:15 PM  
**To:** Alex Murdaugh  
**Subject:** Check #43162

Alex,

Can you get the Jeanne to re-cut check #43162 dated 11/19/2012 as follows?

\$388,687.50  
\$151,726.05  
\$75,000.00  
\$709,586.45

Thanks,

Russell L. Laffitte  
Vice President

Palmetto State Bank  
P.O. Box 158  
Hampton, SC 29924  
803-943-7694  
[rlaffitte@palmettostatebank.com](mailto:rlaffitte@palmettostatebank.com)  
NLMS ID# 793359

This communication is a confidential and proprietary business communication. It is intended solely for the use of the designated recipient(s). If this communication is received in error, please contact the sender and delete this communication.

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This email was created at the Palmetto State Bank and sent solely for the purposes of stealing Arthur Badger's money and concealing that fact from PMPED. Further, Defendant Laffitte's reference to "the Jeanne" was deliberate and intentional illustrating his knowledge and participation in the scheme.

36. On Friday, February 8, 2013, Defendant Murdaugh forwarded Defendant Laffitte's email to Jeanne Seckinger, Defendant Murdaugh's accounting employee to request the fake checks through which they would steal Arthur Badger's money as follows:



**From:** Alex Murdaugh  
**To:** Jeanne Seckinger; Amanda Godley  
**Subject:** FW: Check #43162  
**Date:** Friday, February 8, 2013 1:27:44 PM

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**From:** Russell L. Laffitte [mailto:rlaffitte@palmettostatebank.com]  
**Sent:** Wednesday, February 06, 2013 4:15 PM  
**To:** Alex Murdaugh  
**Subject:** Check #43162

Alex,

Can you get the Jeanne to re-cut check #43162 dated 11/19/2012 as follows?

\$388,687.50  
\$151,726.05  
\$75,000.00  
\$709,586.45

Thanks,

Russell L. Laffitte  
Vice President

Palmetto State Bank  
P.O. Box 158  
Hampton, SC 29924  
803-943-7694  
[rlaffitte@palmettostatebank.com](mailto:rlaffitte@palmettostatebank.com)  
NLMS ID# 793359

This communication is a confidential and proprietary business communication. It is intended solely for the use of the designated recipient(s). If this communication is received in error, please contact the sender and delete this communication.

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37. As requested by Defendants Laffitte and Murdaugh, PMPED then re-issued check number 43162 in four separate checks payable from the trust account, all payable to Palmetto State Bank (Defendant Bank). The following checks were drawn on PMPED's trust account for Arthur Badger, and were used by Defendants Murdaugh and Laffitte to carry out their theft of Arthur Badger's settlement proceeds:

43736

PETERS, MURDAUGH, PARKER,  
STANDARD TRUST ACCOUNT  
PO BOX 158  
HAMPTON, SC 29924

PALMETTO STATE BANK  
HAMPTON, S. C. 29924  
617-259-532

2/9/2013

PAY TO THE ORDER OF Palmetto State Bank

\$ 388,687.50

Three Hundred Eighty-Eight Thousand, Six Hundred Eighty-Seven & 50/100 Dollars

Palmetto State Bank

PO Box 158  
Hampton, SC 29924

MEMO Arthur Badger

43736

Palmetto State Bank  
Hampton  
2013-02-11

43736 \$388,687.50 2/11/2013

43736 \$388,687.50 2/11/2013

43737

PETERS, MURDAUGH, PARKER,  
STANDARD TRUST ACCOUNT  
PO BOX 158  
HAMPTON, SC 29924

PALMETTO STATE BANK  
HAMPTON, S. C. 29924  
617-259-532

2/9/2013

PAY TO THE ORDER OF Palmetto State Bank

\$ 151,726.05

One Hundred Fifty-One Thousand, Seven Hundred Twenty-Six & 05/100 Dollars

Palmetto State Bank

PO Box 158  
Hampton, SC 29924

MEMO Arthur Badger

43737

Palmetto State Bank  
Hampton  
2013-02-12

43737 \$151,726.05 2/12/2013

43737 \$151,726.05 2/12/2013

43738

PETERS, MURDAUGH, PARKER,  
STANDARD TRUST ACCOUNT  
PO BOX 158  
HAMPTON, SC 29924

PALMETTO STATE BANK  
HAMPTON, S. C. 29924  
617-259-532

2/8/2013

PAY TO THE ORDER OF Palmetto State Bank

\$ 75,000.00

Seventy-Five Thousand & No/100 Dollars

Palmetto State Bank

PO Box 158  
Hampton, SC 29924

MEMO Arthur Badger

43738

PETERS MURDAUGH PARKER 69359272 Pag

Palmetto State Bank  
Hampton  
2013-02-11

43738 \$75,000.00 2/11/2013

43738 \$75,000.00 2/11/2013

The fourth check in the amount of \$709,586.45 remained in the trust account until the Defendants embezzled the funds in the fall of 2013 by and through various transfers as money orders as outlined in the indictments against Defendants Murdaugh and Laffitte pertaining to this matter. At the time of the issuance of these checks by PMPED, Defendants Laffitte and the Bank knew that client trust account funds were "client money."

38. Additionally, as evidence of Defendant Laffitte's knowledge and participation in the scheme to divert Arthur Badger's funds, by paying the funds to Defendant Bank under the guise of a structured settlement with the actual purpose of laundering the funds back out to Defendant Murdaugh and paying down indebtedness to Defendant Bank, Defendant Laffitte was paid an additional sum of \$35,000 out of Arthur Badger's individual personal injury claim, despite Laffitte's actual knowledge that he was not "owed" anything from Arthur Badger or for serving as Personal Representative of Donna Badger's Estate.

39. Further, because Defendants stole funds from Arthur Badger's individual personal injury claim, the attorney fee paid to Defendant Murdaugh from the settlement proceeds must be disgorged or otherwise recovered.

**FOR A FIRST CAUSE OF ACTION AGAINST ALL DEFENDANTS**  
**(Civil Conspiracy)**

40. Plaintiff incorporates the allegations contained above as fully and completely as if repeated verbatim herein.

41. Defendants conspired and joined together in combination and agreement to orchestrate a plan to steal and convert funds to benefit themselves and for their own use from the wrongful death and survival settlements of the Estate of Donna Badger as well as from the personal injury settlement of Arthur Badger.

42. In furtherance of their agreement to steal and convert funds from Arthur Badger individually as well as from the Estate and the statutory beneficiaries and intestate heirs of Donna Badger, Defendants engaged in overt acts including but not limited to tricking Arthur Badger into signing documents that effectively resigned his position as personal representative to strip him of the right of overseeing the claims being pursued on behalf of the Estate; representing to the Allendale County Court of Common Pleas in the petition to approve settlement that Arthur Badger

had renounced his right to receive any portion of the Estate's claims; lying to the Court having Arthur Badger sign a two-page disbursement sheet that misrepresented the total amount of settlement and then substituting the front-page to cover up their theft; staging a need for check number 43162 to be re-cut into four separate checks; laundering funds through Defendant Bank's daily cash account in order to unlawfully return the funds to Defendant Murdaugh, concealing banking violations, issuing bearer instruments from client trust accounts, ignoring banking audits, suspicious activity reports and other warnings.

43. As a direct and proximate result of this conspiracy between the Defendants, Plaintiff, in his individual capacity and as personal representative of the Estate of Donna Badger, has suffered great monetary damages, including but not limited to the amounts that were stolen from Plaintiff and diverted for the personal use of Defendants, as well as emotional distress and mental anxiety. Plaintiff is also entitled to recover the attorney's fees paid to Defendant Murdaugh as damages. Moreover, Plaintiff is entitled to interest as well as punitive damages as a result of Defendants' wrongful acts.

**FOR A SECOND CAUSE OF ACTION AGAINST ALL DEFENDANTS**  
**(Conversion)**

44. Plaintiff incorporates the allegations contained above as fully and completely as if repeated verbatim herein.

45. Plaintiff, in his individual capacity, had an interest in and was the rightful owner of the proceeds of his individual personal injury settlement, including the sum that was unlawfully stolen by Defendants and laundered through Defendant Bank, the sum of \$35,000 that was unlawfully paid to Defendant Laffitte from Plaintiff's individual settlement proceeds, as well as any costs that were fraudulently reimbursed to Defendant Murdaugh. Moreover, Plaintiff, in his

individual capacity, had an interest in and was the rightful owner of one-half of the net proceeds of the settlements in favor of the Estate

46. Defendants converted the funds described above to their own use without the permission of Plaintiff or any other statutory beneficiary or intestate heir of the Estate.

47. As a result of Defendants' unauthorized assumption and exercise of ownership rights over Plaintiffs' funds to the exclusion of Plaintiff, Plaintiff is entitled to actual damages in the amount of the converted funds. Further, under principles of disgorgement, Plaintiff is entitled to recover all attorney's fees paid to Defendant Murdaugh out of the settlements described above. Moreover, Plaintiff is entitled to interest as well as punitive damages based on the intentional, fraudulent and criminal conduct of Defendants.

**FOR A THIRD CAUSE OF ACTION**

**(Aiding and Abetting Conversion against Defendant Laffitte and Defendant Bank)**

48. Plaintiff incorporates the allegations contained above as fully and completely as if repeated verbatim herein.

49. Defendants Laffitte and Bank knew that Defendant Murdaugh was actively stealing funds from Arthur Badger and the Estate and aided and abetted Defendant Murdaugh by laundering the stolen funds through Defendant Bank's daily cash account and diverting them for the personal use of Defendant Murdaugh. Defendants Laffitte and Bank engaged in this clandestine aiding and abetting for the purpose of earning a fee, the acceptance of which amounted to theft and conversion in itself.

50. As a direct and proximate result of Defendants' fraudulent acts, Plaintiff has suffered great monetary damage and is entitled to actual damages and punitive damages. Further, under principles of disgorgement, Plaintiff is entitled to recover all attorney's fees paid to Defendant Murdaugh out of all settlements discussed above. Plaintiff is also entitled to interest.

**FOR A FOURTH CAUSE OF ACTION**  
**(Common Law Fraud against Defendant Murdaugh)**

51. Plaintiff incorporates the allegations contained above as fully and completely as if repeated verbatim herein.

52. Defendant Murdaugh represented to Arthur Badger that it was in his best interest, as well as the Estate's best interest, for Defendant Laffitte to replace him as the personal representative of his wife's Estate. Defendant Murdaugh also represented to Arthur Badger that his own personal injury claim was being settled for an amount much less than the actual settlement amount. Further, Defendant Murdaugh represented that the costs and fees deducted from his settlement were lawful and legitimate.

53. Each of these representations was false and material.

54. Defendant Murdaugh knew of their falsity and intended that Arthur Badger would act upon and rely on his false representations.

55. Arthur Badger was ignorant of the falsity of Defendant Murdaugh's representations and had a right to rely on them, especially in light of the fact that Defendant Murdaugh was Arthur Badger's attorney.

56. As a direct and proximate result of Defendant Murdaugh's fraudulent acts, Plaintiff has suffered great monetary damage and is entitled to actual damages and punitive damages. Further, under principles of disgorgement, Plaintiff is entitled to recover all attorney's fees paid to Defendant Murdaugh out of all settlements discussed above.

**FOR A FIFTH CAUSE OF ACTION**  
**(Aiding and Abetting Common Law Fraud against**  
**Defendant Laffitte and Defendant Bank)**

57. Plaintiff incorporates the allegations contained above as fully and completely as if repeated verbatim herein.

58. Defendants Laffitte and Bank knew the falsity of the material representations made by Defendant Murdaugh to Arthur Badger and aided and abetted Defendant Murdaugh in carrying out the fraud in a number of ways, including but not limited to: petitioning the court to become successor personal representative; representing to the Court through a settlement petition that Arthur Badger had waived or disclaimed his right to receive any portion of the Estate's settlement proceeds; laundering the funds that Defendant Murdaugh stole from Arthur Badger's personal injury settlement through Defendant Bank in order to convert them to the use of Defendant Murdaugh; in accepting a fee for serving as personal representative from Arthur Badger's own personal injury claim; in accepting a fee from the Estate for serving as personal representative in an amount greatly exceeding the statutorily allowed administrative fee. Each of these acts by Defendant Laffitte of aiding and abetting Defendant Murdaugh's fraud allowed Defendants to engage in clandestine activity including the stealing of funds from Arthur Badger and the Estate.

59. As a direct and proximate result of Defendants Laffitte's and Bank's actions of aiding and abetting the fraud of Defendant Murdaugh, Plaintiff has suffered great monetary damage and is entitled to actual damages and punitive damages as well as interest. Further, under principles of disgorgement, Plaintiff is entitled to recover all attorney's fees paid to Defendant Murdaugh out of all settlements discussed above.

**FOR A SIXTH CAUSE OF ACTION**  
**(Negligence against Defendant Bank)**

60. Plaintiff incorporates the allegations contained above as fully and completely as if repeated verbatim herein.

61. Defendant Bank knew that Defendant Laffitte was serving as personal representative of the Estate of Donna Badger thereby cloaking Defendant Laffitte with apparent authority to act on behalf of the Palmetto State Bank. Moreover, Defendant Bank knew that



Defendant Laffitte frequently assisted Defendant Murdaugh in handling client funds as well as his personal finances in order to manage losses and potential bad investments by the Bank in making loans or extending credit to Alex Murdaugh.

62. Defendant Bank owed Arthur Badger and the Estate of Donna Badger a duty of care to properly supervise Defendant Laffitte as well as each of its employees, to properly monitor all bank accounts including but not limited to the client trust account used by Defendant Murdaugh and Defendant Bank's daily cash account, and to follow and carryout all duties imposed on Defendant Bank as a result of the IOLTA status of Defendant Murdaugh's client trust account.

63. Defendant Bank breached its duty of care by acting negligently, grossly negligently, carelessly, recklessly, willfully and wantonly in the following particulars:

- a. In failing to properly supervise Defendant Laffitte;
- b. In accepting checks that were not endorsed by the payee;
- c. In failing to notify the law firm of PMPED of Defendant Murdaugh's theft, conversion and fraudulent acts;
- d. In hiding its transactions from PMPED as those transactions related to PMPED client trust account funds;
- e. In violating the rules and laws applicable to IOLTA accounts and other applicable banking regulations in order to attempt to recoup bad investments;
- f. In willfully ignoring warnings related to Defendant Murdaugh's financial transactions, including those pertaining to client funds;
- g. In failing to properly monitor all bank accounts, including but not limited to the client trust account used by Defendant Murdaugh and Defendant Bank's daily cash account;
- h. In failing to act as a reasonable banking institution would have acted under the same or similar circumstances; and
- i. In such other and further particulars as the evidence in trial may show.



64. As a direct and proximate result of the acts and omissions of Defendant Bank, Plaintiff has suffered great monetary damage and is entitled to actual damages and punitive damages. Further, under principles of disgorgement, Plaintiff is entitled to recover all attorney's fees paid to Defendant Murdaugh out of all settlements discussed above.

**FOR A SEVENTH CAUSE OF ACTION AGAINST ALL DEFENDANT**  
**(Breach of Fiduciary Duty)**

65. Plaintiff incorporates the allegations contained above as fully and completely as if repeated verbatim herein.

66. Defendant Laffitte, as the Personal Representative of the Estate of Donna Badger, owed fiduciary duties to the Plaintiff, which duties were likewise owed by Defendant Bank as Defendant Laffitte acted at all times herein in his capacity as an agent or officer of Defendant Bank. Further, Defendant Murdaugh, who undertook the legal representation of Arthur Badger and the Estate of Donna Badger, owed Plaintiff fiduciary duties.

67. The fiduciary duty is the highest duty known to the law.

68. The fiduciary duties owed by Defendants to the Plaintiff include, but are not limited to, the duty:

- a. To act single-mindedly in the best interests of the Plaintiff;
- b. To not act fraudulently;
- c. To be loyal to the Plaintiffs;
- d. To be honest;
- e. To refuse to place their own interests above the interests of the Plaintiffs;
- f. To refuse to place the interests of themselves or third parties above the interests of the Plaintiffs;
- g. To not commit crimes against the Plaintiffs;

- h. To act in good faith to the Plaintiffs;
- i. To safekeep Plaintiffs' property;
- j. To provide the Plaintiffs with full disclosure of all funds, costs, and expenses;
- k. To act with complete honesty to the Plaintiffs;
- l. To be competent;
- m. To act diligently;
- n. To communicate.

69. Defendants breached their fiduciary duties to Plaintiff in a number of particulars, including but not limited to the following:

- a. By not providing an accounting;
- b. By not protecting the money of Plaintiffs;
- c. By stealing or helping steal the Plaintiffs' funds as described above;
- d. By advancing the rights and interests of themselves and third parties over the rights and interest of the Plaintiffs;
- e. By falsely asserting Arthur Badger waived his rights to any settlement funds from the wrongful death and survival actions;
- f. By not providing all of the settlement proceeds;
- g. By approving and taking fake or fraudulent expenses or costs;
- h. In such other and further particulars as the evidence in the case may demonstrate.

70. As a direct and proximate result of the conduct of Defendants, the Plaintiffs have been harmed and is entitled to damages, both actual in an amount to be determined by a jury to be sufficient to compensate him fully for the harm suffered, and punitive in an amount to impress upon Defendants the seriousness of their conduct and to deter such similar conduct in the future.

WHEREFORE, Plaintiffs pray for judgment against Defendants in a sum sufficient to adequately compensate for actual damages, for punitive damages a jury may reasonably award, for the costs of this action, and for such other and further relief as this Court may deem just and proper.

GOODING AND GOODING, P.A.

s/Mark B. Tinsley

Mark B. Tinsley (SC Bar #15597)

P. O. Box 1000

Allendale, SC 29810

803-587-7676

[mark@goodingandgooding.com](mailto:mark@goodingandgooding.com)

*Attorney for Plaintiffs*

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