

**UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF LOUISIANA**

\*\*\*\*\*  
**JOSEPH RADFORD** \* **NO.:**  
\*  
**VERSUS** \*  
\* **JUDGE:**  
**RED JACKET FIREARMS, L.L.C, WILLIAM** \*  
**HAYDEN and RED JACKET, INC.** \*  
\* **MAGISTRATE:**  
\*\*\*\*\*

**COMPLAINT**

**NOW INTO COURT**, through undersigned counsel, comes Plaintiff, **JOSEPH RADFORD**, a person of the full age of majority domiciled in the Parish of Livingston, State of Louisiana, who files the following Complaint:

**1.**

Made Defendant herein is **RED JACKET FIREARMS, L.L.C.**, a Louisiana limited liability company with its domicile listed at 9653 Mammoth Drive, Baton Rouge, LA 70814.

**2.**

Also made Defendant herein is **WILLIAM HAYDEN**, who upon information and belief, is a Louisiana resident with his domicile at 9643 Mammoth Drive, Baton Rouge, LA 70814.

**3.**

Also made Defendant herein is **RED JACKET, INC.**, a Louisiana corporation with its domicile listed at 9643 Mammoth Drive, Baton Rouge, LA 70814.

## **JURISDICTION AND VENUE**

### **4.**

Jurisdiction in this Court is based upon 28 U.S.C. § 1331 as some of the claims presented herein arise under the Securities Exchange Act of 1934, 15 U.S.C. § 78a *et seq.*, and Securities and Exchange Commission Rule 10b-5, 17 C.F.R. § 240.10b-5.

### **5.**

This Court has supplemental jurisdiction over Plaintiff's state law claims pursuant to 28 U.S.C. § 1367.

### **6.**

Venue is proper in the Middle District of Louisiana pursuant to 28 U.S.C. § 1391(a), as the acts and omissions complained of, and the damages suffered by Plaintiff, occurred in the Middle District of Louisiana.

## **FACTS**

### **7.**

On April 6, 1999, Defendant, Hayden, registered Red Jacket, Inc. with the Louisiana Secretary of State.

### **8.**

Red Jacket, Inc.'s primary business was the operation of a Baton Rouge firearms store and shooting range, known as Red Jacket Firearms.

### **9.**

On or around September 7, 2002, Hayden, acting in his capacity as an officer of Red Jacket, Inc., issued ten (10) Red Jacket, Inc. stock certificates to Plaintiff.

**10.**

Hayden issued these 10 stock certificates (or 10% of the company) to Plaintiff in payment for the cost of materials and labor incurred during a series of 2002 capital improvements performed by Plaintiff.

**11.**

The stock certificates stated that each was “one share of one hundred.”

**12.**

The certificates were signed by Defendant, William Hayden, in his capacity as Red Jacket, Inc.’s sole officer.

**13.**

Based on the representation made to Plaintiff by Hayden, Plaintiff believed that the stock certificates provided to him were legitimate, valid and proper, and had no reason to know of any deficiencies in the stock certificates.

**14.**

Sometime between September and October 2002, Hayden created and circulated a prospectus for shareholders. A copy of the prospectus was provided to Plaintiff.

**15.**

The prospectus named Plaintiff as a ten percent (10%) owner of Red Jacket, Inc., named Hayden and his wife, Trudy Lee, as 51% owners of Red Jacket, Inc., divided Red Jacket, Inc. into 100 preferred stock shares, and provided a par value of \$1,000 per share.

**16.**

In 2010, Hayden began filming a Discovery Channel™ reality television series, known as “Sons of Guns™.” The television series focuses on Hayden’s operation of Red Jacket Firearms.

**17.**

On or around May 7, 2010, three employees of Red Jacket, Inc. registered a separate limited liability company known as Red Jacket Firearms, L.L.C.

**18.**

On or around July 7, 2010, Hayden trademarked the name “Red Jacket Firearms” with the Louisiana Secretary of State.

**19.**

On the trademark certificate, Hayden listed the date of first use of the term “Red Jacket Firearms” as April 6, 1999 – the date Red Jacket, Inc. was registered with the Louisiana Secretary of State.

**20.**

At some point in 2010 or 2011, and upon information and belief, Hayden (either alone or with other members of Red Jacket, Inc.) fraudulently transferred all assets, interest and goodwill out of Red Jacket, Inc. and into Red Jacket Firearms, L.L.C.

**21.**

Hayden and Red Jacket, Inc. failed to provide any notice to Plaintiff of the transfer.

**22.**

On or around January 26, 2011, “Sons of Guns™” aired in primetime on the Discovery Channel™.

**23.**

On or around April 6, 2011, Red Jacket, Inc. failed to file an annual report with the Louisiana Secretary of State and as a result, fell out of good standing.

**24.**

That same day, Hayden registered a separate limited liability company known as Red Jacket International, L.L.C.

**25.**

Earlier this year, after becoming aware that Red Jacket, Inc. was still an operating business, Plaintiff sought advice from counsel regarding his rights pursuant to the stock certificates issued by Hayden. After consultation with Defendants (and ultimately their counsel), Defendants contended that the shares issued by Mr. Hayden are worthless.

**26.**

In fact, Hayden told the Plaintiff that he should throw the stock certificates away because they were worthless.

**CAUSES OF ACTION**

**I. FEDERAL RULE 10b-5 ACTION**

**27.**

Plaintiff asserts a Rule 10b-5 action pursuant to federal law.

**28.**

Pursuant to Securities and Exchange Commission (“SEC”) Rule 10b-5, it is illegal for any person to directly, or indirectly, use any means or instrumentality of interstate commerce to employ a device or scheme, make any material untrue statement or omission, or engage in any course of business that operates as a fraud upon any person, in connection with the purchase or sale of any security.

**29.**

Section 10(b) of the Securities Exchange Act of 1934 forbids the use or employment of any deceptive device in connection with the purchase or sale of any security.

**30.**

From Section 10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-5, the Supreme Court of the United States has implied a private damages action for securities fraud known as a “Rule 10b-5 Action.”

**31.**

Plaintiff is the rightful owner of the securities because he earned the certificates in consideration for capital improvements made at the request of Hayden and Red Jacket, Inc., the certificates are signed by Red Jacket Inc.’s sole officer, and Plaintiff had no reason to know of any deficiencies in the certificates.

**32.**

Hayden used instrumentalities of interstate commerce in liquidating the assets.

**33.**

Plaintiff meets the purchaser-seller requirement as a “forced seller” because the value of his Red Jacket’s securities was affected as a result of the Defendant’s fraudulent transfer of assets.

**34.**

Defendants made a material misrepresentation and omission by transferring Red Jacket Inc.’s assets without notifying Plaintiff, which was fraudulent.

**35.**

Defendants knew or should have known that denying Plaintiff's ownership stake was fraudulent.

**36.**

The fraudulent asset transfers and denial of Plaintiff's ownership stake occurred "in connection with" the "forced sale" of Plaintiff's securities in Red Jacket, Inc.

**37.**

Plaintiff relied on the validity of the certificates as consideration for the services and goods he rendered to Defendants.

**38.**

Plaintiff experienced economic loss because the Defendants fraudulently transferred the assets and denied the value of his shares after the divestiture.

**39.**

The Plaintiff's economic loss is a direct result of the Defendants' fraudulent transfer of assets and denial of Plaintiff's ownership stake.

**40.**

Therefore, Plaintiff has standing to bring a Rule 10b-5 Action and show that the Defendants violated Rule 10b-5 through the fraudulent divestiture of the company's assets and denial of Plaintiff's equity stake.

**II. LOUISIANA BLUE SKY LAWS –  
LOUISIANA REV. STAT. § 51:712(A)(2) AND LOUISIANA REV. STAT. § 51:712(D)**

**41.**

Pursuant to La. R.S. 51:712(A)(2), it is unlawful for any person to offer to sell or to sell a security by means of any oral or written untrue statement or omission of a material fact when the buyer is not knowing of the untruth or omission.

**42.**

Pursuant to La. R.S. 51:712(D), it is unlawful for any person in connection with the offer or sale of any security, directly or indirectly, to employ any device, scheme, or artifice to defraud, or to engage in any transaction, act, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

**43.**

Defendants made a material misrepresentation and omission by transferring Red Jacket Inc.'s assets without notifying Plaintiff, which was fraudulent.

**44.**

Defendants made a material misrepresentation and omission by issuing facially valid stock certificates to Plaintiff in consideration for services and then denying Plaintiff's 10% equity share in Red Jacket, Inc.

**45.**

Defendants therefore violated Louisiana securities laws pursuant to La. R.S. 12:712(A)(2) and § 12:712(A)(2).

**III. DECLARATORY JUDGMENT - LOUISIANA C.C.P. ART. 1871**

**46.**

Pursuant to La. C.C.P. art. 1871, Plaintiff requests that this court declare that Plaintiff is a ten percent (10%) owner of Red Jacket, Inc., and any subsidiary or spinout formed by Defendants.

**47.**

Pursuant to La. C.C.P. art. 1871, courts may declare rights, status, and other legal relations whether or not further relief is or could be claimed.

**48.**

Defendants signed the stock certificates and provided Plaintiff with a business prospectus naming Plaintiff as ten percent (10%) owner of Red Jacket, Inc.

**49.**

Therefore, this court may declare Plaintiff as a ten percent (10%) owner of Red Jacket, Inc. and any subsidiary or spinout formed by Defendants.

**IV. REVOCATORY ACTION: LOUISIANA C.C. ART. 2036**

**50.**

Pursuant to La. C.C. art. 2036, an obligee has the right to annul an act of the obligor, made or effected after the right of the obligee arose, that causes or increases the obligor's insolvency.

**51.**

Plaintiff's stock certificates make the Defendants an obligor to the Plaintiff for his 10% share of Red Jacket Inc.'s equity value.

**52.**

Defendants' fraudulent transfer of assets caused or increased Red Jacket Inc.'s insolvency.

**53.**

The asset transfer is, therefore, subject to revocation pursuant to La. C.C. art. 2036.

**V. BREACH OF FIDUCIARY DUTY:  
LOUISIANA REV. STAT. § 12:226(A) AND LOUISIANA REV. STAT. § 12:91**

**54.**

La. R.S. 12:226(A) and La. R.S. 12:91 provide that officers and directors must stand in a fiduciary relation to the corporation and its members, and shall discharge the duties of their respective positions in good faith, and with that diligence, care, judgment and skill which ordinarily prudent men would exercise under similar circumstances in like positions. Officers and directors are personally liable for intentionally tortuous conduct or an intentional breach of loyalty.

**55.**

Defendant, Hayden, allowed and/or facilitated a fraudulent transfer of assets that violated the good faith, diligence, care, judgment, and skill, which a corporate officer should exercise.

**56.**

Defendant, Hayden, therefore, breached his fiduciary duty to his shareholders (including Plaintiff) pursuant to La R.S. 12:226(A) and La. R.S. 12:91.

**VI. BREACH OF FIDUCIARY DUTY:  
LOUISIANA REV. STAT. § 12:219(C) AND § 12:226(D).**

**57.**

La. R.S. 12:219(C) provides that every member who receives any unlawful distribution of assets shall be liable to the corporation in an amount not exceeding the amount received by him.

**58.**

La. R.S. 12:226(D) provides that when any unlawful distribution, payment or return of assets be made to the members, the directors who knowingly, or without the exercise of reasonable care and inquiry, voted in favor thereof shall be liable jointly and severally to the corporation in an amount equal to the amount of the unlawful distribution.

**59.**

The Defendant, Hayden, knowingly made a fraudulent transfer of assets.

**60.**

In the prospectus, Defendant, Hayden, claimed to maintain fifty-one (51%) ownership of Red Jacket, Inc., making him a member alongside Plaintiff.

**61.**

Defendant, Hayden, was the sole officer of Red Jacket, Inc.

**62.**

Defendant, Hayden, knowingly made a fraudulent transfer of assets without reasonable care and inquiry towards the shareholders.

**63.**

Defendant, Hayden, therefore breached his fiduciary duty to shareholders pursuant to La. R. S. 12:219(C) and La. R.S. 12:226(D).

**VII. DETRIMENTAL RELIANCE – FEDERAL COMMON LAW**

**64.**

Defendant, Hayden, made a representation that the stock certificates were valid by signing the certificates and by issuing a prospectus, which named Plaintiff as a ten percent (10%) owner of Red Jacket, Inc.

**65.**

Plaintiff was reasonable in relying on the stock certificates because the sole officer of Red Jacket, Inc. issued the signed stock certificates and a prospectus showing Plaintiff as a ten percent (10%) shareholder.

**66.**

Plaintiff changed his position to his detriment because Plaintiff accepted the stock certificates instead of cash for the materials and labor he contributed to Red Jacket, Inc.

**67.**

Plaintiff, therefore, can recover damages suffered due to his detrimental reliance, pursuant to federal law.

**VIII. DETRIMENTAL RELIANCE: LOUISIANA C.C. ART. 1967**

**68.**

Defendant, Hayden, knew or should have known that the stock certificates and prospectus issued to Plaintiff would induce Plaintiff to rely on his promise of an ownership stake in Red Jacket, Inc..

**69.**

Plaintiff relied on these stock certificates to his detriment because Plaintiff accepted the stock certificates instead of cash for the materials and labor he contributed to Red Jacket, Inc.

**70.**

Plaintiff was reasonable in relying on the stock certificates because the sole officer of Red Jacket, Inc. issued the signed stock certificates and a prospectus showing Plaintiff as a ten percent (10%) shareholder.

**71.**

Therefore, pursuant to La. C.C. art. 1967, Plaintiff can recover all damages suffered as a result of his detrimental reliance upon the representations of Defendant, Hayden.

**WHEREFORE**, Plaintiff prays that Defendants be served with copies of this Complaint and cited to appear and answer same and that after due proceedings are had there be judgment in favor of **PLAINTIFF JOSEPH RADFORD** and against **DEFENDANTS, WILLIAM HAYDEN, RED JACKET, INC. and RED JACKET FIREARMS, L.L.C.**, awarding Plaintiff all damages, attorney's fees, court costs and other relief deemed reasonable by this Court, together with legal interest thereon from the date of judicial demand until paid.

Respectfully submitted,

**TAGGART MORTON, L.L.C.**

s/Larry E. Demmons

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