

TWENTY-FIRST DISTRICT

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FILED
01 MAR -1 AM 9:20
IN THE OFFICE OF
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OF NORTH CAROLINA

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No. _____

TWENTY-FIRST DISTRICT

NORTH CAROLINA COURT OF APPEALS

MARGARET L. KOLB)	
and LUCY ZANTOUT,)	
)	
Plaintiffs,)	<u>From Forsyth County</u>
)	99 CvS 8090
v.)	
)	
SCHATZMAN & ASSOCIATES, L.L.C.)	
and PHILIP L. KING,)	
)	
Defendants.)	
)	

ORGANIZATION OF THE COURT
Appellate Rule 9(a)(1)(b)

Before the Honorable Russell G. Walker, Jr., Judge Presiding over the November 14, 2000, Session of the General Court of Justice, Superior Court Division, Forsyth County, Plaintiffs Margaret L. Kolb and Lucy Zantout appeal from the Order and Judgment in favor of Schatzman & Associates entered on December 4, 2000. (Filed 3-1-01; docketed 3-5-01).

STATE OF NORTH CAROLINA
FORSYTH

County

- Rp 2 -

File No. 190-V38010
Film No.

In the General Court of Justice
☐ District Court Division ☒ Superior Court Division

Plaintiff Name
MARGARET L. KOLB and LUCY ZANTOUT

Address

City, State, Zip

CIVIL SUMMONS

GS 1A-1, Rules 3

VERSUS

Defendant

SCHATZMAN & ASSOCIATES, L.L.C.

* ☐ Alias and Pluries Summons

The summons originally issued against you was returned not served

Date Last Summons Issued

* Disregard this section
unless the block is checked

TO: SCHATZMAN & ASSOCIATES, L.L.C.

TO:

Name & Address of First Defendant

By and through its Registered Agent,
William T. Schatzman
1012 W. Fifth Street, The Greenhouse
at Grace Court, Winston-Salem, NC 27101

Name & Address of Second Defendant

A Civil Action Has Been Commenced Against You!

You are notified to appear and answer the complaint of the plaintiff as follows:

1. Serve a copy of your written answer to the complaint upon the plaintiff or his attorney within thirty (30) days after you have been served. You may serve your answer by delivering a copy to him or by mailing it to him at his last known address, and

2. File the original of the written answer with the Clerk of Superior Court of the county named above.

If you fail to answer the complaint the plaintiff will apply to the Court for the relief demanded in this complaint.

Name and Address of Plaintiff's Attorney
If none, Address of Plaintiff

Celie B. Richardson
Law Office of William F. Maready
1076 W. Fourth St., Ste. 100
Winston-Salem, NC 27101

Date Issued

10-15-11

Time Issued

2:03

☐ AM ☒ PM

Signature

Celie B. Richardson

☒

Deputy CSC

☐

Assistant CSC

☐

Clerk of Superior Court

☐ ENDORSEMENT

This summons was originally issued on the date indicated above and returned not served. At the request of the plaintiff, the time within which this summons must be served is extended thirty (30) days.

Date of Endorsement

Time

☐ AM ☒ PM

Signature

☐

Deputy CSC

☐

Assistant CSC

☐

Clerk of Superior Court

RETURN OF SERVICE

I certify that this summons and a copy of the complaint were received and served as follows:

Defendant 1.

Date served

Name of defendant

10-15-99 15:55h SCHATZMAN & ASSOCIATES, LLC

- ☐ By delivering to the defendant named above a copy of the summons and complaint.
- ☐ By leaving a copy of the summons and complaint at the dwelling house or usual place of abode of the defendant named above with a person of suitable age and discretion then residing therein.
- ☒ As the defendant is a corporation, service was effected by delivering a copy of the summons and complaint to the person named below.

Name and address of person with whom copies left (if corporation give title of person copies left with)

William T. Schatzman - Registered Agent
3880 Suite 10 Vestalville Bldg
West DC

☐ Other manner of service (specify)

☐ Defendant WAS NOT served for the following reason.

Defendant 2.

Date served

Name of defendant

- ☐ By delivering to the defendant named above a copy of the summons and complaint.
- ☐ By leaving a copy of the summons and complaint at the dwelling house or usual place of abode of the defendant named above with a person of suitable age and discretion then residing therein.
- ☐ As the defendant is a corporation, service was effected by delivering a copy of the summons and complaint to the person named below.

Name and address of person with whom copies left (if corporation give title of person copies left with)

☐ Other manner of service (specify)

☐ Defendant WAS NOT served for the following reason.

FILED
99 OCT 25 AM 10:04
FORSTH COUNTY, D.S.C.
BY RRE

Service Fee Paid

\$

Date Received

10-15-99

Name of Sheriff

Ron Barker

By

Date of Return

10-15-99

County

Forst

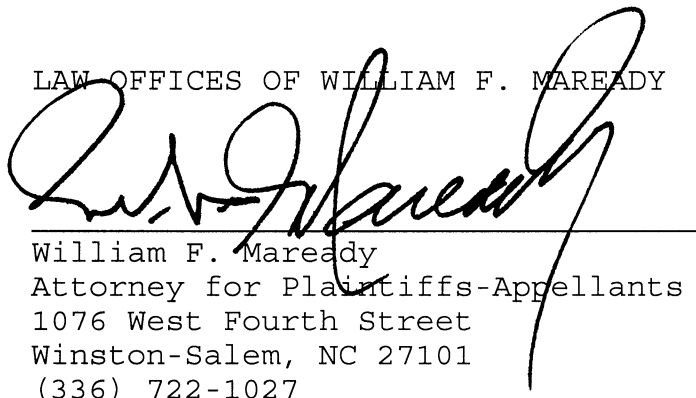
Deputy Sheriff Making Return

Sgt. R. Capen H68

1. Defendant Schatzman & Associates, L.L.C., was properly served with the summons, complaint, and amended complaint.
2. The Court has personal jurisdiction over the parties and has subject matter jurisdiction in this case.
3. The Notice of Appeal from the Order and Judgment signed by the Honorable Russell G. Walker, Jr. on November 30, 2000, and entered on December 4, 2000, and the Amended Notice of Appeal were timely and proper.
4. The foregoing and following pages shall constitute the Record on Appeal.

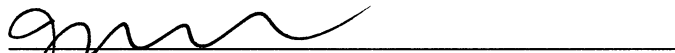
This 15th day of ~~January~~ ^{February}, 2001.

LAW OFFICES OF WILLIAM F. MAREADY



William F. Maready
Attorney for Plaintiffs-Appellants
1076 West Fourth Street
Winston-Salem, NC 27101
(336) 722-1027

SHARPLESS & STAVOLA



Joseph P. Booth, III
Attorney for Defendant-Appellee
Schatzman & Associates
Sharpless & Stavola, P.A.
Post Office Box 22106
Greensboro, NC 27420
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NORTH CAROLINA
FORSYTH COUNTY

) FILED
)
53 OCT 15 PM 2:03
FORSYTH COUNTY C.S.C.

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CVS 8090

BY MA
MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, L.L.C.,

Defendant.

COMPLAINT

Plaintiffs, complaining of the defendant, allege and say:

PARTIES

1. Plaintiff Margaret Kolb ("Margaret") resides at 897 Buttonwood Drive, Winston-Salem, North Carolina.
2. Plaintiff Lucy Kolb Zantout ("Lucy") resides in Forsyth County, North Carolina.
3. Defendant Schatzman & Associates, L.L.C. is a North Carolina limited liability company and a resident of Forsyth County, North Carolina, with a principal place of business at 3880 Vest Mill Road, Winston-Salem, North Carolina.

FACTS

4. Lucy is the daughter of Margaret. Lucy is married to Bassam Chafic Zantout ("Bassam"). Bassam was born in Lebanon, and he has dual United States and Lebanese

citizenship. Lucy and Bassam were married in or around April 1986. As a result of the events set forth below, divorce proceedings are in process in Forsyth County, North Carolina.

5. Lucy and Bassam resided in North Carolina from the time of their marriage until approximately November 1996. In November 1996, they moved, along with their three young children, Shafeek, Nora and Somaya, to Dubai because Bassam had taken a job there with Sony Broadcasting Corporation ("Sony"). At the time, the children were ages four, two and four months.

6. Lucy and Bassam remained in Dubai until the summer of 1998 after Bassam lost his job with Sony. At that point, they returned to the United States. In October 1998, Bassam convinced Lucy to move to Lebanon so that their children could continue schooling. While the children have dual United States and Lebanese citizenship, Lucy does not, and, as such, she was required to have a visa to reside in Lebanon. In any event, it was Lucy's understanding that they would establish dual residences in Lebanon and the United States. After their return to Lebanon, they lived in an apartment above Bassam's parents.

7. Almost immediately after they moved to Lebanon, Bassam became increasingly verbally and physically abusive to Lucy and the children. Further, Bassam had renewed Lucy's Lebanese visa through only March 2, 1999, and he told her that as of March 2, 1999, she would be expelled from Lebanon — without the children. As a result, in early February 1999, Lucy decided to try to leave Bassam and return to the United States with the children. Bassam made it difficult for Lucy to leave, however, essentially holding her hostage by listening in on telephone calls between Lucy and Margaret, reading all of her letters to Margaret, keeping Lucy's and the

children's passports away from Lucy, and having his parents keep a close eye on Lucy and the children whenever he was not around.

8. In about February 1999, Lucy saw an opportunity to escape. She knew that Bassam would be away for several hours, and while pretending to play with the children out in the yard, she sneaked out the gate with the children when Bassam's parents were not watching, ran down the road and hailed a cab. She took the cab to Beirut with the children and went to the American Embassy there.

9. At the American embassy, Lucy was informed that she would not be able to leave Lebanon with the children because Bassam by now had realized that Lucy intended to leave Lebanon and had put a block on Lucy's and the children's passports. She and the children were put up in a hotel under assumed names until something could be worked out. Lucy was told by officials from the Embassy in case she wanted to leave Lebanon through Syria, they wanted her to know that the Syrians invariably returned to Lebanon people who crossed their border without proper authorization from Syria.

10. On February 10, 1999, Margaret received a telephone call from Lucy informing Margaret that she had escaped Bassam but was unable to leave Lebanon because of the block Bassam had put on Lucy's and the children's passports. Because Margaret was fearful that Bassam had illegally tapped her telephone, on February 15, she had it checked for wire taps by William Schatzman ("Schatzman") of defendant Schatzman & Associates, L.L.C., a security and investigation consulting firm. While Schatzman was having her telephone checked for a wire tap, he asked Margaret why she thought that her telephone might be tapped. In response, Margaret explained Lucy's predicament, and Schatzman said he might be able to help.

11. Later that day, Schatzman called Margaret and told her that he had a plan to get Lucy and the children out of Beirut and asked if he could drop by her house in the early evening to explain it to her. During their meeting that night, Schatzman told Margaret that he could send his associate, Philip King ("King"), to extricate Lucy and the children from Lebanon. Upon information and belief, King is an employee of defendant. Schatzman told Margaret that King was a former agent for the Federal Bureau of Investigation and a former Navy Seal. Schatzman also told Margaret that defendant Schatzman & Associates had expertise in extricating persons from countries like Lebanon, and that King had friends in Lebanon who would agree to take Lucy and the children out of Beirut by charter boat to Cyprus. Schatzman also assured Margaret that nothing illegal would be done.

12. Schatzman told Margaret that the whole process would take six to seven days and that she could expect that Lucy and the children would be back in the United States by February 23. Schatzman told Margaret that defendant would require \$15,000 in advance to cover expenses, that defendant would provide a full accounting of all expenses, and that any overage would be returned.

13. On February 16, Margaret called the American Embassy in Beirut and spoke with the consul, Pat Raikes, who informed her that the passport block currently placed on Lucy's and the children's passports was permanent; the children could not legally leave Lebanon without the proper exit stamps on their passports (which they could not obtain as long as the block was in place); there were road blocks all over Lebanon to prevent illegal emigration; and there had been a spate of recent problems with attempts to illegally emigrate from Lebanon to Cyprus. Margaret called Schatzman to relay this information and learned that he too had talked with

Raikes. In any event, Schatzman told Margaret that King had explained the entire situation to his "friend" in Lebanon, that King would set up a "clandestine operation" with the advice and help of his Lebanese friend, and that they could "get anybody out" of Lebanon.

14. Margaret met with Schatzman and King on February 18 and paid them \$15,000 cash, all in \$100 bills as they requested. Schatzman instructed King to transfer half of this money into travelers checks. Neither Schatzman nor King was aware that American travelers checks are not honored in Lebanon or Syria.

15. King arrived in Lebanon on February 19 and visited Lucy at the hotel where she and the children had been put up under assumed names by the American Embassy. King told Lucy that he would have a plan by Monday, February 22, to get her and the children out of Lebanon. Several days later, he said that his original plan to take them out by charter boat to Cyprus would not work, and that he was now working on a plan to get them out through Israel.

16. King kept in contact with Schatzman who kept Margaret updated as to the development of King's "plan." As of February 22, King had not determined whether a legal exit at the Israeli border was possible. On February 23, he informed Schatzman, who in turn informed Margaret, that the children's passports were in fact blocked at the Israeli border. Nonetheless, King stated that he still intended to attempt to get Lucy and the children out through Israel, informing Schatzman that his Lebanese friend had a friend who would smuggle Lucy and the children out of Lebanon and deliver them to yet another friend who would take them to Tel Aviv, where King would fly to meet them.

17. Margaret heard no further news until February 26, 1999, when she was informed that King's plan to get Lucy and the children out through Israel was a go and that it would

happen on March 1. On March 1, King called Schatzman and, while he would not provide any further details of his plan over the telephone, he told Schatzman that everything was all set and that they would be leaving in an hour. Later that day, King called Schatzman back and told him, much to his surprise, that they were all in Tartous, Syria. Schatzman was furious at this development.

18. King told Lucy he had hired some Syrians to take Lucy and the children over the Syrian border. King was with Lucy and the children during the crossing. However, King failed to ensure that the passports were properly stamped at the border so as to reflect a legal entry into Syria.

19. The next day, March 2, Lucy, the children and King attempted to leave Syria by taking a flight to London. They were not allowed to leave, however, because their passports had not been stamped properly at the Lebanese border. King was unaware that the passports had not been stamped properly. Concomitantly, notwithstanding his professed expertise in rescuing persons from countries like Lebanon, King was unaware of the requirements for legal entry into Syria. In any event, King sent his contact to the border to attempt to have the passports stamped, but the request was refused.

20. King spoke with the Syrian Minister of Emigration in an effort to explain away the situation, but he only managed to complicate matters further. He told the Syrian Minister that he had paid a taxi driver to smuggle Lucy and the children into Syria. While he did not tell the Syrian Minister that he had bribed anyone, this was the necessary implication of his statement and, as a result, the Syrian government viewed the situation as one involving not only an illegal border crossing, but bribery, both of which are considered major crimes in Syria.

21. Margaret contacted the office of U.S. Senator Jesse Helms and explained the situation. Helms' office began working through diplomatic channels to attempt to get Lucy and the children released from Syria and returned to the United States. Helms office informed Margaret that the situation was very complex. They did not give Margaret much reason for optimism that Lucy and the children would be allowed to return to the United States.

22. King was also not optimistic that the situation could be resolved through diplomatic channels, and, in fact, he believed that Lucy and the children would be returned to Lebanon. Being returned to Lebanon would be the worst possible scenario as Bassam would undoubtedly get word of it. In that eventuality, Bassam would be able to keep the children in Lebanon while forcing Lucy to leave (or having her imprisoned in Lebanon), thereby creating a substantial risk that Margaret would never see her grandchildren again. Accordingly, King continued to work on various "plans" to get Lucy and the children out of Syria to a third country. One of these plans involved leaving across the Turkish border.

23. As of March 12, Lucy and the children were still in Syria and there was no indication that they would be allowed to leave anytime soon. The only indication was that if they were allowed to leave, they would be forced to return to Lebanon. Moreover, Margaret had been informed by officials at the United States Embassy that King had placed Lucy and the children in serious jeopardy by taking them into Syria illegally.

24. As a result of the serious predicament in which King had placed Lucy and the children, Margaret contacted Global Security International in Fayetteville, North Carolina and was referred to Michael Taylor ("Taylor") of American International Security Corp. in Boston, Massachusetts. Schatzman accompanied Margaret to Boston, where they met with Taylor all

day on March 15. Taylor informed Margaret of his previous successful rescue operations and of his contacts in Syria. Margaret retained Taylor to intervene in the matter and rescue Lucy and the children from Syria and the predicament that King had placed them in.

25. Taylor arrived in Syria on March 20, but he was initially unable to locate Lucy and the children. King had taken them from Damascus to Aleppo on the Turkish border where they remained while King unsuccessfully attempted to execute his plan to take them out across the Turkish border. King eventually aborted his plan, and they all returned to Damascus on March 24.

26. Since his arrival in Syria, Taylor had been in contact with officials in the Lebanese and Syrian governments, and he had developed a plan to get Lucy and the children out of Syria to the United States. King admitted that he had run out of "plans" to get Lucy and the children out, and he agreed to go with Taylor's plan, although he did not know the details of it.

27. Taylor's plan involved provoking an incident at the airport and/or the border so as to force the Syrian government to deport Lucy and the children. On March 27, Taylor had Lucy, the children and King taken to the airport in Damascus to attempt to leave. They were refused. He then had them taken to the Lebanese border, where they were detained by Syrian border police and sent back to Damascus to await a court hearing concerning their attempt to leave Syria illegally at the Lebanese border. Through his contacts in Lebanon and Syria, Taylor had already arranged that the Syrian border police would detain Lucy and the children and return them to Damascus for such a hearing.

28. The hearing was held on March 31, and the Syrian judge fined them approximately \$4.00 and ordered them to leave Syria and go to a third country, as Taylor had

also arranged in advance. The next day, April 1, Lucy, the children and King were allowed to leave Syria. They boarded a flight and returned to the United States.

29. The total amount of fees and expenses paid to American International Security Corporation by Margaret for Taylor's services was \$155,000.

**FIRST CLAIM FOR RELIEF:
NEGLIGENCE**

30. Plaintiffs reallege and incorporate by reference herein the allegations set forth in paragraphs 1-29 of this Complaint as if each were set forth fully here.

31. In February 1999, Margaret retained defendant to extricate Lucy and her children from Beirut, Lebanon, and return them safely to the United States.

32. Defendant owed Margaret a duty to exercise reasonable care and skill in performing the services it was retained to provide to Margaret.

33. Defendant failed to exercise a reasonable amount of care and skill in attempting to extricate Lucy and her children from Lebanon, among other acts, by taking Lucy and the children into Syria notwithstanding that defendant knew or should have known that there had been a number of recent problems with attempts to leave Lebanon via Syria without proper authorization, and by failing to ensure that the passports of Lucy and her children were stamped properly at the Syrian border.

34. Defendant's failure to exercise a reasonable amount of care and skill constitutes a breach of its duty to Margaret.

35. As a result of defendant's breach of duty, Margaret has suffered, and continues to suffer, damages including, without limitation, all amounts paid to defendant for its negligent

services, and the amounts that Margaret paid to Taylor to rescue Lucy and the children from Syria as a result of defendant's negligence, together with interest thereon and Margaret's attorneys' fees and costs.

**SECOND CLAIM FOR RELIEF:
BREACH OF CONTRACT**

36. Plaintiffs reallege and incorporate by reference herein the allegations set forth in paragraphs 1-29 of this Complaint as if each were set forth fully here.

37. In about February 1999, Margaret entered into an agreement with defendant whereby defendant agreed to extricate Lucy and her children from Beirut, Lebanon and return them to the United States in return for a fee to be paid by Margaret.

38. Margaret paid the fee required by defendant in accordance with her agreement with defendant.

39. Defendant failed to return Lucy and the children to the United States and instead, caused them to be detained in Syria.

40. Defendant's failure to return Lucy and the children to the United States constitutes a breach of its contract with Margaret.

41. As a result of defendant's breach of contract, Margaret has suffered, and continues to suffer, damages including, without limitation, all amounts paid to defendant for its services, and the amounts that Margaret paid to Taylor to rescue Lucy and the children from Syria as a result of defendant's breach of contract, together with interest thereon and Margaret's attorneys' fees and costs.

**THIRD CLAIM FOR RELIEF:
FRAUD**

42. Plaintiffs reallege and incorporate by reference herein the allegations set forth in paragraphs 1-29 of this Complaint as if each were set forth fully here.

43. In inducing Margaret to contract with defendant to extricate Lucy and the children from Lebanon, defendant represented to Margaret that it had expertise in rescuing persons from countries like Lebanon.

44. Defendant's representations concerning its expertise were false because it had no such expertise as is evidenced by, among other facts, the failure of its agent, King, to realize that American travelers checks would not be accepted in Lebanon, and King's complete lack of knowledge as to the requirements for legal entry into Syria, as well as his lack of any reliable contacts in either Lebanon or Syria.

45. Defendant's false representations as to its expertise were reasonably calculated to deceive Margaret to believe that defendant had expertise in extricating persons from Lebanon, and they were intended to do so.

46. Margaret relied on defendant's false representations in contracting with defendant to extricate Lucy and the children from Lebanon.

47. As a result of defendant's false representations, Margaret has suffered, and continues to suffer, damages, including, without limitation, all amounts paid to defendant for its services, and the amounts that Margaret paid to Taylor to rescue Lucy and the children from Syria together with interest thereon and Margaret's attorneys' fees and costs.

**FOURTH CLAIM FOR RELIEF:
NEGLIGENT INFLICTION OF SEVERE EMOTIONAL DISTRESS
(MARGARET)**

48. Plaintiffs reallege and incorporate by reference herein the allegations set forth in paragraphs 1-29 and 31-35 of this Complaint as if each were set forth fully here.

49. As set forth above, defendant negligently caused Lucy and the children to be detained in Syria, a totalitarian country, for approximately 30 days, during which time they were at great peril and there was uncertainty as to if and when they would be allowed to leave Syria and as to whether they would be forced to return to Lebanon.

50. As a proximate result of defendant's negligence, Margaret suffered severe emotional distress and anxiety as is evidenced by the fact that since the time of defendant's negligence she has been treated by three physicians for ulcers.

51. It was reasonably foreseeable to defendant that its negligent conduct would cause Margaret to suffer such severe emotional distress as defendant knew that Lucy and the children were the daughter and grandchildren of Margaret; that Margaret was aware of the peril in which Lucy and the children had been placed; and the importance to Margaret that Lucy and the children be returned to the United States safely.

52. As a result of defendant's negligent infliction of emotional distress Margaret has suffered and continues to suffer damages, including, without limitation, her medical expenses for treatment of her severe emotional distress and the physical manifestations of the distress, and her pain and suffering together with interest thereon and her attorneys' fees and costs.

**FIFTH CLAIM FOR RELIEF:
NEGLIGENT INFLICTION OF SEVERE EMOTIONAL DISTRESS
(LUCY)**

53. Plaintiffs reallege and incorporate by reference herein the allegations set forth in paragraphs 1-29 and 31-35 of this Complaint as if each were set forth fully here.

54. As set forth above, defendant negligently caused Lucy and the children to be detained in Syria, a totalitarian country, for approximately 30 days, during which time they were at great peril and there was uncertainty as to if and when they would be allowed to leave Syria, and whether they would be forced to return to Lebanon.

55. As a proximate result of defendant's negligence, Lucy has also suffered severe emotional distress and anxiety, and she has been prescribed medication by a physician to treat her distress and anxiety, and she continues to take this medication.

56. It was reasonably foreseeable to defendant that its negligent conduct would cause Lucy to suffer such severe emotional distress as defendant's negligent conduct caused Lucy and the children to be detained in a totalitarian country for approximately 30 days under circumstances that created great uncertainty as to whether Lucy would be allowed to leave as well as the possibility that Lucy would be forced to return to Lebanon in which eventuality she could be expelled without her children and/or face imprisonment.

57. As a result of defendant's negligent infliction of emotional distress Lucy has suffered and continues to suffer damages, including, without limitation, her medical expenses for treatment of her severe emotional distress, her pain and suffering together with interest thereon and her attorneys' fees and costs.

**SIXTH CLAIM FOR RELIEF:
UNFAIR AND DECEPTIVE TRADE PRACTICES**

58. Plaintiffs reallege and incorporate by reference herein the allegations set forth in paragraphs 1-29 and 43-47 of this Complaint as if each were set forth fully here.

59. At all times relevant hereto, defendant was engaged in business within the meaning of G.S. 75-1.1.

60. As set forth above, defendant induced Margaret to contract with defendant to extricate Lucy and the children from Lebanon by falsely representing that defendant had expertise in extricating persons from countries like Lebanon; Margaret relied on these false representations which were intended to deceive her; and, as a result of defendant's false representations, Margaret suffered damages.

61. Defendant's false representations constitute unfair and/or deceptive business or trade acts or practices affecting commerce within the meaning of G.S. 75-1.1.

62. As a result of defendant's unfair and/or deceptive business acts or practices Margaret has suffered, and continues to suffer, damages including, without limitation, all amounts paid to defendant for its services, the amounts that Margaret paid to Taylor to rescue Lucy and the children from Syria, her medical expenses for treatment of her severe emotional distress and the resulting physical manifestations of that distress, and her pain and suffering together with interest thereon and Margaret's attorneys' fees and costs.

WHEREFORE, plaintiffs respectfully pray that the Court:

- (a) enter judgment on claims 1-4 of the Complaint in favor of plaintiff Margaret Kolb and against defendant Schatzman & Associates, L.L.P. in the amount of plaintiff's damages proved at trial;

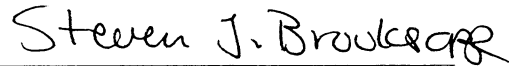
- (b) enter judgment on claim 5 of the Complaint in favor of plaintiff Lucy Kolb Zantout and against defendant Schatzman & Associates, L.L.P. in the amount of plaintiff's damages proved at trial;
- (c) enter judgment on claim 6 of the Complaint in favor of plaintiff Margaret Kolb and against defendant Schatzman & Associates, L.L.P. in the amount of treble the plaintiff's damages proved at trial;
- (d) award plaintiffs their attorneys' fees and costs incurred in prosecuting this matter; and
- (e) enter such further relief as this Court deems just and proper.

PLAINTIFFS DEMAND A JURY TRIAL.


This 15 day of October, 1999.



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Telephone:
Fax: 617-951-2323

ATTORNEYS FOR PLAINTIFFS

STATE OF NORTH CAROLINA)
)
COUNTY OF FORSYTH)

VERIFICATION

Plaintiff, **MARGARET L. KOLB** of Forsyth County, being first duly sworn, deposes and says:

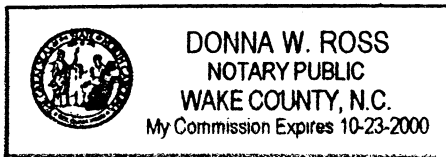
That she has read the foregoing **Complaint** and knows the contents thereof; that the same are true of her own knowledge, except as to those matters therein alleged upon information and belief, and as to those matters, she believes them to be true.

Margaret L. Kolb
Margaret L. Kolb

SWORN AND SUBSCRIBED before me this
the 15th day of October, 1999.

Donna W. Ross
Notary Public

My Commission Expires: 10-23-2000

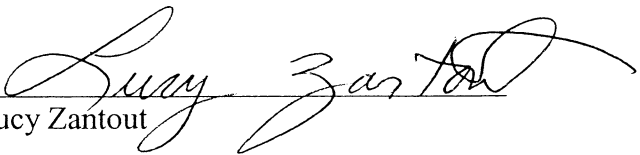


STATE OF NORTH CAROLINA)
)
COUNTY OF FORSYTH)

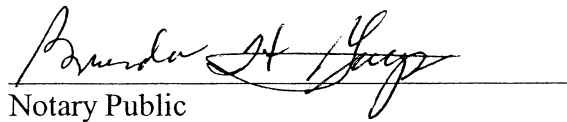
VERIFICATION

Plaintiff, **LUCY ZANTOUT** of Forsyth County, being first duly sworn, deposes and says:

That she has read the foregoing **Complaint** and knows the contents thereof; that the same are true of her own knowledge, except as to those matters therein alleged upon information and belief, and as to those matters, she believes them to be true.


Lucy Zantout

SWORN AND SUBSCRIBED before me this
the 15 day of October, 1999.


Notary Public



My Commission Expires: June 25, 2002

NORTH CAROLINA)
)
FORSYTH COUNTY)

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION

99 CVS 8090

FOR

MARGARET L. KOLB and LUCY)
ZANTOUT,)
)
Plaintiffs,)
)
v.)
)
SCHATZMAN & ASSOCIATES, L.L.C.,)
)
Defendant.)

BY JA

**MOTION FOR PRO HAC VICE ADMISSION
of
STEVEN J. BROOKS
and LAWRENCE R. HOLLAND**

COMES NOW Steven J. Brooks and Lawrence R. Holland, applicants pursuant to G.S. 84-4.1, and move for admission to practice in the General Court of Justice of North Carolina for the sole purpose of appearing on behalf of the plaintiffs in this action. In support of this motion, applicants show the Court:

1. The applicants are:

Steven J. Brooks
Massachusetts Bar no. 059140
Deutsch Williams Brooks, DeRensis,
Holland & Drachman
99 Summer Street
Boston, MA 02110
Admitted and in good standing with the Bar of Massachusetts, and also admitted to and in good standing with the Bar of New York.

Lawrence R. Holland
Massachusetts Bar no. 554839
Deutsch Williams Brooks, DeRensis,
Holland & Drachman
99 Summer Street
Boston, MA 02110
Admitted and in good standing with the Bar of Massachusetts, and also admitted
to and in good standing with the Bar of the District of Columbia.

2. Margaret L. Kolb, a plaintiff in this action, has retained Mr. Brooks and Mr. Holland to represent her in this action. Her statement is attached to this motion.
3. Unless permitted to withdraw sooner by order of the court, Mr. Brooks and Mr. Holland will continue to represent Mrs. Kolb in this action until the final determination thereof. With reference to all matters incident to this action, they agree to be subject to the jurisdiction of the General Court of Justice and the North Carolina State Bar in all respects as if they were regularly admitted and licensed members of the Bar of North Carolina in good standing.
4. The State of Massachusetts, in which Mr. Brooks and Mr. Holland are regularly admitted to practice, grants like privileges to members of the Bar of North Carolina in good standing.
5. Mr. Brooks and Mr. Holland have associated with an attorney who is a resident in this State, duly and legally admitted to practice in the General Court of Justice of North Carolina, who will personally appear in this action:

Celie B. Richardson
State Bar no. 25506
Law Offices of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101
Telephone: (336) 722-1027
Fax: (336) 722-1028

Service may be had upon her in all matters connected with the proceedings, or any disciplinary matter, with the same effect as if personally made on Mr. Brooks or Mr. Holland within this State.



Steven J. Brooks



Lawrence R. Holland

OF COUNSEL

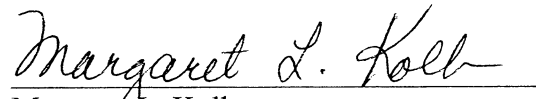
Deutsch Williams Brooks DeRensis Holland & Drachman
99 Summer Street
Boston, MA 02110
Phone: (617) 951-2300
Fax: (617) 951-2323

STATEMENT PURSUANT TO G.S. 84-4.1(2)

I am Margaret L. Kolb, a plaintiff in this action. I have retained Steven J. Brooks and Lawrence R. Holland of the firm of Deutsch Williams Brooks DeRensis Holland & Drachman in Boston, Mass., to represent me in this action.

My address is:

897 Buttonwood Drive
Winston-Salem, NC 27104


Margaret L. Kolb

STATEMENT PURSUANT TO G.S. 84-4.1(2)

I am Lucy Zantout, a plaintiff in this action. I have retained Steven J. Brooks and Lawrence R. Holland of the firm of Deutsch Williams Brooks DeRensis Holland & Drachman in Boston, Mass., to represent me in this action.

My address is:

897 Butterwood Dr.
Winston Salem NC.

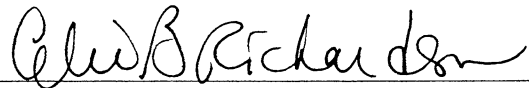

Lucy Zantout

CERTIFICATE OF SERVICE

I, Celie B. Richardson, hereby certify that on this date I served a copy of the foregoing **Motion for Pro Hac Vice Admission of Steven J. Brooks and Lawrence R. Holland** upon defendant by depositing a copy thereof in the United States mail, postage prepaid and addressed as follows:

Schatzman & Associates, L.L.C.
By and through its Registered Agent
William T. Schatzman
1012 West Fifth Street
The Greenhouse at Grace Court
Winston-Salem, NC 27101

This the 18 the day of October, 1999.



Celie B. Richardson, Esq.

State Bar No: 25506

Attorney for Plaintiffs

OF COUNSEL:
LAW OFFICES OF WILLIAM F. MAREADY
1076 West Fourth Street, Suite 100
Winston-Salem, North Carolina 27101-2411
Telephone: (336) 722-1027
Facsimile: (336) 722-1028

NORTH CAROLINA)
)
FORSYTH COUNTY)

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CVS 8090

MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, L.L.C.,

Defendant.

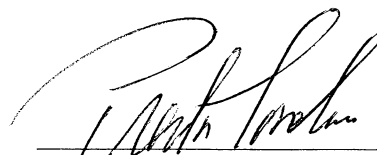
*Filed
11-1-99
Hoyt*

ORDER

THIS MATTER BEING HEARD before the undersigned Judge Presiding over the November 1, 1999, session of the Superior Court of Forsyth County, on the motion filed on behalf of the plaintiffs for the pro hac vice admission of Steven J. Brooks and Lawrence R. Holland, attorneys admitted to practice in the state of Massachusetts, to practice in the General Court of Justice of North Carolina. And the Court being of the opinion that said attorneys have met the requirements for pro hac vice admission:

NOW, THEREFORE, it is hereby ORDERED that Steven J. Brooks and Lawrence R. Holland are admitted pro hac vice to practice in the General Court of Justice of North Carolina for the sole purpose of appearing on behalf of the plaintiffs in this action.

This first day of November, 1999.



Judge Presiding

STATE OF NORTH CAROLINA

FORSYTH COUNTY

MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, LLC,

Defendant.

FILED IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION

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99 Cvs 8090

FORSYTH COUNTY, C.S.C.

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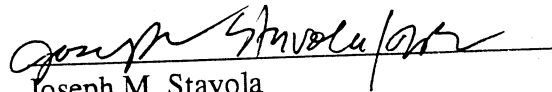
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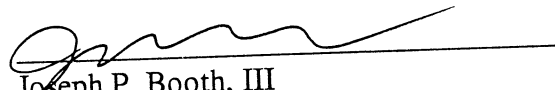
**DEFENDANT'S MOTION AND ORDER
FOR EXTENSION OF TIME**

Pursuant to Rule 6(b) of the North Carolina Rules of Civil Procedure, the defendant, hereby moves for an extension of time within which to prepare and serve an Answer or otherwise respond to the plaintiffs' Complaint to and including December 14, 1999, for the reason that the defendant has not had sufficient time to prepare a response.

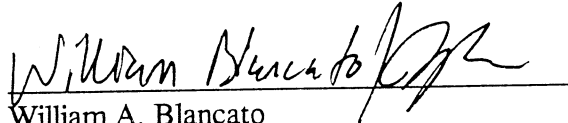
WHEREFORE, the defendant prays that the Court extend the time for the defendant to prepare and serve an Answer or otherwise respond to the plaintiffs' Complaint to and including December 14, 1999, and that the Court grant to the defendant such other and further relief as the Court may seem just and proper.

This the 10 day of November, 1999.


Joseph M. Stavola


Joseph P. Booth, III
Attorney for defendant

OF COUNSEL:
SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, North Carolina 27420
Telephone: 336/333-6381



William A. Blancato
Attorney for defendant

OF COUNSEL:
McCALL DOUGHTON &
BLANCATO, PLLC
633 West Fourth Street, Suite 150
Winston-Salem, NC 27101
Telephone: 336/726-5129

ORDER

Upon application of the defendant and for good cause shown, the defendant, is hereby granted to and including December 14, 1999, within which to prepare and serve an Answer or otherwise respond to the plaintiffs' Complaint.

This the 10 day of November, 1999.


Assistant Clerk of Superior
Court of Forsyth County

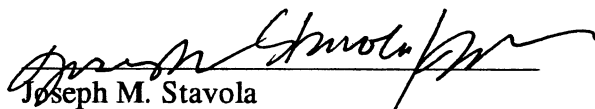
CERTIFICATE OF SERVICE

I hereby certify that the foregoing *Motion and Order for Extension of Time* was served upon the parties to this action by mailing a copy thereof by first-class, postage pre-paid mail to the following counsel of record:

Ms. Celie B. Richardson
Law Offices of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101

Mr. Steven J. Brooks
Mr. Lawrence R. Holland
Dentsch Williams Brooks
DeRensis Holland & Drachman
99 Summer Street
Boston, MA 02110

This the 9th day of November, 1999.


Joseph M. Stavola
Attorney for defendant

OF COUNSEL:

SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, North Carolina 27420
Telephone: 336/333-6381

DEC 13 1999

STATE OF NORTH CAROLINA

FILED

IN THE GENERAL COURT OF JUSTICE

FORSYTH COUNTY

99 DEC 13 PM 2:09

SUPERIOR COURT DIVISION

99 Cvs 8090

FORSYTH COUNTY, C.S.C.

MARGARET L. KOLB and LUCY
ZANTOUT,

BY

Sammy Cole
asst

Plaintiffs,

**DEFENDANT'S ANSWER,
AFFIRMATIVE DEFENSES AND
MOTIONS TO DISMISS**

v.

SCHATZMAN & ASSOCIATES, LLC,

Defendant.

The defendant, Schatzman & Associates, LLC, answering the complaint of plaintiff, sets forth as follows:

1. Admitted upon information and belief.
2. Admitted upon information and belief.
3. Admitted.
4. Admitted upon information and belief that Lucy Kolb Zantout is married to Bassam Chafic Zantout. The remaining allegations are denied for lack of sufficient information to form a belief.
5. Admitted upon information and belief that Ms. Zantout and Mr. Zantout resided in North Carolina at some point in time prior to February, 1999. It is further admitted upon information and belief that Ms. Zantout and Mr. Zantout have three children: Shafeek, Nora and Somaya ("Children"). The remaining allegations are denied for lack of sufficient information to form a belief.

6. Admitted upon information and belief that on or before February, 1999 Ms. Zantout, Mr. Zantout and the Children relocated to Lebanon. The remaining allegations are denied for lack of sufficient information to form a belief.
7. Admitted upon information and belief that, while in Lebanon, Mr. Zantout was verbally and/or physically abusive to Ms. Zantout. The remaining allegations are denied for lack of sufficient information to form a belief.
8. Admitted upon information and belief that sometime in February, 1999 Ms. Zantout took the Children and left the family residence in Lebanon. It is further admitted upon information and belief that sometime in February, 1999 Ms. Zantout went to the American Embassy in Beirut, Lebanon, in an effort to leave the country. The remaining allegations are denied for lack of sufficient information to form a belief.
9. Admitted upon information and belief that sometime in February, 1999 a "block" or other hold had been placed on the passports of Ms. Zantout and the Children, thereby restricting their respective exit from Lebanon. It is further admitted upon information and belief that sometime in February, 1999 Ms. Zantout and the Children were residing in a hotel in Lebanon under assumed names. The remaining allegations are denied for lack of sufficient information to form a belief.
10. Admitted that on February 15, 1999 Margaret Kolb telephoned Mr. Bill Schatzman of Schatzman & Associates, LLC, indicating she was referred to Mr. Schatzman by Roger Shultz, retired FBI Agent in Winston Salem, who was in turn referred by Ms. Kolb's attorney, Mr. Bill Maready. During the aforesaid telephone call, Ms. Kolb represented to Mr. Schatzman the Ms. Zantout and the Children were residing in a hotel in Lebanon

under assumed names; and requested if Mr. Schatzman might be able to assist Ms. Kolb with getting Ms. Zantout and the Children out of Lebanon. It is further admitted that on February 16, 1999 an associate of Schatzman & Associates, LLC, conducted certain electronic countermeasures and "sweep" of Ms. Kolb's home telephone, at the request of Ms. Kolb. Except as admitted herein, denied.

11. Admitted that on February 16, 1999 Mr. Schatzman advised Ms. Kolb that he had spoken with Mr. Philip King about the possibility of assisting Ms. Zantout and the Children get out of Lebanon; and that based on his discussion with Mr. King, Mr. Schatzman told Ms. Kolb that it would be very difficult to get Ms. Zantout and the Children out of Lebanon, but probably not impossible. It is further admitted that, after being so advised by Mr. Schatzman, Ms. Kolb requested that Mr. Schatzman have Mr. King travel to Lebanon and undertake efforts to try and get Ms. Zantout and the Children out of the country. Denied that Mr. King is or was an employee of Schatzman & Associates, LLC. Except as admitted herein, denied.
12. Admitted that on either February 16 or 17, 1999 Ms. Kolb offered Mr. Schatzman \$25,000 in cash as a retainer for his and Mr. Kings efforts to try an get Ms. Zantout and the Children out of Lebanon. It is further admitted that Mr. Schatzman only took \$15,000 of the \$25,000 offered by Ms. Kolb, indicating that she could retain the balance for future disbursement if necessary. Except as admitted herein, denied.
13. Admitted that on February 15, 1999, at the time she initially telephoned him about Ms. Zantout and the Children, Ms. Kolb indicated to Mr. Schatzman that a "block" or other hold had been placed on the passports of Ms. Zantout and the Children. Admitted that

Mr. Schatzman spoke with Pat Raikes of the American Embassy in Beirut, Lebanon, but only sometime after Mr. King arrived in Lebanon. Except as admitted herein, denied.

14. Admitted that on either February 16 or 17, 1999 Ms. Kolb offered Mr. Schatzman \$25,000 in cash as a retainer for his and Mr. Kings efforts to try an get Ms. Zantout and the Children out of Lebanon. It is further admitted that Mr. Schatzman only took \$15,000 of the \$25,000 offered by Ms. Kolb, indicating that she could retain the balance for future disbursement if necessary. Admitted that Mr. Schatzman suggested to Mr. King that he should purchase some travelers checks, so as to avoid carrying \$15,000 in cash; and admitted upon information and belief that Mr. King subsequently transferred approximately \$6,000 of the \$15,000 into travelers checks. Except as admitted herein, denied.
15. Admitted upon information and belief that Mr. King arrived in Lebanon during the late evening hours of February 19 or early morning hours of February 20, 1999; and that sometime thereafter Mr. King traveled to a hotel where Ms. Zantout and the Children were residing under assumed names. Admitted upon information and belief that Mr. King considered plans to get Ms. Zantout and the Children out of Lebanon by traveling either via Cyprus or Israel. Except as admitted herein, denied.
16. Admitted that Mr. King contacted Mr. Schatzman on several occasions while in the Middle East during February, March and April, 1999; and that Mr. Schatzman likewise contacted Ms. Kolb on several occasions during the same time period and thereafter. It is further admitted that at sometime during February, 1999 Mr. King advised Mr. Schatzman that the passports of Ms. Zantout and the Children had been "blocked" or

otherwise placed on hold; and that Mr. King was still considering taking Ms. Zantout and the Children out of Lebanon via Israel. Except as admitted herein, denied.

17. Denied for lack of sufficient information to form a belief that Ms. Kolb "heard no further news" until February 26, 1999. Admitted that on or about March 1, 1999 Mr. King advised Mr. Schatzman that he was still considering taking Ms. Zantout and the Children out of Lebanon via Israel. It is further admitted that after speaking with Mr. King initially on or about March 1, Mr. King subsequently contacted Mr. Schatzman to advise that Ms. Zantout and the Children had been taken out of Lebanon via Syria. Except as admitted herein, denied.
18. Admitted upon information and belief that Mr. King hired someone in Lebanon to transport himself, Ms. Zantout and the Children from Lebanon to Damascus, Syria. It is further admitted upon information and belief that the individual hired by Mr. King represented to Mr. King that all necessary actions were taken so that entry into Syria was proper and legal. Except as admitted herein, denied.
19. Admitted upon information and belief that on or about March 2, 1999 Mr. King, Ms. Zantout and the Children attempted to leave Syria by boarding a flight to London, England. It is further admitted upon information and belief that Mr. King, Ms. Zantout and the Children were denied exit from Syria via the London flight because their passports had somehow been mishandled by the Syrian officials at the Lebanese border. Except as admitted herein, denied for lack of sufficient information to form a belief.
20. Denied for lack of sufficient information to form a belief.
21. Denied for lack of sufficient information to form a belief.

22. Admitted that during the entire ordeal involving Ms. Zantout's and the Children's efforts at leaving Lebanon and returning to the United States, Mr. Schatzman, and on information and belief Mr. King, remained optimistic that Ms. Zantout and the Children would ultimately make passage back to the United States. It is further admitted upon information and belief that Mr. King continued to explore various ways to get Ms. Zantout and the Children out of Syria during March, 1999. Except as admitted herein, the remaining allegations are denied for lack of sufficient information to form a belief.
23. Admitted that no representations were made as to an exact date when Ms. Zantout and the Children might be permitted to leave Syria. Denied for lack of sufficient information to form a belief that Ms. Kolb had been informed by officials of the United States Embassy that Mr. King had placed Ms. Zantout and/or the Children "in serious jeopardy by taking them into Syria illegally."
24. Admitted that Ms. Kolb requested Mr. Schatzman to accompany her to Boston, Massachusetts, in order to meet with Mr. Michael Taylor, and Mr. Schatzman did this on or about March 15, 1999. Admitted upon information and belief that Ms. Kolb retained the services of Mr. Taylor on or before the meeting of March 15, 1999; and that during said meeting Mr. Taylor may have made certain representations regarding his experience as a private investigator. Except as admitted herein, denied.
25. Admitted upon information and belief that Mr. King accompanied Ms. Zantout and the Children to Aleppo, Syria in March, 1999. It is further admitted upon information and belief that on or about March 23 or 24, 1999, while in Aleppo, Mr. King received a telephone call from the American Embassy in Syria advising that the Syrian government

had agreed to allow Mr. King, Ms. Zantout and the Children to board a flight out of Syria to any country of their choice; and that on or about March 24 or 25, 1999 Mr. King accompanied Ms. Zantout and the Children from Aleppo to Damascus and prepared to fly out of the country. Denied for lack of sufficient information to form a belief that Mr. Taylor arrived in Syria on March 20 or that he was unable to locate Ms. Zantout or the Children. Except as admitted herein, denied.

26. Admitted upon information and belief that the "plan" was that Mr. King, Ms. Zantout and the Children were preparing to leave Syria via Turkey when Mr. King was contacted by the American Embassy on or about March 23 or 24, 1999 and advised that the Syrian government had agreed to allow Mr. King, Ms. Zantout and the Children to board a flight out of Syria to any country of their choice. Admitted upon information and belief that Ms. Kolb told Mr. King and Ms. Zantout to follow Mr. Taylor's instructions because he was "powerful." Except as admitted herein, denied for lack of sufficient information to form a belief.
27. Denied for lack of sufficient information to form a belief that Mr. Taylor had a "plan" or had otherwise "arranged" to do anything, whether to assist Mr. King, Ms. Zantout and the Children leave Syria or otherwise. Admitted upon information and belief that on or about March 27, 1999 Mr. Taylor instructed Mr. King, Ms. Zantout and the Children to attempt to leave Syria via an air plane flight from Damascus; and that this was not allowed by Syrian officials at the airport. It is further admitted upon information and belief that, after they were refused departure at the airport, Mr. Taylor had Mr. King, Ms. Zantout and the Children taken to the Lebanese-Syrian border to get their respective passports stamped;

and that while at the border Mr. King, Ms. Zantout and the Children were arrested, detained and interrogated overnight for approximately ten hours by various guards and other officials. Except as admitted herein, denied for lack of sufficient information to form a belief.

28. Admitted upon information and belief that on or about March 31, 1999 Mr. King, Ms. Zantout and the Children appeared before a Syrian judge or other official and were fined and deported to a third country; and that on or about April 1, 1999 Mr. King, Ms. Zantout and the Children boarded a flight in Syria and eventually returned to the United States. Except as admitted herein, denied for lack of sufficient information to form a belief.
29. Denied for lack of sufficient information to form a belief.
30. The defendant reincorporates its responses to paragraphs 1 through 29 as if fully set forth herein.
31. Admitted that in February, 1999 Ms. Kolb retained defendant to travel to Lebanon; locate Ms. Zantout and the Children; determine if exit from Lebanon was possible; and take whatever steps necessary to attempt to assist Ms. Zantout and the Children obtain exit from Lebanon and return to the United States. It is denied that defendant guaranteed or otherwise warranted that Ms. Zantout and the Children could, in fact, obtain exit from Lebanon and return to the United States. Except as admitted herein, denied.
32. Admitted that defendant owed Ms. Kolb a contractual duty to perform those services set forth in defendant's response to paragraph 31, which is incorporated herein by reference, and that Ms. Kolb owed defendant a reciprocal contractual duty to pay for all services

pursuant to the terms of her agreement with defendant. Except as admitted herein, denied.

33. Denied.

34. Denied.

35. Denied.

36. The defendant reincorporates its responses to paragraphs 1 through 35 as if fully set forth herein.

37. Admitted that in February, 1999 Ms. Kolb retained defendant to travel to Lebanon; locate Ms. Zantout and the Children; determine if exit from Lebanon was possible; and take whatever steps necessary to attempt to assist Ms. Zantout and the Children obtain exit from Lebanon and return to the United States. It is denied that defendant guaranteed or otherwise warranted that Ms. Zantout and the Children could, in fact, obtain exit from Lebanon and return to the United States. It is admitted that Ms. Kolb agreed to pay defendant specified amounts for fees and expenses associated with the services provided by defendant under the terms of the agreement between defendant and Ms. Kolb. It is denied that payment to defendant under the terms of the agreement with Ms. Kolb was conditioned on, or otherwise contingent upon, the return of Ms. Zantout and the Children to the United States. Except as admitted herein, denied.

38. Denied.

39. Denied.

40. Denied.

41. Denied.

42. The defendant reincorporates its responses to paragraphs 1 through 41 as if fully set forth herein.
43. Denied.
44. Denied.
45. Denied.
46. Denied.
47. Denied.
48. The defendant reincorporates its responses to paragraphs 1 through 47 as if fully set forth herein.
49. Denied.
50. Denied.
51. Denied.
52. Denied.
53. The defendant reincorporates its responses to paragraphs 1 through 52 as if fully set forth herein.
54. Denied.
55. Denied.
56. Denied.
57. Denied.
58. The defendant reincorporates its responses to paragraphs 1 through 57 as if fully set forth herein.

59. Admitted that at all time relevant to the Complaint, defendant was a L.L.C. licensed and doing business in the State of North Carolina, generally engaged in the business of providing private investigative and security services and consultation to its clients.

Except as admitted herein, denied.

60. Denied.

61. Denied.

62. Denied.

**FOR A FIRST AND FURTHER AFFIRMATIVE DEFENSE AND MOTION TO
DISMISS, DEFENDANT AVERS:**

As to each and every one of their "Claims for Relief," Plaintiffs have failed to state a valid and recognizable claim upon which relief may be granted, and the defendant moves that the Complaint be dismissed pursuant to Rule 12(b)(6) of the North Carolina Rules of Civil Procedure.

**FOR A SECOND AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT
AVERS:**

Defendant pleads the economic loss rule in bar of plaintiffs' First Claim for Relief.

FOR A THIRD AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

To the extent that any of the actions of defendant are determined to have been illegal, which is emphatically denied, defendant pleads the illegality of such actions in complete bar of plaintiffs' claims, as all such actions were either contracted by, or taken at the direction of, Ms. Kolb, Ms. Zantout or both, and with their express and/or implied knowledge, permission, and consent.

FOR A FOURTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

If the injuries to plaintiff Ms. Kolb were caused by the negligence and/or actions of defendant, which is emphatically denied, defendant pleads the contributory negligence of said plaintiff in complete bar to her recovery, in that she instructed defendant to take all steps necessary, regardless of cost or consequence, in order to assist Ms. Zantout and the Children obtain exit from Lebanon and return to the United States; contracted with Mr. Taylor to undertake efforts to travel to Syria and make contact with Mr. King, Ms. Zantout and the Children; instructed defendant and Mr. King to follow the instructions of Mr. Taylor, without question, which lead to the arrest and detention of Mr. King, Ms. Zantout and the Children for approximately ten hours; and was otherwise careless and negligent in her behavior and actions.

FOR A FIFTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

If the injuries to plaintiff Ms. Kolb were caused by the negligence and/or actions of defendant, which is emphatically denied, defendant pleads the intervening and superceding negligence and actions of Mr. Taylor and/or his agents, or other third parties, in complete bar to her recovery, in that said negligence and actions were the sole proximate cause of the detention and interrogation of Mr. King, Ms. Zantout and the Children at or about the Lebanese-Syrian border in March, 1999.

FOR A SIXTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

If the injuries to plaintiff Ms. Zantout were caused by the negligence and/or actions of defendant, which is emphatically denied, defendant pleads the intervening and superceding negligence and actions of Mr. Taylor and/or his agents or other third parties, in complete bar to her recovery, in that said negligence and actions were the sole proximate cause of the detention and interrogation of Mr. King, Ms. Zantout and the Children at or about the Lebanese-Syrian border in March, 1999.

FOR A SEVENTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

To the extent plaintiffs' Complaint contains affirmative misstatements, is not well grounded in fact, or is interposed for an improper purpose, defendant moves to strike plaintiffs' Complaint pursuant to Rule 11 of the North Carolina Rules of Civil Procedure, and requests the court award defendant reasonable expenses, including attorney's fees, incurred because of the filing of the pleading, as well as such other sanctions as to the court may appear just and proper.

FOR AN EIGHTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

To the extent that the aforesaid contractual agreement is determined to have been against public policy, which is emphatically denied, defendant pleads the resulting lack of enforceability of same in complete bar of plaintiffs' claims.

FOR A NINTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

To the extent that Plaintiff Lucy Zantout violated applicable laws by intentionally taking and removing her children from the lawful custody of their father, and otherwise denying her children lawful access and visitation by their father, said illegal acts are plead as a complete bar to any recovery by her.

FOR A TENTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

Should it be determined that Plaintiff Lucy Zantout was not a party to any contractual agreement with defendant, defendant pleads that absence of privity of contract and lack of standing by her to assert any claim herein.

FOR AN ELEVENTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

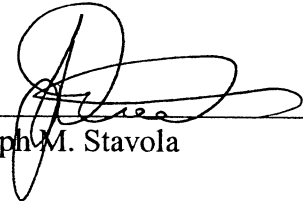
That Plaintiffs' entire action and Complaint are not well grounded in fact or law, and have been interposed for an improper purpose, and defendant moves to strike plaintiffs' Complaint pursuant to Rule 11 of the North Carolina Rules of Civil Procedure, and requests the court award defendant reasonable expenses, including attorney's fees, incurred because of the filing of the pleading, as well as such other sanctions as to the court may appear just and proper.

WHEREFORE, having answered the Complaint, the defendant prays that the plaintiffs' Complaint be dismissed, and plaintiffs have and recover nothing of it; that the costs of this action be taxed against plaintiffs; and that the court grant defendant such other and further relief, including imposition of sanctions, as the court determines is just and proper.

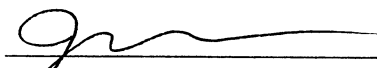
DEMAND FOR JURY TRIAL

The defendant prays for a trial by jury on all matters and issues so triable herein.

This the 18th day of December, 1999.



Joseph M. Stavola



Joseph P. Booth, III
Attorney for defendant

OF COUNSEL:

SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, North Carolina 27420
Telephone: 336/333-6400

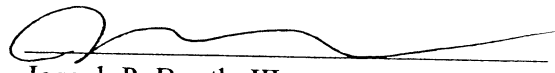
CERTIFICATE OF SERVICE

I hereby certify that the foregoing *Answer, Affirmative Defenses and Motions to Dismiss* was served upon the parties to this action by mailing a copy thereof by first-class, postage pre-paid mail to the following counsel of record:

Ms. Celie B. Richardson
Law Offices of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101

Mr. Steven J. Brooks
Mr. Lawrence R. Holland
Dentsch Williams Brooks
DeRensis Holland & Drachman
99 Summer Street
Boston, MA 02110

This the 10th day of December, 1999.


Joseph P. Booth, III
Attorney for defendant

OF COUNSEL:

SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, North Carolina 27420
Telephone: 336/333-6389

STATE OF NORTH CAROLINA

FORSYTH COUNTY

MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, LLC,

Defendant.

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 Cvs 8090

FILED
JAN 12 11:04

FORSYTH COUNTY, C.S.C.

BY *Phyllis W. Berlew*

DCSC

**DEFENDANT'S ANSWER,
AFFIRMATIVE DEFENSES, MOTIONS
TO DISMISS AND COUNTERCLAIMS
(AMENDED)**

JAN 13 2000

Pursuant to Rule 15 of the North Carolina Rules of Civil Procedure, and within 30 days of serving its answer to the complaint of plaintiffs, the defendant, Schatzman & Associates, LLC, amending its answer to plaintiffs' complaint, sets forth as follows:

1. Admitted upon information and belief.
2. Admitted upon information and belief.
3. Admitted.
4. Admitted upon information and belief that Lucy Kolb Zantout is married to Bassam Chafic Zantout. The remaining allegations are denied for lack of sufficient information to form a belief.
5. Admitted upon information and belief that Ms. Zantout and Mr. Zantout resided in North Carolina at some point in time prior to February, 1999. It is further admitted upon information and belief that Ms. Zantout and Mr. Zantout have three children: Shafeek, Nora and Somaya ("Children"). The remaining allegations are denied for lack of sufficient information to form a belief.

6. Admitted upon information and belief that on or before February, 1999 Ms. Zantout, Mr. Zantout and the Children relocated to Lebanon. The remaining allegations are denied for lack of sufficient information to form a belief.
7. Admitted upon information and belief that, while in Lebanon, Mr. Zantout was verbally and/or physically abusive to Ms. Zantout. The remaining allegations are denied for lack of sufficient information to form a belief.
8. Admitted upon information and belief that sometime in February, 1999 Ms. Zantout took the Children and left the family residence in Lebanon. It is further admitted upon information and belief that sometime in February, 1999 Ms. Zantout went to the American Embassy in Beirut, Lebanon, in an effort to leave the country. The remaining allegations are denied for lack of sufficient information to form a belief.
9. Admitted upon information and belief that sometime in February, 1999 a "block" or other hold had been placed on the passports of Ms. Zantout and the Children, thereby restricting their respective exit from Lebanon. It is further admitted upon information and belief that sometime in February, 1999 Ms. Zantout and the Children were residing in a hotel in Lebanon under assumed names. The remaining allegations are denied for lack of sufficient information to form a belief.
10. Admitted that on February 15, 1999 Margaret Kolb telephoned Mr. Bill Schatzman of Schatzman & Associates, LLC, indicating she was referred to Mr. Schatzman by Roger Shultz, retired FBI Agent in Winston Salem, who was in turn referred by Ms. Kolb's attorney, Mr. Bill Maready. During the aforesaid telephone call, Ms. Kolb represented to Mr. Schatzman that Ms. Zantout and the Children were residing in a hotel in Lebanon

under assumed names; and requested if Mr. Schatzman might be able to assist Ms. Kolb with getting Ms. Zantout and the Children out of Lebanon. It is further admitted that on February 16, 1999 an associate of Schatzman & Associates, LLC, conducted certain electronic countermeasures and "sweep" of Ms. Kolb's home telephone, at the request of Ms. Kolb. Except as admitted herein, denied.

11. Admitted that on February 16, 1999 Mr. Schatzman advised Ms. Kolb that he had spoken with Mr. Philip King about the possibility of assisting Ms. Zantout and the Children get out of Lebanon; and that based on his discussion with Mr. King, Mr. Schatzman told Ms. Kolb that it would be very difficult to get Ms. Zantout and the Children out of Lebanon, but probably not impossible. It is further admitted that, after being so advised by Mr. Schatzman, Ms. Kolb requested that Mr. Schatzman have Mr. King travel to Lebanon and undertake efforts to try and get Ms. Zantout and the Children out of the country. Denied that Mr. King is or was an employee of Schatzman & Associates, LLC. Except as admitted herein, denied.
12. Admitted that on either February 16 or 17, 1999 Ms. Kolb offered Mr. Schatzman \$25,000 in cash as a retainer for his and Mr. Kings efforts to try an get Ms. Zantout and the Children out of Lebanon. It is further admitted that Mr. Schatzman only took \$15,000 of the \$25,000 offered by Ms. Kolb, indicating that she could retain the balance for future disbursement if necessary. Except as admitted herein, denied.
13. Admitted that on February 15, 1999, at the time she initially telephoned him about Ms. Zantout and the Children, Ms. Kolb indicated to Mr. Schatzman that a "block" or other hold had been placed on the passports of Ms. Zantout and the Children. Admitted that

Mr. Schatzman spoke with Pat Raikes of the American Embassy in Beirut, Lebanon, but only sometime after Mr. King arrived in Lebanon. Except as admitted herein, denied.

14. Admitted that on either February 16 or 17, 1999 Ms. Kolb offered Mr. Schatzman \$25,000 in cash as a retainer for his and Mr. Kings efforts to try an get Ms. Zantout and the Children out of Lebanon. It is further admitted that Mr. Schatzman only took \$15,000 of the \$25,000 offered by Ms. Kolb, indicating that she could retain the balance for future disbursement if necessary. Admitted that Mr. Schatzman suggested to Mr. King that he should purchase some travelers checks, so as to avoid carrying \$15,000 in cash; and admitted upon information and belief that Mr. King subsequently transferred approximately \$6,000 of the \$15,000 into travelers checks. Except as admitted herein, denied.
15. Admitted upon information and belief that Mr. King arrived in Lebanon during the late evening hours of February 19 or early morning hours of February 20, 1999; and that sometime thereafter Mr. King traveled to a hotel where Ms. Zantout and the Children were residing under assumed names. Admitted upon information and belief that Mr. King considered plans to get Ms. Zantout and the Children out of Lebanon by traveling either via Cyprus or Israel. Except as admitted herein, denied.
16. Admitted that Mr. King contacted Mr. Schatzman on several occasions while in the Middle East during February, March and April, 1999; and that Mr. Schatzman likewise contacted Ms. Kolb on several occasions during the same time period and thereafter. It is further admitted that at sometime during February, 1999 Mr. King advised Mr. Schatzman that the passports of Ms. Zantout and the Children had been "blocked" or

otherwise placed on hold; and that Mr. King was still considering taking Ms. Zantout and the Children out of Lebanon via Israel. Except as admitted herein, denied.

17. Denied for lack of sufficient information to form a belief that Ms. Kolb "heard no further news" until February 26, 1999. Admitted that on or about March 1, 1999 Mr. King advised Mr. Schatzman that he was still considering taking Ms. Zantout and the Children out of Lebanon via Israel. It is further admitted that after speaking with Mr. King initially on or about March 1, Mr. King subsequently contacted Mr. Schatzman to advise that Ms. Zantout and the Children had been taken out of Lebanon via Syria. Except as admitted herein, denied.
18. Admitted upon information and belief that Mr. King hired someone in Lebanon to transport himself, Ms. Zantout and the Children from Lebanon to Damascus, Syria. It is further admitted upon information and belief that the individual hired by Mr. King represented to Mr. King that all necessary actions were taken so that entry into Syria was proper and legal. Except as admitted herein, denied.
19. Admitted upon information and belief that on or about March 2, 1999 Mr. King, Ms. Zantout and the Children attempted to leave Syria by boarding a flight to London, England. It is further admitted upon information and belief that Mr. King, Ms. Zantout and the Children were denied exit from Syria via the London flight because their passports had somehow been mishandled by the Syrian officials at the Lebanese border. Except as admitted herein, denied for lack of sufficient information to form a belief.
20. Denied for lack of sufficient information to form a belief.
21. Denied for lack of sufficient information to form a belief.

22. Admitted that during the entire ordeal involving Ms. Zantout's and the Children's efforts at leaving Lebanon and returning to the United States, Mr. Schatzman, and on information and belief Mr. King, remained optimistic that Ms. Zantout and the Children would ultimately make passage back to the United States. It is further admitted upon information and belief that Mr. King continued to explore various ways to get Ms. Zantout and the Children out of Syria during March, 1999. Except as admitted herein, the remaining allegations are denied for lack of sufficient information to form a belief.
23. Admitted that no representations were made as to an exact date when Ms. Zantout and the Children might be permitted to leave Syria. Denied for lack of sufficient information to form a belief that Ms. Kolb had been informed by officials of the United States Embassy that Mr. King had placed Ms. Zantout and/or the Children "in serious jeopardy by taking them into Syria illegally."
24. Admitted that Ms. Kolb requested Mr. Schatzman to accompany her to Boston, Massachusetts, in order to meet with Mr. Michael Taylor, and Mr. Schatzman did this on or about March 15, 1999. Admitted upon information and belief that Ms. Kolb retained the services of Mr. Taylor on or before the meeting of March 15, 1999; and that during said meeting Mr. Taylor may have made certain representations regarding his experience as a private investigator. Except as admitted herein, denied.
25. Admitted upon information and belief that Mr. King accompanied Ms. Zantout and the Children to Aleppo, Syria in March, 1999. It is further admitted upon information and belief that on or about March 23 or 24, 1999, while in Aleppo, Mr. King received a telephone call from the American Embassy in Syria advising that the Syrian government

had agreed to allow Mr. King, Ms. Zantout and the Children to board a flight out of Syria to any country of their choice; and that on or about March 24 or 25, 1999 Mr. King accompanied Ms. Zantout and the Children from Aleppo to Damascus and prepared to fly out of the country. Denied for lack of sufficient information to form a belief that Mr. Taylor arrived in Syria on March 20 or that he was unable to locate Ms. Zantout or the Children. Except as admitted herein, denied.

26. Admitted upon information and belief that the "plan" was that Mr. King, Ms. Zantout and the Children were preparing to leave Syria via Turkey when Mr. King was contacted by the American Embassy on or about March 23 or 24, 1999 and advised that the Syrian government had agreed to allow Mr. King, Ms. Zantout and the Children to board a flight out of Syria to any country of their choice. Admitted upon information and belief that Ms. Kolb told Mr. King and Ms. Zantout to follow Mr. Taylor's instructions because he was "powerful." Except as admitted herein, denied for lack of sufficient information to form a belief.
27. Denied for lack of sufficient information to form a belief that Mr. Taylor had a "plan" or had otherwise "arranged" to do anything, whether to assist Mr. King, Ms. Zantout and the Children leave Syria or otherwise. Admitted upon information and belief that on or about March 27, 1999 Mr. Taylor instructed Mr. King, Ms. Zantout and the Children to attempt to leave Syria via an air plane flight from Damascus; and that this was not allowed by Syrian officials at the airport. It is further admitted upon information and belief that, after they were refused departure at the airport, Mr. Taylor had Mr. King, Ms. Zantout and the Children taken to the Lebanese-Syrian border to get their respective passports stamped;

and that while at the border Mr. King, Ms. Zantout and the Children were arrested, detained and interrogated overnight for approximately ten hours by various guards and other officials. Except as admitted herein, denied for lack of sufficient information to form a belief.

28. Admitted upon information and belief that on or about March 31, 1999 Mr. King, Ms. Zantout and the Children appeared before a Syrian judge or other official and were fined and deported to a third country; and that on or about April 1, 1999 Mr. King, Ms. Zantout and the Children boarded a flight in Syria and eventually returned to the United States. Except as admitted herein, denied for lack of sufficient information to form a belief.
29. Denied for lack of sufficient information to form a belief.
30. The defendant reincorporates its responses to paragraphs 1 through 29 as if fully set forth herein.
31. Admitted that in February, 1999 Ms. Kolb retained defendant to travel to Lebanon; locate Ms. Zantout and the Children; determine if exit from Lebanon was possible; and take whatever steps necessary to attempt to assist Ms. Zantout and the Children obtain exit from Lebanon and return to the United States. It is denied that defendant guaranteed or otherwise warranted that Ms. Zantout and the Children could, in fact, obtain exit from Lebanon and return to the United States. Except as admitted herein, denied.
32. Admitted that defendant owed Ms. Kolb a contractual duty to perform those services set forth in defendant's response to paragraph 31, which is incorporated herein by reference, and that Ms. Kolb owed defendant a reciprocal contractual duty to pay for all services

pursuant to the terms of her agreement with defendant. Except as admitted herein,
denied.

33. Denied.

34. Denied.

35. Denied.

36. The defendant reincorporates its responses to paragraphs 1 through 35 as if fully set forth
herein.

37. Admitted that in February, 1999 Ms. Kolb retained defendant to travel to Lebanon; locate
Ms. Zantout and the Children; determine if exit from Lebanon was possible; and take
whatever steps necessary to attempt to assist Ms. Zantout and the Children obtain exit
from Lebanon and return to the United States. It is denied that defendant guaranteed or
otherwise warranted that Ms. Zantout and the Children could, in fact, obtain exit from
Lebanon and return to the United States. It is admitted that Ms. Kolb agreed to pay
defendant specified amounts for fees and expenses associated with the services provided
by defendant under the terms of the agreement between defendant and Ms. Kolb. It is
denied that payment to defendant under the terms of the agreement with Ms. Kolb was
conditioned on, or otherwise contingent upon, the return of Ms. Zantout and the Children
to the United States. Except as admitted herein, denied.

38. Denied.

39. Denied.

40. Denied.

41. Denied.

42. The defendant reincorporates its responses to paragraphs 1 through 41 as if fully set forth herein.
43. Denied.
44. Denied.
45. Denied.
46. Denied.
47. Denied.
48. The defendant reincorporates its responses to paragraphs 1 through 47 as if fully set forth herein.
49. Denied.
50. Denied.
51. Denied.
52. Denied.
53. The defendant reincorporates its responses to paragraphs 1 through 52 as if fully set forth herein.
54. Denied.
55. Denied.
56. Denied.
57. Denied.
58. The defendant reincorporates its responses to paragraphs 1 through 57 as if fully set forth herein.

59. Admitted that at all time relevant to the Complaint, defendant was a L.L.C. licensed and doing business in the State of North Carolina, generally engaged in the business of providing private investigative and security services and consultation to its clients.

Except as admitted herein, denied.

60. Denied.

61. Denied.

62. Denied.

**FOR A FIRST AND FURTHER AFFIRMATIVE DEFENSE AND MOTION TO
DISMISS, DEFENDANT AVERS:**

As to each and every one of their "Claims for Relief," Plaintiffs have failed to state a valid and recognizable claim upon which relief may be granted, and the defendant moves that the Complaint be dismissed pursuant to Rule 12(b)(6) of the North Carolina Rules of Civil Procedure.

**FOR A SECOND AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT
AVERS:**

Defendant pleads the economic loss rule in bar of plaintiffs' First Claim for Relief.

FOR A THIRD AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

To the extent that any of the actions of defendant are determined to have been illegal, which is emphatically denied, defendant pleads the illegality of such actions in complete bar of plaintiffs' claims, as all such actions were either contracted by, or taken at the direction of, Ms. Kolb, Ms. Zantout or both, and with their express and/or implied knowledge, permission, and consent.

FOR A FOURTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

If the injuries to plaintiff Ms. Kolb were caused by the negligence and/or actions of defendant, which is emphatically denied, defendant pleads the contributory negligence of said plaintiff in complete bar to her recovery, in that she instructed defendant to take all steps necessary, regardless of cost or consequence, in order to assist Ms. Zantout and the Children obtain exit from Lebanon and return to the United States; contracted with Mr. Taylor to undertake efforts to travel to Syria and make contact with Mr. King, Ms. Zantout and the Children; instructed defendant and Mr. King to follow the instructions of Mr. Taylor, without question, which lead to the arrest and detention of Mr. King, Ms. Zantout and the Children for approximately ten hours; and was otherwise careless and negligent in her behavior and actions.

FOR A FIFTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

If the injuries to plaintiff Ms. Kolb were caused by the negligence and/or actions of defendant, which is emphatically denied, defendant pleads the intervening and superceding negligence and actions of Mr. Taylor and/or his agents, or other third parties, in complete bar to her recovery, in that said negligence and actions were the sole proximate cause of the detention and interrogation of Mr. King, Ms. Zantout and the Children at or about the Lebanese-Syrian border in March, 1999.

FOR A SIXTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

If the injuries to plaintiff Ms. Zantout were caused by the negligence and/or actions of defendant, which is emphatically denied, defendant pleads the intervening and superceding negligence and actions of Mr. Taylor and/or his agents or other third parties, in complete bar to her recovery, in that said negligence and actions were the sole proximate cause of the detention and interrogation of Mr. King, Ms. Zantout and the Children at or about the Lebanese-Syrian border in March, 1999.

FOR A SEVENTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

To the extent plaintiffs' Complaint contains affirmative misstatements, is not well grounded in fact, or is interposed for an improper purpose, defendant moves to strike plaintiffs' Complaint pursuant to Rule 11 of the North Carolina Rules of Civil Procedure, and requests the court award defendant reasonable expenses, including attorney's fees, incurred because of the filing of the pleading, as well as such other sanctions as to the court may appear just and proper.

FOR AN EIGHTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

To the extent that the aforesaid contractual agreement is determined to have been against public policy, which is emphatically denied, defendant pleads the resulting lack of enforceability of same in complete bar of plaintiffs' claims.

FOR A NINTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

To the extent that Plaintiff Lucy Zantout violated applicable laws by intentionally taking and removing her children from the lawful custody of their father, and otherwise denying her children lawful access and visitation by their father, said illegal acts are plead as a complete bar to any recovery by her.

FOR A TENTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

Should it be determined that Plaintiff Lucy Zantout was not a party to any contractual agreement with defendant, defendant pleads that absence of privity of contract and lack of standing by her to assert any claim herein.

FOR AN ELEVENTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

That Plaintiffs' entire action and Complaint are not well grounded in fact or law, and have been interposed for an improper purpose, and defendant moves to strike plaintiffs' Complaint pursuant to Rule 11 of the North Carolina Rules of Civil Procedure, and requests the court award defendant reasonable expenses, including attorney's fees, incurred because of the filing of the pleading, as well as such other sanctions as to the court may appear just and proper.

COUNTERCLAIMS

1. Upon information and belief, Margaret Kolb is a resident of Forsyth County, North Carolina.
2. Upon information and belief, Lucy Kolb Zantout is a resident of Forsyth County, North Carolina.
3. Schatzman & Associates, L.L.C. is a North Carolina limited liability company, both residing and with a principal place of business located in Forsyth County, North Carolina.
4. Mr. Bill Schatzman is a resident of Forsyth County, North Carolina, and at all times relevant herein was a principal in the firm of Schatzman & Associates, LLC, with the

express authority to enter into contracts and agreements for, and on behalf of, Schatzman & Associates, LLC.

5. On or about February 15, 1999 Margaret Kolb telephoned Mr. Bill Schatzman of Schatzman & Associates, LLC, indicating she was referred to Mr. Schatzman by Roger Shultz, retired FBI Agent in Winston Salem, who was in turn referred by Ms. Kolb's attorney, Mr. Bill Maready. During the aforesaid telephone call, Ms. Kolb represented to Mr. Schatzman that Ms. Lucy Zantout and Ms. Zantout's children, Shafeek, Nora and Somaya ("Children"), were residing in a hotel in Lebanon under assumed names. Ms. Kolb requested if Mr. Schatzman might be able to assist Ms. Kolb with getting Ms. Zantout and the Children out of Lebanon. Ms. Kolb further represented to Mr. Schatzman that a "block" or other type of hold had been placed on the passports of Ms. Zantout and the Children, thereby preventing their exit from Lebanon.
6. On or about February 16, 1999, at the request of Ms. Kolb, Schatzman & Associates, LLC, performed an electronic "sweep" of Ms. Kolb's home telephone line in order to determine if any electronic monitoring devices had been place on the line. No such devices were located.
7. On February 16, 1999 Mr. Schatzman advised Ms. Kolb that he had spoken with Mr. Philip King about the possibility of assisting Ms. Zantout and the Children get out of Lebanon; and that based on his discussion with Mr. King, Mr. Schatzman told Ms. Kolb that it would be very difficult to get Ms. Zantout and the Children out of Lebanon, but probably not impossible. After being so advised by Mr. Schatzman, Ms. Kolb requested

that Mr. Schatzman have Mr. King travel to Lebanon and undertake efforts to try and get Ms. Zantout and the Children out of the country.

8. On either February 16 or 17, 1999 Ms. Kolb paid Schatzman & Associates, LLC, the amount of \$15,000 as a retainer for its efforts to try and get Ms. Zantout and the Children out of Lebanon. Mr. King was retained by Schatzman & Associates, LLC, as an independent contractor in order to assist in the efforts of extricating Ms. Zantout and the Children from Lebanon.
9. Upon information and belief, Mr. King arrived in Lebanon during the late evening hours of February 19 or early morning hours of February 20, 1999; and that sometime thereafter Mr. King traveled to a hotel where Ms. Zantout and the Children were residing under assumed names.
10. Upon information and belief, after arriving in Lebanon, Mr. King considered plans to get Ms. Zantout and the Children out of Lebanon by traveling either via Cyprus or Israel. Upon information and belief, the plans to exit via Cyprus or Israel were discussed with Ms. Zantout, who agreed with such plans.
11. Mr. King contacted Mr. Schatzman on several occasions while in the Middle East during February, March and April, 1999. Likewise, Mr. Schatzman contacted Ms. Kolb on several occasions during the same time period and thereafter, and advised her of the status of the efforts to extricate Ms. Zantout and the Children from Lebanon.
12. Upon information and belief, prior to March 1, 1999 Mr. King, with the agreement of Ms. Zantout, decided against attempting to exit Lebanon via Cyprus because of the poor safety conditions of the local passenger boats for hire.

13. On or about March 1, 1999 Mr. King advised Mr. Schatzman that he was still considering taking Ms. Zantout and the Children out of Lebanon via Israel. Upon information and belief, after speaking with Mr. Schatzman on March 1, Mr. King determined that exit via Israel was not safe because an active military conflict was currently in process in the area of the Lebanese-Israeli border where exit from Lebanon was contemplated. Upon information and belief, Ms. Zantout agreed with Mr. King's assessment that exit via Israel was not prudent.
14. Upon information and belief, after deciding against exiting Lebanon via Cyprus or Israel, Mr. King, with the consent and agreement of Ms. Zantout, decided to attempt exit of the country via Syria. Upon information and belief, Mr. King, with the consent and agreement of Ms. Zantout, hired someone in Lebanon to transport himself, Ms. Zantout and the Children from Lebanon to Damascus, Syria; and that the individual hired by Mr. King represented to Mr. King that all necessary actions were taken so that entry into Syria was proper and legal.
15. After speaking with Mr. King initially on or about March 1, Mr. King subsequently contacted Mr. Schatzman to advise that Ms. Zantout and the Children had been taken out of Lebanon via Syria.
16. Upon information and belief, on or about March 2, 1999 Mr. King, Ms. Zantout and the Children attempted to leave Syria by boarding a flight to London, England, but were denied exit from Syria via the London flight because their passports had somehow been mishandled by the Syrian officials at the Lebanese border.

17. After being denied exit from Syria via the London flight, upon information and belief, Mr. King, Ms. Zantout and the Children went to the United States Embassy in Damascus. While at the Embassy, upon information and belief, Mr. King, Ms. Zantout and the Children were informed by Embassy personnel that everyone would eventually be allowed to leave Syria, once the matter had been resolved with the Syrian government.
18. Upon information and belief, Mr. King continued to contact the United States Embassy in Damascus regarding the Syrian government's decision as to when Mr. King, Ms. Zantout and the Children would be permitted to leave Syria. Upon information and belief, Mr. King contacted the United States Embassy on one or more of the following dates, and possibly others, concerning whether the Syrian government had made any decisions regarding exit from the country: March 4, 5, 6, 8, 9, 12, 13, 14, 16.
19. Upon information and belief, on or about March 10, 1999 Mr. King spoke with a contact in Syria regarding the possibility of Ms. Zantout and the Children exiting Syria via Turkey. Upon information and belief, the plan to exit Syria via Turkey was discussed with Ms. Zantout, who agreed with this plan of action. Upon information and belief, Mr. King, Ms. Zantout and the Children attempted to exit Syria via Turkey on or about March 21, 1999, but were unsuccessful.
20. Upon information and belief, on or about March 23, 1999 personnel from the United States Embassy in Damascus advised Mr. King that the Syrian government had granted Ms. Zantout and the Children permission to fly to the United States via a flight from Damascus on March 24, 1999. Upon information and belief, Ms. Zantout agreed with the plan to leave Syria on March 24 via the flight from Damascus.

21. Upon information and belief, after arriving in Damascus on or about March 24, 1999, Mr. King, Ms. Zantout and the Children were advised by United States Embassy personnel that they had been granted permission by the Syrian government to fly out of Damascus, just not at that time. No definite date for departure was given.
22. Upon information and belief, on or about March 26, 1999 Mr. King met with Mr. Michael Taylor of American International Security Corp., Boston, Massachusetts. Mr. Taylor advised that he had been retained by Ms. Kolb to provide further assistance to Ms. Zantout and the Children in the efforts at returning to the United States. During the meeting of March 26, upon information and belief, Mr. Taylor advised Mr. King that Ms. Zantout and the Children had been granted permission to leave Syria on March 27, 1999 via a flight from Damascus. Ms. Zantout was advised of this plan to leave on March 27, and consented and agreed to proceeding in that course.
23. Upon information and belief, on March 27, 1999 Mr. King, Ms. Zantout and the Children attempted to leave Syria via taking a flight from Damascus, but were denied exit at the airport. Thereafter, an individual who indicated he was an associate of Mr. Taylor's advised that Mr. Taylor was on his way to the United States. Upon information and belief, Mr. Taylor's associate advised that Mr. King, Ms. Zantout and the Children should return to the Syrian-Lebanese border to attempt to obtain necessary entry visas. Ms. Zantout agreed with this plan, and all parties concerned returned to the Syrian-Lebanese border on or about March 27, 1999.
24. Upon information and belief, after arriving at the Syrian-Lebanese border on March 27, 1999, Mr. King, Ms. Zantout and the Children were detained, searched and interrogated

for approximately 8-10 hours. After intervention of the United States Deputy Ambassador, Mr. King, Ms. Zantout and the Children were returned to Damascus and placed under "house arrest" pending a court hearing scheduled for March 31, 1999.

25. Upon information and belief, on or about March 28, 1999 Mr. Taylor called Mr. King to inquire why he and Ms. Zantout and the Children did not leave Syria via the flight from Damascus on March 27 as Mr. Taylor had instructed. Upon information and belief, Mr. King explained what had happened to himself and Ms. Zantout and the Children at the airport in Damascus, and later at the Syrian-Lebanese border.
26. Upon information and belief, on or about March 31, 1999 an official of the Syrian government picked up Mr. King, Ms. Zantout and the Children at the hotel where they had been staying under house arrest, and took them to the scheduled court hearing. Upon information and belief, after being detained approximately 2-3 hours at the courthouse, Mr. King, Ms. Zantout and the Children were fined \$4.00 (U.S.) and deported.
27. On April 1, 1999 Mr. King, Ms. Zantout and the Children departed Damascus, Syria, via a flight to Frankfurt, Germany, and ultimately arrived Greensboro, North Carolina, later that day.

FIRST COUNTERCLAIM: BREACH OF EXPRESS CONTRACT

(MARGARET KOLB)

28. The allegations of paragraphs 1 through 27 of defendant's Counterclaims are incorporated by reference as if fully set forth herein.
29. By mutual agreement and assent of Ms. Margaret Kolb on behalf of herself, and Mr. Bill Schatzman on behalf on Schatzman & Associates, LLC, on or about February 15, 1999

Ms. Kolb entered into a agreement with Schatzman & Associates, LLC, whereby Schatzman & Associates, LLC, would undertake to assist Ms. Zantout and the Children obtain exit from Lebanon, to include, among other things, one or more of the following tasks ("Contract"):

- a. Travel to Beirut, Lebanon, and locate Ms. Lucy Kolb Zantout and the Children;
 - b. After locating Ms. Zantout and the Children, assist Ms. Zantout and the Children obtain exit from Lebanon before Ms. Zantout's Lebanese travel visa expired sometime during late February, 1999;
 - c. Obtain or otherwise purchase whatever goods and services were reasonably necessary to assist in the task of helping Ms. Zantout and the Children obtain exit from Lebanon; and
 - d. Take whatever other steps or measures were determined to be reasonably necessary in order to assist Ms. Zantout and the Children in returning from the Middle East to Winston Salem, North Carolina.
30. In exchange for Schatzman & Associates, LLC, agreeing to provide the services specified in the Contract, Ms. Kolb agreed to pay Schatzman & Associates, LLC, a rate of \$75.00 per hour, plus actual costs and expenses, for time expended by Schatzman & Associates, LLC, including its agents and/or contractors, while performing the services specified in the Contract. The rate of \$75.00 per hour was applicable to all services not requiring travel outside the continental United States.
31. In exchange for Schatzman & Associates, LLC, agreeing to provide the services specified for in the Contract, Ms. Kolb agreed to pay Schatzman & Associates, LLC, a rate of

\$750.00 per day, plus actual costs and expenses, for time expended by Schatzman & Associates, LLC, including its agents and/or contractors, while performing the services specified in the Contract. The rate of \$750.00 per day was applicable to all services requiring travel outside the continental United States.

32. Schatzman & Associates, LLC, has complied with all of its duties and obligations under the terms of the Contract.
33. Ms. Kolb has materially breached the Contract in that she has accepted the services provided by Schatzman & Associates, LLC, and its agents and/or contractors, under the terms of the Contract, but has failed and refused to pay for such services.
34. As a result of Ms. Kolb's material breach of the Contract, Schatzman & Associates, LLC, has been damaged in the amount of \$52,897.88.

SECOND COUNTERCLAIM: QUANTUM MERUIT

(MARGARET KOLB)

35. The allegations of paragraphs 1 through 34 of defendant's Counterclaims are incorporated by reference as if fully set forth herein.
36. By mutual agreement and assent of Ms. Margaret Kolb on behalf of herself, and Mr. Bill Schatzman on behalf of Schatzman & Associates, LLC, on or about February 15, 1999 Ms. Kolb entered into a agreement with Schatzman & Associates, LLC, whereby Schatzman & Associates, LLC, would undertake to assist Ms. Zantout and the Children obtain exit from Lebanon, to include one or more of the following tasks ("Agreement"):
 - a. Travel to Beirut, Lebanon, and locate Ms. Lucy Kolb Zantout and the Children;

- b. After locating Ms. Zantout and the children, assist Ms. Zantout and the Children obtain exit from Lebanon before Ms. Zantout's Lebanese travel visa expired sometime during late February, 1999;
 - c. Obtain or otherwise purchase whatever goods and services were reasonably necessary to assist in the task of helping Ms. Zantout and the Children obtain exit from Lebanon; and
 - d. Take whatever other steps or measures were determined to be reasonably necessary in order to assist Ms. Zantout and the Children in returning from the Middle East to Winston Salem, North Carolina.
37. Schatzman & Associates, LLC, rendered the services called for under the Agreement.
38. Ms. Kolb accepted the services rendered by Schatzman & Associates, LLC, under the terms of the Agreement.
39. Ms. Kolb understood that she was to pay Schatzman & Associates, LLC, for the services rendered by it, and its agents and/or contractors, in accordance with the Agreement.
40. The services called for under the Agreement were performed by Schatzman & Associates, LLC, and its agents and/or contractors, and were reasonably worth the amount of \$67,662.41.
41. Schatzman & Associates, LLC, has made demand to Ms. Kolb for payment of the amount of \$47,662.41 for services rendered under the Agreement. ("Demand").
42. Ms. Kolb has refused to pay the Demand.

43. As a result of the services provided by Schatzman & Associates, LLC, under the Agreement with Ms. Kolb, and Ms. Kolb's refusal to pay the Demand, Schatzman & Associates, LLC, has been damaged in the amount of \$47,662.41.

THIRD COUNTERCLAIM: QUANTUM MERUIT

(LUCY ZANTOUT)

44. The allegations of paragraphs 1 through 43 of defendant's Counterclaims are incorporated by reference as if fully set forth herein.
45. By mutual agreement and assent of Ms. Lucy Zantout on behalf of herself and the Children, all minors, and Mr. Philip King, an independent contractor, on behalf on Schatzman & Associates, LLC, on or about April 1, 1999 Ms. Zantout entered into a agreement with Schatzman & Associates, LLC, whereby Mr. King, as an independent contractor retained by Schatzman & Associates, LLC, would undertake to assist Ms. Zantout and the Children obtain exit from Lebanon, to include, among other things, one or more of the following tasks ("Second Agreement"):
- a. Assist Ms. Zantout and the Children obtain exit from Lebanon before Ms. Zantout's Lebanese travel visa expired sometime during late February, 1999;
 - b. Obtain or otherwise purchase whatever goods and services were reasonably necessary to assist in the task of helping Ms. Zantout and the Children obtain exit from Lebanon; and
 - c. Take whatever other steps or measures were determined to be reasonably necessary in order to assist Ms. Zantout and the Children in returning from the Middle East to Winston Salem, North Carolina.

46. Schatzman & Associates, LLC, by and through its independent contractor Mr. King, rendered the services called for under the Second Agreement.
47. Ms. Zantout accepted the services rendered by Schatzman & Associates, LLC, under the terms of the Second Agreement.
48. Ms. Zantout understood that she was to pay Schatzman & Associates, LLC, for the services rendered by it, and its agents and/or contractors, in accordance with the Second Agreement.
49. The services called for under the Second Agreement were performed by Schatzman & Associates, LLC, and its agents and/or contractors, and were reasonably worth the amount of \$62,479.31.
50. This Third Counterclaim constitutes the demand of Schatzman & Associates, LLC, to Ms. Zantout for payment of the amount of \$42,479.31 for services rendered under the Second Agreement. ("Second Demand").
51. In the event Ms. Zantout refuses to pay the Second Demand within thirty days from service thereof, as a result of the services provided by Schatzman & Associates, LLC, under the Second Agreement with Ms. Zantout, and Ms. Zantout's refusal to pay the Second Demand, Schatzman & Associates, LLC, has been damaged in the amount of \$42,479.31.

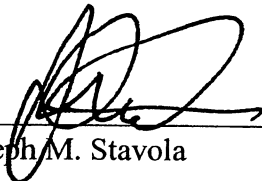
WHEREFORE, having answered the Complaint, the defendant prays that the plaintiffs' Complaint be dismissed, and plaintiffs have and recover nothing of it; that the costs of this action be taxed against plaintiffs; that on defendant's First Counterclaim, it be awarded the amount of

\$52,897.88; that on defendant's Second Counterclaim, it be awarded the amount of \$47,662.41; that on defendant's Third Counterclaim, it be awarded the amount of \$42,479.31; that defendant be awarded prejudgment interest pursuant to statute; and that the court grant defendant such other and further relief, including imposition of sanctions, as the court determines is just and proper.


DEMAND FOR JURY TRIAL

The defendant prays for a trial by jury on all matters and issues so triable herein.

This the 11th day of January, 2000.



Joseph M. Stavola



Joseph P. Booth, III
Attorney for defendant

OF COUNSEL:

SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, North Carolina 27420
Telephone: 336/333-6400


CERTIFICATE OF SERVICE

I hereby certify that the foregoing *Answer, Affirmative Defenses, Motions to Dismiss and Counterclaims (Amended)* was served upon the parties to this action by mailing a copy thereof by first-class, postage pre-paid mail to the following counsel of record:

Ms. Celie B. Richardson
Law Offices of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101

Mr. Steven J. Brooks
Mr. Lawrence R. Holland
Dentsch Williams Brooks
DeRensis Holland & Drachman
99 Summer Street
Boston, MA 02110

This the 11th day of January, 2000.


Joseph P. Booth, III
Attorney for defendant

OF COUNSEL:

SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, North Carolina 27420
Telephone: 336/333-6389

NORTH CAROLINA
FORSYTH COUNTY

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IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CVS 8090

FORSYTH COUNTY, N.C.

BY _____
MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, L.L.C.,

Defendant.

**MOTION FOR ENLARGEMENT
OF TIME TO REPLY
TO COUNTERCLAIMS**

NOW COMES plaintiff Margaret L. Kolb, through the undersigned attorney, and respectfully moves the Court for an order extending the time for this plaintiff to answer or otherwise plead to Defendant's counterclaims.

In support of this motion, this defendant shows the Court that Defendant filed its counterclaims on January 11, 2000; that this Plaintiff was served by mail on that date; that the time for filing the reply to the counterclaims has not yet expired; that additional time is needed for response to the allegations in the counterclaims; that this request is made for good cause and not for purposes of delay; and that counsel for defendant has agreed to this motion.

WHEREFORE, plaintiff Margaret L. Kolb respectfully requests that the Court enter an order extending the time for her to reply or otherwise plead to the counterclaims through February 18, 2000.

Respectfully submitted, this 14th day of February, 2000.




Celie B. Richardson

Attorney for Plaintiff Margaret L. Kolb

OF COUNSEL

Law Office of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101
Telephone: (336) 722-1027
Fax: (336) 722-1028

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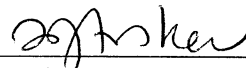
* * * * *

ORDER

* * * * *

FOR GOOD CAUSE SHOWN, plaintiff Margaret L. Kolb shall be allowed to and through March 15, 2000
~~February 18, 2000~~, in which to reply or otherwise plead in response to Defendant's counterclaims in
this cause.

This 14 day of February, 2000.



Assistant Clerk of Superior Court

CERTIFICATE OF SERVICE

I hereby certify that the foregoing Plaintiff Margaret L. Kolb's Motion for Enlargement of Time has been served upon counsel for Defendant by deposit in the U.S. Mail and addressed as follows:

Joseph P. Booth, III
Sharpless & Stavola, P.A.
P.O. Box 22106
Greensboro, NC 27420

This 14th day of February, 2000.



Celie B. Richardson

Attorney for plaintiff Margaret L. Kolb

OF COUNSEL

Law Office of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101
Telephone: (336) 722-1027
Fax: (336) 722-1028

NORTH CAROLINA
FORSYTH COUNTY

)
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)

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CVS 8090

BY _____
MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, L.L.C.,

Defendant.

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**MOTION FOR ENLARGEMENT
OF TIME TO REPLY
TO COUNTERCLAIMS**

NOW COMES plaintiff Lucy Zantout, through the undersigned attorney, and respectfully moves the Court for an order extending the time for this plaintiff to answer or otherwise plead to Defendant's counterclaims.

In support of this motion, this defendant shows the Court that Defendant filed its counterclaims on January 11, 2000; that this Plaintiff was served by mail on that date; that the time for filing the reply to the counterclaims has not yet expired; that additional time is needed for response to the allegations in the counterclaims; that this request is made for good cause and not for purposes of delay; and that counsel for defendant has agreed to this motion.

WHEREFORE, plaintiff Lucy Zantout respectfully requests that the Court enter an order extending the time for her to reply or otherwise plead to the counterclaims through February 18, 2000.

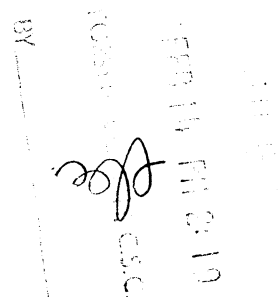
Respectfully submitted, this 14th day of February, 2000.



Celie B. Richardson
Attorney for Plaintiff Lucy Zantout

OF COUNSEL

Law Office of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101
Telephone: (336) 722-1027
Fax: (336) 722-1028



Handwritten signature and stamp, possibly indicating a filing or receipt.

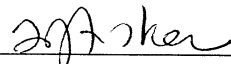
* * * * *

ORDER

* * * * *

FOR GOOD CAUSE SHOWN, plaintiff Lucy Zantout shall be allowed to and through March 15 ~~February 18~~, 2000, in which to reply or otherwise plead in response to Defendant's counterclaims in this cause.

This 14 day of February, 2000.



Assistant Clerk of Superior Court

CERTIFICATE OF SERVICE

I hereby certify that the foregoing Plaintiff Lucy Zantout's Motion for Enlargement of Time has been served upon counsel for Defendant by deposit in the U.S. Mail and addressed as follows:

Joseph P. Booth, III
Sharpless & Stavola, P.A.
P.O. Box 22106
Greensboro, NC 27420

This 14th day of February, 2000.



Celie B. Richardson
Attorney for plaintiff Lucy Zantout

OF COUNSEL

Law Office of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101
Telephone: (336) 722-1027
Fax: (336) 722-1028

NORTH CAROLINA)
FORSYTH COUNTY)

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CVS 8090

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FORSYTH COUNTY, O.S.C.

BY TC)
MARGARET L. KOLB and LUCY)
ZANTOUT,)
)
Plaintiffs,)
)
v.)
)
SCHATZMAN & ASSOCIATES, L.L.C.,)
)
Defendant.)

**MARGARET KOLB'S REPLY TO
DEFENDANT'S COUNTERCLAIM**

Margaret Kolb ("Kolb") hereby answers the numbered paragraphs of the Counterclaim of defendant Schatzman & Associates, L.L.C. as follows:

1. Admitted.
2. Admitted.
3. Kolb lacks sufficient information and knowledge to admit or deny the allegations in this paragraph.
4. Kolb lacks sufficient information and knowledge to admit or deny the allegations in this paragraph.
5. The allegations in the first sentence are admitted. The allegations in the remaining sentences of this paragraph are denied. Further answering, Kolb states that while William Schatzman ("Schatzman") was checking her telephone for wire taps, he asked Kolb why she believed her telephone might be tapped. In response, Kolb conveyed the information set

forth in the second and fourth sentences of this paragraph and Schatzman said that he might be able to help.

6. Admitted.

7. With respect to the allegations in this paragraph, Kolb admits only that at a meeting at the request of Schatzman at her house on the night of February 16, 1999, Schatzman told her that he could send his associate, Philip King ("King"), to extricate her daughter, Lucy Kolb Zantout ("Lucy"), and Lucy's children (the "Children") from Lebanon. Kolb further admits that based upon Schatzman's representations that defendant had expertise in extricating persons from countries like Lebanon; that King had friends in Lebanon who would agree to take Lucy and the Children out of Beirut by charter boat to Cyprus; that nothing illegal would be done; and that the whole process would take six to seven days and that she could expect that Lucy and the Children would be back in the United States by February 23, 1999, she retained defendant's services. Otherwise denied.

8. With respect to the allegations in the first sentence, Kolb admits only that on February 16, 1999, Schatzman informed her that defendant would require \$15,000 in advance to cover expenses, and that any overage would be returned, and that on February 18, 1999, she met with Schatzman and King and paid them \$15,000 in cash, all in \$100 bills as they requested. The allegations in the first sentence are otherwise denied. Kolb lacks sufficient information and knowledge to admit or deny the allegations in the second sentence.

9. Admitted.

10. The allegations in the first sentence are admitted. With respect to the allegations in the second sentence, Kolb admits only that King told Lucy about his plans to exit Lebanon via Cyprus and Israel, and that Lucy was willing to go along with King's plans as he was the

purported expert. Otherwise denied.

11. Admitted.

12. Kolb admits only that King did not take Lucy and the Children out of Lebanon via Cyprus. Otherwise denied.

13. With respect to the allegations in the first sentence, Kolb admits only that Schatzman informed her on about March 1, 1999 that King intended to take Lucy and the Children out of Lebanon via Israel. With respect to the allegations in the second sentence, Kolb admits only that King changed his plan without telling Schatzman, and that he took Lucy and the Children out of Lebanon via Syria. Kolb otherwise lacks sufficient information and knowledge to admit or deny the allegations in the first two sentences of this paragraph. With respect to the allegations in the third sentence, Kolb admits only that Lucy expressed concern to King about his plan to take her and the Children out of Lebanon via Israel. The allegations in the third sentence are otherwise denied.

14. With respect to the allegations in this paragraph, Kolb admits only that on February 29, 1999, King informed Lucy that they would be leaving the next day, and that they would not be going to Israel but rather Syria. Kolb lacks sufficient information and knowledge to admit or deny the alleged statements made by the third party referenced in this action. The allegations are otherwise denied.

15. With respect to the allegations in this paragraph, Kolb admits only that on March 1, 1999, she was informed by Schatzman that King had taken Lucy and the Children out of Lebanon via Syria. Otherwise denied.

16. With respect to the allegations in this paragraph, Kolb admits only that on March 2, 1999, Lucy, the children and King attempted to leave Syria by taking a flight to London but

they were not allowed to leave because their passports had not been stamped properly at the Syrian border. Specifically, their passports had not been stamped to reflect a legal exit from Lebanon or a legal entry into Syria. The allegations in this paragraph are otherwise denied.

17. Denied.

18. Kolb lacks sufficient information and knowledge to admit or deny the allegations in this paragraph.

19. Kolb lacks sufficient information and knowledge to admit or deny the allegations in the first sentence. With respect to the allegations in the second sentence, Kolb admits only that King told Lucy about his plan to exit Lebanon via Turkey, and that Lucy was willing to go along with King's plan as he was the purported expert. Otherwise, the allegations in the second sentence are denied. The allegations in the third sentence are admitted.

20. Kolb lacks sufficient information to admit or deny the allegations in the first sentence of this paragraph. Otherwise denied. The allegations in the second sentence are denied.

21. Denied.

22. The allegations in this first and second sentences are admitted. With respect to the allegations in the third sentence, Kolb admits only that Michael Taylor ("Taylor") advised King that there was an approximately 10% chance that King, Lucy and the Children would be allowed to leave Syria via a flight to Damascus. Otherwise denied. With respect to the allegations in the last sentence of this paragraph, Kolb admits only that Lucy agreed to proceed in the manner Taylor advised. Otherwise denied.

23. The allegations in the first sentence are admitted. The allegations in the second sentence are denied. With respect to the allegations in the third sentence, Kolb admits only that it was part of Taylor's plan to have Lucy and the Children return to the Syrian-Lebanese border.

Otherwise denied. With respect to the allegations in the last sentence, Kolb admits only that Lucy agreed to proceed in the manner Taylor advised, and that Lucy and the Children returned to the Syrian Lebanese border on about March 27, 1999. Otherwise denied.

24. The allegations in the first sentence are admitted. With respect to the allegations in the second sentence, Kolb admits only that Lucy and the Children were returned to Damascus to await a court hearing. Otherwise denied.

25. The allegations in the first sentence are denied. The allegations in the second sentence are admitted.

26. Admitted.

27. Admitted.

28. Kolb incorporates by reference herein her answers to paragraphs 1-27 above as if each were set forth fully here.

29. Kolb responds that this paragraph contains conclusions of law for which no answer is required. Should an answer be required, Kolb admits only that in about February, 1999 she entered into an agreement with defendant whereby defendant agreed to extricate Lucy and her children from Beirut, Lebanon in return for a fee to be paid by Kolb. Otherwise denied.

30. With respect to the allegations in this paragraph, Kolb admits only that she agreed to pay the fees stated in this paragraph if defendant met its obligations under her agreement with defendant. Otherwise denied.

31. With respect to the allegations in this paragraph, Kolb admits only that she agreed to pay the fees stated in this paragraph if defendant met its obligations under her agreement with defendant. Otherwise denied.

32. Denied.

33. Denied.

34. Denied.

35. Kolb incorporates by reference herein her answers to paragraphs 1-34 above as if each were set forth fully here.

36. Kolb responds that this paragraph contains conclusions of law for which no answer is required. Should an answer be required, Kolb admits only that in about February, 1999 she entered into an agreement with defendant whereby defendant agreed to extricate Lucy and her children from Beirut, Lebanon in return for a fee to be paid by Kolb. Otherwise denied.

37. Denied.

38. Kolb admits only that in about February, 1999, she entered into an agreement with defendant whereby defendant agreed to extricate Lucy and her children from Beirut, Lebanon in return for a fee to be paid by Kolb, and that with her knowledge defendant took actions in an attempt to perform its obligations under this agreement. Otherwise denied. Further answering, Kolb states that defendant breached her agreement with defendant.

39. Kolb admits only that she understood that she was to pay defendant for services it performed if defendant met its obligations under the agreement she entered into with defendant in about February, 1999. Otherwise denied. Further answering, Kolb states that defendant breached her agreement with defendant.

40. Denied.

41. Kolb admits only that she received an invoice from defendant dated May 17, 1999 and the invoice stated that the total amount due was \$47,662.41 less a 25% discount if paid by May 31, 1999. Otherwise denied.

42. Admitted.

43. Denied.

44. Kolb incorporates by reference herein her answers to paragraphs 1-43 above as if each were set forth fully here.

45. Denied.

46. Denied.

47. Denied.

48. Denied.

49. Denied.

50. As this answer merely purports to characterize defendant's Counterclaim no answer is required.

51. Denied.

AFFIRMATIVE DEFENSES

First Affirmative Defense

The Counterclaims are barred by defendant's own, material breach of the alleged contract it seeks to enforce by its Counterclaims. The facts on which Kolb relies in support of this affirmative defense are set forth in paragraphs 1-29 and 36-41 of her Complaint in this action, which paragraphs of the Complaint are incorporated by reference herein.

Second Affirmative Defense

The Counterclaims are barred by defendant's fraud in inducing the alleged contract it seeks to enforce by its Counterclaims. Specifically, as set forth in the Complaint in this action, on about February 10, 1999, Schatzman told Kolb that he could send his associate, King, to extricate Lucy and the Children from Lebanon. Among other things, Schatzman told Kolb that defendant Schatzman & Associates had expertise in extricating persons from countries like

Lebanon, and that King had friends in Lebanon who would agree to take Lucy and the Children out of Beirut by charter boat to Cyprus.

The above referenced representations by Schatzman were knowingly false and/or were made with reckless disregard for their truth. In the first instance, prior to the departure of King to Lebanon, Schatzman instructed King to transfer half of his money into travelers checks. Neither Schatzman nor King were aware that American travelers checks are not honored in Lebanon or Syria. Further, after he arrived in Syria, King demonstrated a total lack of expertise with respect to extricating Lucy and the Children from Lebanon. On about March 1, 1999, King took Lucy and the Children into Syria, a totalitarian, repressive state, without ensuring that they would be allowed to leave Syria after they arrived. Moreover, he failed to ensure that the passports of Lucy and the Children were stamped properly at the Lebanese, border checkpoint so as to reflect a legal exit from Lebanon, and at the Syrian, border checkpoint so as to reflect a legal entry into Syria. Nor did he obtain the necessary visas for the entry into Syria. As such, notwithstanding his professed expertise in rescuing persons from countries like Lebanon, King was unaware of the requirements for a legal exit from Lebanon and a legal entry into Syria.

In addition to the foregoing, after they entered Syria, King spoke with the Syrian Minister of Emigration in an effort to explain away the situation, but he only managed to complicate matters further. He told the Syrian Minister that he had paid a taxi driver to smuggle Lucy and the Children into Syria. While he did not tell the Syrian Minister that he had bribed anyone, this was the necessary implication of his statement and, as a result, the Syrian government viewed the situation as one involving not only an illegal border crossing, but bribery, both of which are considered major crimes in Syria.

Third Affirmative Defense

The Counterclaims are barred by the doctrine of estoppel. In support of this affirmative defense, Kolb incorporates by reference herein the facts set forth in support of her Second Affirmative Defense, above.

Fourth Affirmative Defense

The Counterclaims are barred by the doctrine of unclean hands. In support of this affirmative defense, Kolb incorporates by reference herein the facts set forth in support of her Second Affirmative Defense, above.

Fifth Affirmative Defense

Count III of the Counterclaim fails to state a claim for which relief can be granted under Rule 12(b)(6) of the North Carolina Rules of Civil Procedure.

This 15TH day of February, 2000.



Steven J. Brooks
Attorney for plaintiff Margaret L. Kolb

OF COUNSEL:

DEUTSCH WILLIAMS BROOKS DeRENSIS
HOLLAND & DRACHMAN, P.C.
99 Summer Street, 13th Floor
Boston, Massachusetts 02110-1235
(617) 951-2300

CERTIFICATE OF SERVICE

I certify that I have served Margaret Kolb's Reply to Defendant's Counterclaim on counsel for Defendant, addressed as follows, by deposit in the United States mail, postage-paid, and addressed as follows:

Joseph P. Booth, III
Sharpless & Stavola, P.A.
P.O. Box 22106
Greensboro, NC 27420

This 17 day of February, 2000.



Celie B. Richardson
Attorney for plaintiff Margaret Kolb

OF COUNSEL

Law Office of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101
Telephone: (336) 722-1027
Fax: (336) 722-1028

NORTH CAROLINA)

FILED

IN THE GENERAL COURT OF JUSTICE

FORSYTH COUNTY)

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SUPERIOR COURT DIVISION

99 CVS 8090

FORSYTH COUNTY, C.S.C.

BY

TC

MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, L.L.C.,

Defendant.

**LUCY KOLB ZANTOUT'S REPLY TO DEFENDANT'S
COUNTERCLAIM, AND MOTION TO DISMISS**

Lucy Kolb Zantout ("Zantout") hereby answers the numbered paragraphs of the Counterclaim of defendant Schatzman & Associates, L.L.C. as follows:

1. Admitted.
2. Admitted.
3. Zantout lacks sufficient information and knowledge to admit or deny the allegations in this paragraph.
4. Zantout lacks sufficient information and knowledge to admit or deny the allegations in this paragraph.
5. The allegations in the first sentence are admitted. The allegations in the remaining sentences of this paragraph are denied. Further answering, Zantout states that while William Schatzman ("Schatzman") was checking Margaret Kolb's ("Kolb's") telephone for wire taps, he asked Kolb why she believed her telephone might be tapped. In response, Kolb

conveyed the information set forth in the second and fourth sentences of this paragraph and Schatzman said that he might be able to help.

6. Admitted.

7. With respect to the allegations in this paragraph, Zantout admits only that at a meeting at the request of Schatzman at Kolb's house on the night of February 16, 1999, Schatzman told Kolb that he could send his associate, Philip King ("King"), to extricate Zantout and her children (the "Children") from Lebanon. Zantout further admits that based upon Schatzman's representations that defendant had expertise in extricating persons from countries like Lebanon; that King had friends in Lebanon who would agree to take Zantout and the Children out of Beirut by charter boat to Cyprus; that nothing illegal would be done; and that the whole process would take six to seven days and that Kolb could expect that Zantout and the Children would be back in the United States by February 23, 1999, Kolb retained defendant's services. Otherwise denied.

8. With respect to the allegations in the first sentence, Zantout admits only that on February 16, 1999, Schatzman informed Kolb that defendant would require \$15,000 in advance to cover expenses, and that any overage would be returned, and that on February 18, 1999, Kolb met with Schatzman and King and paid them \$15,000 in cash, all in \$100 bills as they requested. The allegations in the first sentence are otherwise denied. Zantout lacks sufficient information and knowledge to admit or deny the allegations in the second sentence.

9. Admitted.

10. The allegations in the first sentence are admitted. With respect to the allegations in the second sentence, Zantout admits only that King told her about his plans to exit Lebanon via Cyprus and Israel, and that she was willing to go along with King's plans as he was the

purported expert. Otherwise denied.

11. Admitted.

12. Zantout admit's only that King did not take her out of Lebanon via Cyprus.

Otherwise denied.

13. With respect to the allegations in the first sentence, Zantout admits only that Schatzman informed Kolb on about March 1, 1999 that King intended to take Zantout and the Children out of Lebanon via Israel. With respect to the allegations in the second sentence, Zantout admits only that King changed his plan without telling Schatzman, and that he took her and the Children out of Lebanon via Syria. Zantout otherwise lacks sufficient information and knowledge to admit or deny the allegations in the first two sentences of this paragraph. With respect to the allegations in the third sentence, Zantout admits only that she expressed concern to King about his plan to take her and the Children out of Lebanon via Israel. The allegations in the third sentence are otherwise denied.

14. With respect to the allegations in this paragraph, Zantout admits only that on February 29, 1999, King informed Zantout that they would be leaving the next day, and that they would not be going to Israel but rather Syria. Zantout lacks sufficient information and knowledge to admit or deny the alleged statements made by the third party referenced in this action. The allegations are otherwise denied.

15. With respect to the allegations in this paragraph, Zantout admits only that on about March 1, 1999, King took her and Children out of Lebanon via Syria. Otherwise denied.

16. With respect to the allegations in this paragraph, Zantout admits only that on March 2, 1999, she, the children and King attempted to leave Syria by taking a flight to London but they were not allowed to leave because their passports had not been stamped properly at the

Syrian border. Specifically, their passports had not been stamped to reflect a legal exit from Lebanon or a legal entry into Syria. The allegations in this paragraph are otherwise denied.

17. Denied.

18. Zantout lacks sufficient information and knowledge to admit or deny the allegations in this paragraph.

19. Zantout lacks sufficient information and knowledge to admit or deny the allegations in the first sentence. With respect to the allegations in the second sentence, Zantout admits only that King told her about his plan to exit Lebanon via Turkey and that she was willing to go along with King's plan as he was the purported expert. Otherwise, the allegations in the second sentence are denied. The allegations in the third sentence are admitted.

20. Zantout lacks sufficient information to admit or deny the allegations in the first sentence of this paragraph. Otherwise denied. The allegations in the second sentence are denied.

21. Denied.

22. The allegations in this first and second sentences are admitted. With respect to the allegations in the third sentence, Zantout admits only that Michael Taylor ("Taylor") advised King that there was an approximately 10% chance that King, Zantout and the Children would be allowed to leave Syria via a flight to Damascus. Otherwise denied. With respect to the allegations in the last sentence of this paragraph, Zantout admits only that she agreed to proceed in the manner Taylor advised. Otherwise denied.

23. The allegations in the first sentence are admitted. The allegations in the second sentence are denied. With respect to the allegations in the third sentence, Zantout admits only that it was part of Taylor's plan to have her and the Children return to the Syrian-Lebanese border. Otherwise denied. With respect to the allegations in the last sentence, Zantout admits

only that she agreed to proceed in the manner Taylor advised, and that she and the Children returned to the Syrian Lebanese border on about March 27, 1999. Otherwise denied.

24. The allegations in the first sentence are admitted. With respect to the allegations in the second sentence, Zantout admits only that she and the Children were returned to Damascus to await a court hearing. Otherwise denied.

25. The allegations in the first sentence are denied. The allegations in the second sentence are admitted.

26. Admitted.

27. Admitted.

28. Zantout incorporates by reference herein her answers to paragraphs 1-27 above as if each were set forth fully here.

29. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, Zantout admits only that in about February, 1999, Kolb entered into an agreement with defendant whereby defendant agreed to extricate Zantout and the Children from Beirut, Lebanon in return for a fee to be paid by Kolb. Otherwise denied.

30. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, Zantout admits only that Kolb agreed to pay the fees stated in this paragraph if defendant met its obligations under Kolb's agreement with defendant. Otherwise denied.

31. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, Zantout admits only that Kolb agreed to pay the fees stated in this paragraph if defendant met its obligations under Kolb's agreement with defendant. Otherwise denied.

32. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, the allegations are denied.

33. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, the allegations are denied.

34. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, the allegations are denied.

35. Zantout incorporates by reference herein her answers to paragraphs 1-34 above as if each were set forth fully here.

36. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, Zantout admits only that in about February, 1999, Kolb entered into an agreement with defendant whereby defendant agreed to extricate Zantout and the Children from Beirut, Lebanon in return for a fee to be paid by Kolb. Otherwise denied.

37. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, the allegations are denied.

38. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, Zantout admits only that in about February, 1999, Kolb entered into an agreement with defendant whereby defendant agreed to extricate Zantout and the Children from Beirut, Lebanon in return for a fee to be paid by Kolb, and that with Kolb's knowledge defendant took actions in an attempt to perform its obligations under this agreement. Otherwise denied. Further answering, Zantout states that defendant breached Kolb's agreement with defendant.

39. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, Zantout admits only that Kolb understood that Kolb was

to pay defendant for services it performed if defendant met its obligations under the agreement Kolb entered into with defendant in about February, 1999. Otherwise denied. Further answering, Zantout states that defendant breached Kolb's agreement with defendant.

40. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, the allegations are denied.

41. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, Zantout admits only that Kolb received an invoice from defendant dated May 17, 1999 and the invoice stated that the total amount due was \$47,662.41 less a 25% discount if paid by May 31, 1999. Otherwise denied.

42. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, the allegations are admitted.

43. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, the allegations are denied.

44. Zantout incorporates by reference herein her answers to paragraphs 1-43 above as if each were set forth fully here.

45. Denied.

46. Denied.

47. Denied.

48. Denied.

49. Denied.

50. As this answer merely purports to characterize defendant's Counterclaim no answer is required.

51. Denied.

AFFIRMATIVE DEFENSES

First Affirmative Defense

The Counterclaims are barred by defendant's own, material breach of the alleged contract it seeks to enforce by its Counterclaims. The facts on which Zantout relies in support of this affirmative defense are set forth in paragraphs 1-29 and 36-41 of her Complaint in this action, which paragraphs of the Complaint are incorporated by reference herein.

Second Affirmative Defense

The Counterclaims are barred by defendant's fraud in inducing the alleged contract it seeks to enforce by its Counterclaims. Specifically, as set forth in the Complaint in this action, on about February 10, 1999, Schatzman told Kolb that he could send his associate, King, to extricate Zantout and the Children from Lebanon. Among other things, Schatzman told Kolb that defendant Schatzman & Associates had expertise in extricating persons from countries like Lebanon, and that King had friends in Lebanon who would agree to take Zantout and the Children out of Beirut by charter boat to Cyprus.

The above referenced representations by Schatzman were knowingly false and/or were made with reckless disregard for their truth. In the first instance, prior to the departure of King to Lebanon, Schatzman instructed King to transfer half of his money into travelers checks. Neither Schatzman nor King were aware that American travelers checks are not honored in Lebanon or Syria. Further, after he arrived in Syria, King demonstrated a total lack of expertise with respect to extricating Zantout and the Children from Lebanon. On about March 1, 1999, King took Zantout and the Children into Syria, a totalitarian, repressive state, without ensuring that they would be allowed to leave Syria after they arrived. Moreover, he failed to ensure that the passports of Zantout and the Children were stamped properly at the Lebanese, border checkpoint

so as to reflect a legal exit from Lebanon, and at the Syrian, border checkpoint so as to reflect a legal entry into Syria. Nor did he obtain the necessary visas for the entry into Syria. As such, notwithstanding his professed expertise in rescuing persons from countries like Lebanon, King was unaware of the requirements for a legal exit from Lebanon and a legal entry into Syria.

In addition to the foregoing, after they entered Syria, King spoke with the Syrian Minister of Emigration in an effort to explain away the situation, but he only managed to complicate matters further. He told the Syrian Minister that he had paid a taxi driver to smuggle Zantout and the Children into Syria. While he did not tell the Syrian Minister that he had bribed anyone, this was the necessary implication of his statement and, as a result, the Syrian government viewed the situation as one involving not only an illegal border crossing, but bribery, both of which are considered major crimes in Syria.

Third Affirmative Defense

The Counterclaims are barred by the doctrine of estoppel. In support of this affirmative defense, Zantout incorporates by reference herein the facts set forth in support of her Second Affirmative Defense, above.

Fourth Affirmative Defense

The Counterclaims are barred by the doctrine of unclean hands. In support of this affirmative defense, Zantout incorporates by reference herein the facts set forth in support of her Second Affirmative Defense, above.

Fifth Affirmative Defense and Motion to Dismiss

Count III of the Counterclaim fails to state a claim for which relief can be granted, and Zantout moves that Count III of the Counterclaim be dismissed pursuant to Rule 12(b)(6) of the

North Carolina Rules of Civil Procedure.

This 15th day of February, 2000.



Steven J. Brooks
Attorney for plaintiff Lucy Kolb Zantout

OF COUNSEL:


DEUTSCH WILLIAMS BROOKS DeRENSIS
HOLLAND & DRACHMAN, P.C.
99 Summer Street, 13th Floor
Boston, Massachusetts 02110-1235
(617) 951-2300
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CERTIFICATE OF SERVICE

I certify that I have served Lucy Zantout's Reply to Defendant's Counterclaim, and Motion to Dismiss on counsel for Defendant, addressed as follows, by deposit in the United States mail, postage-paid, and addressed as follows:

Joseph P. Booth, III
Sharpless & Stavola, P.A.
P.O. Box 22106
Greensboro, NC 27420

This 17 day of February, 2000.


Celie B. Richardson
Attorney for plaintiff Lucy Zantout

OF COUNSEL

Law Office of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101
Telephone: (336) 722-1027
Fax: (336) 722-1028

NORTH CAROLINA) FILED
FORSYTH COUNTY)
01 MAY -5 PM 12:44
FORSYTH COUNTY C.S.C. IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99CVS8090

BY BSO
MARGARET L. KOLB and LUCY)
ZANTOUT,)
)
Plaintiffs,)
)
v.)
)
SCHATZMAN & ASSOCIATES, L.L.C.,)
)
)
Defendant.)

**PLAINTIFFS' MOTION FOR LEAVE TO FILE AMENDED
COMPLAINT TO ADD PHILIP KING AS A DEFENDANT**

Plaintiffs Margaret L. Kolb and Lucy Zantout, hereby move, pursuant to North Carolina Rule of Civil Procedure 15(a), for leave to file an Amended Complaint in the form attached hereto as Exhibit A for the purpose of adding Philip King as a defendant. The grounds for this Motion are as follows:

1. Plaintiffs filed the Complaint in this action in October, 1999. The Complaint contains claims against defendant Schatzman & Associates, LLC ("Schatzman & Associates") for breach of contract, negligence, fraud, negligent infliction of severe emotional distress and unfair and deceptive business acts.
2. Plaintiffs' claims stem from an agreement entered into by Schatzman & Associates in February, 1999 to extricate plaintiff Lucy Zantout ("Lucy") and her children from Beirut, Lebanon. Lucy and her children were being prevented from leaving Lebanon by a block that had been put on their passports by Bassam Zantout, Lucy's husband and a Lebanese citizen.

Lucy had left her husband as a result of being abused by him and was in hiding in Lebanon with the children.

3. Schatzman & Associates in turn contracted with Philip King ("King") to extricate Lucy and the children from Lebanon. At the time that they filed the Complaint, plaintiffs had mistakenly believed that King was an employee of Schatzman and Associates and therefore did not include him as a defendant individually. As it turns out, King is not an employee of Schatzman and Associates.

4. Schatzman & Associates and King breached their contracts and committed negligence with respect to the attempted rescue of Lucy and the children. Specifically, they failed to return Lucy and the children to the United States, but rather caused them to be detained in Syria, a totalitarian state, for thirty days. As a result, plaintiffs were forced to retain Michael Taylor of American International Security Corporation at a cost of approximately \$155,000 to rescue Lucy and the children from Syria.

5. By this Motion, plaintiffs seek to amend the complaint for the sole purpose of adding Philip King as a defendant and asserting claims against him for breach of contract on a third party beneficiary basis as well as negligence and intentional infliction of emotional distress. The facts supporting these claims are identical to the facts set forth in the original Complaint.

6. Amendments to pleadings should be "freely allowed" unless some material prejudice to the other party can be shown. Mauney v. Morris, 316 N.C. 67, 71 (1986); Carolina Builders Corp. v. Gelder & Assocs., Inc., 56 N.C. App. 638, 640-41 (1982). The burden of showing such prejudice is on the party opposing the motion to amend. Coffey v. Coffey, 94 N.C. App. 717, 721 (1989).

7. There is no conceivable prejudice to Schatzman & Associates by allowing

amendment of the Complaint to add King as a defendant. This action was filed only approximately six months ago, and there is no trial date currently set. Moreover, the parties have only conducted limited discovery thus far and, in fact, Schatzman & Associates (after seeking a one month extension on its responses) has not yet responded to plaintiffs' initial discovery, interrogatories and a document request.¹ The only depositions that have been taken are keeper of the records depositions taken by Schatzman & Associates for the sole purpose of obtaining medical records of plaintiffs.² Further, although the need for additional discovery is not sufficient grounds to deny a motion to amend,³ as King is a central figure in this matter, he will be deposed regardless of whether he is added as a defendant.

8. Moreover, allowing amendment of the Complaint is in the interest of judicial economy. As is evidenced by plaintiffs' proposed Amended Complaint, plaintiffs' claims against King arise out of the exact same facts as their claims against Schatzman & Associates. As the events giving rise to the claims occurred only a year ago, plaintiffs are well within the statute of limitations and they could therefore bring a separate action against King. See Mauney,

¹ After learning that King was not an employee of Schatzman & Associates, plaintiffs sought an address for King through their interrogatories to Schatzman & Associates in order to add King as a defendant. After Schatzman & Associates obtained a one month extension until May 1 to answer plaintiffs' interrogatories, plaintiffs had an investigator find an address for King, so as not to delay the process of adding him as a defendant.

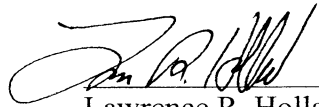
² This current state of affairs is in stark contrast to situations in which motion for leave to amend is denied. For example, in Denning-Boyles v. WCES, Inc., 123 N.C. App. 409, 418 (1996), the court denied motion for leave to amend where discovery was almost complete.

³ See North River Ins. Co. v. Young, 117 N.C. App. 663, 671 (1995) (allowing motion to amend answer two years after action was filed even though it would necessitate additional discovery); Coffey, 94 N.C. App. at 723 ("[t]he fact that additional discovery may be required or that additional counsel may be required to represent the new defendant does not amount to prejudice or make the delay 'undue'").

316 N.C. at 71 (upholding trial court's allowance of motion to amend in part because allowing amendment to add claims within statute of limitations "promoted judicial economy by avoiding the necessity for separate trials or for plaintiff to file first a separate complaint and then a motion to join the two actions").

WHEREFORE, plaintiffs Margaret Kolb and Lucy Zantout respectfully request that this Court grant Plaintiffs' Motion for Leave to Amend Complaint to Add Philip King as a Defendant.

5th
This 3rd day of May, 2000.



Lawrence R. Holland
Attorney for plaintiff Margaret L. Kolb

OF COUNSEL

DEUTSCH WILLIAMS BROOKS DeRENSIS
HOLLAND & DRACHMAN, P.C.
99 Summer Street, 13th Floor
Boston, Massachusetts 02110-1235
(617) 951-2300

CERTIFICATE OF SERVICE

I hereby certify that Plaintiff's Motion for Leave to File Amended Complaint to Add Philip King as a Defendant was served today on counsel for the defendant by deposit in the United States mail, postage-paid, and addressed as follows:

Joseph P. Booth, III
Sharpless & Stavola, P.A.
P.O. Box 22106
Greensboro, NC 27420

This 5 day of May, 2000.



Celie B. Richardson

Attorney for plaintiff Margaret Kolb

OF COUNSEL

Law Office of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101
Telephone: (336) 722-1027
Fax: (336) 722-1028

FORSYTH COUNTY

00 MAY 22 AM 10:30

99 Cvs 8090

FORSTNER COUNTY C.S.C.

BY

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CERTIFICATE OF SERVICE

I certify that the Order dated May 22, 2000, allowing Plaintiff's Motion for Leave to File Amended Complaint to Add Philip King as a Defendant was served today on counsel for defendant Schatzman & Associates by deposit in the United States mail, postage-paid, and addressed as follows:

Joseph P. Booth, III
Sharpless & Stavola, P.A.
Post Office Box 22106
Greensboro, NC 27420

This 22nd day of May, 2000.

A handwritten signature in cursive script, reading "Celie B. Richardson", written in black ink over a horizontal line.

Celie B. Richardson
Attorney for Plaintiffs

OF COUNSEL

Law Offices of William F. Maready
1076 West Fourth Street
Winston-Salem, NC 27101
Telephone: (336) 722-1027
Fax: (336) 722-1028

STATE OF NORTH CAROLINA

FORSYTH County

JUN 01 2000

File No.

99 CVS 8090

Film No.

In the General Court of Justice

FILED



District Court Division



Superior Court Division

Plaintiff Name

MARGARET L. KOLB & LUCY ZANTO

Address

City, State, Zip

FORSYTH COUNTY C.S.C.

CIVIL SUMMONS

GS 1A-1, Rules 3, 4

VERSUS

Defendant

SCHATZMAN & ASSOCIATES, L.L.C.
and PHILIP KING



Alias and Pluries Summons

The summons originally issued against you was returned not served

Date Last Summons Issued

*Disregard this section
unless the block is checked

TO:

TO:

Name & Address of First Defendant

PHILIP KING
2017 Meadowood Lane
Charlotte, NC 28211

Name & Address of Second Defendant

A Civil Action Has Been Commenced Against You!

Amended

You are notified to appear and answer the/complaint of the plaintiff as follows:

Amended

1. Serve a copy of your written answer to the/complaint upon the plaintiff or his attorney within thirty (30) days after you have been served. You may serve your answer by delivering a copy to him or by mailing it to him at his last known address, and

2. File the original of the written answer with the Clerk of Superior Court of the county named above.

Amended

If you fail to answer the/complaint the plaintiff will apply to the Court for the relief demanded in the complaint.

Name and Address of Plaintiff's Attorney
If none, Address of Plaintiff

Celie B. Richardson
LAW OFFICES OF WILLIAM F. MAREADY
1076 West Fourth St., Ste 100
Winston-Salem, NC 27101

Date Issued

5-24-00

Time Issued

11:42



AM



PM

Signature

Carol Hole



Deputy CSC



Assistant CSC



Clerk of Superior Court

☐ ENDORSEMENT

This summons was originally issued on the date indicated above and returned not served. At the request of the plaintiff, the time within which this summons must be served is extended thirty (30) days.

Date of Endorsement

Time



AM



PM

Signature



Deputy CSC



Assistant CSC



Clerk of Superior Court

RETURN OF SERVICE

I certify that this summons and a copy of the complaint were received and served as follows:

Defendant 1.

Date served

Name of defendant

- ☐ By delivering to the defendant named above a copy of the summons and complaint.
- ☐ By leaving a copy of the summons and complaint at the dwelling house or usual place of abode of the defendant named above with a person of suitable age and discretion then residing therein.
- ☐ As the defendant is a corporation, service was effected by delivering a copy of the summons and complaint to the person named below.

Name and address of person with whom copies left (if corporation give title of person copies left with)

☒ Other manner of service (specify)

By certified mail, return receipt 7099 3220 0010 3593 6520,
delivered 5/25/00

☐ Defendant WAS NOT served for the following reason.

Defendant 2.

Date served

Name of defendant

- ☐ By delivering to the defendant named above a copy of the summons and complaint.
- ☐ By leaving a copy of the summons and complaint at the dwelling house or usual place of abode of the defendant named above with a person of suitable age and discretion then residing therein.
- ☐ As the defendant is a corporation, service was effected by delivering a copy of the summons and complaint to the person named below.

Name and address of person with whom copies left (if corporation give title of person copies left with)

☐ Other manner of service (specify)

☐ Defendant WAS NOT served for the following reason.

Service Fee Paid

\$

Date Received

Name of Sheriff

By

Date of Return

County

Deputy Sheriff Making Return

NORTH CAROLINA)
)
FORSYTH COUNTY)

FILED IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CvS 8090

MARGARET L. KOLB
and LUCY ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, L.L.C.
and PHILIP KING

Defendant.

**AFFIDAVIT OF SERVICE
OF PROCESS**

THE UNDERSIGNED, being first duly sworn, deposes and says as follows:

1. I am the attorney of record for the plaintiff in the above-captioned action.
2. On May 24, 2000, I served a copy of the plaintiff's Summons and Amended

Complaint on Philip King by certified mail, return receipt requested, addressed as follows:

Philip King
2017 Meadowood Lane
Charlotte, NC 28211

3. On May 30, 2000, I received the original Domestic Return Receipt No. 7099 3220 0010 3593 6520, attached as Exhibit A, showing that service was completed on Philip King on May 25, 2000.

This the 1st day of June, 2000.

Celie B. Richardson

Celie B. Richardson
State Bar No. 25506
Attorney for Plaintiffs

OF COUNSEL:

THE LAW OFFICES OF WILLIAM F. MAREADY
1076 West Fourth Street Suite 100
Winston-Salem, NC 27101
Telephone: 336 / 722-1027
Facsimile: 336 / 722-1028

SWORN AND SUBSCRIBED before me
this the 1st day of June, 2000.

Donna W. Ross

Notary Public

My Commission Expires: 10-23-2000

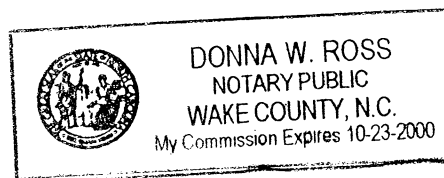


EXHIBIT A

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

Postage \$ 1.20
Certified Fee 1.20
Return Receipt Fee (Endorsement Required) 1.25
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$ 3.86

Postmark Here

NAME (Please Print Clearly) (To be completed by mailer)
PHILIP KING
Street, Apt. No.; or PO Box No.
2017 Meadowood Lane
City, State, ZIP+4
CHARLOTTE, NC 28211

PS Form 3800, July 1999 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

PHILIP KING
2017 Meadowood Lane
Charlotte, NC 28211

2. Article Number (Copy from service label)
7099 3220 0010 3593 6520

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) PHILIP KING B. Date of Delivery 5/28

C. Signature [Signature] ☐ Agent ☐ Addressee

X ☒ Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

PS Form 3811, July 1999 Domestic Return Receipt 102595-99-M-1789

CERTIFICATE OF SERVICE

I hereby certify that the foregoing Affidavit of Service of Process was served today by depositing copies of same in the United States mail, first-class postage prepaid and addressed as follows:

Joseph P. Booth, III
Sharpless & Stavola, P.A.
P.O. Box 22106
Greensboro, NC 27420
Attorney for defendant, Schatzman

Philip King
2017 Madowood Lane
Charlotte, NC 28211

This 1 day of June, 2000.



Celie B. Richardson
Attorney for Plaintiffs

OF COUNSEL

Law Offices of William F. Maready
1076 West Fourth Street
Winston-Salem, NC 27101
Telephone: (336) 722-1027
Fax: (336) 722-1028

NORTH CAROLINA)
)
FORSYTH COUNTY)

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99CVS8090

FILED
JAN 11 2011 11:42

FORSYTH COUNTY, C.S.C.

MARGARET L. KOLB and LUCY *OK*)
ZANTOUT,)

Plaintiffs,)

v.)

AMENDED COMPLAINT

SCHATZMAN & ASSOCIATES, L.L.C.,)
AND PHILIP KING,)

Defendants.)

PARTIES

1. Plaintiff Margaret Kolb ("Margaret") is an individual residing at 897 Buttonwood Drive, Winston-Salem, North Carolina.

2. Plaintiff Lucy Kolb Zantout ("Lucy") is an individual residing in Forsyth County, North Carolina.

3. Defendant Schatzman & Associates, L.L.C. is, upon information and belief, a North Carolina corporation with a principal place of business at 3880 Vest Mill Road, Winston-Salem, North Carolina.

4. Defendant Philip King is an individual residing at 2017 Meadowood Lane, Charlotte, North Carolina.

JURISDICTION AND VENUE

5. This Court has personal jurisdiction over defendants as defendants either reside or have a usual place of business in North Carolina.

6. Venue of this action is proper in this Court as at least one of plaintiffs or defendants resides or has a principal place of business in Forsyth, County.

FACTS

7. Lucy is the daughter of Margaret. Lucy is married to Bassam Chafic Zantout ("Bassam"). Bassam was born in Lebanon, and he has dual United States and Lebanese citizenship. Lucy and Bassam were married in about April, 1986. As a result of the events set forth below, Lucy has filed a Complaint for divorce from Bassam in the District Court Division of General Court of Justice in Forsyth County, North Carolina.

8. Lucy and Bassam resided in North Carolina from the time of their marriage until approximately November, 1996. In November, 1996 they moved, along with their three young children, Shafeek, Nora and Somaya to Dubai because Bassam had taken a job there with Sony Broadcasting Corporation ("Sony"). At the time, the children were four, two and four months old, respectively.

9. Lucy and Bassam remained in Dubai until about the Summer of 1998 when Bassam lost his job with Sony and they returned to the United States. In October, 1998, Bassam convinced Lucy to move to Lebanon so that their children could begin schooling. While the children have dual United States and Lebanese citizenship, Lucy does not, and, as such, she was required to have a visa to reside in Lebanon. In any event, it was Lucy's understanding that they would establish dual residences in Lebanon and the United States. After their return to Lebanon, they lived in an apartment above Bassam's parents.

10. Almost immediately after they moved to Lebanon, Bassam became increasingly physically abusive to Lucy and the children. Further, Bassam had renewed Lucy's Lebanese visa only until March 2, 1999, and he told her that he would not renew it beyond that date. As such, it

was Lucy's understanding that as of March 2, 1999, she would be expelled from Lebanon without the children. As a result, in early 1999 Lucy decided to leave Bassam and return to the United States with the children. Bassam made it difficult for Lucy to leave, however, essentially holding her hostage by listening in on telephone calls between Lucy and Margaret, reading all of her letters to Margaret, keeping the children's passports from Lucy, and having his parents keep a close eye on Lucy and the children whenever he was not around.

11. In about February, 1999, Lucy saw an opportunity to escape. She knew that Bassam would be away for several hours, and while playing with the children out in the yard, she sneaked out the gate with the children when Bassam's parents were not watching, ran down the road and hailed a cab. She took the cab to Beirut with the children and went to the American Embassy there.

12. At the American embassy, Lucy was informed that she would not be able to leave Lebanon with the children because Bassam, who by now had realized that Lucy intended to leave Lebanon, had put a block on the children's passports. She and the children were put up in a hotel under assumed names while the American Embassy attempted to work the matter out. Lucy was told by officials from the Embassy that whatever she did, she should not attempt to leave Lebanon through Syria as the Syrians invariably return to Lebanon people who crossed their border without proper authorization from Lebanon.

13. On February 10, 1999, Margaret received a telephone call from Lucy informing Margaret that she had escaped Bassam but was unable to leave Lebanon because of the block that Bassam had put on the children's passports. Because Margaret was fearful that Bassam had illegally tapped her telephone, on February 15, she had it checked for wire taps by William Schatzman ("Schatzman") of defendant Schatzman & Associates, L.L.C. ("Schatzman &

Associates”), a security and investigation consulting firm. While Schatzman was having her telephone checked for a wire tap, he asked Margaret why she thought that her telephone might be tapped. In response, Margaret explained Lucy’s predicament, and Schatzman said that he might be able to help.

14. Later that day, Schatzman called Margaret and told her that he had a plan to get Lucy and the children out of Beirut and asked if he could drop by her house in the early evening to explain it to her. During their meeting that night, Schatzman told Margaret that he could send his associate, Philip King (“King”), to extricate Lucy and the children from Lebanon. Schatzman told Margaret that King was a former agent for the Federal Bureau of Investigation and had been his Commander when he was in the Navy Seals. Schatzman also told Margaret that King had expertise in extricating persons from countries like Lebanon, and that King had friends in Lebanon that would agree to take Lucy and the children out of Beirut by charter boat to Cyprus. Finally, Schatzman assured Margaret that nothing illegal would be done.

15. Schatzman told Margaret that the whole process would take six to seven days and that she could expect that Lucy and the children would be back in the United States by February 23. Schatzman told Margaret that Schatzman & Associates would require \$15,000 in advance to cover expenses, that Schatzman & Associates would provide a full accounting of all expenses, and that any overage would be returned.

16. On February 16, Margaret called the American Embassy in Beirut and spoke with the consul, Pat Raikes, who informed her that the passport block currently placed on the children’s passports was permanent; the children could not legally leave Lebanon without the proper exit stamps on their passports (which they could not obtain as long as the block was in place); there are road blocks all over Lebanon to prevent illegal emigration; and there had been a

spate of recent problems with attempts to illegally emigrate from Lebanon to Cyprus. Margaret called Schatzman to relay this information and learned that he too had talked to Raikes. In any event, Schatzman told Margaret that King had explained the entire situation to his "friend" in Lebanon, that King would set up a "clandestine operation" with the advice and help of his Lebanese friend, and that they could "get anybody out" of Lebanon.

17. Margaret met with Schatzman and King on February 18 and paid them \$15,000 cash, all in \$100 bills as they requested. Schatzman instructed King to transfer half of these monies into travelers checks. Neither man was aware that American travelers checks are not honored in Lebanon or Syria.

18. King arrived in Lebanon on February 19 and visited Lucy at the hotel where she and the children had been put up under assumed names by the American Embassy. King told Lucy that he would have a plan by Monday, February 22 to get her and the children out of Lebanon. Several days later, he said that his original plan to take them out by charter boat to Cyprus would not work, and that he was working on a plan to get them out through Israel.

19. King kept in contact with Schatzman who kept Margaret updated as to the development of King's "plan." As of February 22, King had not determined whether a legal exit at the Israeli border was possible. On February 23, he informed Schatzman, who in turn informed Margaret, that the children's passports were in fact blocked at the Israeli border. Nonetheless, King still intended to attempt to get Lucy and the children out through Israel, informing Schatzman that his Lebanese friend had a friend who would smuggle Lucy and the children out of Lebanon and deliver them to yet another friend who would take them to Tel Aviv where King would fly to meet them.

20. Margaret heard nothing further until February 26, 1999, when she was informed that King's plan to get Lucy and the children out through Israel was a go and that it would

happen on March 1. On March 1, King called Schatzman and, while he would not provide any further details of his plan over the telephone, told Schatzman that everything was all set and that they would be leaving in an hour. Later that day, King called Schatzman back and told him, much to his surprise, that they were all in Tartus, Syria. Schatzman was furious at this development.

21. King told Lucy that he had paid a Syrian Chief of Police to take Lucy and the children over the Syrian border. King was with Lucy and the children during the crossing. King failed to insure that the children's passports were properly stamped at the border so as to reflect a legal entry into Syria, however.

22. The next day, March 2, Lucy, the children and King attempted to leave Syria by taking a flight to London. They were not allowed to leave, however, because their passports had not been stamped properly at the Lebanese border. King was unaware that the passports had not been stamped properly. Concomitantly, notwithstanding his professed expertise in rescuing persons from countries like Lebanon, King was unaware of the requirements for legal entry into Syria. In any event, King returned to the border to attempt to have the passports stamped but was refused.

23. King spoke with the Syrian Minister of Emigration in an effort to explain away the situation, but he only managed to complicate matters further. He told the Syrian Minister that he had paid a taxi driver to smuggle Lucy and the children into Syria. While he did not tell the Syrian Minister that he had bribed anyone, this was the necessary implication of his statement and, as a result, the Syrian government viewed the situation as one involving not only an illegal border crossing, but bribery, both of which are considered major crimes in Syria.

24. Margaret contacted the office of Senator Jesse Helms and explained the situation, and Helms' office began working through diplomatic channels to attempt to get Lucy and the

children released from Syria and returned to the United States. Helms office informed Margaret that the situation was very complex and did not give Margaret much reason for optimism that Lucy and the children would be allowed to return to the United States, however.

25. King was not optimistic that the situation would be able to be resolved through diplomatic channels either and, in fact, he believed that Lucy and the children would be returned to Lebanon. Being returned to Lebanon would be the worst possible scenario as Bassam would undoubtedly get word of it. In that eventuality, Bassam would be able to keep the children in Lebanon while forcing Lucy to leave (or having her imprisoned in Lebanon) thereby creating a substantial risk that Margaret would never see her grandchildren again. Accordingly, King continued to work on various "plans" to get Lucy and the children out of Syria to a third country and one of these plans involved leaving across the Turkish border.

26. As of March 12, Lucy and the children were still in Syria and there was no indication that they would be allowed to leave anytime soon, and the only indication was that if they were allowed to leave they would be forced to return to Lebanon. Moreover, Margaret had been informed by officials at the United States Embassy that King had placed Lucy and the children in serious jeopardy by taking them into Syria illegally.

27. As a result of the serious predicament in which King had placed Lucy and the children, Margaret contacted Global Security International in Fayetteville, North Carolina and was referred to Michael Taylor ("Taylor") of American International Security Corp. in Boston, Massachusetts. Schatzman accompanied Margaret to Boston where they met with Taylor all day on March 15. Taylor informed Margaret of his previous successful rescue operations and of his contacts in Syria. Margaret retained Taylor to intervene in the matter and rescue Lucy and the children from Syria and the predicament that King had placed them in.

28. Taylor arrived in Syria on March 20, but he was initially unable to locate Lucy and the children. King had taken them from Damascus to Aleppo on the Turkish border where they remained while King unsuccessfully attempted to execute his plan to take them out across the Turkish border. King eventually aborted his plan, and they all returned to Damascus on March 24.

29. Since his arrival in Syria, Taylor had been in contact with officials in the Lebanese and Syrian governments and had developed a plan to get Lucy and the children out of Syria to the United States. King admitted that he was out of "plans" to get Lucy and the children out and agreed to go with Taylor's plan although he did not know the details of it.

30. Taylor's plan involved provoking an incident at the airport and/or the border so as to force the Syrian government to deport Lucy and the children. On March 27, Taylor had Lucy, the children and King taken to the airport in Damascus to attempt to leave where they were refused. He then had them taken to the Lebanese border where they were detained by Syrian border police and sent back to Damascus to await a court hearing concerning their attempt to leave Syria illegally at the Lebanese border. Through his contacts in Lebanon and Syria, Taylor had prearranged that the Syrian border police would detain Lucy and the children and return them to Damascus for such a hearing.

31. The hearing was held on March 31 and the Syrian Judge fined them approximately \$4.00 and ordered them to leave Syria and return to the United States as Taylor had also prearranged. The next day, April 1, Lucy, the children and King were allowed to leave Syria and they boarded a flight and returned to the United States.

32. The total amount of fees and expenses paid to American International Security Corp. by Margaret for Taylor's services was \$155,000.

COUNT I

(Margaret against Schatzman & Associates for Negligence)

33. Plaintiffs reallege and incorporate by reference herein the allegations set forth in paragraphs 1-32 of this Complaint as if each were set forth fully here.

34. In about February, 1999, Margaret retained Schatzman & Associates to extricate Lucy and her children from Beirut, Lebanon and return them safely to the United States.

35. Schatzman & Associates owed Margaret a duty to exercise reasonable care and skill in performing the services that it was retained to provide to Margaret.

36. Schatzman & Associates failed to exercise a reasonable amount of care and skill in attempting to extricate Lucy and her children from Lebanon, by among other acts, taking Lucy and the children into Syria notwithstanding that Schatzman & Associates knew or should have known that there had been a number of recent problems with attempts to leave Lebanon via Syria without proper authorization and failing to ensure that the passports of Lucy and her children were stamped properly at the Syrian border.

37. Schatzman & Associates' failure to exercise a reasonable amount of care and skill constitutes a breach of its duty to Margaret.

38. As a result of Schatzman & Associates' breach of duty, Margaret has suffered, and continues to suffer, damages including, without limitation, all amounts paid to Schatzman & Associates for its negligent services, and the amounts that Margaret paid to Taylor to rescue Lucy and the children from Syria as a result of Schatzman & Associates' negligence, together with interest thereon and Margaret's attorneys' fees and costs.

COUNT II

(Margaret against Schatzman & Associates for Breach of Contract)

39. Plaintiffs reallege and incorporate by reference herein the allegations set forth in paragraphs 1-32 of this Complaint as if each were set forth fully here.

40. In about February, 1999, Margaret entered into an agreement with Schatzman & Associates whereby Schatzman & Associates agreed to extricate Lucy and her children from Beirut, Lebanon and return them to the United States in return for a fee to be paid by Margaret.

41. Margaret paid the fee required by Schatzman & Associates in accordance with her agreement with defendant.

42. Schatzman & Associates failed to return Lucy and the children to the United States but rather caused them to be detained in Syria.

43. Schatzman & Associates' failure to return Lucy and the children to the United States constitutes a breach of its contract with Margaret.

44. As a result of Schatzman & Associates' breach of contract, Margaret has suffered, and continues to suffer, damages including, without limitation, all amounts paid to Schatzman & Associates for its services, and the amounts that Margaret paid to Taylor to rescue Lucy and the children from Syria as a result of Schatzman & Associates' breach of contract, together with interest thereon and Margaret's attorneys' fees and costs.

COUNT III

(Margaret against Schatzman & Associates for Fraud)

45. Plaintiffs reallege and incorporate by reference herein the allegations set forth in paragraphs 1-32 of this Complaint as if each were set forth fully here.

46. In inducing Margaret to contract with Schatzman & Associates to extricate Lucy and the children from Lebanon, Schatzman & Associates represented to Margaret that King had expertise in rescuing persons from countries like Lebanon.

47. Schatzman & Associates' representations concerning King's expertise were false because King has no such expertise as is evidenced by, among other facts, his failure to realize that American travelers checks would not be accepted in Lebanon, his complete lack of

knowledge as to the requirements for legal entry into Syria as well as his lack of any reliable contacts in either Lebanon or Syria.

48. Schatzman & Associates' false representations as to King's expertise were reasonably calculated to deceive Margaret to believe that defendant had expertise in extricating persons from Lebanon, and they were intended to do so.

49. Margaret relied on Schatzman & Associates' false representations in contracting with defendant to extricate Lucy and the children from Lebanon.

50. As a result of Schatzman & Associates' false representations, Margaret has suffered, and continues to suffer, damages, including, without limitation, all amounts paid to Schatzman & Associates for its services, and the amounts that Margaret paid to Taylor to rescue Lucy and the children from Syria together with interest thereon and Margaret's attorneys' fees and costs.

COUNT IV

(Margaret against King for Breach of Contract)

51. Plaintiff incorporates by reference herein the allegations in paragraphs 1-32 and 39-44 of this Complaint as if each were set forth fully here.

52. In about February, 1999, Margaret entered into an agreement with Schatzman & Associates whereby Schatzman & Associates agreed to extricate Lucy and her children from Beirut, Lebanon and return them to the United States in return for a fee to be paid by Margaret.

53. In February, 1999, Schatzman & Associates in turn entered into an agreement with King whereby King agreed to extricate Lucy and her children from Beirut, Lebanon and return them to the United States in return for a fee to be paid by Schatzman & Associates.

54. Margaret was a third party beneficiary of the agreement between Schatzman & Associates and King referenced in the preceding paragraph.

55. King failed to return Lucy and the children to the United States but rather caused them to be detained in Syria.

56. King's failure to return Lucy and the children to the United States constitutes a breach of his contract with Schatzman & Associates, with respect to which Margaret is entitled to sue for damages as a third party beneficiary.

57. As a result of King's breach of contract, Margaret has suffered, and continues to suffer, damages including, without limitation, all amounts paid to Schatzman & Associates for its services, and the amounts that Margaret paid to Taylor to rescue Lucy and the children from Syria as a result of King's breach of contract, together with interest thereon and Margaret's attorneys' fees and costs.

COUNT V

(Margaret against King for Negligence)

58. Plaintiffs incorporate by reference herein the allegations 1-32, 39-44 and 51-57 of this Complaint as if each were set forth fully here.

59. As set forth above, Margaret was a third party beneficiary of the contract between Schatzman & Associates and King whereby King agreed to extricate Lucy and the children from Syria and return them to the United States.

60. Implied in every contract is a duty to perform the services under the contract with reasonable care and skill.

61. King failed to use reasonable care and skill in performing his obligations under his contract with Schatzman & Associates by among other acts, taking Lucy and the children into Syria notwithstanding that he knew or should have known that there had been a number of recent problems with attempts to leave Lebanon via Syria without proper authorization and failing to ensure that the passports of Lucy and her children were stamped properly at the Syrian border.

62. King's failure to use reasonable care and skill constitutes a breach of his duty under his contract with Schatzman & Associates, and thereby a breach of his duty to Margaret as a third party beneficiary of that contract.

63. As a result of King's breach of duty, Margaret has suffered, and continues to suffer, damages including, without limitation, all amounts paid to Schatzman & Associates, and the amounts that Margaret paid to Taylor to rescue Lucy and the children from Syria as a result of King's negligence, together with interest thereon and Margaret's attorneys' fees and costs.

COUNT VI

(Margaret Against Schatzman & Associates and King
for Negligent Infliction of Severe Emotional Distress)

64. Plaintiffs reallege and incorporate by reference herein the allegations set forth in paragraphs 1-32 and 33-39 and 58-63 of this Complaint as if each were set forth fully here.

65. As set forth above, Schatzman & Associates and King negligently caused Lucy and the children to be detained in Syria, a totalitarian country, for approximately 30 days, during which time Lucy and the children were at great peril and there was uncertainty as to if and when they would be allowed to leave Syria, and whether they would be forced to return to Lebanon.

66. As a proximate result of defendants' negligence, Margaret suffered severe emotional distress and anxiety as is evidenced by the fact that since the time of defendants' negligence she has been treated by three physicians for ulcers.

67. It was reasonably foreseeable to defendants that their negligent conduct would cause Margaret to suffer such severe emotional distress as defendants knew: that Lucy and the children were the daughter and grandchildren of Margaret; that Margaret was aware of the peril in which Lucy and the children had been placed; and the importance to Margaret that Lucy and the children be returned to the United States safely.

68. As a result of defendants' negligent infliction of emotional distress Margaret has suffered and continues to suffer damages, including, without limitation, her medical expenses for treatment of her severe emotional distress and the physical manifestations of the distress, and her pain and suffering together with interest thereon and her attorneys' fees and costs.

COUNT VII

(Lucy Against Schatzman & Associates and King for
Negligent Infliction of Severe Emotional Distress)

69. Plaintiffs reallege and incorporate by reference herein the allegations set forth in paragraphs 1-32 and 33-39 and 58-63 of this Complaint as if each were set forth fully here.

70. As set forth above, defendants negligently caused Lucy and the children to be detained in Syria, a totalitarian country, for approximately 30 days, during which time Lucy and the children were at great peril and there was uncertainty as to if and when they would be allowed to leave Syria, and whether they would be forced to return to Lebanon.

71. As a proximate result of defendants' negligence, Lucy has also suffered severe emotional distress and anxiety and she has been prescribed medication by a physician to treat her distress and anxiety and she continues to take this medication.

72. It was reasonably foreseeable to defendants that their negligent conduct would cause Lucy to suffer such severe emotional distress as defendants' negligent conduct caused Lucy and the children to be detained in a totalitarian country for approximately 30 days under circumstances that created great uncertainty as to whether Lucy would be allowed to leave as well as the possibility that Lucy would be forced to return to Lebanon in which eventuality she could be expelled without her children and/or face imprisonment.

73. As a result of defendants' negligent infliction of emotional distress Lucy has suffered and continues to suffer damages, including, without limitation, her medical expenses for

treatment of her severe emotional distress, her pain and suffering together with interest thereon and her attorneys' fees and costs.

COUNT VIII

(Margaret Against Schatzman & Associates
for Unfair and Deceptive Business Acts)

74. Plaintiffs reallege and incorporate by reference herein the allegations set forth in paragraphs 1-32 and 45-50 of this Complaint as if each were set forth fully here.

75. At all times relevant hereto, Schatzman & Associates was engaged in business within the meaning of North Carolina General Statutes 75-1.1.

76. As set forth above, Schatzman & Associates induced Margaret to contract with Schatzman & Associates to extricate Lucy and the children from Lebanon by falsely representing that Schatzman & Associates had expertise in extricating persons from countries like Lebanon; Margaret relied on these false representations which were intended to deceive her; and, as a result of Schatzman & Associates' false representations, Margaret suffered damages.

77. Schatzman & Associates's false representations constitute unfair and/or deceptive business acts or practices affecting commerce within the meaning of North Carolina General Statutes 75-1.1.

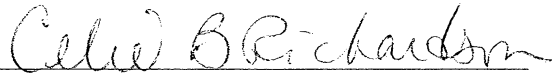
78. As a result of Schatzman & Associates' unfair and/or deceptive business acts or practices Margaret has suffered, and continues to suffer, damages including, without limitation, all amounts paid to Schatzman & Associates for its services, the amounts that Margaret paid to Taylor to rescue Lucy and the children from Syria, her medical expenses for treatment of her severe emotional distress and the resulting physical manifestations of that distress, and her pain and suffering together with interest thereon and Margaret's attorneys' fees and costs.

WHEREFORE, plaintiff respectfully prays that this Court:

- (a) enter judgment on Counts I-III of the Complaint in favor of plaintiff Margaret Kolb and against defendant Schatzman & Associates, L.L.P. in the amount of plaintiff's damages proved at trial;
- (b) enter judgment on Counts IV and V of the Complaint in favor of plaintiff Margaret Kolb and against defendant Philip King in the amount of plaintiff's damages proved at trial;
- (c) enter judgment on Count VI of the Complaint in favor of plaintiff Margaret Kolb and against defendants Schatzman & Associates and Philip King in the amount of plaintiff's damages proved at trial;
- (d) enter judgment on Count VII of the Complaint in favor of plaintiff Lucy Kolb Zantout and against defendants Schatzman & Associates, L.L.P. and Philip King in the amount of plaintiff's damages proved at trial;
- (e) enter judgment on Count VIII of the Complaint in favor of plaintiff Margaret Kolb and against defendant Schatzman & Associates, L.L.P. in an amount equal to three times plaintiff's damages proved at trial;
- (f) award plaintiffs their attorneys' fees and costs incurred in prosecuting this matter; and
- (g) enter such further relief as this Court deems just and proper.

PLAINTIFFS DEMAND A JURY TRIAL.

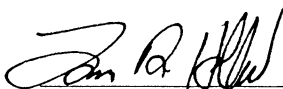
This 24th day of May, 2000.



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ATTORNEYS FOR PLAINTIFFS

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NORTH CAROLINA)
)
FORSYTH COUNTY)

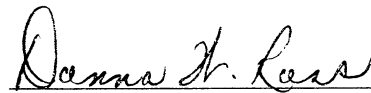
VERIFICATION

Plaintiff Lucy Zantout of Forsyth County, being first duly sworn, deposes and says:

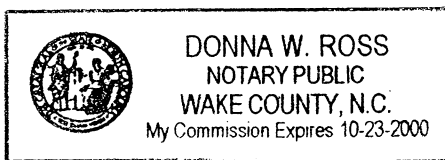
That she has read the foregoing Amended Complaint and knows the contents thereof; that the same are true of her own knowledge, except as to those matters therein alleged upon information and belief, and as to those matters, she believes them to be true.


Lucy Zantout

SWORN AND SUBSCRIBED before me this
the 23rd day of May, 2000.


Notary Public

My Commission Expires: 10-23-2000



NORTH CAROLINA)
)
FORSYTH COUNTY)

VERIFICATION

Plaintiff Margaret L. Kolb of Forsyth County, being first duly sworn, deposes and says:

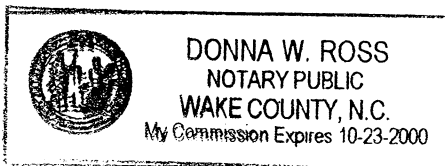
That she has read the foregoing Amended Complaint and knows the contents thereof; that the same are true of her own knowledge, except as to those matters therein alleged upon information and belief, and as to those matters, she believes them to be true.

Margaret L. Kolb
Margaret L. Kolb

SWORN AND SUBSCRIBED before me this
the 23^d day of May, 2000.

Donna W. Ross
Notary Public

My Commission Expires: 10-23-2000



STATE OF NORTH CAROLINA

FORSYTH COUNTY

MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, LLC,

Defendant.

FILED

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FORSYTH COUNTY, C.S.C.

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CvS 8090

**SCHATZMAN & ASSOCIATES,
L.L.C.'S ANSWER TO AMENDED
COMPLAINT, AFFIRMATIVE
DEFENSES, MOTIONS TO DISMISS
AND COUNTERCLAIMS**

The defendant Schatzman & Associates, LLC, answering the amended complaint, sets forth as follows:

1. Admitted upon information and belief.
2. Admitted upon information and belief.
3. Admitted.
4. Admitted upon information and belief.
5. Defendant's responses to paragraphs 1-4 are incorporated herein by reference. Except as admitted herein, denied.
6. Defendant's responses to paragraphs 1-4 are incorporated herein by reference. Except as admitted herein, denied.
7. Admitted upon information and belief that Lucy Kolb Zantout is the daughter of Margaret Kolb; that Lucy Zantout is married to Bassam Chafic Zantout; and that a divorce proceeding involving Lucy Zantout and Bassam Zantout was or is pending in Forsyth

County, North Carolina. The remaining allegations are denied for lack of sufficient information to form a belief.

8. Admitted upon information and belief that Lucy Zantout and Bassam Zantout resided in North Carolina at some point in time prior to February, 1999. It is further admitted upon information and belief that Lucy Zantout and Bassam Zantout have three children: Shafeek, Nora and Somaya ("Children"). The remaining allegations are denied for lack of sufficient information to form a belief.
9. Admitted upon information and belief that on or before February, 1999 Lucy Zantout, Bassam Zantout and the Children relocated to Lebanon. The remaining allegations are denied for lack of sufficient information to form a belief.
10. Admitted upon information and belief that, while in Lebanon, Bassam Zantout was verbally and/or physically abusive to Lucy Zantout and/or the Children. It is also admitted upon information and belief that Lucy Zantout's Lebanese visa expired on or about March 2, 1999. The remaining allegations are denied for lack of sufficient information to form a belief.
11. Admitted upon information and belief that sometime in February, 1999 Lucy Zantout took the Children and left the family residence in Lebanon. It is further admitted upon information and belief that sometime in February, 1999 Lucy Zantout went to the American Embassy in Beirut, Lebanon, in an effort to leave the country. The remaining allegations are denied for lack of sufficient information to form a belief.
12. Admitted upon information and belief that sometime in February, 1999 a "block" or other hold had been placed on the passports of Lucy Zantout and the Children, thereby

restricting their respective exit from Lebanon. It is further admitted upon information and belief that sometime in February, 1999 Lucy Zantout and the Children were residing in a hotel in Lebanon under assumed names. The remaining allegations are denied for lack of sufficient information to form a belief.

13. Admitted that on or about February 15, 1999 Margaret Kolb telephoned Mr. Bill Schatzman of Schatzman & Associates, LLC, indicating she was referred to Mr. Schatzman by Roger Shultz, retired FBI Agent in Winston Salem, who was in turn referred by Ms. Kolb's attorney, Mr. Bill Maready. During the aforesaid telephone call, Margaret Kolb represented to Mr. Schatzman that Lucy Zantout and the Children were residing in a hotel in Lebanon under assumed names; and requested if Mr. Schatzman might be able to assist Margaret Kolb in attempting to help Lucy Zantout and the Children leave Lebanon. It is further admitted that on February 16, 1999 an associate of Schatzman & Associates, LLC, conducted certain electronic countermeasures and "sweep" of Ms. Kolb's home telephone, at the request of Margaret Kolb. Except as admitted herein, denied.
14. Admitted that on or about February 16, 1999 Bill Schatzman advised Margaret Kolb that he had spoken with Mr. Philip King about the possibility of assisting Lucy Zantout and the Children get out of Lebanon, and that based on his discussion with Mr. King, Mr. Schatzman told Margaret Kolb that it would be very difficult to assist Lucy Zantout and the Children obtain exit from Lebanon, but probably not impossible. It is further admitted that, after being so advised by Mr. Schatzman, Margaret Kolb requested that Bill Schatzman retain Phil King to travel to Lebanon and undertake efforts to try and get

Lucy Zantout and the Children out of the country. Denied that Phil King is or was an employee or agent of Schatzman & Associates, LLC. Except as admitted herein, denied.

15. Admitted that on or about February 16 or 17, 1999 Margaret Kolb offered Bill Schatzman \$25,000 in cash as a retainer for his and Phil King's efforts to attempt to assist Lucy Zantout and the Children leave Lebanon. It is further admitted that Bill Schatzman only took \$15,000 of the \$25,000 retainer offered by Margaret Kolb, indicating that she could retain the balance for future disbursement if necessary. Except as admitted herein, denied.
16. Admitted that on or about February 15, 1999, at the time she initially telephoned him about Lucy Zantout and the Children, Margaret Kolb indicated to Bill Schatzman that a "block" or other hold had been placed on the passports of Lucy Zantout and the Children. Admitted that Bill Schatzman spoke with Pat Raikes of the American Embassy in Beirut, Lebanon, but only sometime after Phil King arrived in Lebanon. Except as admitted herein, denied.
17. Admitted that on or about February 16 or 17, 1999 Margaret Kolb offered Bill Schatzman \$25,000 in cash as a retainer for his and Phil King's efforts to attempt to assist Lucy Zantout and the Children leave Lebanon. It is further admitted that Bill Schatzman only took \$15,000 of the \$25,000 retainer offered by Margaret Kolb, indicating that she could retain the balance for future disbursement if necessary. Admitted that Bill Schatzman suggested to Phil King that he could purchase some travelers checks, so as to avoid carrying \$15,000 in cash; and admitted upon information and belief that Phil King

subsequently transferred approximately \$6,000 of the \$15,000 into travelers checks.

Except as admitted herein, denied.

18. Admitted upon information and belief that Phil King arrived in Lebanon during the late evening hours of February 19 or early morning hours of February 20, 1999, and that sometime thereafter Mr. King traveled to a hotel where Lucy Zantout and the Children were residing under assumed names. Admitted upon information and belief that Phil King considered various plans to assist Lucy Zantout and the Children leave Lebanon by traveling either via Cyprus or Israel. Except as admitted herein, denied.
19. Admitted that Phil King contacted Bill Schatzman on several occasions while in the Middle East during February, March and April, 1999, and that Mr. Schatzman likewise contacted Margaret Kolb on several occasions during the same time period and thereafter. It is further admitted that at sometime during February, 1999 Phil King advised Bill Schatzman that the passports of Lucy Zantout and the Children had been "blocked" or otherwise placed on hold, and that Mr. King was still considering various plans to assist Lucy Zantout and the Children leave Lebanon via Israel. Except as admitted herein, denied.
20. Denied for lack of sufficient information to form a belief that Margaret Kolb "heard nothing further" until February 26, 1999. Admitted that on or about March 1, 1999 Phil King advised Bill Schatzman that he was still considering various plans to assist Lucy Zantout and the Children leave Lebanon via Israel. It is further admitted that after speaking with Phil King initially on or about March 1, Mr. King subsequently contacted Bill Schatzman to advise that he had assisted Lucy Zantout and the Children leave

Lebanon via Syria, and that Mr. King had accompanied Lucy Zantout and the Children during their exit. Except as admitted herein, denied.

21. Admitted upon information and belief that Phil King hired someone in Lebanon to transport himself, Lucy Zantout and the Children from Lebanon to Damascus, Syria. It is further admitted upon information and belief that the individual hired by Phil King represented to Mr. King that all necessary actions were taken so that entry from Lebanon into Syria was proper and legal. Except as admitted herein, denied.
22. Admitted upon information and belief that on or about March 2, 1999 Phil King, Lucy Zantout and the Children attempted to leave Syria by boarding a flight to London, England. It is further admitted upon information and belief that Phil King, Lucy Zantout and the Children were denied exit from Syria via the London flight because their passports had been mishandled by officials at the Lebanese border. Except as admitted herein, denied for lack of sufficient information to form a belief.
23. Denied for lack of sufficient information to form a belief.
24. Denied for lack of sufficient information to form a belief.
25. Admitted that during the entire ordeal involving Lucy Zantout's and the Children's efforts at leaving Lebanon and returning to the United States, Bill Schatzman, and on information and belief Phil King, remained optimistic that Lucy Zantout and the Children would ultimately make passage back to the United States. It is further admitted upon information and belief that Phil King continued to explore various ways to assist Lucy Zantout and the Children leave Syria during March, 1999. Except as admitted herein, the remaining allegations are denied for lack of sufficient information to form a belief.

26. Admitted that no representations were made as to an exact date when Lucy Zantout and the Children might be permitted to leave Syria. Denied for lack of sufficient information to form a belief that Margaret Kolb had been informed by officials of the United States Embassy that Phil King had placed Lucy Zantout and/or the Children "in serious jeopardy by taking them into Syria illegally." Except as admitted herein, denied.
27. Admitted that Margaret Kolb requested Bill Schatzman to accompany her to Boston, Massachusetts, in order to meet with Mr. Michael Taylor, and Mr. Schatzman did this on or about March 15, 1999. Admitted upon information and belief that Margaret Kolb retained the services of Michael Taylor and/or American International Security Corp. on or before the meeting of March 15, 1999, and that during said meeting Mr. Taylor may have made certain representations regarding his experience as a private investigator. Except as admitted herein, denied.
28. Admitted upon information and belief that Phil King accompanied Lucy Zantout and the Children to Aleppo, Syria in March, 1999. It is further admitted upon information and belief that on or about March 23 or 24, 1999, while in Aleppo, Phil King received a telephone call from the American Embassy in Syria advising that the Syrian government had agreed to allow Mr. King, Lucy Zantout and the Children to board a flight out of Syria to any country of their choice, and that on or about March 24 or 25, 1999 Phil King accompanied Lucy Zantout and the Children from Aleppo to Damascus and prepared to fly out of the country. Denied for lack of sufficient information to form a belief that Mr. Taylor arrived in Syria on March 20 or that he was unable to locate Lucy Zantout or the Children. Except as admitted herein, denied.

29. Admitted upon information and belief that the "plan" was that Phil King, Lucy Zantout and the Children were preparing to leave Syria via Turkey when Mr. King was contacted by the American Embassy on or about March 23 or 24, 1999 and advised that the Syrian government had agreed to allow Mr. King, Lucy Zantout and the Children to board a flight out of Syria to any country of their choice. Admitted upon information and belief that Margaret Kolb told Phil King and Lucy Zantout to follow Mr. Taylor's instructions because he was "powerful." Except as admitted herein, denied for lack of sufficient information to form a belief.
30. Denied for lack of sufficient information to form a belief that Michael Taylor had a "plan" or had otherwise "arranged" to do anything, whether to assist Phil King, Lucy Zantout and the Children leave Syria or otherwise. Admitted upon information and belief that on or about March 27, 1999 Michael Taylor instructed Phil King, Lucy Zantout and the Children to attempt to leave Syria via a flight from Damascus, and that this was not allowed by Syrian officials at the airport. It is further admitted upon information and belief that, after they were refused departure at the airport, Michael Taylor had an associate of his take Phil King, Lucy Zantout and the Children taken to the Lebanese-Syrian border to get their respective passports stamped, and that while at the border Mr. King, Lucy Zantout and the Children were arrested, detained and interrogated overnight for approximately ten hours by various guards and other officials, and that their passports were never stamped or otherwise processed for exit from Syria. Except as admitted herein, denied for lack of sufficient information to form a belief.

31. Admitted upon information and belief that on or about March 31, 1999 Phil King, Lucy Zantout and the Children appeared before a Syrian judge or other official and were fined and deported to a third country, and that on or about April 1, 1999 Phil King, Lucy Zantout and the Children boarded a flight in Syria and eventually returned to the United States. Except as admitted herein, denied for lack of sufficient information to form a belief.
32. Denied for lack of sufficient information to form a belief.

COUNT I

(Margaret against Schatzman & Associates for Negligence)

33. The defendant reincorporates its responses to paragraphs 1 through 32 as if fully set forth herein.
34. Admitted that in February, 1999 Margaret Kolb retained Schatzman & Associates, LLC to contract Phil King to travel to Lebanon, have Mr. King locate Lucy Zantout and the Children, have Mr. King determine if exit from Lebanon was possible, and, if exit from Lebanon were possible, instruct Mr. King to take whatever steps were necessary in order to assist Lucy Zantout and the Children obtain exit from Lebanon before Lucy Zantout's Lebanese visa expired. It is denied that Bill Schatzman or Schatzman & Associates, LLC guaranteed or otherwise warranted that Lucy Zantout and the Children could, in fact, obtain exit from Lebanon and/or return to the United States on or before such time as Lucy Zantout's Lebanese visa expired. Except as admitted herein, denied.
35. Admitted that Schatzman & Associates, LLC owed Margaret Kolb a contractual duty to perform those services set forth in defendant's response to paragraph 34, which is

incorporated herein by reference, and that Margaret Kolb owed Schatzman & Associates, LLC a reciprocal contractual duty to pay for all services pursuant to the terms of said contract. Except as admitted herein, denied.

36. Denied.

37. Denied.

38. Denied.

COUNT II

(Margaret against Schatzman & Associates for Breach of Contract)

39. The defendant reincorporates its responses to paragraphs 1 through 38 as if fully set forth herein.

40. Admitted that in February, 1999 Margaret Kolb retained Schatzman & Associates, LLC to contract Phil King to travel to Lebanon, have Mr. King locate Lucy Zantout and the Children, have Mr. King determine if exit from Lebanon was possible, and, if exit from Lebanon were possible, instruct Mr. King to take whatever steps were necessary in order to assist Lucy Zantout and the Children obtain exit from Lebanon before Lucy Zantout's Lebanese visa expired. It is denied that Bill Schatzman or Schatzman & Associates, LLC guaranteed or otherwise warranted that Lucy Zantout and the Children could, in fact, obtain exit from Lebanon and/or return to the United States on or before such time as Lucy Zantout's Lebanese visa expired. It is admitted that Margaret Kolb agreed to pay Schatzman & Associates, LLC specified amounts for fees and expenses associated with the services provided under the terms of the agreement between Schatzman & Associates, LLC and Margaret Kolb. It is denied that payment to Schatzman & Associates under the

terms of the agreement with Margaret Kolb was conditioned on, or otherwise contingent upon, the return of Lucy Zantout and the Children to the United States. Except as admitted herein, denied.

41. Denied.

42. Denied.

43. Denied.

44. Denied.

COUNT III

(Margaret against Schatzman & Associates for Fraud)

45. The defendant reincorporates its responses to paragraphs 1 through 44 as if fully set forth herein.

46. Denied.

47. Denied.

48. Denied.

49. Denied.

50. Denied.

COUNT IV

(Margaret against King for Breach of Contract)

51. The defendant reincorporates its responses to paragraphs 1 through 50 as if fully set forth herein.

52. See response to paragraph 40, which is incorporated herein by reference.

53. See response to paragraph 34, which is incorporated herein by reference.

54. The allegations contained in this paragraph set forth a conclusion of law and therefore require no response. To the extent a response is deemed required, the allegations are denied.
55. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent a response is deemed required, the allegations are denied.
56. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent a response is deemed required, the allegations are denied.
57. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent a response is deemed required, the allegations are denied.

COUNT V

(Margaret against King for Negligence)

58. The defendant reincorporates its responses to paragraphs 1 through 57 as if fully set forth herein.
59. See response to paragraph 54, which is incorporated herein by reference.
60. See response to paragraph 54, which is incorporated herein by reference.
61. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent a response is deemed required, the allegations are denied.

62. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent a response is deemed required, the allegations are denied.
63. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent a response is deemed required, the allegations are denied.

COUNT VI

**(Margaret against Schatzman & Associates and King
for Negligent Infliction of Severe Emotional Distress)**

64. The defendant reincorporates its responses to paragraphs 1 through 64 as if fully set forth herein.
65. Denied.
66. Denied.
67. Denied.
68. Denied.

COUNT VII

**(Lucy against Schatzman & Associates and King for
Negligent Infliction of Severe Emotional Distress)**

69. The defendant reincorporates its responses to paragraphs 1 through 68 as if fully set forth herein.
70. Denied.
71. Denied.

72. Denied.

73. Denied.

COUNT VIII

**(Margaret against Schatzman & Associates
for Unfair and Deceptive Business Acts)**

74. The defendant reincorporates its responses to paragraphs 1 through 74 as if fully set forth herein.
75. Admitted that at all time relevant to the amended complaint, Schatzman & Associates was an L.L.C. licensed and doing business in the State of North Carolina, generally engaged in the business of providing private investigative, security services and consultation to its clients. Except as admitted herein, denied.
76. Denied.
77. Denied.
78. Denied.

**FOR A FIRST AND FURTHER AFFIRMATIVE DEFENSE AND MOTION TO
DISMISS, DEFENDANT AVERS:**

As to Counts I-IV of the amended complaint, plaintiffs have failed to state a valid and recognizable claim upon which relief may be granted, and the defendant moves that the complaint be dismissed pursuant to Rule 12(b)(6) of the North Carolina Rules of Civil Procedure.

FOR A SECOND AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

This defendant pleads the economic loss rule in bar of Count I of plaintiff's amended complaint.

FOR A THIRD AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

To the extent that any of the actions of defendant are determined to have been illegal, which is emphatically denied, defendant pleads the illegality of such actions in complete bar of plaintiffs' claims, as all such actions were either contracted by, or taken at the direction of, Margaret Kolb, Lucy Zantout or both, and with their express and/or implied knowledge, permission, and consent.

FOR A FOURTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

If the injuries to plaintiff Margaret Kolb were caused by the negligence and/or actions of defendant, which is emphatically denied, defendant pleads the contributory negligence of said plaintiff in complete bar to her recovery, in that she instructed defendant to take all steps necessary, regardless of cost or consequence, in order to assist Lucy Zantout and the Children obtain exit from Lebanon; contracted with Michael Taylor and/or American International Security Corp. to undertake efforts to travel to Syria and make contact with Phil King, Lucy Zantout and the Children; instructed Schatzman & Associates, LLC and Phil King to follow the

instructions of Michael Taylor, without question, which lead to the arrest and detention of Phil King, Lucy Zantout and the Children for approximately ten hours; and was otherwise careless and negligent in her behavior and actions.

FOR A FIFTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

If the injuries to plaintiff Margaret Kolb were caused by the negligence and/or actions of Schatzman & Associates, LLC, which is emphatically denied, this defendant pleads the intervening and superceding negligence and actions of Michael Taylor, American International Security Corp. and/or their respective employees and agents, or other third parties, in complete bar to her recovery, in that said negligence and actions were the intervening and superceding proximate cause of the detention and interrogation of Phil King, Lucy Zantout and the Children at or about the Lebanese-Syrian border in March, 1999, and the damages claimed by Margaret Kolb in the amended complaint.

FOR A SIXTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

If the injuries to plaintiff Lucy Zantout were caused by the negligence and/or actions of Schatzman & Associates, LLC, which is emphatically denied, this defendant pleads the intervening and superceding negligence and actions of Michael Taylor, American International Security Corp. and/or their respective employees and agents, or other third parties, in complete bar to her recovery, in that said negligence and actions were the intervening and superceding

proximate cause of the detention and interrogation of Phil King, Lucy Zantout and the Children at or about the Lebanese-Syrian border in March, 1999, and the damages claimed by Lucy Zantout in the amended complaint.

**FOR A SEVENTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT
AVERS:**

To the extent plaintiffs' amended complaint contains affirmative misstatements, is not well grounded in fact, or is interposed for an improper purpose, this defendant moves to strike plaintiffs' amended complaint pursuant to Rule 11 of the North Carolina Rules of Civil Procedure, and requests the court award said defendant reasonable expenses, including attorney's fees, incurred because of the filing of the pleading, as well as such other sanctions as to the court may appear just and proper.

**FOR AN EIGHTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT
AVERS:**

To the extent that the aforesaid contractual agreement is determined to have been against public policy, which is emphatically denied, this defendant pleads the resulting lack of enforceability of same in complete bar of plaintiffs' claims.

FOR A NINTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

To the extent that plaintiff Lucy Zantout violated applicable laws by intentionally taking and removing her children from the lawful custody of their father, and otherwise denying her children lawful access and visitation by their father, said illegal acts are plead as a complete bar to any recovery by her.

FOR A TENTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

Should it be determined that plaintiff Lucy Zantout was not a party to any contractual agreement with defendant, defendant pleads that absence of privity of contract and lack of standing by her to assert any claim herein.

FOR AN ELEVENTH AND FURTHER AFFIRMATIVE DEFENSE DEFENDANT

AVERS:

That plaintiffs' entire action and amended complaint are not well grounded in fact or law, and have been interposed for an improper purpose, and defendant moves to strike plaintiffs' amended complaint pursuant to Rule 11 of the North Carolina Rules of Civil Procedure, and requests the court award defendant reasonable expenses, including attorney's fees, incurred because of the filing of the pleading, as well as such other sanctions as to the court may appear just and proper.

COUNTERCLAIMS

1. Upon information and belief, Margaret Kolb is a resident of Forsyth County, North Carolina.
2. Upon information and belief, Lucy Kolb Zantout is a resident of Forsyth County, North Carolina.
3. Schatzman & Associates, L.L.C. is a North Carolina limited liability company, both residing and with a principal place of business located in Forsyth County, North Carolina.
4. Mr. Bill Schatzman is a resident of Forsyth County, North Carolina, and at all times relevant herein was a principal in the firm of Schatzman & Associates, LLC, with the express authority to enter into contracts and agreements for, and on behalf of, Schatzman & Associates, LLC.
5. On or about February 15, 1999 Margaret Kolb telephoned Mr. Bill Schatzman of Schatzman & Associates, LLC, indicating she was referred to Mr. Schatzman by Roger Shultz, retired FBI Agent in Winston Salem, who was in turn referred by Ms. Kolb's attorney, Mr. Bill Maready. During the aforesaid telephone call, Margaret Kolb represented to Mr. Schatzman that Ms. Lucy Zantout and Ms. Zantout's children, Shafeek, Nora and Somaya ("Children"), were residing in a hotel in Lebanon under assumed names. Margaret Kolb requested if Mr. Schatzman might be able to assist Margaret Kolb in attempting to help Lucy Zantout and the Children leave Lebanon. Margaret Kolb further represented to Mr. Schatzman that a "block" or other type of hold had been placed on the passports of Lucy Zantout and the Children, thereby preventing their exit from Lebanon.

6. On or about February 16, 1999, at the request of Margaret Kolb, Schatzman & Associates, LLC, performed an electronic "sweep" of Ms. Kolb's home telephone line in order to determine if any electronic monitoring devices had been place on the line. No such devices were located.
7. On or about February 16, 1999 Mr. Schatzman advised Margaret Kolb that he had spoken with Mr. Philip King about the possibility of assisting Lucy Zantout and the Children leave Lebanon, and that based on his discussion with Mr. King, Mr. Schatzman told Margaret Kolb that it would be very difficult to assist Lucy Zantout and the Children obtain exit from Lebanon, but probably not impossible. After being so advised by Mr. Schatzman, Margaret Kolb requested that Bill Schatzman retain Phil King to travel to Lebanon and undertake efforts to try and get Lucy Zantout and the Children out of the country.
8. On either February 16 or 17, 1999 Margaret Kolb paid Schatzman & Associates, LLC, the amount of \$15,000 as a retainer for its efforts to try an get Lucy Zantout and the Children out of Lebanon. At the request of Margaret Kolb, Phil King was retained by Schatzman & Associates, LLC, as an independent contractor in order to travel to Lebanon, have Mr. King locate Lucy Zantout and the Children, have Mr. King determine if exit from Lebanon was possible, and, if exit from Lebanon were possible, instruct Mr. King to take whatever steps were necessary in order to assist Lucy Zantout and the Children obtain exit from Lebanon before Lucy Zantout's Lebanese visa expired.
9. Upon information and belief, Mr. King arrived in Lebanon during the late evening hours of February 19 or early morning hours of February 20, 1999; and that sometime thereafter

Mr. King traveled to a hotel where Lucy Zantout and the Children were residing under assumed names.

10. Upon information and belief, after arriving in Lebanon, Phil King considered various plans to assist Lucy Zantout and the Children leave Lebanon by traveling either via Cyprus or Israel. Upon information and belief, the plans to exit via Cyprus or Israel were discussed with Lucy Zantout, who agreed with such plans.
11. Mr. King contacted Mr. Schatzman on several occasions while in the Middle East during February, March and April, 1999. Likewise, Mr. Schatzman contacted Margaret Kolb on several occasions during the same time period and thereafter, and advised her of the status of the efforts to assist Lucy Zantout and the Children leave Lebanon before Lucy Zantout's Lebanese visa expired.
12. Upon information and belief, prior to March 1, 1999 Mr. King, with the agreement of Lucy Zantout, decided against attempting to exit Lebanon via Cyprus because of the poor safety conditions of the local passenger boats for hire.
13. On or about March 1, 1999 Mr. King advised Mr. Schatzman that he was still considering various plans to assist Lucy Zantout and the Children leave Lebanon via Israel. Upon information and belief, after speaking with Mr. Schatzman on March 1, Mr. King determined that exit via Israel was not safe because an active military conflict was currently in process in the area of the Lebanese-Israeli border where exit from Lebanon was contemplated. Upon information and belief, Lucy Zantout agreed with Mr. King's assessment that exit via Israel was not prudent.

14. Upon information and belief, after deciding against exiting Lebanon via Cyprus or Israel, Mr. King, with the consent and agreement of Lucy Zantout, decided to attempt exit of the country via Syria. Upon information and belief, Mr. King, with the consent and agreement of Lucy Zantout, hired someone in Lebanon to transport himself, Lucy Zantout and the Children from Lebanon to Damascus, Syria, and that the individual hired by Mr. King represented to Mr. King that all necessary actions were taken so that entry into Syria was proper and legal.
15. After speaking with Mr. King initially on or about March 1, Mr. King subsequently contacted Bill Schatzman to advise that he had assisted Lucy Zantout and the Children leave Lebanon via Syria, and that Mr. King had accompanied Lucy Zantout and the Children during their exit.
16. Upon information and belief, on or about March 2, 1999 Mr. King, Lucy Zantout and the Children attempted to leave Syria by boarding a flight to London, England, but were denied exit from Syria via the London flight because their passports had been mishandled by officials at the Lebanese border.
17. After being denied exit from Syria via the London flight, upon information and belief, Mr. King, Lucy Zantout and the Children went to the United States Embassy in Damascus. While at the Embassy, upon information and belief, Mr. King, Lucy Zantout and the Children were informed by Embassy personnel that everyone would eventually be allowed to leave Syria once the matter had been resolved with the Syrian government.
18. Upon information and belief, Mr. King continued to contact the United States Embassy in Damascus regarding the Syrian government's decision as to when Mr. King, Lucy

Zantout and the Children would be permitted to leave Syria. Upon information and belief, Mr. King contacted the United States Embassy on one or more of the following dates, and possibly others, concerning whether the Syrian government had made any decisions regarding exit from the country: March 4, 5, 6, 8, 9, 12, 13, 14, 16.

19. Upon information and belief, on or about March 10, 1999 Mr. King spoke with a contact in Syria regarding the possibility of assisting Lucy Zantout and the Children exit Syria via Turkey. Upon information and belief, the plan to exit Syria via Turkey was discussed with Lucy Zantout, who agreed with this plan of action. Upon information and belief, Mr. King, Lucy Zantout and the Children attempted to exit Syria via Turkey on or about March 21, 1999, but were unsuccessful.
20. Upon information and belief, on or about March 23, 1999 personnel from the United States Embassy in Damascus advised Mr. King that the Syrian government had granted Lucy Zantout and the Children permission to fly to the United States via a flight from Damascus on March 24, 1999. Upon information and belief, Lucy Zantout agreed with the plan to leave Syria on March 24 via the flight from Damascus.
21. Upon information and belief, after arriving in Damascus on or about March 24, 1999, Mr. King, Lucy Zantout and the Children were advised by United States Embassy personnel that they had been granted permission by the Syrian government to fly out of Damascus, just not at that time. No definite date for departure was given.
22. Upon information and belief, on or about March 26, 1999 Mr. King met with Mr. Michael Taylor of American International Security Corp., Boston, Massachusetts. Mr. Taylor advised that he had been retained by Margaret Kolb to provide further assistance

to Lucy Zantout and the Children in the efforts at returning to the United States. During the meeting of March 26, upon information and belief, Mr. Taylor advised Mr. King that Lucy Zantout and the Children had been granted permission to leave Syria on March 27, 1999 via a flight from Damascus. Lucy Zantout was advised of this plan to leave on March 27, and consented and agreed to proceeding in that course.

23. Upon information and belief, on March 27, 1999 Mr. King, Lucy Zantout and the Children attempted to leave Syria via taking a flight from Damascus, but were denied exit at the airport. Thereafter, an individual who indicated he was an associate of Mr. Taylor's advised that Mr. Taylor was on his way to the United States. Upon information and belief, Mr. Taylor's associate advised that Mr. King, Lucy Zantout and the Children should return to the Syrian-Lebanese border to attempt to obtain necessary entry visas. Lucy Zantout agreed with this plan, and all parties concerned returned to the Syrian-Lebanese border on or about March 27, 1999.
24. Upon information and belief, after arriving at the Syrian-Lebanese border on March 27, 1999, Mr. King, Lucy Zantout and the Children were detained, searched and interrogated for approximately 8-10 hours. After intervention of the United States Deputy Ambassador, Mr. King, Lucy Zantout and the Children were returned to Damascus and placed under "house arrest" pending a court hearing scheduled for March 31, 1999.
25. Upon information and belief, on or about March 28, 1999 Mr. Taylor called Mr. King to inquire why he and Lucy Zantout and the Children did not leave Syria via the flight from Damascus on March 27 as Mr. Taylor had instructed. Upon information and belief, Mr.

King explained what had happened to himself and Lucy Zantout and the Children at the airport in Damascus, and later at the Syrian-Lebanese border.

26. Upon information and belief, on or about March 31, 1999 an official of the Syrian government picked up Mr. King, Lucy Zantout and the Children at the hotel where they had been staying under house arrest, and took them to the scheduled court hearing. Upon information and belief, after being detained approximately 2-3 hours at the courthouse, Mr. King, Lucy Zantout and the Children were fined approximately \$4.00 (U.S.) and deported.
27. On April 1, 1999 Mr. King, Lucy Zantout and the Children departed Damascus, Syria, via a flight to Frankfurt, Germany, and ultimately arrived in Greensboro, North Carolina, later that day.

FIRST COUNTERCLAIM: BREACH OF EXPRESS CONTRACT

(MARGARET KOLB)

28. The allegations of paragraphs 1 through 27 of defendant's Counterclaims are incorporated by reference as if fully set forth herein.
29. By mutual agreement and assent of Ms. Margaret Kolb on behalf of herself, and Mr. Bill Schatzman on behalf on Schatzman & Associates, LLC, on or about February 15, 1999 Margaret Kolb entered into a agreement with Schatzman & Associates, LLC, whereby Schatzman & Associates, LLC, would undertake to assist Lucy Zantout and the Children obtain exit from Lebanon, to include, among other things, one or more of the following tasks ("Contract"):

- a. Retain Mr. Phil King to travel to Beirut, Lebanon, and locate Ms. Lucy Kolb Zantout and the Children;
 - b. Retain Mr. Phil King to assist Lucy Zantout and the Children obtain exit from Lebanon before Ms. Zantout's Lebanese visa expired sometime during late February, 1999;
 - c. Obtain or otherwise purchase whatever goods and services were determined by Schatzman & Associates, LLC and/or Phil King to be reasonably required to assist Mr. Phil King in the task of helping Lucy Zantout and the Children obtain exit from Lebanon; and
 - d. Take whatever other steps or measures were determined by Schatzman & Associates, LLC and/or Phil King to be reasonably required in order to assist Lucy Zantout and the Children in obtaining exit from Lebanon and returning from the Middle East to Winston Salem, North Carolina.
30. In exchange for Schatzman & Associates, LLC, agreeing to provide the services specified in the Contract, Margaret Kolb agreed to pay Schatzman & Associates, LLC, a rate of \$75.00 per hour, plus actual costs and expenses, for time expended by Schatzman & Associates, LLC, including its agents and/or contractors, while performing the services specified in the Contract. The rate of \$75.00 per hour was applicable to all services not requiring travel outside the continental United States.
31. In exchange for Schatzman & Associates, LLC, agreeing to provide the services specified for in the Contract, Margaret Kolb agreed to pay Schatzman & Associates, LLC, a rate of \$750.00 per day, plus actual costs and expenses, for costs incurred by Schatzman &

Associates in retaining the services of Phil King as specified in the Contract. The rate of \$750.00 per day was applicable to all services requiring travel outside the continental United States.

32. Schatzman & Associates, LLC, has complied with all of its duties and obligations under the terms of the Contract.
33. Margaret Kolb has materially breached the Contract in that she has accepted the services provided by Schatzman & Associates, LLC, and its agents and/or contractors, under the terms of the Contract, but has failed and refused to pay for such services.
34. As a result of Ms. Kolb's material breach of the Contract, Schatzman & Associates, LLC, has been damaged in the principle sum of \$47,662.41, plus pre-judgment interest at the contractual rate of 1.5% per month commencing in June 1999, plus post-judgment interest and costs as allowed by law.

SECOND COUNTERCLAIM: QUANTUM MERUIT

(MARGARET KOLB)

35. The allegations of paragraphs 1 through 34 of defendant's Counterclaims are incorporated by reference as if fully set forth herein.
36. By mutual agreement and assent of Ms. Margaret Kolb on behalf of herself, and Mr. Bill Schatzman on behalf on Schatzman & Associates, LLC, on or about February 15, 1999 Margaret Kolb entered into a agreement with Schatzman & Associates, LLC, whereby Schatzman & Associates, LLC, would undertake to assist Lucy Zantout and the Children obtain exit from Lebanon, to include, among other things, one or more of the following tasks ("Agreement"):

- a. Retain Mr. Phil King to travel to Beirut, Lebanon, and locate Ms. Lucy Kolb Zantout and the Children;
 - b. Retain Mr. Phil King to assist Lucy Zantout and the Children obtain exit from Lebanon before Ms. Zantout's Lebanese visa expired sometime during late February, 1999;
 - c. Obtain or otherwise purchase whatever goods and services were determined by Schatzman & Associates, LLC and/or Phil King to be reasonably required to assist Mr. Phil King in the task of helping Lucy Zantout and the Children obtain exit from Lebanon; and
 - d. Take whatever other steps or measures were determined by Schatzman & Associates, LLC and/or Phil King to be reasonably required in order to assist Lucy Zantout and the Children in obtaining exit from Lebanon and returning from the Middle East to Winston Salem, North Carolina.
37. Schatzman & Associates, LLC, rendered the services called for under the Agreement.
38. Margaret Kolb accepted the services rendered by Schatzman & Associates, LLC, under the terms of the Agreement.
39. Margaret Kolb understood that she was to pay Schatzman & Associates, LLC, for the services rendered by it, its agents and/or contractors, and Mr. Phil King in accordance with the Agreement.
40. The services called for under the Agreement were performed by Schatzman & Associates, LLC, its agents and/or contractors, and/or Mr. Phil King and were reasonably worth the amount of \$67,662.41.

41. Schatzman & Associates, LLC, has made demand to Margaret Kolb for payment of the amount of \$47,662.41 for services rendered under the Agreement. ("Demand").
42. Margaret Kolb has refused to pay the Demand.
43. As a result of the services provided by Schatzman & Associates, LLC, under the Agreement with Margaret Kolb, and Ms. Kolb's refusal to pay the Demand, Schatzman & Associates, LLC, has been damaged in the principle sum of \$47,662.41, plus pre-judgment interest, post-judgment interest and costs as allowed by law

THIRD COUNTERCLAIM: QUANTUM MERUIT

(LUCY ZANTOUT)

44. The allegations of paragraphs 1 through 43 of defendant's Counterclaims are incorporated by reference as if fully set forth herein.
45. By mutual agreement and assent of Ms. Lucy Zantout on behalf of herself and the Children, all minors, and Mr. Philip King, an independent contractor, retained by Schatzman & Associates, LLC, on or about April 1, 1999 Lucy Zantout entered into a agreement whereby Mr. King, as an independent contractor retained by Schatzman & Associates, LLC, would undertake to assist Lucy Zantout and the Children obtain exit from Lebanon, to include, among other things, one or more of the following tasks ("Second Agreement"):
 - a. Mr. Phil King would assist Lucy Zantout and the Children obtain exit from Lebanon before Ms. Zantout's Lebanese visa expired sometime during late February, 1999;

- c. Obtain or otherwise purchase whatever goods and services were determined by Schatzman & Associates, LLC and/or Phil King to be reasonably required to assist Mr. Phil King in the task of helping Lucy Zantout and the Children obtain exit from Lebanon; and
 - d. Take whatever other steps or measures were determined by Schatzman & Associates, LLC and/or Phil King to be reasonably required in order to assist Lucy Zantout and the Children in obtaining exit from Lebanon and returning from the Middle East to Winston Salem, North Carolina.
46. Schatzman & Associates, LLC, by and through its independent contractor Mr. King, rendered the services called for under the Second Agreement.
47. Lucy Zantout accepted the services rendered by Schatzman & Associates, LLC, under the terms of the Second Agreement.
48. Lucy Zantout understood that she was to pay Schatzman & Associates, LLC, for the services rendered by it, and its agents and/or contractors, in accordance with the Second Agreement.
49. The services called for under the Second Agreement were performed by Schatzman & Associates, LLC, and its agents and/or contractors, and were reasonably worth the amount of \$67,662.41.
50. This Third Counterclaim constitutes the demand of Schatzman & Associates, LLC, to Lucy Zantout for payment of the amount of \$47,662.41. for services rendered under the Second Agreement. ("Second Demand").

51. In the event Lucy Zantout refuses to pay the Second Demand within thirty days from service thereof, as a result of the services provided by Schatzman & Associates, LLC, under the Second Agreement with Lucy Zantout, and Ms. Zantout's refusal to pay the Second Demand, Schatzman & Associates, LLC, has been damaged in the principle sum of \$47,662.41, plus pre-judgment interest, post-judgment interest and costs as allowed by law.

WHEREFORE, having answered the amended complaint, the defendant Schatzman & Associates, LLC prays that the plaintiffs' complaint be dismissed, and plaintiffs have and recover nothing of it; that the costs of this action be taxed against plaintiffs;

that on defendant's First Counterclaim, it be awarded the principle sum of \$47,662.41, plus pre-judgment interest at the contractual rate of 1.5% per month commencing in June 1999, plus post-judgment interest and costs as allowed by law;

that on defendant's Second Counterclaim, it be awarded the principle sum of \$47,662.41, plus pre-judgment interest, post-judgment interest and costs as allowed by law;

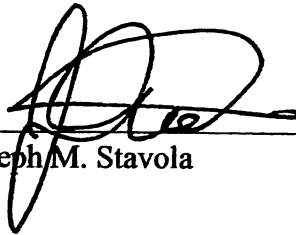
that on defendant's Third Counterclaim, it be awarded the principle sum of \$42,479.31, plus pre-judgment interest, post-judgment interest and costs as allowed by law; and

that the court grant defendant such other and further relief, including imposition of sanctions, as the court determines is just and proper.

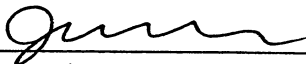
DEMAND FOR JURY TRIAL

The defendant prays for a trial by jury on all matters and issues so triable herein.

This the 22nd day of June, 2000.



Joseph M. Stavola



Joseph P. Booth, III
Attorney for defendant
Schatzman & Associates, LLC

OF COUNSEL:

SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, North Carolina 27420
Telephone: 336/333-6400

CERTIFICATE OF SERVICE

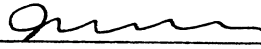
I hereby certify that the foregoing **SCHATZMAN & ASSOCIATES, L.L.C.'S ANSWER TO AMENDED COMPLAINT, AFFIRMATIVE DEFENSES, MOTIONS TO DISMISS AND COUNTERCLAIMS** was served upon the parties to this action by mailing a copy thereof by first-class, postage pre-paid mail to the following counsel of record:

Ms. Celie B. Richardson
Law Offices of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101

Mr. Steven J. Brooks
Mr. Lawrence R. Holland
Dentsch Williams Brooks
DeRensis Holland & Drachman
99 Summer Street
Boston, MA 02110

Mr. Philip King
Post Office Box 221066
Charlotte, North Carolina 28222

This the 22nd day of June, 2000.



Joseph P. Booth, III
Attorney for defendant
Schatzman & Associates, LLC

OF COUNSEL:

SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, North Carolina 27420
Telephone: 336/333-6389

STATE OF NORTH CAROLINA FILED IN THE GENERAL COURT OF JUSTICE
FORSYTH COUNTY 00 JUN 23 AM 11:29 SUPERIOR COURT DIVISION
99 CvS 8090

MARGARET L. KOLB and LUCY
ZANTOUT,

BY

Sammy Collins
Asst

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, LLC,
and PHILIP KING

Defendant.

**DEFENDANT'S MOTION AND ORDER
FOR EXTENSION OF TIME**

Pursuant to Rule 6(b) of the North Carolina Rules of Civil Procedure, the defendant, Philip King, hereby moves for an extension of time within which to prepare and serve an Answer or otherwise respond to the plaintiffs' Complaint to and including August 1, 2000, for the reason that the defendant has not had sufficient time to prepare a response.

WHEREFORE, the defendant prays that the Court extend the time for the defendant to prepare and serve an Answer or otherwise respond to the plaintiffs' Complaint to and including August 1, 2000, and that the Court grant to the defendant such other and further relief as the Court may seem just and proper.

This the 22nd day of June, 2000.

Philip King, III
Philip King, III
Defendant

ORDER

Upon application of the defendant and for good cause shown, the defendant, is hereby granted to and including July 24, 2000 1tc ~~August 1, 2000~~, within which to prepare and serve an Answer or otherwise respond to the plaintiffs' Complaint.

This the 23 day of June, 2000.

Lammy Collins, Asst.
Assistant Clerk of Superior
Court of Forsyth County

FILED

00 JUN 23 PM 3:42

FORSYTH COUNTY, C.S.C.

BY Lammy Collins
Asst

CERTIFICATE OF SERVICE

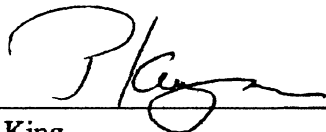
I hereby certify that the foregoing *Motion and Order for Extension of Time* was served upon the parties to this action by mailing a copy thereof by first-class, postage pre-paid mail to the following counsel of record:

Ms. Celie B. Richardson
Law Offices of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101

Mr. Steven J. Brooks
Mr. Lawrence R. Holland
Dentsch Williams Brooks
DeRensis Holland & Drachman
99 Summer Street
Boston, MA 02110

Mr. Joseph P. Booth, III
Sharpless & Stavola, P.A.
Post Office Box 22106
Greensboro, NC 27420

This the 22nd day of June, 2000.



Philip King
Defendant

Kolb

FILED

NORTH CAROLINA 00 JUL 24 PM 12:50
FORSYTH COUNTY FORSYTH COUNTY, C.S. *JB*

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 Cvs 8090

MARGARET L. KOLBY and _____)
LUCY ZANTOUT,)
)
Plaintiffs)
)
vs.)
)
SCHATZMAN & ASSOCIATES,)
L.L.C., and PHILIP KING,)
)
Defendants)

STIPULATION

The attorney for the plaintiff and defendant stipulate and agree that the defendant, Philip King may have an additional Ten (10) days through and including Friday, August 4, 2000, to answer or otherwise plead to the Amended Complaint in this action.

This the 24 day of July, 2000.

Celie B. Richardson

Celie B. Richardson
Attorney for Plaintiffs
1976 West Fourth Street
Winston-Salem, N.C. 27101
(336) 722-1207

Richard D. Ramsey

Richard D. Ramsey
Attorney for Defendant
Philip King
P. O. Box 20653
Winston-Salem, N.C. 27120

STATE OF NORTH CAROLINA

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION

FORSYTH COUNTY

99 CvS 8090

MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs

-V-

SCHATZMAN & ASSOCIATES,
L.L.C., and PHILIP KING,

Defendants

**ANSWER TO AMENDED COMPLAINT
AND MOTIONS TO DISMISS OF
DEFENDANT PHILIP KING**

FIRST DEFENSE

The Amended Complaint as to this answering defendant fails to state a claim upon which relief may be granted and the same should be dismissed pursuant to Rule 12 of the North Carolina Rules of Civil Procedure.

SECOND DEFENSE

The defendant Philip King, answering the correspondingly numbered paragraphs of the Amended Complaint, alleges and says as follows:

1. Admitted, upon information and belief.
2. Admitted, upon information and belief.
3. Admitted, upon information and belief.
4. Admitted.
5. Defendant's responses to paragraphs 1-4 are incorporated herein by reference. Except as herein admitted, denied.
6. Defendant's responses to paragraphs 1-4 are incorporated herein by reference. Except as herein admitted, denied.
7. Admitted upon information and belief that Lucy Kolb Zantout is the daughter of Margaret Kolb; that Lucy Zantout is married to Bassam Chafic Zantout; and that a divorce proceeding involving Lucy Zantout and Bassam Zantout

was or is pending in Forsyth County, North Carolina. The remaining allegations are denied for lack of sufficient information to form a belief.

8. Admitted upon information and belief that Lucy Zantout and Bassam Zantout resided in North Carolina at some point in time prior to February, 1999. It is further admitted upon information and belief that Lucy Zantout and Bassam Zantout have three children: Shafeek, Nora and Somaya ("Children"). The remaining allegations are denied for lack of sufficient information to form a belief.
9. Admitted upon information and belief that on or before February, 1999, Lucy Zantout, Bassam Zantout and the Children relocated to Lebanon. The remaining allegations are denied for lack of sufficient information to form a belief.
10. Admitted upon information and belief that, while in Lebanon, Bassam Zantout was verbally and/or physically abusive to Lucy Zantout and/or the Children. It is also admitted upon information and belief that Lucy Zantout's Lebanese visa expired on or about March 2, 1999. The remaining allegations are denied for lack of sufficient information to form a belief.
11. Admitted upon information and belief that sometime in February, 1999, Lucy Zantout took the Children and left the family residence in Lebanon. It is further admitted upon information and belief that sometime in February, 1999, Lucy Zantout went to the American Embassy in Beirut, Lebanon, in an effort to leave the country. The remaining allegations are denied for lack of sufficient information to form a belief.
12. Admitted upon information and belief that sometime in February, 1999, a "block" or other hold had been placed on the passports of Lucy Zantout and the Children, thereby restricting their respective exit from Lebanon. It is further admitted upon information and belief that sometime in February, 1999, Lucy Zantout and the Children were residing in a hotel in Lebanon under assumed names. The remaining allegations are denied for lack of sufficient information to form a belief.
13. Admitted upon information and belief that on or about February 15, 1999, Margaret Kolb telephoned Mr. Bill Schatzman of Schatzman & Associates, LLC, indicating she was referred to Mr. Schatzman by Roger Shultz, retired FBI Agent in Winston-Salem, who was in turn referred by Ms. Kolb's attorney, Mr. Bill Maready. During the aforesaid telephone call, Margaret Kolb represented to Mr. Schatzman that Lucy Zantout and the Children were residing in a hotel in Lebanon under assumed names; and requested if Mr. Schatzman might be able to assist Margaret Kolb in attempting to help Lucy Zantout and the Children leave Lebanon. It is further admitted that on February 16, 1999, an associate of Schatzman & Associates, LLC, conducted

certain electronic countermeasures and "sweep" of Ms Kolb's home telephone, at the request of Margaret Kolb. Except as admitted herein, denied.

14. Admitted upon information and belief that on or about February 16, 1999, Bill Schatzman advised Margaret Kolb that he had spoken with Mr. Philip King about the possibility of assisting Lucy Zantout and the Children get out of Lebanon, and that based on his discussion with Mr. King, Mr. Schatzman told Margaret Kolb that it would be very difficult to assist Lucy Zantout and the Children obtain exit from Lebanon, but probably not impossible. It is further admitted that, after being so advised by Mr. Schatzman, Margaret Kolb requested that Bill Schatzman retain Phil King to travel to Lebanon and undertake efforts to try and get Lucy Zantout and the Children out of the country. Except as admitted herein, denied.
15. Admitted upon information and belief that on or about February 16 or 17, 1999, Margaret Kolb offered Bill Schatzman \$25,000 in cash as a retainer for his and Phil King's efforts to attempt to assist Lucy Zantout and the Children leave Lebanon. It is further admitted that Bill Schatzman only took \$15,000 of the \$25,000 retainer offered by Margaret Kolb, indicating that she could retain the balance for future disbursement if necessary. Except as admitted herein, denied.
16. Admitted upon information and belief that on or about February 15, 1999, at the time she initially telephoned him about Lucy Zantout and the Children, Margaret Kolb indicated to Bill Schatzman that a "block" or other hold had been placed on the passports of Lucy Zantout and the Children. Admitted upon information and belief that Bill Schatzman spoke with Pat Raikes of the American Embassy in Beirut, Lebanon, but only sometime after Phil King arrived in Lebanon. Except as admitted herein, denied.
17. Admitted upon information and belief that on or about February 16 or 17, 1999, Margaret Kolb offered Bill Schatzman \$25,000 in cash as a retainer for his and Phil King's efforts to attempt to assist Lucy Zantout and the Children leave Lebanon. It is further admitted upon information and belief, that Bill Schatzman only took \$15,000 of the \$25,000 retainer offered by Margaret Kolb, indicating that she could retain the balance for future disbursement if necessary. Admitted that Bill Schatzman suggested to Phil King that he could purchase some travelers checks, so as to avoid carrying \$15,000 in cash; and admitted that Phil King subsequently transferred approximately \$6,000 of the \$15,000 into traveler's checks. Except as admitted herein, denied.
18. Admitted that Phil King arrived in Lebanon during the late evening hours of February 19 or early morning hours of February 20, 1999, and that sometime thereafter Mr. King traveled to a hotel where Lucy Zantout and the Children were residing under assumed names. Admitted that Phil King considered

various plans to assist Lucy Zantout and the Children leave Lebanon by traveling either via Cyprus or Israel. Except as admitted herein, denied.

19. Admitted that Phil King contacted Bill Schatzman on several occasions while in the Middle East during February, March and April, 1999, Phil King advised Bill Schatzman that the passports of Lucy Zantout and the Children had been "blocked" or otherwise placed on hold, and that Mr. King was still considering various plans to assist Lucy Zantout and the Children leave Lebanon via Israel. Except as admitted herein, denied.
20. Denied for lack of sufficient information to form a belief that Margaret Kolb "heard nothing further" until February 26, 1999. Admitted that on or about March 1, 1999, Phil King advised Bill Schatzman that he was still considering various plans to assist Lucy Zantout and the Children leave Lebanon via Israel. It is further admitted that after speaking with Phil King initially on or about March 1, Mr. King subsequently contacted Bill Schatzman to advise that he had assisted Lucy Zantout and the Children leave Lebanon via Syria, and that Mr. King had accompanied Lucy Zantout and the Children during their exit. Except as admitted herein, denied.
21. Admitted that defendant King hired someone in Lebanon to transport himself, Lucy Zantout and the Children from Lebanon to Damascus, Syria. It is further admitted that the individual hired by this answering defendant, represented to him that all necessary actions were taken so that the entry from Lebanon into Syria was proper and legal. Except as admitted herein, denied.
22. Admitted that on or about March 2, 1999, Phil King, Lucy Zantout and the Children attempted to leave Syria by boarding a flight to London, England. It is further admitted that Phil King, Lucy Zantout and the Children were denied exit from Syria via the London flight because officials at the Lebanese border had mishandled their passports. Except as admitted herein, denied for lack of sufficient information to form a belief.
23. Denied, except it is admitted that the defendant King spoke with a Syrian official after contacting Joe Fishbein at the US Embassy in Damascus, Syria, who suggested to Mr. King a method to proceed. The defendants had also contacted US Senator Jesse Helms' office and requested assistance and Senator Helms was in contact with the Syrian government.
24. Denied, except it is admitted upon information and belief that plaintiff Margaret Kolb also contacted the US Senator's office.
25. Admitted that during the entire ordeal involving Lucy Zantout's and the Children's efforts at leaving Lebanon and returning to the United States, Bill Schatzman, and Phil King, remained optimistic that Lucy Zantout and the Children would ultimately make passage back to the United States. It is

further admitted that Phil King continued to explore various ways to assist Lucy Zantout and the Children leave Syria during March, 1999. Except as admitted herein, the remaining allegations are denied for lack of sufficient information to form a belief.

26. Admitted that no representations were made as to an exact date when Lucy Zantout and the Children might be permitted to leave Syria. Denied for lack of sufficient information to form a belief that officials of the United States Embassy had informed Margaret Kolb that Phil King had placed Lucy Zantout and/or the Children "in serious jeopardy by taking them to Syria illegally." Except as admitted herein, denied.
27. Admitted that Margaret Kolb requested Bill Schatzman to accompany her to Boston, Massachusetts, in order to meet with Mr. Michael Taylor, and Mr. Schatzman did this on or about March 15, 1999. Admitted upon information and belief that Margaret Kolb retained the services of Michael Taylor and/or American International Security Corp. on or before the meeting of March 15, 1999, and that during said meeting Mr. Taylor may have made certain representations regarding his experience as a private investigator. Except as admitted herein, denied.
28. Admitted that Phil King accompanied Lucy Zantout and the Children to Aleppo, Syria in March, 1999. It is further admitted that on or about March 13 or 14, 1999, while in Aleppo, Phil King received a telephone call from the American Embassy in Syria advising that the Syrian government had agreed to allow Mr. King, Lucy Zantout and the Children to board a flight out of Syria to any country of their choice, and that on or about March 24 or 25, 1999, Phil King accompanied Lucy Zantout and the Children from Aleppo to Damascus and prepared to fly out of the country. Denied for lack of sufficient information to form a belief that Mr. Taylor arrived in Syria on March 20, or that he was unable to locate Lucy Zantout or the Children. Except as admitted herein, denied.
29. Admitted that the "plan" was that Phil King, Lucy Zantout and the Children were preparing to leave Syria via Turkey when Mr. King was contacted by the American Embassy on or about March 23 or 24, 1999, and advised that the Syrian government had agreed to allow Mr. King, Lucy Zantout and the Children to board a flight out of Syria to any country of their choice. Admitted that Margaret Kolb told Phil King and Lucy Zantout to follow Mr. Taylor's instructions. Except as admitted herein, denied for lack of sufficient information to form a belief.
30. Denied for lack of sufficient information to form a belief that Michael Taylor had a "plan" or had otherwise "arranged" to do anything, whether to assist Phil King, Lucy Zantout and the Children leave Syria or otherwise. Admitted that on or about March 27, 1999, Michael Taylor instructed Phil King, Lucy

Zantout and the Children to attempt to leave Syria via a flight from Damascus, and that this was not allowed by Syrian officials at the airport. It is further admitted that, after they were refused departure at the airport, Michael Taylor had an associate of his take Phil King, Lucy Zantout and the Children to the Lebanese-Syrian border to get their respective passports stamped, and that while at the border Mr. King, Lucy Zantout and the Children were arrested, detained and interrogated overnight for approximately ten hours by various guards and other officials, and that their passports were never stamped or otherwise processed for exit from Syria. Except as admitted herein, denied for lack of sufficient information to form a belief.

31. Admitted that on or about March 31, 1999, Phil King, Lucy Zantout and the children appeared before a Syrian judge or other official and were fined and deported to a third country, and that on or about April 1, 1999, Phil King, Lucy Zantout and the Children boarded a flight out of Syria and eventually returned to the United States. Except as admitted herein, denied for lack of sufficient information to form a belief.

32. Denied for lack of sufficient information to form a belief.

COUNT I

(Margaret against Schatzman & Associates for Negligence)

33. This answering defendant reincorporates his responses to paragraphs 1 through 32 as if fully set forth herein.

34. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent that a response is deemed required, the allegations are denied.

35. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent that a response is deemed required, the allegations are denied.

36. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent that a response is deemed required, the allegations are denied.

37. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent that a response is deemed required, the allegations are denied.

38. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent that a response is deemed required, the allegations are denied.

Count II
(Margaret against Schatzman & Associates for Breach of Contract)

39. This answering defendant reincorporates his responses to paragraphs 1 through 38 as if fully set forth herein.
40. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent that a response is deemed required, the allegations are denied.
41. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent that a response is deemed required, the allegations are denied.
42. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent that a response is deemed required, the allegations are denied.
43. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent that a response is deemed required, the allegations are denied.
44. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent that a response is deemed required, the allegations are denied.

COUNT III
(Margaret against Schatzman & Associates for Fraud)

45. This answering defendant reincorporates his responses to paragraphs 1 through 44 as if fully set forth herein.
46. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent that a response is deemed required, the allegations are denied.
47. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent that a response is deemed required, the allegations are denied.
48. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent that a response is deemed required, the allegations are denied.

49. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent that a response is deemed required, the allegations are denied.
50. The allegations contained in this paragraph are directed at a party other than this answering defendant and therefore require no response. To the extent that a response is deemed required, the allegations are denied.

COUNT IV
(Margaret Against King for Breach of Contract)

51. This answering defendant reincorporates his responses to paragraphs 1 through 50 as if fully set forth herein.
52. It is admitted upon information and belief that in February 1999, Margaret Kolb retained Schatzman & Associates, LLC, to have this answering defendant travel to Lebanon, locate Lucy Zantout and the Children and to determine if exit from Lebanon was possible. It is further admitted that this answering defendant was to explore all possible plans for getting Lucy Zantout and the Children out of Lebanon and ultimately return to the United States. It is specifically denied that any guarantee or warranty was ever made by this answering defendant or Schatzman & Associates concerning such exit from Lebanon, and in fact it is specifically alleged by this answering defendant that he was only to assist plaintiff Lucy Zantout and advise her of the various possibilities but then only to act upon her approval and authority. Except as herein admitted, denied.
53. Denied, except it is admitted that in February, 1999, this answering defendant and Schatzman & Associates agreed that this answering defendant would go to Lebanon, locate Lucy Zantout and the Children and act as herein set forth in paragraph 52.
54. The allegations set forth in this paragraph set forth a conclusion of law and therefore require no response. To the extent a response is deemed required, the allegations are denied.
55. Denied.
56. Denied.
57. Denied.

COUNT V
(Margaret against King for Negligence)

58. This answering defendant reincorporates his responses to paragraphs 1 through 57 as if fully set forth herein.

59. The allegations contained in this paragraph set forth a conclusion of law and therefore require no response. To the extent a response is deemed required, the allegations are denied.

60. The allegations contained in this paragraph set forth a conclusion of law and therefore require no response. To the extent a response is deemed required, the allegations are denied.

61. Denied.

62. Denied.

63. Denied.

COUNT VI
(Margaret against Schatzman & Associates and King
For Negligent Infliction of Severe Emotional Distress)

64. This answering defendant reincorporates his responses to paragraphs 1 through 63 as if fully set forth herein.

65. Denied.

66. Denied.

67. Denied.

68. Denied.

COUNT VII
(Lucy against Schatzman & Associates and King for
Negligent Infliction of Severe Emotional Distress)

69. This answering defendant reincorporates his responses to paragraphs 1 through 68 as if fully set forth herein.

70. Denied.

71. Denied.

72. Denied.

73. Denied.

**COUNT VIII
(Margaret against Schatzman & Associates
For Unfair and Deceptive Business Acts)**

74. This answering defendant reincorporates his responses to paragraphs 1 through 73 as if fully set forth herein.

75. It is admitted upon information and belief that at all times relevant hereto, defendant Saltzman and Associates was an L.L.C. licensed and doing business in the State of North Carolina, generally engaged in the business of providing private investigative, security services and consultation to its clients. Except as admitted herein, denied.

76. Denied.

77. Denied.

78. Denied.

THIRD DEFENSE

As to Counts I-IV of the Amended Complaint, plaintiffs have failed to state a valid and recognizable claim upon which relief may be granted, and this answering defendant moves that the Amended Complaint be dismissed pursuant to Rule 12(b)(6) of the North Carolina Rules of Civil Procedure.

FOURTH DEFENSE

This defendant pleads the economic loss rule in bar of Count I of plaintiffs' Amended Complaint.

FIFTH DEFENSE

To the extent that any of the actions of this answering defendant are determined to have been illegal, which is emphatically denied, defendant pleads the illegality of such actions in complete bar of plaintiffs' claims, as all such actions were either contracted by, or taken at the direction of, Margaret Kolb, Lucy Zantout or both, and with their express and/or implied knowledge, permission and consent.

SIXTH DEFENSE

If the injuries to plaintiff Margaret Kolb were caused by the negligence and/or actions of this answering defendant, which is emphatically denied, defendant pleads the

contributory negligence of said plaintiffs in complete bar of their recovery, in that they instructed defendant to take all steps necessary, regardless of cost or consequence, in order to assist Lucy Zantout and the Children obtain exit from Lebanon; contracted with Michael Taylor and/or American International Security Corp. to undertake efforts to travel to Syria and make contact with this defendant, Lucy Zantout and the Children; instructed both defendants to follow the instructions of Michael Taylor, without question, which lead to the arrest and detention of Phil King, Lucy Zantout and the Children for approximately ten hours; and was otherwise careless and negligent in her behavior and actions.

SEVENTH DEFENSE

If the injuries to plaintiff Margaret Kolb were caused by the negligence and/or actions of Philip King, which is emphatically denied, this defendant pleads the intervening and superceding negligence and actions of Michael Taylor, American International Security Corp. and/or their respective employees and agents, or other third parties, in complete bar to her recovery, in that said negligence and actions were the intervening and superceding proximate cause of the detention and interrogation of Phil King, Lucy Zantout and the Children at or about the Lebanese-Syrian border in March, 1999, and the damages claimed by Margaret Kolb in the Amended Complaint.

EIGHTH DEFENSE

If the injuries to plaintiff Lucy Zantout were caused by the negligence and/or actions of this answering defendant, which is emphatically denied, this defendant pleads the intervening and superceding negligence and actions of Michael Taylor, American International Security Corp. and/or their respective employees and agents, or other third parties, in complete bar to her recovery, in that said negligence and actions were the intervening and superceding proximate cause of the detention and interrogation of Phil King, Lucy Zantout and the Children at or about the Lebanese-Syrian border in March, 1999, and the damages claimed by Lucy Zantout in the Amended Complaint.

NINTH DEFENSE

To the extent plaintiffs' Amended Complaint contains affirmative misstatements, is not well grounded in fact, or is interposed for an improper purpose, this defendant moves to strike plaintiffs' Amended Complaint pursuant to Rule 11 of the North Carolina Rules of Civil Procedure, and requests the Court award said defendant reasonable expenses, including attorney's fees, incurred because of the filing of the pleading, as well as such other sanctions as to the Court may appear just and proper.

TENTH DEFENSE

To the extent that the aforesaid contractual agreement is determined to have been against public policy, which is emphatically denied, this defendant pleads the resulting lack of enforceability of same in complete bar of plaintiffs' claims.

ELEVENTH DEFENSE

To the extent that plaintiff Lucy Zantout violated applicable laws by intentionally taking and removing her children from the lawful custody of their father, and otherwise denying her children lawful access and visitation by their father, said illegal acts are pled as a complete bar to any recovery by her.

TWELFTH DEFENSE

Should it be determined that plaintiff Lucy Zantout was not a party to any contractual agreement with defendant, defendant pleads that absence of privities of contract and lack of standing by her to assert any claim therein.

THIRTEENTH DEFENSE

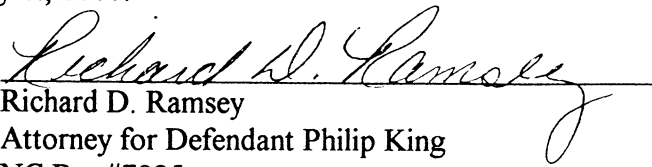
That plaintiffs' entire action and Amended Complaint are not well grounded in fact or law, and have been interposed for an improper purpose, and defendant moves to strike plaintiffs' amended Complaint pursuant to Rule 11 of the North Carolina Rules of Civil Procedure, and requests the Court award defendant reasonable expenses, including attorney's fees, incurred because of the filing of the pleading, as well as such other sanctions as to the Court may appear just and proper.

FOURTEENTH DEFENSE

This answering defendant agreed to go to Lebanon, locate Lucy Zantout and the Children and try to assist them and explore all possible ways to get them exited from Lebanon and back to the United States at a time when Lucy Zantout and the Children were in serious jeopardy essentially hiding under false names in a hotel in Lebanon. All possible plans were to be approved by plaintiff Lucy Zantout and this answering defendant, while at all times protecting and staying with Lucy Zantout and the Children, using his own personal credit card funds for their food, lodging and transportation, placed himself at great risk while doing his job. In truth and in fact, all of his efforts, contacts and work were successful and the job he was employed for was successful as plaintiff Lucy Zantout and the Children were returned to the United States safely. These facts are specifically pled in bar of any recovery by the plaintiffs herein and further are specifically alleged to show the frivolous and spurious nature of plaintiffs' allegations.

WHEREFORE, having fully answered the Amended Complaint of the plaintiffs, the defendant Philip King respectfully prays the Court that the plaintiffs' Amended Complaint be dismissed; that plaintiffs have and recover nothing of him; that the costs of this action be taxed against the plaintiffs; that trial be by jury; and, that the Court grant this answering defendant such other and further relief, including the imposition of sanctions, as the Court deems just and proper.

This the 3rd day of August, 2000.


Richard D. Ramsey

Attorney for Defendant Philip King

NC Bar #7985

P. O. Box 20653

Winston-Salem, North Carolina 27120

(336) 748-1408

CERTIFICATE OF SERVICE

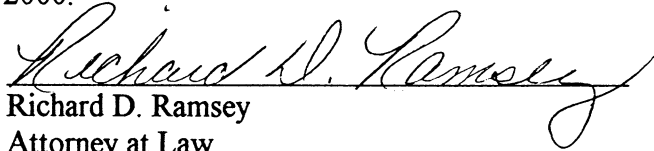
I hereby certify that the foregoing **ANSWER TO AMENDED COMPLAINT AND MOTIONS TO DISMISS OF DEFENDANT PHILIP KING** was served upon the parties to this action by mailing a copy thereof by first class, postage pre-paid mail to the following counsel of record:

Ms. Celie B. Richardson
Law Offices of William F. Maready
1076 West Fourth Street
Winston-Salem, NC 27101

Mr. Steven J. Brooks
Mr. Lawrence R. Holland
Dentsch Williams Brooks DeRensis Holland & Drachman
99 Summer Street
Boston, MA 02110

Mr. Joseph P. Booth, III
Sharpless & Stavola, P.A.
P. O. Box 22106
Greensboro, North Carolina 27420

This the 3rd day of August, 2000.


Richard D. Ramsey
Attorney at Law
P. O. Box 20653
Winston-Salem, North Carolina 27120
(336) 748-1408

STATE OF NORTH CAROLINA

FILED

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CvS 8090

FORSYTH COUNTY

2000 SEP 22 PM 2:20

MARGARET L. KOLB and
ZANTOUT,

FORSYTH COUNTY, C.S.C.

LUCY

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, LLC, and
PHILIP KING

**DEFENDANT SCHATZMAN &
ASSOCIATES, LLC'S MOTION FOR
SUMMARY JUDGMENT**

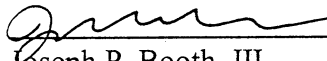
Defendants.

Pursuant to Rule 56 of the North Carolina Rules of Civil Procedure, the defendant Schatzman & Associates, LLC ("Schatzman") moves the court for summary judgment against all claims and causes of action asserted by plaintiffs Margaret L. Kolb ("Kolb") and Lucy Zantout ("Zantout"); and further moves the court for summary judgment in favor of defendant Schatzman on all claims and causes of action asserted by it on its First, Second and Third Counterclaims against plaintiffs Kolb and Zantout. In support thereof, Schatzman shows unto the court that there is no genuine issue as to any material fact with regard to Counts I - VIII of plaintiffs' complaint. And Schatzman is entitled to judgment against plaintiffs on those claims as a matter of law, and is further entitled to judgment as a matter of law in favor of Schatzman against plaintiffs Kolb and Zantout, jointly and severally, on its First, Second and Third Counterclaims.

In addition to the pleadings, interrogatories and admissions on file with the court, Schatzman further moves upon the deposition transcripts of Margaret L. Kolb, Lucy Kolb Zantout, William Schatzman and Philip King in support of its motion.

WHEREFORE, the defendant Schatzman & Associates, LLC prays that its motion for summary judgment be allowed; and that the court award said defendant such other and further relief as the court determines is just and proper.

This the 21st day of September, 2000.


Joseph P. Booth, III
State Bar No. 24128
Attorney for Defendant
Schatzman & Associates, LLC

OF COUNSEL:

SHARPLESS & STAVOLA, P.A.

Post Office Box 22106

Greensboro, NC 27420

Telephone: 336/333-6400

CERTIFICATE OF SERVICE

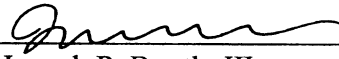
I hereby certify that the foregoing **DEFENDANT SCHATZMAN & ASSOCIATES, LLC'S MOTION FOR SUMMARY JUDGMENT** was served upon the parties to this action by mailing a copy thereof by first-class, postage pre-paid mail to the following:

Ms. Celie B. Richardson
Law Offices of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101

Mr. Steven J. Brooks
Mr. Lawrence R. Holland
Dentsch Williams Brooks
DeRensis Holland & Drachman
99 Summer Street
Boston, MA 02110

Mr. Richard D. Ramsey
P.O. Box 20653
Winston-Salem, NC 27120

This the 21st day of September, 2000.



Joseph P. Booth, III
Attorney for Defendant
Schatzman & Associates, LLC

OF COUNSEL:

SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, NC 27420
Telephone: 336/333-6400

STATE OF NORTH CAROLINA
FORSYTH COUNTY

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION

99 CvS 8090

MARGARET L. KOLB and
LUCY ZANTOUT,

Plaintiffs

-V-

SCHATZMAN & ASSOCIATES,
LLC, and PHILIP KING,

Defendants

SEP 25 PM 3:01
FORSYTH COUNTY, N.C.

BY BSO

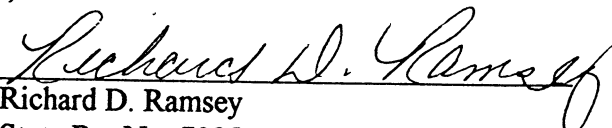
DEFENDANT PHILIP KING'S
MOTION FOR SUMMARY JUDGMENT

Pursuant to Rule 56 of the North Carolina Rules of Civil Procedure, the defendant Philip King moves the court for Summary Judgment against all claims and causes of action asserted by plaintiffs Margaret L. Kolb and Lucy Zantout. In support thereof, Philip King shows unto the Court that there is no genuine issue as to any material fact with regard to Counts I-VIII of plaintiff's Complaint. And Mr. King is entitled to judgment against plaintiffs on those claims as a matter of law.

In addition to the pleadings, interrogatories and admissions on file with the Court, Philip King further moves upon the deposition transcripts of Margaret L. Kolb, Lucy Kolb Zantout, William Schatzman and Philip King in support of his Motion.

WHEREFORE, the defendant Philip King prays that his Motion for Summary Judgment be allowed; and that the Court award said defendant such other and further relief as the Court determines is just and proper.

This the 25th day of September, 2000.


Richard D. Ramsey
State Bar No. 7985
Attorney for Defendant Philip King
P. O. Box 20653
Winston-Salem, North Carolina 27120
(336) 748-1408

CERTIFICATE OF SERVICE

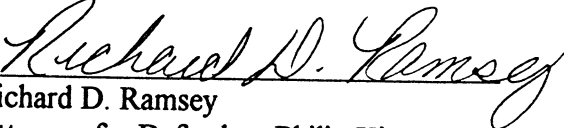
I hereby certify that the foregoing **DEFENDANT PHILIP KING'S MOTION FOR SUMMARY JUDGMENT** was served upon the parties to this action by mailing a copy thereof by first-class, postage pre=paid mail to the following:

Ms. Celie B. Richardson
Attorney at Law
1076 West 4th Street
Winston-Salem, NC 27101

Mr. Joseph P. Booth, III
Sharpless & Stavola, P.A.
P. O. Box 22106
Greensboro, NC 27420

Mr. Steven J. Brooks
Mr. Lawrence R. Holland
Attorneys at Law
99 Summer Street
Boston, MA 02110

This the 25th day of September, 2000.


Richard D. Ramsey
Attorney for Defendant Philip King
P. O. Box 20653
Winston-Salem, NC 27120
(336) 748-1408

STATE OF NORTH CAROLINA

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION

FORSYTH COUNTY

99 Cvs 8090

MARGARET L. KOLB and LUCY
ZANTOUT,

BY *TC*

Plaintiffs,

v.

**DEFENDANT SCHATZMAN &
ASSOCIATES, LLC'S MOTION FOR
ENTRY OF DEFAULT**

SCHATZMAN & ASSOCIATES, LLC, and
PHILIP KING

Defendants.


Pursuant to Rule 55 of the North Carolina Rules of Civil Procedure, the defendant Schatzman & Associates, LLC ("Schatzman") moves the court for entry of default against plaintiffs Margaret L. Kolb ("Kolb") and Lucy Zantout ("Zantout") on all counterclaims asserted in its Answer to plaintiffs' Amended Complaint, served June 22, 2000. In support thereof, Schatzman shows unto the court as follows:

1. On May 22, 2000 the court entered an Order allowing plaintiffs to file an amended complaint.
2. On May 24, 2000 plaintiff filed their Amended Complaint.
3. On June 22, 2000 Schatzman served its Answer to plaintiffs' Amended Complaint. In its Answer, Schatzman asserted counterclaims against plaintiffs for breach of contract and quantum meruit.
4. Plaintiffs have not entered a reply or other response to Schatzman's counterclaims, and are therefore in default in accordance with Rules 7, 8 and 55 of the North Carolina Rules of Civil Procedure.

In addition to the foregoing, Schatzman submits the affidavit of Joseph P. Booth, III which is attached hereto and incorporated herein by reference.

WHEREFORE, the defendant Schatzman & Associates, LLC prays that its motion for entry of default be allowed; that the court enter default against plaintiff Kolb on Schatzman's First and Second Counterclaims; that the court enter default against plaintiff Zantout on Schatzman's Third Counterclaim; and that the court award said defendant such other and further relief as the court determines is just and proper.

This the 5th day of October, 2000.



Joseph P. Booth, III
State Bar No. 24128
Attorney for Defendant
Schatzman & Associates, LLC

OF COUNSEL:

SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, NC 27420
Telephone: 336/333-6400

STATE OF NORTH CAROLINA

FORSYTH COUNTY

MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, LLC, and
PHILIP KING

Defendants.

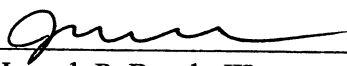
IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CvS 8090

**AFFIDAVIT OF
JOSEPH P. BOOTH, III**

JOSEPH P. BOOTH, III, being duly sworn, deposes and says:

1. I am an attorney with the law firm of Sharpless & Stavola, PA, retained to represent defendant Schatzman & Associates, LLC ("Schatzman") in the above-entitled action. I am over the age of eighteen and have no legal disability which prevents me from making this affidavit. All matters herein are based on my personal knowledge.
2. On May 22, 2000 the court entered an Order allowing plaintiffs to file an amended complaint.
3. On May 24, 2000 plaintiff filed their Amended Complaint.
4. On June 22, 2000 Schatzman served its Answer to plaintiffs' Amended Complaint. In its Answer, Schatzman asserted counterclaims against plaintiffs for breach of contract and quantum meruit.
5. Plaintiffs have not entered a reply or other response to Schatzman's counterclaims, nor have they requested or been provided with an extension of time in which to enter such reply, and are therefore in default in accordance with Rules 7, 8 and 55 of the North Carolina Rules of Civil Procedure.
6. Plaintiffs Kolb and Zantout are neither infants nor incompetent.

AFFIANT FURTHER SAITH NOT.



Joseph P. Booth, III
State Bar No. 24128
Attorney for Defendant
Schatzman & Associates, LLC

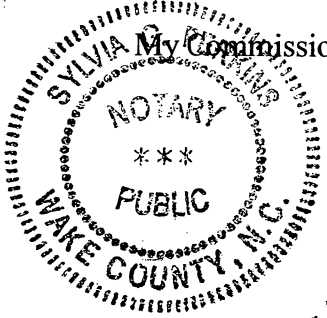
OF COUNSEL:

SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, North Carolina 27420
Telephone: 336/333-6400

Sworn to and subscribed before me
this the 5th day of October, 2000.

Sylvia B. Perkins
Notary Public

My Commission Expires: 1-24-01



STATE OF NORTH CAROLINA

FILED

IN THE GENERAL COURT OF JUSTICE

SUPERIOR COURT DIVISION

FORSYTH COUNTY

00001-5 FILED 99

99 Cvs 8090

MARGARET L. KOLB and LUCY
ZANTOUT,

BY

TC

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, LLC, and
PHILIP KING

Defendants.

**ORDER ENTERING DEFAULT
AGAINST MARGARET L. KOLB and
LUCY ZANTOUT**

THIS CAUSE have come before the Clerk of Superior Court of Forsyth County on the motion of defendant Schatzman & Associates, LLC ("Schatzman") pursuant to Rule 55 of the North Carolina Rules of Civil Procedure for entry of default against plaintiffs Margaret L. Kolb ("Kolb") and Lucy Zantout ("Zantout") on all counterclaims asserted in Schatzman's Answer to plaintiffs' Amended Complaint, served June 22, 2000; and the court have reviewed the court file and the affidavit of Joseph P. Booth, III; and the court having concluded that neither Kolb nor Zantout have entered a reply to said counterclaims; and the court being of the opinion that the motion should be allowed.

NOW, THEREFORE, it is ORDERED that default be and the same is hereby entered against Margaret L. Kolb on the counterclaims asserted in Schatzman's Answer to plaintiffs' Amended Complaint, served June 22, 2000;

and it is further ORDERED that default be and the same is hereby entered against Lucy Zantout on the counterclaims asserted in Schatzman's Answer to plaintiffs' Amended Complaint, served June 22, 2000.

This the 5 day of October, 2000.

Lammy Collins, Asst.

Clerk of Superior Court
Forsyth County

STATE OF NORTH CAROLINA

FORSYTH COUNTY

MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, LLC,
and PHILIP KING

Defendants.

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CvS 8090

CERTIFICATE OF SERVICE

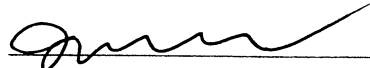
I hereby certify that the duly signed **Order Entering Default Against Margaret L. Kolb and Lucy Zantout, filed October 5, 2000**, was served upon the parties to this action by mailing a copy thereof by first-class, postage pre-paid mail to the following counsel of record:

Ms. Celie B. Richardson
Law Offices of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101

Mr. Steven J. Brooks
Mr. Lawrence R. Holland
Dentsch Williams Brooks
DeRensis Holland & Drachman
99 Summer Street
Boston, MA 02110

Mr. Richard D. Ramsey
P.O. Box 20653
Winston-Salem, NC 27120

This the 10th day of October, 2000.



Joseph P. Booth, III
Attorney for defendant
Schatzman & Associates, LLC

OF COUNSEL:

SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, North Carolina 27420
Telephone: 336/333-6400

STATE OF NORTH CAROLINA

IN THE GENERAL COURT OF JUSTICE

FORSYTH COUNTY

SUPERIOR COURT DIVISION

99 CvS 8090

MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, LLC, and
PHILIP KING

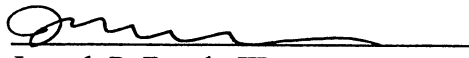
Defendants.

**DEFENDANT SCHATZMAN &
ASSOCIATES, LLC'S MOTION FOR
ENTRY OF DEFAULT JUDGMENT**

Pursuant to Rule 55 of the North Carolina Rules of Civil Procedure, the defendant Schatzman & Associates, LLC ("Schatzman") moves the court for entry of default judgment against plaintiffs Margaret L. Kolb ("Kolb") and Lucy Zantout ("Zantout") on all counterclaims asserted in its Answer to plaintiffs' Amended Complaint, served June 22, 2000, default of said parties having previously been entered by the court. In support thereof, Schatzman submits the affidavit of William T. Schatzman, which is attached hereto and incorporated herein by reference.

WHEREFORE, the defendant Schatzman & Associates, LLC prays that its motion for entry of default judgment be allowed; that the court enter default judgment against plaintiff Kolb on Schatzman's First and Second Counterclaims for the relief prayed for in Schatzman's Answer to plaintiffs' Amended Complaint; that the court enter default judgment against plaintiff Zantout on Schatzman's Third Counterclaim for the amount prayed for in Schatzman's Answer to plaintiffs' Amended Complaint; and that the court award said defendant such other and further relief as the court determines is just and proper.

This the 5th day of October, 2000.


Joseph P. Booth, III
State Bar No. 24128
Attorney for Defendant
Schatzman & Associates, LLC

OF COUNSEL:

SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, NC 27420
Telephone: 336/333-6400

CERTIFICATE OF SERVICE

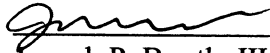
I hereby certify that the foregoing **DEFENDANT SCHATZMAN & ASSOCIATES, LLC'S MOTION FOR ENTRY OF DEFAULT JUDGMENT** was served upon the parties to this action by mailing a copy thereof by first-class, postage pre-paid mail to the following:

Ms. Celie B. Richardson
Law Offices of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101

Mr. Steven J. Brooks
Mr. Lawrence R. Holland
Dentsch Williams Brooks
DeRensis Holland & Drachman
99 Summer Street
Boston, MA 02110

Mr. Richard D. Ramsey
P.O. Box 20653
Winston-Salem, NC 27120

This the 5th day of October, 2000.



Joseph P. Booth, III
Attorney for Defendant
Schatzman & Associates, LLC

OF COUNSEL:

SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, NC 27420
Telephone: 336/333-6400

STATE OF NORTH CAROLINA

FORSYTH COUNTY

MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, LLC, and
PHILIP KING

Defendants.

FILED IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION

00 OCT -3 PM 12:55

99 CvS 8090

FORSYTH COUNTY, C.S.C.

BY

TC

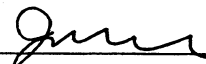
**DEFENDANT SCHATZMAN &
ASSOCIATES, LLC'S MOTION FOR
SUMMARY JUDGMENT
(AMENDED)**

Pursuant to Rule 56 of the North Carolina Rules of Civil Procedure, and as previously noticed for hearing before the Judge Presiding over the October 16, 2000 Civil Session of the Forsyth County Superior Court, the defendant Schatzman & Associates, LLC ("Schatzman") moves the court for summary judgment against all claims and causes of action asserted by plaintiffs Margaret L. Kolb ("Kolb") and Lucy Zantout ("Zantout"); and further moves the court for summary judgment in favor of defendant Schatzman on all claims and causes of action asserted by it on its First, Second and Third Counterclaims against plaintiffs Kolb and Zantout. In support thereof, Schatzman shows unto the court that plaintiffs have failed to reply to the allegations asserted by Schatzman's Counterclaims, that there is no genuine issue as to any material fact with regard to Counts I - VIII of plaintiffs' complaint. And Schatzman is entitled to judgment against plaintiffs on those claims as a matter of law, and is further entitled to judgment as a matter of law in favor of Schatzman against plaintiffs Kolb and Zantout, jointly and severally, on its First, Second and Third Counterclaims.

In addition to the pleadings, interrogatories and admissions on file with the court, Schatzman further moves upon the deposition transcripts of Margaret L. Kolb, Lucy Kolb Zantout, William Schatzman and Philip King, and the attached affidavit of William T. Schatzman in support of its motion.

WHEREFORE, the defendant Schatzman & Associates, LLC prays that its motion for summary judgment be allowed; and that the court award said defendant such other and further relief as the court determines is just and proper.

This the 5th day of October, 2000.



Joseph P. Booth, III
State Bar No. 24128
Attorney for Defendant
Schatzman & Associates, LLC

OF COUNSEL:

SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, NC 27420
Telephone: 336/333-6400

CERTIFICATE OF SERVICE

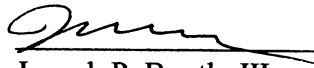
I hereby certify that the foregoing **DEFENDANT SCHATZMAN & ASSOCIATES, LLC'S MOTION FOR SUMMARY JUDGMENT (AMENDED)** was served upon the parties to this action by mailing a copy thereof by first-class, postage pre-paid mail to the following:

Ms. Celie B. Richardson
Law Offices of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101

Mr. Steven J. Brooks
Mr. Lawrence R. Holland
Deutsch Williams Brooks
DeRensis Holland & Drachman
99 Summer Street
Boston, MA 02110

Mr. Richard D. Ramsey
P.O. Box 20653
Winston-Salem, NC 27120

This the 5th day of October, 2000.



Joseph P. Booth, III
Attorney for Defendant
Schatzman & Associates, LLC

OF COUNSEL:

SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, NC 27420
Telephone: 336/333-6400

STATE OF NORTH CAROLINA

FORSYTH COUNTY

MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, LLC, and
PHILIP KING

Defendants.

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION

99 CvS 8090

FILED 22 OCT 13 PM 2:50

FORSYTH COUNTY C.S.C.

BY

Dem Folsen

NOTICE OF FILING

TAKE NOTICE that the defendant Schatzman & Associates, LLC, files with the court the following:

1. Original transcript of deposition of Lucy Kolb Zantout, taken August 22, 2000; and
2. Original transcript of deposition of Margaret Leinbach Kolb, taken August 22, 2000.

This the 11th day of October, 2000.

Joseph P. Booth, III

Joseph P. Booth, III
State Bar No. 24128
Attorney for Defendant
Schatzman & Associates, LLC

OF COUNSEL:

SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, NC 27420
Telephone: 336/333-6400

CERTIFICATE OF SERVICE


I hereby certify that the foregoing *Notice of Filing* was served upon the parties to this action by mailing a copy thereof by first-class, postage pre-paid mail to the following:

Ms. Celie B. Richardson
Law Offices of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101

Mr. Steven J. Brooks
Mr. Lawrence R. Holland
Dentsch Williams Brooks
DeRensis Holland & Drachman
99 Summer Street
Boston, MA 02110

Mr. Richard D. Ramsey
P.O. Box 20653
Winston-Salem, NC 27120

This the 11th day of October, 2000.



Joseph P. Booth, III
Attorney for Defendant
Schatzman & Associates, LLC

OF COUNSEL:
SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, NC 27420
Telephone: 336/333-6400

NORTH CAROLINA)
)
FORSYTH COUNTY) 00 OCT 25 PM 3:04
)
)

FILED IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CVS 8090

FORSYTH COUNTY, C.S.C.

BY _____)
MARGARET L. KOLB and LUCY)
ZANTOUT,)
)
Plaintiffs,)
)
v.)
)
SCHATZMAN & ASSOCIATES, L.L.C.,)
and PHILIP L. KING,)
)
Defendants.)
_____)

**MARGARET KOLB'S REPLY TO
DEFENDANT'S COUNTERCLAIM, AND MOTION TO DISMISS**

Margaret Kolb ("Kolb") hereby answers the numbered paragraphs of the Counterclaim of defendant Schatzman & Associates, L.L.C. filed on or about June 22, 2000 as follows:

1. Admitted.

2. Admitted.

3. Kolb lacks sufficient information and knowledge to admit or deny the allegations in this paragraph.

4. Kolb lacks sufficient information and knowledge to admit or deny the allegations in this paragraph.

5. The allegations in the first sentence are admitted. The allegations in the remaining sentences of this paragraph are denied. Further answering, Kolb states that while William Schatzman ("Schatman") was checking her telephone for wire taps, he asked Kolb why she believed her telephone might be tapped. In response, Kolb conveyed the information set

forth in the second and fourth sentences of this paragraph and Schatzman said that he might be able to help.

6. Admitted.

7. With respect to the allegations in this paragraph, Kolb admits only that at a meeting at the request of Schatzman at her house on the night of February 16, 1999, Schatzman told her that he could send his associate, Philip King ("King"), to extricate her daughter, Lucy Kolb Zantout ("Lucy"), and Lucy's children (the "Children") from Lebanon. Kolb further admits that based upon Schatzman's representations that defendant had expertise in extricating persons from countries like Lebanon; that King had friends in Lebanon who would agree to take Lucy and the Children out of Beirut by charter boat to Cyprus; that nothing illegal would be done; and that the whole process would take six to seven days and that she could expect that Lucy and the Children would be back in the United States by February 23, 1999, she retained defendant's services. Otherwise denied.

8. With respect to the allegations in the first sentence, Kolb admits only that on February 16, 1999, Schatzman informed her that defendant would require \$15,000 in advance to cover expenses, and that any overage would be returned, and that on February 18, 1999, she met with Schatzman and King and paid them \$15,000 in cash, all in \$100 bills as they requested. The allegations in the first sentence are otherwise denied. Kolb lacks sufficient information and knowledge to admit or deny the allegations in the second sentence.

9. Admitted.

10. The allegations in the first sentence are admitted. With respect to the allegations in the second sentence, Kolb admits only that King told Lucy about his plans to exit Lebanon via Cyprus and Israel, and that Lucy was willing to go along with King's plans as he was the

purported expert. Otherwise denied.

11. Admitted.

12. Kolb admits only that King did not take Lucy and the Children out of Lebanon via Cyprus. Otherwise denied.

13. With respect to the allegations in the first sentence, Kolb admits only that Schatzman informed her on about March 1, 1999 that King intended to take Lucy and the Children out of Lebanon via Israel. With respect to the allegations in the second sentence, Kolb admits only that King changed his plan without telling Schatzman, and that he took Lucy and the Children out of Lebanon via Syria. Kolb otherwise lacks sufficient information and knowledge to admit or deny the allegations in the first two sentences of this paragraph. With respect to the allegations in the third sentence, Kolb admits only that Lucy expressed concern to King about his plan to take her and the Children out of Lebanon via Israel. The allegations in the third sentence are otherwise denied.

14. With respect to the allegations in this paragraph, Kolb admits only that on February 29, 1999, King informed Lucy that they would be leaving the next day, and that they would not be going to Israel but rather Syria. Kolb lacks sufficient information and knowledge to admit or deny the alleged statements made by the third party referenced in this action. The allegations are otherwise denied.

15. With respect to the allegations in this paragraph, Kolb admits only that on March 1, 1999, she was informed by Schatzman that King had taken Lucy and the Children out of Lebanon via Syria. Otherwise denied.

16. With respect to the allegations in this paragraph, Kolb admits only that on March 2, 1999, Lucy, the children and King attempted to leave Syria by taking a flight to London but

they were not allowed to leave because their passports had not been stamped properly at the Syrian border. Specifically, their passports had not been stamped to reflect a legal exit from Lebanon or a legal entry into Syria. The allegations in this paragraph are otherwise denied.

17. Denied.

18. Kolb lacks sufficient information and knowledge to admit or deny the allegations in this paragraph.

19. Kolb lacks sufficient information and knowledge to admit or deny the allegations in the first sentence. With respect to the allegations in the second sentence, Kolb admits only that King told Lucy about his plan to exit Lebanon via Turkey, and that Lucy was willing to go along with King's plan as he was the purported expert. Otherwise, the allegations in the second sentence are denied. The allegations in the third sentence are admitted.

20. Kolb lacks sufficient information to admit or deny the allegations in the first sentence of this paragraph. Otherwise denied. The allegations in the second sentence are denied.

21. Denied.

22. The allegations in this first and second sentences are admitted. With respect to the allegations in the third sentence, Kolb admits only that Michael Taylor ("Taylor") advised King that there was an approximately 10% chance that King, Lucy and the Children would be allowed to leave Syria via a flight to Damascus. Otherwise denied. With respect to the allegations in the last sentence of this paragraph, Kolb admits only that Lucy agreed to proceed in the manner Taylor advised. Otherwise denied.

23. The allegations in the first sentence are admitted. The allegations in the second sentence are denied. With respect to the allegations in the third sentence, Kolb admits only that it was part of Taylor's plan to have Lucy and the Children return to the Syrian-Lebanese border.

Otherwise denied. With respect to the allegations in the last sentence, Kolb admits only that Lucy agreed to proceed in the manner Taylor advised, and that Lucy and the Children returned to the Syrian Lebanese border on about March 27, 1999. Otherwise denied.

24. The allegations in the first sentence are admitted. With respect to the allegations in the second sentence, Kolb admits only that Lucy and the Children were returned to Damascus to await a court hearing. Otherwise denied.

25. The allegations in the first sentence are denied. The allegations in the second sentence are admitted.

26. Admitted.

27. Admitted.

28. Kolb incorporates by reference herein her answers to paragraphs 1-27 above as if each were set forth fully here.

29. Kolb responds that this paragraph contains conclusions of law for which no answer is required. Should an answer be required, Kolb admits only that in about February, 1999 she entered into an agreement with defendant whereby defendant agreed to extricate Lucy and her children from Beirut, Lebanon in return for a fee to be paid by Kolb. Otherwise denied.

30. With respect to the allegations in this paragraph, Kolb admits only that she agreed to pay the fees stated in this paragraph if defendant met its obligations under her agreement with defendant. Otherwise denied.

31. With respect to the allegations in this paragraph, Kolb admits only that she agreed to pay the fees stated in this paragraph if defendant met its obligations under her agreement with defendant. Otherwise denied.

32. Denied.

33. Denied.

34. Denied.

35. Kolb incorporates by reference herein her answers to paragraphs 1-34 above as if each were set forth fully here.

36. Kolb responds that this paragraph contains conclusions of law for which no answer is required. Should an answer be required, Kolb admits only that in about February, 1999 she entered into an agreement with defendant whereby defendant agreed to extricate Lucy and her children from Beirut, Lebanon in return for a fee to be paid by Kolb. Otherwise denied.

37. Denied.

38. Kolb admits only that in about February, 1999, she entered into an agreement with defendant whereby defendant agreed to extricate Lucy and her children from Beirut, Lebanon in return for a fee to be paid by Kolb, and that with her knowledge defendant took actions in an attempt to perform its obligations under this agreement. Otherwise denied. Further answering, Kolb states that defendant breached her agreement with defendant.

39. Kolb admits only that she understood that she was to pay defendant for services it performed if defendant met its obligations under the agreement she entered into with defendant in about February, 1999. Otherwise denied. Further answering, Kolb states that defendant breached her agreement with defendant.

40. Denied.

41. Kolb admits only that she received an invoice from defendant dated May 17, 1999 and the invoice stated that the total amount due was \$47,662.41 less a 25% discount if paid by May 31, 1999. Otherwise denied.

42. Admitted.

43. Denied.

44. Kolb incorporates by reference herein her answers to paragraphs 1-43 above as if each were set forth fully here.

45. Denied.

46. Denied.

47. Denied.

48. Denied.

49. Denied.

50. As this answer merely purports to characterize defendant's Counterclaim no answer is required.

51. Denied.

AFFIRMATIVE DEFENSES

First Affirmative Defense

The Counterclaims are barred by defendant's own, material breach of the alleged contract it seeks to enforce by its Counterclaims. The facts on which Kolb relies in support of this affirmative defense are set forth in paragraphs 1-29 and 36-41 of her Complaint in this action, which paragraphs of the Complaint are incorporated by reference herein.

Second Affirmative Defense

The Counterclaims are barred by defendant's fraud in inducing the alleged contract it seeks to enforce by its Counterclaims. Specifically, as set forth in the Complaint in this action, on about February 10, 1999, Schatzman told Kolb that he could send his associate, King, to extricate Lucy and the Children from Lebanon. Among other things, Schatzman told Kolb that defendant Schatzman & Associates had expertise in extricating persons from countries like

Lebanon, and that King had friends in Lebanon who would agree to take Lucy and the Children out of Beirut by charter boat to Cyprus.

The above referenced representations by Schatzman were knowingly false and/or were made with reckless disregard for their truth. In the first instance, prior to the departure of King to Lebanon, Schatzman instructed King to transfer half of his money into travelers checks. Neither Schatzman nor King were aware that American travelers checks are not honored in Lebanon or Syria. Further, after he arrived in Syria, King demonstrated a total lack of expertise with respect to extricating Lucy and the Children from Lebanon. On about March 1, 1999, King took Lucy and the Children into Syria, a totalitarian, repressive state, without ensuring that they would be allowed to leave Syria after they arrived. Moreover, he failed to ensure that the passports of Lucy and the Children were stamped properly at the Lebanese, border checkpoint so as to reflect a legal exit from Lebanon, and at the Syrian, border checkpoint so as to reflect a legal entry into Syria. Nor did he obtain the necessary visas for the entry into Syria. As such, notwithstanding his professed expertise in rescuing persons from countries like Lebanon, King was unaware of the requirements for a legal exit from Lebanon and a legal entry into Syria.

In addition to the foregoing, after they entered Syria, King spoke with the Syrian Minister of Emigration in an effort to explain away the situation, but he only managed to complicate matters further. He told the Syrian Minister that he had paid a taxi driver to smuggle Lucy and the Children into Syria. While he did not tell the Syrian Minister that he had bribed anyone, this was the necessary implication of his statement and, as a result, the Syrian government viewed the situation as one involving not only an illegal border crossing, but bribery, both of which are considered major crimes in Syria.

Third Affirmative Defense

The Counterclaims are barred by the doctrine of estoppel. In support of this affirmative defense, Kolb incorporates by reference herein the facts set forth in support of her Second Affirmative Defense, above.

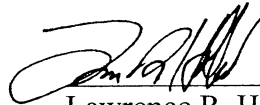
Fourth Affirmative Defense

The Counterclaims are barred by the doctrine of unclean hands. In support of this affirmative defense, Kolb incorporates by reference herein the facts set forth in support of her Second Affirmative Defense, above.

Fifth Affirmative Defense

Count III of the Counterclaim fails to state a claim for which relief can be granted under Rule 12(b)(6) of the North Carolina Rules of Civil Procedure.

This 18th day of October, 2000.



Lawrence R. Holland
Attorney for plaintiff Margaret L. Kolb

OF COUNSEL:

DEUTSCH WILLIAMS BROOKS DeRENSIS
HOLLAND & DRACHMAN, P.C.
99 Summer Street, 13th Floor
Boston, Massachusetts 02110-1235
(617) 951-2300

CERTIFICATE OF SERVICE

I certify that I have served Margaret Kolb's Reply to Defendant's Counterclaim, and Motion to Dismiss on counsel of record for all parties by deposit in the United States mail, postage-paid, and addressed as follows:

Joseph P. Booth, III
Sharpless & Stavola, P.A.
P.O. Box 22106
Greensboro, NC 27420

Richard D. Ramsey
P.O. Box 20653
Winston-Salem, NC 27120

This 25 day of October, 2000.



Celie B. Richardson
Attorney for Plaintiffs

LAW OFFICES OF WILLIAM F. MAREADY
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FILED

NORTH CAROLINA)
)
FORSYTH COUNTY)

IN THE GENERAL COURT OF JUSTICE
07 OCT 25 PM 3:05 SUPERIOR COURT DIVISION
99 CVS 8090
FORSYTH COUNTY, C.S.C.

BY



MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, L.L.C.,
and PHILIP L. KING,

Defendants.

**LUCY KOLB ZANTOUT'S REPLY TO DEFENDANTS'
COUNTERCLAIM, AND MOTION TO DISMISS**

Lucy Kolb Zantout ("Zantout") hereby answers the numbered paragraphs of the Counterclaim of defendant Schatzman & Associates, L.L.C. filed on or about June 22, 2000 as follows:

1. Admitted.
2. Admitted.
3. Zantout lacks sufficient information and knowledge to admit or deny the allegations in this paragraph.
4. Zantout lacks sufficient information and knowledge to admit or deny the allegations in this paragraph.
5. The allegations in the first sentence are admitted. The allegations in the remaining sentences of this paragraph are denied. Further answering, Zantout states that while William Schatzman ("Schatzman") was checking Margaret Kolb's ("Kolb's") telephone for wire

taps, he asked Kolb why she believed her telephone might be tapped. In response, Kolb conveyed the information set forth in the second and fourth sentences of this paragraph and Schatzman said that he might be able to help.

6. Admitted.

7. With respect to the allegations in this paragraph, Zantout admits only that at a meeting at the request of Schatzman at Kolb's house on the night of February 16, 1999, Schatzman told Kolb that he could send his associate, Philip King ("King"), to extricate Zantout and her children (the "Children") from Lebanon. Zantout further admits that based upon Schatzman's representations that defendant had expertise in extricating persons from countries like Lebanon; that King had friends in Lebanon who would agree to take Zantout and the Children out of Beirut by charter boat to Cyprus; that nothing illegal would be done; and that the whole process would take six to seven days and that Kolb could expect that Zantout and the Children would be back in the United States by February 23, 1999, Kolb retained defendant's services. Otherwise denied.

8. With respect to the allegations in the first sentence, Zantout admits only that on February 16, 1999, Schatzman informed Kolb that defendant would require \$15,000 in advance to cover expenses, and that any overage would be returned, and that on February 18, 1999, Kolb met with Schatzman and King and paid them \$15,000 in cash, all in \$100 bills as they requested. The allegations in the first sentence are otherwise denied. Zantout lacks sufficient information and knowledge to admit or deny the allegations in the second sentence.

9. Admitted.

10. The allegations in the first sentence are admitted. With respect to the allegations in the second sentence, Zantout admits only that King told her about his plans to exit Lebanon

via Cyprus and Israel, and that she was willing to go along with King's plans as he was the purported expert. Otherwise denied.

11. Admitted.

12. Zantout admit's only that King did not take her out of Lebanon via Cyprus. Otherwise denied.

13. With respect to the allegations in the first sentence, Zantout admits only that Schatzman informed Kolb on about March 1, 1999 that King intended to take Zantout and the Children out of Lebanon via Israel. With respect to the allegations in the second sentence, Zantout admits only that King changed his plan without telling Schatzman, and that he took her and the Children out of Lebanon via Syria. Zantout otherwise lacks sufficient information and knowledge to admit or deny the allegations in the first two sentences of this paragraph. With respect to the allegations in the third sentence, Zantout admits only that she expressed concern to King about his plan to take her and the Children out of Lebanon via Israel. The allegations in the third sentence are otherwise denied.

14. With respect to the allegations in this paragraph, Zantout admits only that on February 29, 1999, King informed Zantout that they would be leaving the next day, and that they would not be going to Israel but rather Syria. Zantout lacks sufficient information and knowledge to admit or deny the alleged statements made by the third party referenced in this action. The allegations are otherwise denied.

15. With respect to the allegations in this paragraph, Zantout admits only that on about March 1, 1999, King took her and Children out of Lebanon via Syria. Otherwise denied.

16. With respect to the allegations in this paragraph, Zantout admits only that on March 2, 1999, she, the children and King attempted to leave Syria by taking a flight to London

but they were not allowed to leave because their passports had not been stamped properly at the Syrian border. Specifically, their passports had not been stamped to reflect a legal exit from Lebanon or a legal entry into Syria. The allegations in this paragraph are otherwise denied.

17. Denied.

18. Zantout lacks sufficient information and knowledge to admit or deny the allegations in this paragraph.

19. Zantout lacks sufficient information and knowledge to admit or deny the allegations in the first sentence. With respect to the allegations in the second sentence, Zantout admits only that King told her about his plan to exit Lebanon via Turkey and that she was willing to go along with King's plan as he was the purported expert. Otherwise, the allegations in the second sentence are denied. The allegations in the third sentence are admitted.

20. Zantout lacks sufficient information to admit or deny the allegations in the first sentence of this paragraph. Otherwise denied. The allegations in the second sentence are denied.

21. Denied.

22. The allegations in this first and second sentences are admitted. With respect to the allegations in the third sentence, Zantout admits only that Michael Taylor ("Taylor") advised King that there was an approximately 10% chance that King, Zantout and the Children would be allowed to leave Syria via a flight to Damascus. Otherwise denied. With respect to the allegations in the last sentence of this paragraph, Zantout admits only that she agreed to proceed in the manner Taylor advised. Otherwise denied.

23. The allegations in the first sentence are admitted. The allegations in the second sentence are denied. With respect to the allegations in the third sentence, Zantout admits only that it was part of Taylor's plan to have her and the Children return to the Syrian-Lebanese

border. Otherwise denied. With respect to the allegations in the last sentence, Zantout admits only that she agreed to proceed in the manner Taylor advised, and that she and the Children returned to the Syrian Lebanese border on about March 27, 1999. Otherwise denied.

24. The allegations in the first sentence are admitted. With respect to the allegations in the second sentence, Zantout admits only that she and the Children were returned to Damascus to await a court hearing. Otherwise denied.

25. The allegations in the first sentence are denied. The allegations in the second sentence are admitted.

26. Admitted.

27. Admitted.

28. Zantout incorporates by reference herein her answers to paragraphs 1-27 above as if each were set forth fully here.

29. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, Zantout admits only that in about February, 1999, Kolb entered into an agreement with defendant whereby defendant agreed to extricate Zantout and the Children from Beirut, Lebanon in return for a fee to be paid by Kolb. Otherwise denied.

30. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, Zantout admits only that Kolb agreed to pay the fees stated in this paragraph if defendant met its obligations under Kolb's agreement with defendant. Otherwise denied.

31. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, Zantout admits only that Kolb agreed to pay the fees stated in this paragraph if defendant met its obligations under Kolb's agreement with defendant.

Otherwise denied.

32. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, the allegations are denied.

33. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, the allegations are denied.

34. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, the allegations are denied.

35. Zantout incorporates by reference herein her answers to paragraphs 1-34 above as if each were set forth fully here.

36. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, Zantout admits only that in about February, 1999, Kolb entered into an agreement with defendant whereby defendant agreed to extricate Zantout and the Children from Beirut, Lebanon in return for a fee to be paid by Kolb. Otherwise denied.

37. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, the allegations are denied.

38. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, Zantout admits only that in about February, 1999, Kolb entered into an agreement with defendant whereby defendant agreed to extricate Zantout and the Children from Beirut, Lebanon in return for a fee to be paid by Kolb, and that with Kolb's knowledge defendant took actions in an attempt to perform its obligations under this agreement. Otherwise denied. Further answering, Zantout states that defendant breached Kolb's agreement with defendant.

39. As this paragraph contains no allegations as against Zantout, no answer is

required. Should an answer be required, Zantout admits only that Kolb understood that Kolb was to pay defendant for services it performed if defendant met its obligations under the agreement Kolb entered into with defendant in about February, 1999. Otherwise denied. Further answering, Zantout states that defendant breached Kolb's agreement with defendant.

40. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, the allegations are denied.

41. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, Zantout admits only that Kolb received an invoice from defendant dated May 17, 1999 and the invoice stated that the total amount due was \$47,662.41 less a 25% discount if paid by May 31, 1999. Otherwise denied.

42. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, the allegations are admitted.

43. As this paragraph contains no allegations as against Zantout, no answer is required. Should an answer be required, the allegations are denied.

44. Zantout incorporates by reference herein her answers to paragraphs 1-43 above as if each were set forth fully here.

45. Denied.

46. Denied.

47. Denied.

48. Denied.

49. Denied.

50. As this answer merely purports to characterize defendant's Counterclaim no answer is required.

51. Denied.

AFFIRMATIVE DEFENSES

First Affirmative Defense

The Counterclaims are barred by defendant's own, material breach of the alleged contract it seeks to enforce by its Counterclaims. The facts on which Zantout relies in support of this affirmative defense are set forth in paragraphs 1-29 and 36-41 of her Complaint in this action, which paragraphs of the Complaint are incorporated by reference herein.

Second Affirmative Defense

The Counterclaims are barred by defendant's fraud in inducing the alleged contract it seeks to enforce by its Counterclaims. Specifically, as set forth in the Complaint in this action, on about February 10, 1999, Schatzman told Kolb that he could send his associate, King, to extricate Zantout and the Children from Lebanon. Among other things, Schatzman told Kolb that defendant Schatzman & Associates had expertise in extricating persons from countries like Lebanon, and that King had friends in Lebanon who would agree to take Zantout and the Children out of Beirut by charter boat to Cyprus.

The above referenced representations by Schatzman were knowingly false and/or were made with reckless disregard for their truth. In the first instance, prior to the departure of King to Lebanon, Schatzman instructed King to transfer half of his money into travelers checks. Neither Schatzman nor King were aware that American travelers checks are not honored in Lebanon or Syria. Further, after he arrived in Syria, King demonstrated a total lack of expertise with respect to extricating Zantout and the Children from Lebanon. On about March 1, 1999, King took Zantout and the Children into Syria, a totalitarian, repressive state, without ensuring that they would be allowed to leave Syria after they arrived. Moreover, he failed to ensure that the

passports of Zantout and the Children were stamped properly at the Lebanese, border checkpoint so as to reflect a legal exit from Lebanon, and at the Syrian, border checkpoint so as to reflect a legal entry into Syria. Nor did he obtain the necessary visas for the entry into Syria. As such, notwithstanding his professed expertise in rescuing persons from countries like Lebanon, King was unaware of the requirements for a legal exit from Lebanon and a legal entry into Syria.

In addition to the foregoing, after they entered Syria, King spoke with the Syrian Minister of Emigration in an effort to explain away the situation, but he only managed to complicate matters further. He told the Syrian Minister that he had paid a taxi driver to smuggle Zantout and the Children into Syria. While he did not tell the Syrian Minister that he had bribed anyone, this was the necessary implication of his statement and, as a result, the Syrian government viewed the situation as one involving not only an illegal border crossing, but bribery, both of which are considered major crimes in Syria.

Third Affirmative Defense

The Counterclaims are barred by the doctrine of estoppel. In support of this affirmative defense, Zantout incorporates by reference herein the facts set forth in support of her Second Affirmative Defense, above.

Fourth Affirmative Defense

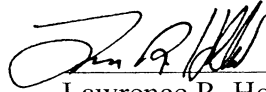
The Counterclaims are barred by the doctrine of unclean hands. In support of this affirmative defense, Zantout incorporates by reference herein the facts set forth in support of her Second Affirmative Defense, above.

Fifth Affirmative Defense and Motion to Dismiss

Count III of the Counterclaim fails to state a claim for which relief can be granted, and Zantout moves that Count III of the Counterclaim be dismissed pursuant to Rule 12(b)(6) of the

North Carolina Rules of Civil Procedure.

This 18th day of October, 2000.



Lawrence R. Holland

Attorney for plaintiff Lucy Kolb Zantout

OF COUNSEL:

DEUTSCH WILLIAMS BROOKS DeRENSIS

HOLLAND & DRACHMAN, P.C.

99 Summer Street, 13th Floor

Boston, Massachusetts 02110-1235

(617) 951-2300

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CERTIFICATE OF SERVICE

I certify that I have served Lucy Kolb Zantout's Reply to Defendant's Counterclaim, and Motion to Dismiss on counsel of record for all parties by deposit in the United States mail, postage-paid, and addressed as follows:

Joseph P. Booth, III
Sharpless & Stavola, P.A.
P.O. Box 22106
Greensboro, NC 27420

Richard D. Ramsey
P.O. Box 20653
Winston-Salem, NC 27120

This 25 day of October, 2000.



Celie B. Richardson
Attorney for Plaintiffs

LAW OFFICES OF WILLIAM F. MAREADY
1076 West Fourth Street
Winston-Salem, NC 27101
Telephone: (336) 722-1027
Fax: (336) 722-1028

NORTH CAROLINA
FORSYTH COUNTY

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FILED
OCT 25 PM 2:53

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CVS 8090

FORSYTH COUNTY, C.S.C.

MARGARET L. KOLB and LUCY
ZANTOUT,


Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, L.L.C.,
and PHILIP L. KING,

Defendants.

BY



**PLAINTIFFS' MOTION
TO SET ASIDE
ENTRY OF DEFAULT**

PLAINTIFFS Margaret L. Kolb and Lucy Zantout hereby move that the Court enter an order removing the entry of default entered by the Clerk of Court on October 5, 2000, against Plaintiffs on the second statement of the Counterclaim of Defendant Schatzman & Associates and allowing Plaintiffs to file further replies to the second statement of the Counterclaim in the form filed herewith. In support of this Motion, Plaintiffs show the Court:

NATURE OF THE MATTER BEFORE THE COURT

Plaintiffs filed the Complaint in this action in October 1999. The Complaint contains claims against defendant Schatzman & Associates, L.L.C. ("Schatzman") for breach of contract, negligence, fraud, negligent infliction of emotional distress and unfair and deceptive business practices.

Plaintiffs' claims against Schatzman are based on an agreement between Schatzman and plaintiff Margaret Kolb in February 1999 to extricate Mrs. Kolb's daughter, plaintiff Lucy Zantout ("Lucy"), and her children from Beirut, Lebanon. Lucy and the children were being prevented from leaving Lebanon by a block that had been put on their passports by Bassam Zantout, Lucy's husband and a Lebanese citizen. Lucy had left her husband as a result of domestic abuse and was in hiding in Lebanon with the children. Plaintiffs claim that Schatzman breached its contract and committed negligence with respect to the attempted rescue of Lucy and her children. Specifically, Schatzman failed to return Lucy and the children to the United States, but instead caused them to be detained in Syria. As a result, Plaintiffs were forced to retain another company at a cost of approximately \$155,000 to rescue Lucy and the children from Syria.

On December 10, 1999, Schatzman served its Answer, Affirmative Defenses and Motion to Dismiss. Then, on January 11, 2000, Schatzman served an amended answer, entitled "Answer, Affirmative Defenses, Motion to Dismiss, and Counterclaims (Amended)." The Counterclaim is an attempt to collect on the same contract that is the subject of the Complaint.

After obtaining an extension of time to reply to the Counterclaim through March 15, 2000, Plaintiffs filed replies on February 17, 2000. The replies denied all material allegations of the Counterclaim.

Although Plaintiffs had been informed and believed when they filed the Complaint that Mr. King was an employee of Schatzman, written discovery revealed that Schatzman had retained Philip King ("Mr. King") as an independent contractor to rescue Lucy and the children from Lebanon.

On or about May 5, 2000, in light of this new information, Plaintiffs filed a Motion for Leave to File Amended Complaint to add Philip King as a Defendant. This Motion was allowed by the Court. The Amended Complaint made *no changes to the allegations against Schatzman* in the original Complaint. Plaintiffs' motion to amend the complaint specifically stated that the amended complaint was sought "for the *sole purpose* of adding Philip King as a defendant and asserting claims against him" (Emphasis added). The motion further stated, "The facts supporting these claims are identical to the facts set forth in the original Complaint."

On or about June 22, 2000, Schatzman filed an "Answer to Amended Complaint, Affirmative Defenses, Motion to Dismiss and Counterclaims," purportedly in response to the Amended Complaint which — as to Schatzman — had not been amended. The filing of the additional answer was therefore a nullity.

The Counterclaim filed by Schatzman in response to the Amended Complaint contains exactly the same causes of action, identically numbered paragraphs, and with the exception of minor, non-substantive changes of wording,¹ *it is exactly the same as the Counterclaims to which Plaintiffs had already replied*. The refiling of the Counterclaim has no substance and is surplusage — and should be stricken.

Discovery in this case has proceeded in timely fashion. Both Plaintiffs and both Defendants have been deposed. Mediation was held in August 2000 — in which all parties participated. An impasse was reached.

¹For example, Plaintiffs were referred to as "Margaret Kolb" and "Lucy Zantout" in one version and "Ms. Kolb" and "Ms. Zantout" in the other. One estimate of damages was revised from approximately \$62,000 to approximately \$67,000.

At no point during any of these proceedings did counsel for Schatzman suggest that the June 2000 repetition of the Counterclaim was a “new” claim or that a duplicative reply was indicated. It obviously was not. Counsel for Schatzman also never informed counsel for Plaintiffs that he intended to file for entry of default.

On October 5, 2000, counsel for Schatzman filed a Motion for Entry of Default based solely on the *restatement* of the Counterclaims contained in Schatzman’s *third* answer. The default was entered by the clerk, and Schatzman subsequently served a Motion for Entry of Default Judgment. Plaintiffs ask that the motion be denied and that the Court enter an order setting aside the entry of default for good cause shown.

ARGUMENT

THIS DEFAULT MUST BE SET ASIDE BECAUSE THE DEFENDANT HAS SUFFERED NO HARM, WHEREAS PLAINTIFFS WOULD SUFFER A GRAVE INJUSTICE, AND PLAINTIFFS ARE VIGOROUSLY PURSUING THE CASE.

Rule 55(d) of the North Carolina Rules of Civil Procedure holds that entry of default may be set aside “[f]or good cause shown.”²

²This is in contrast to the higher standard of “excusable neglect” where a party opposes the entry of a default judgment. For setting aside a default judgment, Rule 55(d) references Rule 60(b), which sets forth the “excusable neglect” standard.

In *Beard v. Pembaur*, 68 N.C.App. 52, 313 S.E.2d 853, *rev. denied*, 311 N.C. 750, 321 S.E.2d 126 (1984), the trial court applied the “excusable neglect” standard in refusing to set aside an entry of default, rather than a default judgment. The Court of Appeals ruled that this was improper:

To the extent the trial court required plaintiff to show excusable neglect or a meritorious defense the trial court operated under a misapprehension of law.

Id. at 56, 313 S.E.2d at 855.

What constitutes “good cause” depends on the circumstances in a particular case, and within the limits of discretion, an inadvertence which is not strictly excusable may constitute good cause, particularly “where the plaintiff can suffer no harm from the short delay involved in the default and grave injustice may be done to the defendant.”

Peebles v. Moore, 48 N.C. App. 497, 504, 504, 269 S.E.2d 694, 698 (citations omitted), *modified and aff’d*, *Peebles v. Moore*, 302 N.C. 351, 275 S.E.2d 833 (1980).

In *Automotive Equipment Distributors, Inc. v. Petroleum Equipment & Service, Inc.*, 87 N.C. App. 606, 361 S.E.2d 895, 896 (1987), this definition of “good cause” was incorporated into three principles which, the court ruled, must be addressed:

- (1) was the defendant diligent in pursuit of this matter;
- (2) did plaintiff suffer any harm by virtue of the delay;
- (3) would the defendant suffer a grave injustice by being unable to defend the action.

Id. at 87 N.C. App. 608, 361 S.E.2d at 896 (paragraphing altered). *See also First Citizens Bank & Trust Co. v. Cannon*, ___ N.C. App. ___, 530 S.E.2d 581, 584 (2000) (citing *Automotive Equipment Distributors* and applying these principles); *Brown v. Lifford*, 136 N.C.App. 379, 382, 524 S.E.2d 587, 589 (2000) (same).

These principles mandate setting aside the entry of default in this case, because Defendant has suffered — and will suffer — no harm, whereas Plaintiffs will suffer a grave injustice. Further, Plaintiffs have been diligent in their attention to this case.

I. Defendant has suffered no harm because Plaintiffs have already replied to the counterclaim.

A. The counterclaim that is the subject of Defendant’s motion is merely a restatement of its prior counterclaim and is surplusage.

The entry of default is improper and should be set aside because *Plaintiffs have already replied to the Counterclaim*. The sequence of pleadings shows clearly that Schatzman’s second

statement of its Counterclaim, which is the subject of this motion, was unnecessary and surplusage, and that a second reply by Plaintiffs is also unnecessary.

The Counterclaim was first filed on January 11, 2000, in Defendant's Amended Answer to the Complaint. Plaintiffs filed timely replies on February 17, 2000 (after obtaining an order granting an extension of time).

In written discovery by Schatzman in response to Plaintiffs' requests, Plaintiffs discovered that Philip King, who worked with Schatzman, was not an employee but an independent contractor. Out of caution, Plaintiffs amended the complaint (with leave of court) for the *sole purpose* of adding Mr. King as a defendant. The Amended Complaint brought forth no new facts and *no new allegations against Schatzman*. It merely added claims against Mr. King individually.

Schatzman then filed a third Answer, including a restatement of the Counterclaim. Just as the Amended Complaint stated exactly the same claims against Schatzman, the repeating of the Counterclaim asserted *exactly the same claims against Plaintiffs*. Not even a paragraph number was changed. The Rules of Civil Procedure clearly allow a defendant to file an answer to a complaint against him. It may be amended and a new pleading filed only by leave of court. Thus, Schatzman's *third* answer and *second* statement of its counterclaim was an act which has no legal effect.

The replies now filed by Plaintiffs are *identical* to the replies already filed back in February 2000. Schatzman now seeks default against Plaintiffs merely for not adding yet more surplusage — another reply to the same pleading.

B. Where issues have been defined and allegations answered, entry of default is improper.

Where a counterclaim raises no new facts and where the issues have already been defined and answered, North Carolina courts have held that entry of default is improper.

Beard v. Pemaaur, 68 N.C.App. 52, 313 S.E.2d 853, *rev. denied*, 311 N.C. 750, 321 S.E.2d 126 (1984), involved circumstances that are virtually identical to the instant case.

The *Beard* defendant asserted a counterclaim in its answer to the complaint. *Id.* at 53, 313 S.E.2d at 853. The plaintiff decided he was not sure whether service of process had been perfected, and so he reissued the summons. *Id.* at 52, 313 S.E.2d at 853. In the middle of discovery, the defendant realized that the plaintiff had not filed a reply to the counterclaim, and he filed a motion for entry of default. *Id.*

The trial court upheld entry of default, but the Court of Appeals reversed. *Id.* at 58, 313 S.E.2d at 856. The court held that the defendant had suffered no prejudice or injustice. *Id.* at 57, 313 S.E.2d at 856. The court specifically noted that the matters in the counterclaim, on which the defendant sought default, did not raise any new facts, but were in fact “the subject of all material allegations in plaintiff’s Complaint.” *Id.* at 58, 313 S.E.2d at 856. Accordingly, the court held that there had been no delay and no prejudice to the defendant:

Plaintiff’s counsel made technical errors in this case, to be sure, but he was not dilatory. . . . It is inconceivable that plaintiff would knowingly fail to respond to counter allegations based on the same transactions that are the subject matter of his Complaint. Nothing before us suggests that plaintiff sought to delay this matter or gain an unfair advantage over defendant. Simply put, we perceive no prejudice to the defendant since a timely filed Reply could not have been expected to more clearly define the issues already joined.

Id. at 57, 313 S.E.2d at 856.

Default in this case is even more clearly improper than in *Beard*, because there is *one* crucial difference in the facts. In *Beard*, the plaintiff never filed a reply to the counterclaim, *id.* at 53, 313 S.E.2d at 853, whereas Plaintiffs here have already replied to the Counterclaim and Defendant's claim is based solely on the lack of an unnecessary and duplicative reply.

Where in *Beard*, the court found it "inconceivable" that plaintiff would "knowingly fail" to respond, Plaintiffs here *did not fail to respond*. Not only is it true here, as in *Beard*, that the Counterclaim contains the same subject matter as the Complaint, but Defendant has already received the same reply. The timing or nature of any preparation by Defendant would not have been altered by a second reply. The progress of the case would not have been delayed by one second. Thus Defendant can suffer no harm, no injustice.

II. If this entry of default is allowed to stand, Plaintiffs will suffer a great injustice.

The second principle set forth in *Automotive Equipment Distributors* — injustice to the Plaintiff — also mandates that the entry of default be set aside. If this entry of default is set aside, Plaintiffs will suffer great injustice by being denied a hearing on the merits of their case due to an unnecessary and duplicative pleading — when discovery is well advanced and the case has been placed on the trial calendar:

The law generally disfavors default and "any doubt should be resolved in favor of setting aside an entry of default so that the case may be decided on its merits." Our Supreme Court has held that "the better reasoned and more equitable result may be reached by adhering to the principle that *a default should not be entered, even though technical default is clear, if justice may be served otherwise.*"

Automotive Equipment Distributors, 87 N.C. App. at 608, 361 S.E.2d at 896 (quoting *Peebles v. Moore*, 48 N.C. App. at 504, 269 S.E.2d at 698, and *Peebles*, 302 N.C. at 356, 275 S.E.2d at 836) (emphasis added). Provisions for setting aside defaults should be

liberally construed so as to give litigants an opportunity to have a case disposed of on its merits.

Estate of Teel v. Darby, 129 N.C. App. 604, 500 S.E.2d 759, 762 (1998).

[T]he quintessential purpose [is] giving each litigant a day in court — of hearing claims on the merits.

Beard, 68 N.C.App. at 57, 313 S.E.2d at 856 (citing *Peebles*). The entry of default should be set aside and this case allowed to proceed.

III. Plaintiffs have been diligent in their attention to this case.

Diligence, the third principle set forth in *Automotive Equipment Distributors*, also mandates that this entry of default be set aside. In *Automotive Equipment Distributors*, the court held there was no question of diligence because the defendant and his attorney had taken the sole step of discussing the case with opposing counsel. 87 N.C. App. at 608, 361 S.E.2d at 897.

Equally important are the facts in this case. The record indicates that discovery was being pursued vigorously by the parties; that plaintiff's counsel thought, albeit erroneously, that service was not perfected on defendant until [a later date]

Beard, 68 N.C. App. at 58, 313 S.E.2d at 855-56.

Likewise in *Brown, supra*, the court stated:

[W]e find the degree of attention or inattention shown by the defendant to be a particularly compelling factor.

Brown, 136 N.C. at 384, 524 S.E.2d at 590 (setting aside entry of default where the defendant hired his own attorney after his insurer failed to provide any defense).

Where the party technically in default has been vigorous in pursuing the matter — such as, in this case, answering counterclaims, vigorously pursuing discovery, participating in mediation, North Carolina law requires that this entry of default be set aside:

Default judgment is a drastic remedy which should be reserved for those cases, unlike the present one, in which one party refuses or fails to attend to his or her legal business.

Beard, 68 N.C. App. at 58, 313 S.E.2d at 856.

Our courts uphold entry of default only where it is shown that the defending party has done nothing to pursue its claim or has been dilatory in responding to an entry of default. In the recent case of *Cabe v. Worley*, 2000 WL 1459629 (N.C.App. Oct. 3, 2000), the court reiterated the principle that even the slightest diligence on the part of the defending party is sufficient good cause to set aside an entry of default. *Id.* at *2. In *Cabe*, the defendant showed no diligence whatsoever. *Id.* He received the complaint, turned it over to his insurance company, and did absolutely nothing further. *Id.* He never even called the insurance company again. *Id.* Because of this total lack of diligence, the court upheld entry of default. *Id.*

See also, e.g., Pryse v. Strickland Lumber & Building Supply, Inc., 66 N.C. App. 361, 362-63, 311 S.E.2d 598, 599 (1984) (the defendant never answered the complaint); *Sawyer v. Goodman*, 63 N.C. App. 191, 303 S.E.2d 632 (same), *rev. denied*, 309 N.C. 823, 310 S.E.2d 352 (1983); *Howell v. Haliburton*, 22 N.C. App. 40, 42, 205 S.E.2d 617, 618 (1974) (same); *Bailey v. Gooding*, 60 N.C.App. 459, 465, 299 S.E.2d 267, 271 (1983) (where the answer to the complaint was filed four months late), *rev. denied*, 308 N.C. 675, 304 S.E.2d 753 (1983).

In this case, Plaintiffs and their counsel have attended to their legal business and have been most diligent in this case. Plaintiffs have pursued discovery, including taking depositions

of both Defendants. Defendants have deposed both Plaintiffs, and counsel for Plaintiffs has noted to counsel for Defendants that yet more depositions may be taken. All parties have participated in mediation.

A party's response to entry of default is also a factor. In *First Citizens Bank, supra*, the court upheld entry of default because the defendant waited six months to oppose entry of default and failed to make any showing of good cause. 530 S.E.2d at 584. Likewise, in *RC Associates v. Regency Ventures, Inc.*, 111 N.C. App. 367, 432 S.E.2d 394 (1993), the court found that the defendants not only did not serve an answer, but that they made no motion to set aside the entry of default within the time allowed by the rules. *Id.* at 375, 432 S.E.2d at 398. Here, in contrast, Plaintiffs move to have this entry of default set aside in a timely manner.

Each of the three factors listed in *Automotive Equipment Distributors* mandates that Defendant's motion be denied and the entry of default be set aside. Defendant has suffered no harm, whereas if the entry of default is allowed to stand, Plaintiffs will suffer a great injustice. Moreover, Plaintiffs have been diligent in the pursuit of their claims in this action. This case should be allowed to proceed to trial on the merits.

WHEREFORE, Plaintiffs Margaret Kolb and Lucy Zantout respectfully request that the Court grant this Motion to Set Aside Entry of Default and deny Schatzman's Motion for Default Judgment.

This 25 day of October, 2000.



Celie B. Richardson
Attorney for Plaintiffs

OF COUNSEL

LAW OFFICES OF WILLIAM F. MAREADY
1076 West Fourth Street
Winston-Salem, NC 27101
Telephone: (336) 722-1027
Fax: (336) 722-1028

Steven J. Brooks
Lawrence R. Holland
Deutsch Holland Brooks DeRensis Holland & Drachman, P.C.
99 Summer Street
Boston, MA 02110-1235


CERTIFICATE OF SERVICE

I certify that I have served Plaintiffs' Brief in Support of Motion to Set Aside Entry of Default on counsel of record for all parties by deposit in the United States mail, postage-paid, and addressed as follows:

Joseph P. Booth, III
Sharpless & Stavola, P.A.
P.O. Box 22106
Greensboro, NC 27420

Richard D. Ramsey
P.O. Box 20653
Winston-Salem, NC 27120

This 25 day of October, 2000.



Celie B. Richardson
Attorney for Plaintiffs

LAW OFFICES OF WILLIAM F. MAREADY
1076 West Fourth Street
Winston-Salem, NC 27101
Telephone: (336) 722-1027
Fax: (336) 722-1028

NORTH CAROLINA)
)
FORSYTH COUNTY)

FILED

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CVS 8090

00 OCT 25 PM 2:59

FORSYTH COUNTY, C.S.C.

BY _____)
MARGARET L. KOLB and LUCY)
ZANTOUT,)
)
Plaintiffs,)
)
v.)
)
SCHATZMAN & ASSOCIATES, L.L.C.,)
and PHILIP L. KING,)
)
Defendants.)
_____)

**AFFIDAVIT OF LAWRENCE R. HOLLAND, ESQ. IN SUPPORT
OF PLAINTIFFS' MOTION TO REMOVE DEFAULT ENTERED
AGAINST PLAINTIFFS ON THE COUNTERCLAIMS
OF DEFENDANT SCHATZMAN & ASSOCIATES**

I, Lawrence R. Holland, do hereby depose under oath and state as follows:

1. I am co-counsel for plaintiffs in this action. I have personal knowledge of the matters set forth herein.

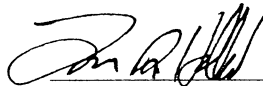
2. I never received service of the Motion filed by Schatzman & Associates, L.L.C. ("Schatzman & Assoc.") for entry of default against plaintiffs on Schatzman & Assoc. Counterclaims. I did not even receive a copy of it until October 11, 2000, six days after the clerk entered default on October 5, 2000.

3. At no point prior to filing the Motion for entry of default, did counsel for Schatzman & Assoc. ever indicate to me or my partner Steven Brooks that he felt another answer to the Counterclaims by plaintiffs was necessary. This is true notwithstanding that he had plenty of opportunity to do so at depositions and the mediation which took place subsequent to

Schatzman & Associates refiling of its Counterclaims.

4. Any failure to respond to the Counterclaims again after they were refiled was the result of mere inadvertence and was obviously not intentional on our part.

Signed under the pains and penalties of perjury this 18th day of October, 2000.



Lawrence R. Holland

Attorney for plaintiff Margaret L. Kolb

OF COUNSEL

DEUTSCH WILLIAMS BROOKS DeRENSIS

HOLLAND & DRACHMAN, P.C.

99 Summer Street, 13th Floor

Boston, Massachusetts 02110-1235

(617) 951-2300

::ODMA\GRPWISE\DW.Boston.Lib1:60158.1

CERTIFICATE OF SERVICE

I certify that I have served the Affidavit of Lawrence R. Holland, Esq., in Support of Plaintiffs' Motion to Remove Default Entered against Plaintiffs on the Counterclaims of Defendant Schatzman & Associates on counsel of record for all parties by deposit in the United States mail, postage-paid, and addressed as follows:

Joseph P. Booth, III
Sharpless & Stavola, P.A.
P.O. Box 22106
Greensboro, NC 27420

Richard D. Ramsey
P.O. Box 20653
Winston-Salem, NC 27120

This 25 day of October, 2000.



Celie B. Richardson
Attorney for Plaintiffs

LAW OFFICES OF WILLIAM F. MAREADY
1076 West Fourth Street
Winston-Salem, NC 27101
Telephone: (336) 722-1027
Fax: (336) 722-1028

FILED: 11-14-00
Laney King
CLERK OF SUPERIOR COURT

STATE OF NORTH CAROLINA
FORSYTH COUNTY
IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CvS 8090

MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, LLC, and
PHILIP KING

Defendants.

DEFENDANT
SCHATZMAN & ASSOCIATES, LLC's
MOTION TO STRIKE "AFFIDAVIT OF
MICHAEL TAYLOR IN SUPPORT OF
PLAINTIFFS' OPPOSITION TO
DEFENDANTS' MOTIONS FOR
SUMMARY JUDGMENT"

NOV 20 2000
ALLOWED AFTER HEARING
11/14/00 ROWLANDER, R
JUDGE PRESIDING

Pursuant to Rules 12(f) and 56(e) of the North Carolina Rules of Civil Procedure, the defendant Schatzman & Associates, LLC moves the court for an Order striking the document entitled *Affidavit of Michael Taylor in Support of Plaintiffs' Opposition to Defendants' Motions for Summary Judgment* (the "Taylor Affidavit"), served via facsimile on November 13, 2000. In support thereof, defendant shows unto the court that the Taylor Affidavit is based on hearsay evidence; expresses opinions concerning the law of North Carolina, without any foundation therefor; is not properly acknowledged before an officer authorized by law; and is otherwise improper.

WHEREFORE, the defendant Schatzman & Associates, LLC prays that its motion to strike be ALLOWED; that the court enter an Order striking the Taylor Affidavit; and that the court grant defendant such other and further relief as the court determines is just and proper.

This the 14th day of November, 2000.



Joseph P. Booth, III
State Bar No. 24128
Attorney for Defendant
Schatzman & Associates, LLC

OF COUNSEL:

SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, NC 27420
Telephone: 336/333-6400

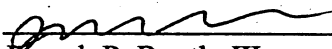
CERTIFICATE OF SERVICE

I hereby certify that the foregoing **DEFENDANT SCHATZMAN & ASSOCIATES, LLC's MOTION TO STRIKE "AFFIDAVIT OF MICHAEL TAYLOR IN SUPPORT OF PLAINTIFFS' OPPOSITION TO DEFENDANTS' MOTIONS FOR SUMMARY JUDGMENT"** was served upon the parties to this action by hand-delivery to the following:

Mr. Steven J. Brooks
Mr. Lawrence R. Holland
Dentsch Williams Brooks
DeRensis Holland & Drachman
99 Summer Street
Boston, MA 02110

Mr. Richard D. Ramsey
P.O. Box 20653
Winston-Salem, NC 27120

This the 14th day of November, 2000.



Joseph P. Booth, III
Attorney for Defendant
Schatzman & Associates, LLC

OF COUNSEL:
SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, NC 27420
Telephone: 336/333-6400

NORTH CAROLINA)
)
FORSYTH COUNTY)

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99CVS8090

MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, L.L.C.,

Defendant.

ATTEST: A TRUE COPY. Witness my hand and Official Seal

This 28th day of December, 20 00

Deputy Clerk Superior Court Forsyth County, N.C.

STRUCKEN AND
NOT CONSIDERED
11/14/00
ROW. R

**AFFIDAVIT OF MICHAEL TAYLOR IN SUPPORT OF PLAINTIFFS'
OPPOSITION TO DEFENDANTS' MOTIONS FOR SUMMARY JUDGMENT**

I, Michael Taylor, do hereby depose under oath and state as follows:

1. I am the President of American International Security Corp. ("AISC"), an international security firm based in Boston, Massachusetts. I have personal knowledge of the matters set forth in this Affidavit, except for those statements made upon information and belief, as to which I believe them to be true.

2. I am a former Senior Operator in the United States Special forces. Among the locations I was stationed during my military career was Beirut, Lebanon. During the time I was stationed in Beirut, I was responsible for the development and specialized training of strategic forces and the personal protection of U.S. Diplomats.

3. I have over nineteen years of experience in the fields of security and intelligence gathering. Among the assignments that I have had while working in the private sector was senior security consultant for the Port Authority of New York and New Jersey in the aftermath of the

World Trade Center Bombing. The Port Authority project was the largest and most comprehensive security survey ever conducted and encompassed the airports, tunnels, subway systems, bridges, telecommunications facilities as well as the World Trade Center.

4. During my military service, I established a network of contacts in some of the most hostile areas throughout the world, including government officials in Lebanon. My experience in international matters while working in the private sector includes securing the release of U.S. citizens being detained for various reasons in countries in the Middle East, and I have in fact done this on approximately nine occasions in Lebanon.

5. In addition to the foregoing, I have been a guest lecturer on sensitive operations at the FBI Academy in Quantico, Virginia and have lectured on Contemporary Terrorism at Harvard University. I have also been featured frequently on major network news programs as a security expert.

6. In about March, 1999, I was retained by plaintiff Margaret Kolb to rescue her daughter, plaintiff Lucy Kolb Zantout ("Lucy"), and Lucy's three children from Syria. I was informed by Mrs. Kolb that they were being held against their will in Syria as a result of an illegal border crossing from Lebanon.

7. After being retained by Mrs. Kolb, I immediately called the Minister of Water and Electricity in Lebanon (the "Minister"), a high ranking government official that I had established a relationship with during my time in the Special Forces. I had utilized the Minister in past operations I had conducted in the Middle East, and he had been both helpful and reliable on those occasions. In any event, I explained to the Minister that Lucy and the children were being detained in Syria as a result of an illegal entry into Syria from Lebanon. I asked the Minister to check with his contacts within the Syrian government to ensure Lucy and the children were safe

and that the issue from the Syrian government's standpoint was one of national security as a result of the illegal entry into Syria. Thereafter, the Minister informed me that he had been in contact with Bashar Assad, who is now the President of Syria (and at the time was the then President's son), and that he was informed by Bashar that Lucy and the children were safe and that the issue was in fact one of national security.

8. In addition to the Minister's contacts with Bashar Assad on behalf of Lucy and the children, at my request, the Minister had his chief bodyguard contact Jihad Khaddam, the son of the Syrian Foreign Minister, to see if the return of Lucy and the children to the United States could be arranged. I was informed by the Minister that the Foreign Minister of Syria's son had instructed him to instruct me to force an immigration hearing, and had said that if such a hearing were held Lucy and the children would be allowed to leave Syria. I was further instructed by the Minister that in order to force such a hearing, I should have Lucy and the children attempt to leave Syria either via the airport or the Lebanese border and that if they did so, they would be detained for the immigration hearing that would ensure their safe departure from Syria.

9. After the foregoing conversation with the Minister, I did exactly what the Minister advised. Specifically, I had one of my associates escort Lucy and the children to the airport to attempt to exit and then to the Lebanese border where they were detained for the immigration hearing. The result of the immigration hearing was that Lucy and the children were allowed to leave Syria and return to the United States after paying a small fine. This is precisely the result that the Syrian Foreign Minister's son had predicted.

10. When I arrived in Syria to arrange the foregoing, I met with Philip King ("King"). King informed me that Lucy, the children and him had been taken into Syria from Lebanon by a man named Aboud who King claimed had contacts within the Syrian government. King told me

that he knew that the entry was going to be an illegal one. Specifically, he told me that he knew that Aboud was going to bribe the border guards at the Syrian border to allow them to cross the border without stamping their passports or filling out the debarcation cards that would evidence their entry into Syria. He further told me that notwithstanding this illegal entry he expected to be able to leave Syria by simply showing their U.S. passports at the airport even though they were not stamped so as to reflect their entry into Syria. Finally, King told me that when he was questioned at the airport when they attempted to leave Syria, he told the Syrian officials that they did not have the proper documentation reflecting their entry into Syria because the taxi driver that had driven them into Syria from Lebanon had retained the debarcation cards reflecting their entry into Syria.

11. I have been informed and therefore believe that during his deposition in this action, King testified that prior to agreeing to attempt to rescue Lucy and the children from Lebanon, the only person that he knew in Lebanon was a tailor named Charles. I have also been informed and therefore believe that King testified at his deposition that prior to being introduced to them by Charles after arriving in Lebanon, he had never met the persons that he relied upon to smuggle Lucy and the children into Syria; that he was told very little information about these persons by Charles; and that he had no firsthand knowledge of any experience or qualifications that they had to get Lucy and the children out of Lebanon and back to the United States safely.

12. Based upon my background and experience in securing the release of United States citizens being held in countries in the Middle East and my knowledge of Lebanon, its people and the workings of its government, I have an opinion to a reasonable degree of certainty within the field of conducting such operations that a person undertaking such an operation owes the client and the persons whom he is attempting to secure the release of a duty to exercise a

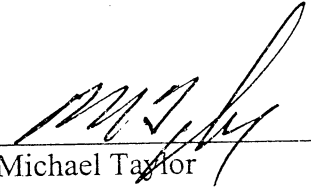
reasonable degree of care and skill in terms of his or her actions within the foreign country at issue in order to secure the release of the persons being detained. Specifically, I have an opinion to the same degree of certainty that King owed this duty to Mrs. Kolb and to Lucy and the children and that King failed to conform to this duty in the ways that are described below.

13. In the first instance, King's agreement to even undertake the operation violated the standard of care. Indeed, any person with even a minimal level of skill in the field (let alone the level of skill necessary to meet the standard of care) would not agree to undertake such an operation without contacts within the government of the country at issue that he or she had a personal relationship with and had reasons to believe the contacts were reliable. As such, it is my opinion to a reasonable degree of certainty within the field that King's agreement to attempt to secure the release of Lucy and the children from Lebanon notwithstanding that the only person he knew in Lebanon was a tailor violated the aforementioned duty. Further, after he arrived in Lebanon, King failed to conform to the duty of care in several ways. First, he relied upon persons with whom he had never dealt before and had no knowledge of such, as Abboud. Second, instead of attempting to secure their release from Lebanon by working with the Lebanese government to secure a legal exit,¹ King arranged to have Lucy and the children smuggled into Syria illegally. Third, King had absolutely no idea how he was going to secure their exit from Syria after smuggling them into Syria and, in fact, as stated above, he told me that he thought they would be permitted to leave simply by showing their United States passports. Here again,

¹ Based upon my experience and background in working with the Lebanese government and my understanding of the nature of the passport block that was purportedly preventing Lucy and the children from leaving Lebanon, it is my opinion to a reasonable degree of certainty that a legal exit from Lebanon could have been arranged if King had the contacts within the Lebanese government that, as I have described above, the standard of care required him to have in order for him to agree to undertake the operation in the first place.

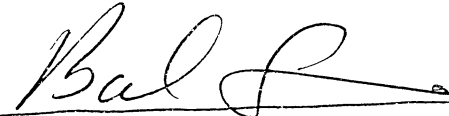
any person with even a minimal level of expertise in the Middle East would be aware that the Syrians view illegal crossings of their border as a national security issue and that they would be detained in Syria. Moreover, I am informed and therefore believe that King had no contacts within the Syrian government either and, as such, his taking them into Syria violated the standard of care in the same manner that his undertaking the operation initially without any contacts in the Lebanese government did.

Signed under the pains and penalties of perjury this 13th day of November, 2000.


Michael Taylor

State of Suffolk, MASSACHUSETTS
County of Suffolk

\\ODMA\GRPWISE\DW.Boston.Lib1:59430.1


BARBARA SPANO

My Commission expires
NOV 29, 2002

NOV 29 2000

NORTH CAROLINA)
)
FORSYTH COUNTY)

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CVS 8090

MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, L.L.C.,
and PHILIP L. KING,

Defendants.

FILED: 11-29-00


CLERK OF SUPERIOR COURT

**ORDER SETTING ASIDE
ENTRY OF DEFAULT**

THIS MATTER was heard on November 14, 2000, by the undersigned Presiding Judge of the Superior Court of Forsyth County, on the motion of Plaintiffs to set aside the entry of default entered by the Clerk on Defendants' motion of October 5, 2000, and it appears to the Court that the entry of default should be set aside for good cause shown.

IT IS THEREFORE ORDERED that Plaintiffs' Motion to Set Aside Entry of Default is hereby ALLOWED, and the entry of default is hereby SET ASIDE.

This the 21TH day of November, 2000.



Russell G. Walker, Jr.
Judge Presiding

CERTIFICATE OF SERVICE

I certify that the foregoing Order Setting Aside Entry of Default was served today on counsel for all parties by deposit in the United States mail, postage-paid, and addressed as follows:

Joseph P. Booth, III
Sharpless & Stavola, P.A.
Post Office Box 22106
Greensboro, NC 27420

Richard D. Ramsey
P.O. Box 20653
Winston-Salem, NC 27120

This 12th day of December, 2000.



Celie B. Richardson
Attorney for Plaintiffs

OF COUNSEL:

The Law Offices of William F. Maready
1076 West 4th Street, Suite 100
Winston-Salem, NC 27101
Telephone: (336) 722-1027
Fax: (336) 722-1028

NOV 29 2000

STATE OF NORTH CAROLINA
COUNTY OF FORSYTH

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CvS 8090

MARGARET L. KOLB and
LUCY ZANTOUT,

Plaintiffs

-v-

SCHATZMAN & ASSOCIATES,
L.L.C., and PHILIP KING,

Defendants

ORDER AND JUDGMENT

.....

THIS MATTER having come on for hearing on November 14, 2000 before the undersigned Judge Presiding over the Civil Session of Forsyth County Superior Court, on the Motion of defendant Philip King, pursuant to Rule 56 of the North Carolina Rules of Civil Procedure for Summary Judgment against plaintiffs on all claims and causes asserted by plaintiffs, and the Court having considered the court file herein, including the deposition transcripts of Margaret L. Kolb, Lucy Zantout, William Schatzman and Philip King; and having given due deliberation to the matter.

NOW THEREFORE IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the Motion of defendant Philip King pursuant to Rule 56 of the North Carolina Rules of Civil Procedure for Summary Judgment against plaintiffs on all claims and causes of action asserted by plaintiffs is **ALLOWED**; and it is **FURTHER ORDERED** that plaintiffs' action is hereby dismissed as to the defendant Philip King.

This the 28th day of November, 2000.



Russell G. Walker, Jr.
Superior Court Judge Presiding

FILED: 11-29-00.....

..... Larry King

CLERK OF SUPERIOR COURT

..... Deputy

STATE OF NORTH CAROLINA

FORSYTH COUNTY

MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, LLC, and
PHILIP KING

Defendants.

FILED

2000 DEC -1 AM 9:28

FORSYTH COUNTY N.C.
BY: *[Signature]*

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CvS 8090

ORDER

THIS MATTER having come on for hearing on November 14, 2000 before the undersigned Judge Presiding over the Civil Session of Forsyth County Superior Court, on the motion of defendant Schatzman & Associates, LLC pursuant to Rules 12(f) and 56(e) of the North Carolina Rules of Civil Procedure to strike the document entitled *Affidavit of Michael Taylor in Support of Plaintiffs' Opposition to Defendants' Motions for Summary Judgment* (the "Taylor Affidavit"); and the court have considered the argument of counsel for defendant in support of the motion, and that of counsel for plaintiffs in opposition thereto; and having considered the Taylor Affidavit; and having given due deliberation to the matter.

NOW THEREFORE, it is hereby ORDERED, ADJUDGED and DECREED that the motion of defendant Schatzman & Associates, LLC pursuant to Rules 12(f) and 56(e) of the North Carolina Rules of Civil Procedure to strike the Taylor Affidavit is ALLOWED; and

it is further ORDERED that the Taylor Affidavit is, and the same is hereby, STRICKEN in its entirety.

This the 30TH day of November, 2000.

[Signature: Russell G. Walker, Jr.]

Russell G. Walker, Jr.
Superior Court Judge Presiding

STATE OF NORTH CAROLINA

FORSYTH COUNTY

MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, LLC, and
PHILIP KING

Defendants.

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CvS 8090

CERTIFICATE OF SERVICE

I hereby certify that the foregoing *Order* of the Hon. Russell G. Walker, Jr., dated November 30, 2000, filed December 1, 2000, was served upon the parties to this action by mailing a copy thereof by first-class, postage pre-paid mail to the following:

Ms. Celie B. Richardson
Law Offices of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101

Mr. Steven J. Brooks
Mr. Lawrence R. Holland
Dentsch Williams Brooks
DeRensis Holland & Drachman
99 Summer Street
Boston, MA 02110

Mr. Richard D. Ramsey
P.O. Box 20653
Winston-Salem, NC 27120

This the 11th day of December, 2000.



Joseph P. Booth, III
Attorney for Defendant
Schatzman & Associates, LLC

OF COUNSEL:
SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, NC 27420
Telephone: 336/333-6400

FILED

STATE OF NORTH CAROLINA

IN THE GENERAL COURT OF JUSTICE

2000 DEC -4 AM 11:47 SUPERIOR COURT DIVISION

FORSYTH COUNTY

99 CvS 8090

FORSYTH COUNTY C.S.C.

MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

ORDER AND JUDGMENT

v.

SCHATZMAN & ASSOCIATES, LLC, and
PHILIP KING

Defendants.

DEC 04 2000

THIS MATTER having come on for hearing on November 14, 2000 before the undersigned Judge Presiding over the Civil Session of Forsyth County Superior Court, on the motion of defendant Schatzman & Associates, LLC pursuant to Rule 56 of the North Carolina Rules of Civil Procedure for summary judgment against plaintiffs on all claims and causes asserted by plaintiffs, and against plaintiffs on all counterclaims asserted by defendant Schatzman & Associates, LLC; and the court have considered the court file herein, including the deposition transcripts of Margaret L. Kolb, Lucy Zantout, William Schatzman and Philip King; and having given due deliberation to the matter.

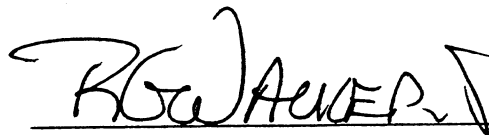
NOW THEREFORE, it is hereby ORDERED, ADJUDGED and DECREED that the motion of defendant Schatzman & Associates, LLC pursuant to Rule 56 of the North Carolina Rules of Civil Procedure for summary judgment against plaintiffs on all claims and causes of action asserted by plaintiffs is ALLOWED; and it is further

ORDERED that the motion of defendant Schatzman & Associates, LLC pursuant to Rule 56 of the North Carolina Rules of Civil Procedure for summary judgment against plaintiff Margaret L. Kolb on the counterclaim for breach of express contract is ALLOWED; and it is further

ORDERED that judgment be entered against Margaret L. Kolb, and in favor of Schatzman & Associates, LLC, in the principal sum of \$47,662.41, plus pre-judgment interest in the amount of 1.5% per month commencing in June 1999, and post-judgment interest at the legal rate until paid; and it is further

ORDERED that the motion of defendant Schatzman & Associates, LLC pursuant to Rule 56 of the North Carolina Rules of Civil Procedure for summary judgment against plaintiffs Margaret L. Kolb and Lucy Zantout on the counterclaim for *quantum meruit* is MOOT.

This the 30TH day of November, 2000.

A handwritten signature in black ink, appearing to read "R. G. WALKER, JR.", with a stylized flourish at the end.

Russell G. Walker, Jr.
Superior Court Judge Presiding

STATE OF NORTH CAROLINA

FORSYTH COUNTY

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CvS 8090

MARGARET L. KOLB and LUCY
ZANTOUT,

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, LLC, and
PHILIP KING

Defendants.

CERTIFICATE OF SERVICE

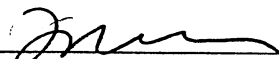
I hereby certify that the foregoing *Order and Judgment*, of the Hon. Russell G. Walker, Jr. dated November 30, 2000, filed December 4, 2000, was served upon the parties to this action by mailing a copy thereof by first-class, postage pre-paid mail to the following:

Ms. Celie B. Richardson
Law Offices of William F. Maready
1076 West 4th Street
Winston-Salem, NC 27101

Mr. Steven J. Brooks
Mr. Lawrence R. Holland
Dentsch Williams Brooks
DeRensis Holland & Drachman
99 Summer Street
Boston, MA 02110

Mr. Richard D. Ramsey
P.O. Box 20653
Winston-Salem, NC 27120

This the 11th day of December, 2000.



Joseph P. Booth, III
Attorney for Defendant
Schatzman & Associates, LLC

OF COUNSEL:
SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, NC 27420
Telephone: 336/333-6400

T pp. 1-93.

- Deposition of Margaret L. Kolb.
- Deposition of Lucy Zantout.
- Deposition of William Schatzman.
- Deposition of Philip King.
- Affidavit of William T. Schatzman

No. _____

TWENTY-FIRST DISTRICT

NORTH CAROLINA COURT OF APPEALS

MARGARET L. KOLB)	
and LUCY ZANTOUT,)	
)	
Plaintiffs,)	<u>From Forsyth County</u>
)	99 CvS 8090
v.)	
)	
SCHATZMAN & ASSOCIATES, L.L.C.)	
and PHILIP L. KING,)	
)	
Defendants.)	
)	

DOCUMENTARY EXHIBITS
Appellate Rule 9(d)

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	<u>Tab</u>
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pp. 1-10, p. 11 (lines 1-2 and 5-25)	
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pp. 1-7, p. 8 (lines 1-21 and 24-25)	
and pp. 9-129	2
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pp. 1-167	3
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pp. 1-145	4
Affidavit of William T. Schatzman	5

)
)
)

FILED

00 DEC 28 PM 12: 54

FORSYTH COUNTY, C.S.C.

BY

NOTICE OF APPEAL

Defendants.

From the Order and Judgment signed by the Honorable Russell G. Walker, Jr., in favor of Philip L. King, and filed with the Clerk of Superior Court of Forsyth County on November 29, 2000.

Respectfully submitted, this 28 day of December, 2000.

A handwritten signature in cursive script, reading "Celie B. Richardson". The signature is written in dark ink and is positioned above a horizontal line.

Celie B. Richardson
Attorney for Plaintiff

OF COUNSEL

Law Offices of William F. Maready
1076 West Fourth Street
Winston-Salem, NC 25506
Telephone: (336) 722-1027
Fax: (336) 722-1028

CERTIFICATE OF SERVICE

I hereby certify that on this date, I served this Notice of Appeal upon counsel for all parties by depositing a copy in the United States mail, postage-paid, and addressed as follows:

Joseph P. Booth, III
Sharpless & Stavola, P.A.
P.O. Box 22106
Greensboro, NC 27420
Attorney for Defendant Schatzman & Associates

Richard D. Ramsey
P.O. Box 20653
Winston-Salem, NC 27120
Attorney for Defendant Philip L. King

This 28 day of December, 2000.



Celie B. Richardson
Attorney for Plaintiff

OF COUNSEL

Law Offices of William F. Maready
1076 West Fourth Street
Winston-Salem, NC 27101
Telephone: (336) 722-1027
Fax: (336) 722-1028

COPY

NORTH CAROLINA)
FORSYTH COUNTY)

) FILED
)
) 00 DEC 29 PM 2:48

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CVS 8090

FORSYTH COUNTY, C.S.C.

MARGARET L. KOLB and
LUCY ZANTOUT,

BY

Plaintiffs,

v.

SCHATZMAN & ASSOCIATES, L.L.C.,
and PHILIP L. KING,

Defendants.

AMENDED NOTICE OF APPEAL

TO THE HONORABLE COURT OF APPEALS OF NORTH CAROLINA:

NOW COME Plaintiffs, Margaret L. Kolb and Lucy Zantout, by and through counsel, and hereby give notice of appeal to the Court of Appeals of North Carolina, pursuant to Rule 3 of the North Carolina Rules of Appellate Procedure:

From the Order and Judgment signed by the Honorable Russell G. Walker, Jr., in favor of Schatzman & Associates, and filed with the Clerk of the Superior Court of Forsyth County on December 4, 2000, and

From the Order and Judgment signed by the Honorable Russell G. Walker, Jr., in favor of Philip L. King, and filed with the Clerk of Superior Court of Forsyth County on November 29, 2000.

Respectfully submitted, this 29 day of December, 2000.

A handwritten signature in cursive script, reading "Celie B. Richardson".

Celie B. Richardson
Attorney for Plaintiffs

OF COUNSEL

Law Offices of William F. Maready
1076 West Fourth Street
Winston-Salem, NC 25506
Telephone: (336) 722-1027
Fax: (336) 722-1028

CERTIFICATE OF SERVICE

I hereby certify that on this date, I served this Notice of Appeal upon counsel for all parties by depositing a copy in the United States mail, postage-paid, and addressed as follows:

Joseph P. Booth, III
Sharpless & Stavola, P.A.
P.O. Box 22106
Greensboro, NC 27420
Attorney for Defendant Schatzman & Associates

Richard D. Ramsey
P.O. Box 20653
Winston-Salem, NC 27120
Attorney for Defendant Philip L. King

This 29 day of December, 2000.



Celie B. Richardson
Attorney for Plaintiff

OF COUNSEL

Law Offices of William F. Maready
1076 West Fourth Street
Winston-Salem, NC 27101
Telephone: (336) 722-1027
Fax: (336) 722-1028

NORTH CAROLINA)
FORSYTH COUNTY)

FILED
00 DEC 29 PM 2:47

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CVS 8090

FORSYTH COUNTY, C.S.C.

MARGARET L. KOLB,

BY



Plaintiff,

v.

SCHATZMAN & ASSOCIATES, L.L.C.,
and PHILIP L. KING,

Defendants.

**MEMORANDUM OF CONTRACT
FOR PREPARATION
OF TRANSCRIPT**

1. This Memorandum of Contract is filed pursuant to the provisions of Rule 7(a)(1) of the North Carolina Rules of Appellate Procedure. This Memorandum of Contract represents the agreement between Plaintiff-Appellant, by and through the undersigned attorney, and Geralyn LaGrange, Official Court Reporter ("Court Reporter"), for Court Reporter to prepare a transcript of the civil proceedings in the above-styled matter.

2. The name and address of Court Reporter are:

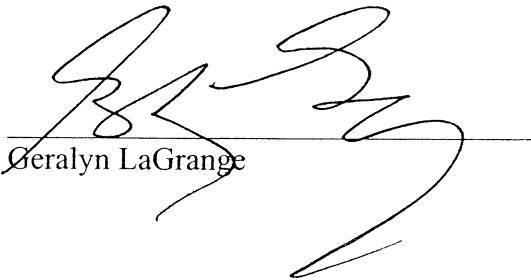
Geralyn LaGrange
Official Court Reporter
Forsyth County Hall of Justice
201 North Main Street
Winston-Salem, NC 27101


3. On December 19, 2000, Court Reporter agreed to produce and deliver a transcript of the entire proceedings in the above-styled matter held on November 14, 2000.

4. Plaintiff-Appellant agreed to pay the costs of the transcription at a rate of \$4.00 per page.

5. On December 21, 2000, Court Reporter delivered the transcript, and Plaintiff-Appellant paid the agreed costs in full.

AGREED TO AND ACCEPTED, this the 21st day of December, 2000.


GERALYN LaGrange


Celie B. Richardson
Attorney for Plaintiff

No. _____

TWENTY-FIRST DISTRICT

NORTH CAROLINA COURT OF APPEALS

MARGARET L. KOLB)	
and LUCY ZANTOUT,)	
)	
Plaintiffs,)	<u>From Forsyth County</u>
)	99 CvS 8090
v.)	
)	
SCHATZMAN & ASSOCIATES, L.L.C.)	
and PHILIP L. KING,)	
)	
Defendants.)	
)	

ASSIGNMENTS OF ERROR

Plaintiffs-Appellants Margaret L. Kolb and Lucy Zantout respectfully assign as error the following:

1. Error of the court in the signing and entry of the Order and Judgment signed by the Honorable Russell G. Walker, Jr., in the Superior Court of Forsyth County and entered on December 4, 2000.

Record, p. 257.

2. Error of the court in allowing summary judgment in favor of Defendant Schatzman & Associates on its counterclaim for breach of contract in that by doing so, the court ordered enforcement of an illegal contract.

Record, p. 257.

Transcript, p. 35, line 23, through p. 36, line 1;
p. 36, line 15, through page 38, line 6;
p. 40, line 19, through page 41, line 2;
p. 42, lines 10-13;
p. 43, lines 13-18;

p. 66, line 11, through page 67, line 15;
p. 68, lines 7-12;
p. 76, lines 8-25;
p. 78, line 13, through page 80, line 9;
p. 86, lines 4-9; and
p. 87, line 17, through p. 88, line 8.

No. _____

TWENTY-FIRST DISTRICT

NORTH CAROLINA COURT OF APPEALS

MARGARET L. KOLB)	
and LUCY ZANTOUT,)	
)	
Plaintiffs,)	<u>From Forsyth County</u>
)	99 CvS 8090
v.)	
)	
SCHATZMAN & ASSOCIATES, L.L.C.)	
and PHILIP L. KING,)	
)	
Defendants.)	
)	

CROSS-ASSIGNMENTS OF ERROR
BY DEFENDANT-APPELLEE

TO THE HONORABLE COURT OF APPEALS OF NORTH CAROLINA:

Pursuant to Rule 10(d) of the North Carolina Rules of Appellate Procedure, the defendant-appellee Schatzman & Associates, LLC makes the following cross-assignments of error, which deprived the appellee of an alternative basis in law for supporting the determination from which appeal has been taken:

1. The Order of the Honorable Russell G. Walker, Jr. of November 27, 2000, filed November 29, 2000, setting aside the entry of default entered by the Clerk on October 5, 2000 was error.

Exception No. 1 (R. p. 252; T. pp. 15-25).

2. The failure of the Honorable Russell G. Walker, Jr. to enter judgment on the entry of default entered by the Clerk on October 5, 2000 was error.

Exception No. 2. (R. p. 252; T. pp. 15-25).

William F. Maready
Attorney for Plaintiffs-Appellants
1076 West Fourth Street
Winston-Salem, NC 27101
(336) 722-1027

SHARPLESS & STAVOLA

A handwritten signature in black ink, appearing to read 'J. P. Booth, III', is written over a horizontal line.

Joseph P. Booth, III
Attorney for Defendant-Appellee
Schatzman & Associates
Sharpless & Stavola, P.A.
Post Office Box 22106
Greensboro, NC 27420
(336) 333-6389

IDENTIFICATION OF COUNSEL

ATTORNEYS FOR PLAINTIFFS-APPELLANTS, MARGARET L. KOLB AND LUCY ZANTOUT:

William F. Maready, Esq.
Celie B. Richardson, Esq.
Law Offices of William F. Maready
1076 West Fourth Street, Suite 100
Winston-Salem, NC 27101-2411
Telephone: (336) 722-1027
Facsimile: (336) 722-1028

ATTORNEY FOR DEFENDANT-APPELLEE, SCHATZMAN & ASSOCIATES:

Joseph P. Booth, III, Esq.
Sharpless & Stavola, P.A.
Post Office Box 22106
Greensboro, NC 27420
Telephone: 336) 333-6389
Facsimile: 336) 333-6399

CERTIFICATE OF SERVICE

I certify that on this date I served a copy of the Proposed Record on Appeal on counsel for all parties as follows:

By depositing a copy thereof in the United States mail, postage prepaid, and addressed as follows:

Joseph P. Booth, III, Esq.
Sharpless & Stavola, P.A.
Post Office Box 22106
Greensboro, NC 27420
Counsel for Defendant-Appellee Schatzman & Associates

By hand delivery to the following:

Richard D. Ramsey, Esq.
8 West Third Street
Winston-Salem, NC 27101
Counsel for Defendant Philip L. King

This the 24 day of January, 2001.



Celie B. Richardson
Attorney for Plaintiffs-Appellants

OF COUNSEL:

Law Offices of William F. Maready
1076 West Fourth Street, Suite 100
Winston-Salem, NC 27101-2411
Telephone: (336) 722-1027
Facsimile: (336) 722-1028

AMENDED CERTIFICATE OF SERVICE

I certify that on January 24, 2001, the proposed Record on Appeal was served on counsel for Defendant-Appellee Schatzman & Associates by placing a copy in the United States mail, postage prepaid and addressed as follows:

Joseph P. Booth, III, Esq.
Sharpless & Stavola, P.A.
Post Office Box 22106
Greensboro, NC 27420

And, further that on the 24th of January, 2001, service of the proposed Record on Appeal was attempted by hand delivery on Richard D. Ramsey, counsel for Defendant Philip L. King, during normal business hours, and no one was present in the office.

I hereby certify that on this date I served a copy of the Proposed Record on Appeal on counsel for Defendant Philip L. King by hand delivery during normal business hours as follows:

Richard D. Ramsey, Esq.
8 West Third Street
Winston-Salem, NC 27101
Counsel for Defendant Philip L. King

This the 25 day of January, 2001.



Celie B. Richardson
Attorney for Plaintiffs-Appellants

OF COUNSEL:

Law Offices of William F. Maready
1076 West Fourth Street, Suite 100
Winston-Salem, NC 27101-2411
Telephone: (336) 722-1027
Facsimile: (336) 722-1028

CERTIFICATE OF SERVICE

I certify that on this date I served a copy of the Settled Record on Appeal on counsel for all parties by placing copies thereof in the United States Mail, postage prepaid, and addressed as follows: or hand-delivery at the following addresses:

Joseph P. Booth, III, Esq.
Sharpless & Stavola, P.A.
826 North Elm Street 27401
Post Office Box 22106
Greensboro, NC 27420
Counsel for Defendant-Appellee Schatzman & Associates.

Richard D. Ramsey, Esq.
P.O. Box 20653
8 W 3d St (27101)
Winston-Salem, NC 27120
Counsel for Defendant Philip L. King

This the 28 day of February, 2001.



Celie B. Richardson
Attorney for Plaintiffs-Appellants

OF COUNSEL:

Law Offices of William F. Maready
1076 West Fourth Street, Suite 100
Winston-Salem, NC 27101-2411
Telephone: (336) 722-1027
Facsimile: (336) 722-1028