

**IN THE UNITED STATES DISTRICT COURT FOR
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION**

Estate of Sa'aidi Ali Abbas Husein)	CIVIL ACTION
Nidhal Khaza'al Salman)	
Samah Sa'adi Ali)	
Surah Sa'adi Ali)	
Ali Sa'adi Ali)	NO. 1:09cv1048 – TSE/IDD
Mohammed Sa'adi Ali)	

Plaintiffs reside in Baghdad, Iraq)	
at addresses that cannot be disclosed)	CIVIL COMPLAINT
for safety and security)	JURY DEMAND
)	
)	

v.

Erik Prince)	
1650 Tysons Boulevard)	
McLean, VA 22012)	

Defendant

THIRD AMENDED COMPLAINT

1. This Third Amended Complaint is being filed pursuant to the Court's Orders dated October 21 and November 3, 2009. This action seeks compensatory damages to compensate the injured and the families of those killed or seriously injured by Defendants. This action seeks punitive damages in an amount sufficient to punish Defendants for their egregious misconduct.

PARTIES

2. Plaintiff is the Estate of Sa'adi Ali Abbas Husein. Before being shot and killed by Xe-Blackwater, Mr. Husein was a 52-year old Iraqi citizen living in Baghdad. He was shot and killed on September 16, 2007.

3. Plaintiff Nidhal Khaza'al Salman, a citizen of Iraq, is the 49-year old widow of Sa'adi Ali Abbas Husein, who is now raising four children without her husband.

4. Plaintiffs Samah Sa'adi Ali, Surah Sa'adi Ali, Ali Sa'adi Ali, and Mohammed Sa'adi Ali, all citizens of Iraq, are the children of Sa'adi Ali Abbas Husein, now forced to grow up without their father.

5. Defendant Erik Prince is a resident of McLean, Virginia, with business offices at 1650 Tysons Boulevard, McLean, Virginia 22102. Mr. Prince personally and wholly owns and controls the other Defendants, which act as his alter egos.

6. Defendant Prince Group LLC is a company incorporated in the United States with a principle place of business located at 1650 Tysons Boulevard, McLean, Virginia 22102.

During the timeframe of the events at issue in this lawsuit, Defendant Prince wholly owned and

controlled Prince Group LLC, which acted as his alter ego. Prince Group LLC did not observe the corporate formalities necessary to retain an independent legal existence.

7. Defendant Xe Services LLC, formerly known as EP Investments, LLC, and formerly doing business as Blackwater Worldwide, is a company incorporated in the United States with a principal place of business located at 1650 Tysons Boulevard, McLean, Virginia 22102. During the timeframe of the events at issue in this lawsuit, Defendant Prince wholly owned and controlled Prince Group LLC, which acted as his alter ego. Xe Services did not observe the corporate formalities necessary to retain an independent legal existence.

8. Defendant U.S. Training Center, Inc., formerly known as Blackwater Lodge and Training Center, Inc., is incorporated in the United States with a principal place of business located at 850 Puddin Ridge Road, Moyock, North Carolina 27958. During the timeframe of the events at issue in this lawsuit, Defendant Prince wholly owned and controlled U.S. Training Center, Inc., which acted as his alter ego. U.S. Training Center, Inc. did not observe the corporate formalities necessary to retain an independent legal existence.

9. Defendants Prince Group LLC, Xe Services LLC, U.S. Training Center, Inc. are hereinafter collectively referred to as the “Companies.”

10. Defendant Erik Prince created the Defendant Companies to serve as his alter egos. Mr. Prince created these corporate alter egos to obscure and hide his wrongdoing. He personally controlled all actions by the Defendant Companies. The Defendant Companies did not abide by corporate formalities. Funds were intermingled among the Defendant Companies. Mr. Prince added or subtracted funds from any given company to suit his own purposes without regard to any corporate formalities.

JURISDICTION AND VENUE

11. This Court has original jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 (federal question); 28 U.S.C. § 1332 (diversity jurisdiction); 28 U.S.C. § 1350 (Alien Tort Statute); and 28 U.S.C. § 1367 (supplemental jurisdiction); and 18 U.S. C. §1964 (Racketeer Influenced and Corrupt Organizations).

12. Venue is proper pursuant to 28 U.S.C. § 1391(a)(3), § 1391(b)(2) and 18 U.S. C. §1965(a).

BACKGROUND FACTS

13. Defendant Erik Prince became an extremely wealthy man when his father died. Public sources report Defendant Prince inherited approximately \$1.35 billion.

14. In 1997, Defendant Prince formed a company then known as Blackwater. He subsequently hired his close friends, Gary Jackson and Bill Matthews, to assist him as the top executives running what became the Defendant Companies.

15. Defendant Companies initially made money offering training to law enforcement and military personnel on weapons safety and other topics. Defendant Prince and his executive management team (Jackson and Matthews), however, began to envision a future in which they made money by forming a private army and selling its services. Towards that end, beginning at least by 2003, they formed “Army of Blackwater” or “AOB” within the existing company.

16. Employees were invited to join AOB if they demonstrated excellent skills in shooting or fighting, and were capable of obtaining a security clearance and a passport. These hand-selected persons attended frequent training sessions designed to maintain and elevate their physical skills.

17. Reasonable discovery will show that persons joining the AOB included Brian Berry, Max Grumiaux, Ken Cashwell, Thalia Ellis, as well as others whose identities are not yet known. Members of AOB attended training sessions during the regular work day. The AOB training persisted throughout 2003.

18. By the end of 2003 and the beginning of 2004, Defendant Erik Prince moved beyond just training his AOB.

19. At that time, Defendant Prince began to conspire with his management team Gary Jackson and Bill Matthews to deploy a private army to Iraq to kill innocent Iraqis. The three men repeatedly met and conferred on how to implement their scheme to kill innocent Iraqis. They met in what was known as the USA Building in Moyock, North Carolina, and they met in Prince Group's offices in Tysons Corner, Virginia.

FORMATION OF A CONSPIRACY TO KILL INNOCENT IRAQIS

20. This conspiracy to kill Iraqis was motivated by greed and religious beliefs. Gary Jackson and Bill Matthews repeatedly referred to "laying Hajiis out on cardboard" and used racist and derogatory terms for Iraqis and other Arabs, such as "ragheads" or "hajiis." Defendant Prince, in addition to being fully aware of these statements, openly referred to the conspiratorial efforts as a "Crusade," and directly encouraged certain employees to participate in killing Iraqis.

21. The "Crusade" mentality was overt within the Companies, with the teams being assigned names with religious significance such as "Templar 21." A substantial number of Companies' employees selected or were assigned "call signs" associated with the Crusades.

22. Defendant Prince, working with his management team of Jackson and Matthews, was emboldened by the fact that the Companies had been retained by the United States

government. They began to consider themselves as leading a private army that was empowered to act as the equivalent to a duly-constituted armed force of the United States.

23. Defendant Prince, working through and with Jackson and Matthews, and working through the Companies, repeatedly and flagrantly violated the laws of the United States.

24. Defendant Prince and the Companies ignored the law to form and deploy this private Blackwater army.

25. Defendant Prince, acting through the Companies, hired persons who were known (or should have been known) to use steroids and other judgment-altering drugs.

26. Defendant Prince and the Companies hired former military officials known to have been involved in human rights abuses in Chile, and an extensive number of foreign nationals who are forbidden by the laws of their own country from serving as mercenaries.

27. Certain evidence regarding the formation and implementation of this conspiracy is on the public record. In 2003, Gary Jackson stated publicly "I would like to have the largest, most professional private army in the world."

28. In March 2006, during a conference held in Amman, Jordan, another Companies' executive, Cofer Black, publicly declared that Blackwater was able to deploy a private brigade-sized force to any conflict or crisis zone, and commented that Blackwater just needed invitations to deploy.

29. In 2006, Defendant Prince personally participated in a series of high-level meetings in which he tried to persuade various governmental officials that they should use this private Blackwater army for offensive missions around the globe, including, reasonable discovery will show, in Africa.

30. Defendant Prince recruited persons away from the military, telling military personnel to “go get your Trident” and then come back to Blackwater for employment.

31. Additional evidence regarding the formation of this conspiracy will be obtained through reasonable discovery. For example, at a point in time not yet known to Plaintiffs, Defendant began to record all telephonic conversations occurring on the premises. Certain employees have had their tape-recorded conversations played back to them. As a result, reasonable discovery likely will yield tape recorded information regarding the formation of the conspiracy to kill innocent Iraqis. In addition, there is at least one and likely substantially more email exchanges with Gary Jackson in which he is questioned about why the company continues to employ persons known to kill without provocation. This email exchange and others of like kind should be obtainable through reasonable discovery.

INTENT TO MURDER AND INJURE INNOCENT IRAQIS

32. After forming an intent to deploy a private army to kill and injure innocent Iraqis, Defendant Prince and his co-conspirators began to implement this conspiracy in two ways: First, Defendant Prince, Jackson and Matthews directly and expressly authorized Blackwater personnel to kill and seriously injure innocent Iraqis. These direct authorizations to kill Iraqis were given to employees working within the Blackwater structure known as “SELECT.”

33. This SELECT program operated alongside the Department of State program known as WPPS. Under the “SELECT” nomenclature, Prince, Jackson and Matthews implemented their conspiracy to kill Iraqis. Prince, Jackson and Matthews encouraged and directed SELECT personnel to go out “night hunting” and kill any Iraqis found outside after the curfew.

34. Blackwater men participating in the “night hunting” went out in Blackwater’s Little Bird helicopters at night. These persons shot and killed scores of innocent Iraqis by reasoning that any Iraqi outside after curfew must be a “combatant” who deserved to be killed by Blackwater’s private army.

35. These men who engaged in the night hunting trips as well as daytime excursions to murder Iraqis included Rich Garner, Phil Abdow, Steve Babylon, Gregory LaRue, and many others whose identities are not yet known but are capable of being discovered.

36. On rare occasions, persons from WPPS program were asked to join the ongoing SELECT operations and participate in the “night hunting” murder sprees.

37. Defendant Prince personally authorized the use of the Little Bird helicopters for this “night hunting” of Iraqis. Defendant Prince and Gary Jackson personally traveled repeatedly to Iraq to oversee these murders of innocent Iraqis.

38. Defendant Prince, on one of his many trips to Iraq, personally congratulated a relatively large group of men for increasing the number of Iraqis killed by Blackwater men. He openly talked about the need to “win the war” and in all respects acted as if Blackwater was an authorized military force free to operate with impunity within Iraq.

39. Persons who managed or participated in the SELECT program included Paul Mullis, Kurt Smith, Randy Leonard and a woman named Syd Beem. These persons participated to varying degrees in the ongoing conspiracy to use SELECT personnel as method to kill scores of innocent Iraqis.

40. Others within Mr. Prince’s empire, such as Mike Rush, Martin Strong, J.D. Stratton, and Brian Bonfiglio, were well aware of the use of the SELECT personnel as a private

Blackwater army intent on killing Iraqis. These men, and likely others, voluntarily joined the ongoing conspiracy.

41. Although the murders occurred in Iraq, Defendant Prince, Jackson, and Matthews controlled events from their offices in North Carolina and Virginia. Such control occurred via the use of highly-sophisticated technology housed in a “war room” in Moyock. Indeed, Defendant Prince bragged on national television that Blackwater had such sophisticated technology that he always was able to ascertain the location of his men in Iraq.

42. Defendant Prince, along with Jackson and Matthews, oversaw the murders and other Iraqi activities from a “war room” in Moyock equipped with sophisticated communications and monitoring capabilities.

43. Reasonable discovery likely will show that Defendant Prince and his co-conspirators developed a second “war room” in either the Tysons Corner offices or the Prince family house.

44. Defendant Prince, Jackson and Matthews conspired to continue to implement their private war plan during meetings held in North Carolina and Virginia. These conspirators ensured that persons such as Rich Garner who participated in the killing of Iraqis quickly moved up the corporate ladder. All three conspirators openly referred to Blackwater operations as being akin to military operations on numerous occasions.

45. Defendant Prince, Jackson and Matthews repeatedly made statements and engaged in overt acts in Iraq, North Carolina and Virginia in front of numerous Blackwater employees. They clearly conveyed their view that Blackwater was above the law. Statements were made to the effect that “the law stops at Blackwater’s gate.”

46. These statements were not mere braggadocio. For example, when federal authorities raided the Moyock compound to search for illegal weapons, the guard tending the front gate, acting under instructions, refused to permit the federal authorities to enter the compound until the armory had been tipped off that a raid was occurring.

47. Defendant Prince, Jackson and Matthews also openly encouraged a disdain for the laws of the United States and Iraq. Their example was followed throughout the company. For example, when one Blackwater employee questioned executive Mike Rush about the illegalities involved in smuggling the weapons (discussed below), Rush responded “you fucking idiot, we are at war and we are going to do whatever it takes. If it means moving weapons in there outside of some of these stupid laws, do it.”

48. The fact that the owner, Defendant Prince, and his top executives, Jackson and Matthews, endorsed the murder of innocent Iraqis had a profound impact on the conduct of the Blackwater men working on the WPPS program.

49. Many of the Blackwater men assigned to WPPS contract viewed acting with extreme aggressiveness towards Iraqis, up to and including killing them, as a way to obtain a promotion to a corporate position or to the SELECT program.

50. In 2003 and 2004, personnel working on the WPPS contract began to undertake their own version of the night hunting, going out on “familiarization” runs. These “fam” runs, ostensibly done to familiarize the teams with Baghdad, turned into shooting sprees, as the men shot anyone on a bridge or anyone who “looked suspicious.” In late 2004 or early 2005, the Department of State finally learned of this egregious misconduct, and directed Defendant Prince and the Companies to stop letting the WPPS personnel go on “fam” runs.

51. The majority of persons promoted to corporate positions were all persons who were willing to participate in the night hunting, fam runs, or other forms of Blackwater's ongoing "Crusade" against Iraqis. Those who questioned the wisdom and legality of Defendant Prince's decision to use the Companies to engage in a private war against the Iraqis often were terminated.

52. Defendants Prince and the Companies repeatedly refused to reprimand or discipline WPPS personnel who used excessive and unnecessary force to kill unarmed and innocent Iraqi civilians.

53. For example, on two different occasions, Blackwater employees named Brad Elmer and Beau Phillips fired without cause, seriously injuring or killing innocent Iraqis.

54. The Companies failed to report the shootings to the State Department. Blackwater management destroyed the video and audio evidence related to the shootings. This pattern of failing to report and destroying evidence was commonplace.

55. On yet another occasion, Defendant Prince, and his executives Gary Jackson and Bill Matthews overrode a recommendation from Blackwater management in Iraq to place an unstable individual on the "do not use" list. A man named Luke Doak (nicknamed "peanut") murdered an Iraqi, and bragged about his "kill." Given his homicidal conduct, his manager, George Angerer, recommended that Doan be placed on the "do not use" list. His recommendation was not accepted by Defendant Prince.

56. In addition to knowingly employing men who killed innocent Iraqis and then bragged about such kills, Defendants Prince knowingly sent to Iraq a substantial number of men who had tested positive for steroids. These facts are set forth in medical records kept in Moyock, North Carolina.

57. Certain Companies' employees located overseas refused to deploy unfit men and instead sent them back to the United States, advising that they were unfit to deploy for various reasons. These reasons included (a) making statements about wanting to deploy to "kill ragheads" or achieve "kills" or "body counts," (b) excessive drinking, (c) steroid use, and (d) failure to follow safety and other instructions regarding lethal weaponry. When these demonstrably unfit men were returned to the United States, Defendant Prince would send them back to be deployed in Iraq with an express instruction to "stop costing the company money."

58. During 2004 through 2007, Defendant Prince, at times using the corporate forms and at other times acting as an individual, purchased a significant number of weapons. After purchasing the weapons, Defendant Prince directed that employees working in the armory alter the weapons, which is illegal. One or more employees followed this direction, and illegally altered weapons.

59. Defendant Prince routinely took weapons, including sniper rifles, from the armory back to his home and offices in McLean, Virginia. The armory is unable to account for all the weaponry personally taken by Defendant Prince.

60. Defendants smuggled the illegally altered and outfitted weapons into Iraq by polywrapping them and hiding them in dogfood. An employee named Ana Bundy oversaw the smuggling of the weapons under the direction of Defendants Prince, Jackson and Matthews.

61. John B., a young man who worked in the armory in North Carolina, photographed these weapons smuggling activities. He photographed Ana Bundy personally polywrapping the illegal weapons. He showed the photographs to another Blackwater employee, who commented "you better be careful, this is the type of thing that can get you killed." John also showed the

photographs to Gary Jackson. Upon seeing the photographs, Gary Jackson lost his temper. John is now dead.

62. Two members of the original AOB, Max Grumiaux and Ken Cashwell, were arrested as a result of their complicity in this ongoing weapons smuggling.

63. Gary Jackson has admitted that he is the target of an ongoing federal investigation.

64. In addition to smuggling weapons into Iraq, Defendant Prince undertook the shipment of substantial quantities of ammunition, quantities well in excess of any defensive needs related to serving as security for the Department of State.

65. Reasonable discovery will show Defendant procured and shipped to Iraq night vision goggles without obtaining the regulatory approvals needed for such shipments.

66. Defendant Prince procured in Iraq and elsewhere, and other weaponry such as hand grenades and handheld rocket launchers.

67. Reasonable discovery may show that Defendant Prince or his Companies purchased hollow-point bullets unlawfully designed to inflict maximum damages to Iraq. These bullets were distributed by a company then known as LeMas Ltd. This company was run by John Hamilton, and located at 1818 North Taylor, Suite 213, Little Rock, Arkansas, 72207. These bullets were repeatedly used by men employed by Defendant Prince.

68. Reasonable discovery will show Defendant Prince was aware of the use of the LeMas bullets by his men because it came to his attention that one Blackwater employee, Ben Thomas, circulated videos in which he used the LeMas bullets to murder innocent Iraqis. These grisly videos were essentially promotional materials used to increase desire for these illegal bullets amongst the Blackwater men. It is not yet known, but should be ascertainable through

reasonable discovery, whether Defendant Prince and the Companies financially profited from the distribution of this illegal LeMas ammunition.

69. The ongoing killing of Iraqis and the illegal altering and smuggling of weapons and ammunition was not hidden from in-house attorney Steve Capace. Reasonable discovery will show Capace worked directly and closely with Defendant Prince, Jackson, Matthews, and others in the Companies, and knew about, but failed to stop, the ongoing illegal conduct.

70. The illegal weaponry and ammunition kept Blackwater's private army of men fully armed and able to kill innocent Iraqis. This weaponry was not needed to fulfill Defendant Companies' obligations to provide protective services to the Department of States.

71. Mr. Prince and his co-conspirators paid a series of bribes to Iraqi officials. This bribery violates the Foreign Corrupt Practices Act.

THE NISSOR SQUARE SHOOTING

72. Defendant Prince personally intended for the Companies and their employees to kill as many Iraqis as possible. He never stopped the ongoing murders of innocent Iraqis, although he had the power to do so.

73. Plaintiffs in this action are all innocent Iraqi civilians who are intended beneficiaries of the Geneva Conventions. As the United States has recognized, none of the victims here was taking part in any of the hostilities between the United States and certain insurgent forces in Iraq.

74. Defendant Prince and the Companies hired Paul Slough, Nicholas Slatten, Evan Liberty, Dustin Heard and Donald Ball, and sent them to Iraq. These five men, along with another man named Jeremy Ridgeway, intentionally killed Mr. Husein and other innocent Iraqis on September 16, 2007.

75. Jeremy Ridgeway has pled guilty, and admitted that he and the other five men killed innocent Iraqis for no legitimate war-related reason.

76. The five men repeatedly fired automatic weapons and used grenades without justification.

77. The men had been told by the Tactical Operations Center (manned by both Xe-Blackwater and Department of State personnel) (“TOC”) not to go to Nissor Square. Yet the men went anyway.

78. The Nissor Square massacre was not the first time that these men had killed or injured innocent Iraqis for no reason.

79. Paul Alvin Slough, age 30, of Keller, Texas worked for Defendant USTC. Through his statements and his actions in the year prior to the shooting at Nisoor Square, Slough evidenced his deep hostility towards Iraqi civilians and disregard for the lives of Iraqis. Slough routinely threw water bottles and other items at unarmed civilians and vehicles without justification in an attempt to break automobile windows, injure and harass people.

80. Nicholas Abeam Slatten, age 25, of Sparta, Tennessee worked for Defendant USTC. Through his statements and his actions in the year prior to the shooting at Nisoor Square, Slatten evidenced his deep hostility towards Iraqi civilians and disregard for the lives of Iraqis. Slatten made statements that he wanted to kill as many Iraqis as he could as “payback for 9/11,” and he repeatedly boasted about the number of Iraqis he had shot. Slatten had previously fired his weapon to draw out return fire and instigate gun battles. Slatten routinely threw water bottles and other items at unarmed civilians and vehicles without justification in an attempt to break automobile windows, injure and harass people.

81. Evan Shawn Liberty, age 27, of Rochester, New Hampshire worked for Defendant USTC. Through his statements and his actions in the year prior to the shooting at Nisoor Square, Liberty evidenced his deep hostility towards Iraqi civilians and disregard for the lives of Iraqis. On or about May 23, 2007 in Baghdad, Liberty, while manning the turret position of a Blackwater armored vehicle, fired an automatic weapon without aiming the weapon, and without regard for whom he might shoot. On or about September 9, 2007, Liberty, drove through the streets of Baghdad firing an automatic weapon from a port hole of an armored Blackwater vehicle, and killing innocent Iraqis. Those murders are the subject of a separate lawsuit pending with this Court.

82. Dustin Laurent Heard, age 28, of Maryville, Tennessee, worked for Defendant USTC. Through his statements prior to the shooting at Nisoor Square, Heard evidenced his deep hostility towards Iraqi civilians and disregard for the lives of Iraqis. In the weeks after the shooting at Nisoor Square, Heard made statements that he had not been honest with State Department investigators who were investigating the shooting.

83. Donald Wayne Ball, age 27, of West Valley City, Utah, worked for Defendant USTC. Through his statements prior to the shooting at Nisoor Square, Ball evidenced his deep hostility towards Iraqi civilians and disregard for the lives of Iraqis.

84. Defendant Prince and his co-conspirators conspired to, and did, man their private army (the Defendant Companies) with persons such as these men who had a deep hatred of Iraqis and a desire to kill as many Iraqis as possible. The September 16, 2007, shootings occurred in the context of and in association with the armed conflict in Iraq. These shootings occurred in the context of the armed conflict in Iraq because Defendant USTC employees were hiding their misconduct within the guise of performing activities for the Department of State. Defendant

USTC employees claim that they had to travel to Nissor Square as a result of an insurgents' detonation of a bomb in a neighboring area.

85. These shootings occurred in association with the armed conflict in Iraq. The Defendant Companies had contracts with the United States, which was known to the Iraqis. As a result of these contracts, Defendant Companies' men were cloaked in the apparent authority of the United States, a party to the armed conflict.

86. This apparent authority permitted the men to avoid being stopped by military force at checkpoints, and otherwise worked to permit these men to travel in heavily-armed vehicles outside the Green Zone.

87. This apparent authority bestowed by the United States elevated their status above an ordinary American, and created an association with the armed conflict in Iraq. Without such status bestowed by a party to the conflict (the United States), Defendant USTC employees involved in the September 16, 2007, shooting would not have been permitted to be in the streets of Baghdad, and would not have been heavily armed.

88. These shootings occurred in the context of and in association with the armed conflict in Iraq. These shootings occurred in the context of the armed conflict in Iraq because the Blackwater men falsely claim that they had to travel to Nissor Square as a result of an insurgents' detonation of a bomb in a neighboring area.

89. Defendant Companies employees hid their ongoing and repeated misconduct within the disguise of performing activities for the Department of State.

90. The many deaths caused by Mr. Prince's private army are the subject of six other lawsuits filed in this District.

91. The United States Department of Justice is prosecuting these five men for their involvement in the Nissor Square massacre.

92. Defendant Prince intended for these men to kill innocent Iraqis.

93. Defendant Prince has not encouraged these five men to apologize or otherwise accept accountability for the murder of the innocent Iraqis. Instead, Defendant Prince has financially supported these five men in their efforts to evade accountability.

INTENTIONAL DESTRUCTION OF PHYSICAL EVIDENCE

94. In the normal course of business, USTC vehicles were frequently damaged and needed repainting. USTC routinely sent its vehicles to another company (believed to be Kellogg Brown Root) for repainting; defendant USTC did not conduct the repainting itself.

95. USTC departed from this normal course of business, immediately subsequent to the September 16, 2007, massacre. Reasonable discovery likely will show Defendant Prince was personally involved in making this decision.

96. USTC obliterated crucial evidence by deliberately and intentionally repainting the vehicles involved in the shooting.

97. USTC knew (or clearly should have known) that a direct examination of these vehicles in their original state would be needed during the investigation of the September 16, 2007 massacre.

98. There was no business need or rationale for such immediate repainting. There was no shortage of operational USTC vehicles in Iraq nor any shortage of funds to procure additional operational vehicles if the State Department urgently requested vehicles over and above the number already in Iraq.

99. Reasonable discovery is likely to establish that the State Department did not urgently request additional vehicles.

100. By so departing from its normal course of business and repainting the Nissor Square vehicles immediately for no business reason, Defendant Prince permitted the intentional destruction of critical evidence.

101. Defendant's destruction of physical evidence eviscerates the victims' ability to examine the vehicles and establish for the jury the state of the vehicles on September 16, 2007.

102. Defendant's spoliation of the evidence eviscerates the victims' ability to establish for the jury the reasons for the vehicles' physical state.

103. On or before March 18, 2008, executives Gary Jackson and Dave Jackson, as well as others, met in the North Carolina compound to discuss legal exposures arising from the ongoing governmental investigations.

104. During that meeting, Companies executives directed that documents be shredded.

105. Reasonable discovery is likely to establish that, after that meeting, employees shredded an unknown number of documents that related to the company's criminal and civil legal exposures.

106. Reasonable discovery is likely to establish that the shredding of documents negatively impacts the victims' ability to litigate their claims.

COUNT ONE WAR CRIMES

107. All preceding paragraphs are hereby incorporated by reference as if fully set forth herein.

108. Plaintiffs are all citizens of Iraq. Defendant Prince is a citizen of the United States.

109. As set forth in Paragraphs 13- 106, Defendant Prince intended that his employees kill and inflicted serious bodily harm on innocent Iraqi civilians including Plaintiffs and their decedents.

110. Defendant Prince conspired with others to cause the intentional killings and infliction of serious bodily harm.

111. As set forth in Paragraphs 84-93, the harms inflicted by Defendants occurred during an armed conflict in Iraq and occurred in the context of and in association with the armed conflict in Iraq.

COUNT TWO – VIOLATIONS OF RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS ACT (“RICO”)

112. All preceding paragraphs are hereby incorporated by reference as if fully set forth herein.

113. Plaintiffs are RICO Plaintiffs because their car was damaged during the September 16, 2007 Nissor Square massacre. RICO 18 U.S.C. §1964 (c).

114. The RICO Plaintiffs bring claims under RICO 18 U.S.C. §1962(c) and (d) against the RICO Defendants.

115. At present, the RICO Defendants include Erik Prince. Plaintiffs intend to file motions to join additional RICO Defendants, including Gary Jackson, Bill Mathews, Paul Slough, Nicholas Slatten, Evan Liberty, Dustin Heard and Donald Ball.

116. Defendant Erik Prince created, and conspired with others, to create an enterprise that has engaged in a series of illegal acts. Defendant Erik Prince’s RICO enterprise (hereinafter “Prince RICO Enterprise”) is known to consist of the following entities: the Defendant Companies; Samarus CO LTD, Prince Group LLC, Greystone LTD, Total Intelligence Solutions LLC, all located at 1650 Tysons Boulevard, McLean, VA 22012; and GSD Manufacturing LLC

(formerly Blackwater Target Systems), Presidential Airlines, and Raven Development Group LLC, all located at 850 Puddin Ridge Road, Moyock, NC 27958. All of these entities are affiliated together, and engage in illegal conduct together with Defendant Prince.

117. The Prince RICO Enterprise is an ongoing criminal enterprise that has been in existence since at least 2003. The conduct of the Prince RICO Enterprise demonstrates a pattern and practice of repeated illegality designed to create more wealth for Defendant Erik Prince, the co-conspirators, and the Prince RICO Enterprise.

118. There is no goal that accomplished, would bring this Prince RICO Enterprise to an end. Rather, as evidenced by a lengthy series of illegal acts – ranging from murder to tax evasion to destruction of evidence – Defendant Erik Prince and his RICO Enterprise will continue its racketeering unless stopped by this Court.

119. Defendant Erik Prince personally intended that his private army of men murder innocent Iraqis, including Plaintiffs. During the September 16, 2007, murders at issue in the lawsuit, the RICO Plaintiff suffered property damage, namely damage to their vehicles. .

120. Mr. Prince heads up this ongoing criminal enterprise that has been in existence since at least 2003. The conduct of the Enterprise demonstrates a pattern and practice of repeated illegality designed to create more wealth for Defendant Erik Prince and the co-conspirators.

121. Defendant Prince intends and approves of his men killing innocents. Mr. Prince conspired with Gary Jackson and Bill Matthews in Virginia and North Carolina to murder innocent Iraqis. These conspirators engaged in a number of overt conspiratorial acts in Virginia and North Carolina, as alleged above in detail.

122. Defendant Prince's acts, including his conspiratorial conduct, constitutes murder and conspiracy to commit murder chargeable under the state laws of both North Carolina and

Virginia. Defendant Prince's participation in murder and this murder conspiracy caused the property damage on September 16, 2007.

123. As set forth in more detail above, Defendant Prince made written and verbal comments that provided both direct and indirect approval for killing and seriously injuring innocent Iraqis.

124. Defendant Prince conspired with Jackson and Matthews, and ratified and endorsed the litany of written and verbal comments that they made that provided both direct and indirect approval for killing and seriously injuring innocent Iraqis.

125. Defendant Prince and his co-conspirators conspired to cause, and did, cause murders to occur on or about the following dates in addition to the September 16, 2007: February 16, 2005, June 25, 2005, October 24, 2005, December 24, 2006, February 4, 2007, February 7, 2007, July 1, 2007, August 13, 2007, September 9, 2007, May 5, 2009, as well as on many other dates not yet known to Plaintiffs.

126. In June 2005, and reasonable discovery likely will show during other time periods as well, Defendant Prince, his co-conspirators, and those acting at his direction or with his approval, engaged in a pattern of destroying audio and videotaped evidence that revealed criminal acts by Defendant Prince and the various members of the Enterprise. This destruction of evidence occurred in the United States (primarily North Carolina and Virginia), as well as in Iraq. This conduct violated 18 U.S.C. § 1512(3)(c).

127. In March 2008, May 2009, and reasonable discovery likely will show during other time periods as well, Defendant Prince, his co-conspirators, and those acting at their direction or with their approval engaged in a scheme to shred and otherwise destroy the documentary evidence memorializing the Enterprise's wide and varied illegal conduct. This destruction of

evidence occurred in the United States (primarily North Carolina and Virginia) as well as in Iraq. This conduct violated 18 U.S.C. § 1512(3)(c).

128. Reasonable discovery likely will show that on or after September 9, 2007, Defendant Prince and those acting at his direction or with his approval engaged in the destruction of physical evidence in violation of violates 18 U.S.C. § 1512(3)(c).

129. During 2005, and reasonable discovery likely will show in subsequent years, Defendant Prince and those acting at his direction or with his approval engaged in a widespread pattern and practice of smuggling weapons and ammunition, including illegal ammunition, shortened barrel weapons and silencers.

130. Reasonable discovery likely will show that Defendant Prince and the Defendant Companies violated 18 U.S.C. § 1956 as he, and those acting at his direction or with his approval, funneled the proceeds of these ongoing illegal acts to various offshore accounts established in the names of the various entities within the Prince RICO Enterprise.

131. Co-conspirators Gary Jackson and Bill Matthews earned substantial sums of money from their participation in the conspiracy with Defendant Erik Prince. Defendant Erik Prince gave them each substantial bonuses, and authorized a Prince-controlled company called Raven to renovate and improve their homes.

132. Defendant Prince's employees obtained and distributed controlled substances (steroids and other drugs) in 2007, and reasonable discovery likely will show in other time periods as well. Defendant Prince and his co-conspirators knew or should have known that the men were violating 18 U.S.C. §§1952(a)(1) and (3) by traveling in foreign commerce with an intent to carry on these unlawful activities relating to substances controlled by section 102(6) of

the Controlled Substances Act, and thereafter performed or attempted to perform acts of distributing the proceeds or continuing to carry out these unlawful and felonious activities.

133. As set forth above, reasonable discovery will show Company employees routinely transported controlled substances such as steroids from Moyock to Iraq. Reasonable discovery is needed to ascertain whether Defendant Prince or one or more of his co-conspirators benefitted financially from the drug trafficking.

134. Reasonable discovery may show that the violations of the laws regulating controlled substances by Defendant Prince and his co-conspirators may have serve as a causal predicate act for the Nissor Square property damage. To date, it is known that a substantial number of Defendant Prince's men repeatedly consumed controlled substances. Neither Mr. Prince nor his co-conspirators took any effective steps to stop this consumption of drugs. It is known that Paul Slough, Nicholas Slatten, Evan Liberty, Dustin Heard and Donald Ball repeatedly demonstrated repeated aggressiveness towards innocent Iraqis.

135. Defendant Prince and his co-conspirators violated Section 7201 of the Internal Revenue Code by willfully evading the payment of taxes during 2006 and 2007. Defendant Prince and his co-conspirators attempted to conceal the existence of the illegal tax evasion scheme from Congress and members of law enforcement.

136. According to witnesses, Defendant Prince and his co-conspirators hid some or all of the proceeds from his various illegal racketeering acts in offshore accounts. These accounts were kept under various names, such as Greystone or Damocles. Reasonable documentary discovery is needed to understand fully the extent of the money laundering.

137. The Prince RICO Enterprise continues to exist and continues to engage in repeated illegal acts. The Prince RICO Enterprise's racketeering will not stop, as it is immensely profitable for Defendant Erik Prince and the Enterprise he has created.

138. The continued existence of the well-funded and powerful Prince RICO Enterprise poses a grave and special threat to the well-being of the world.

**COUNT THREE
ASSAULT AND BATTERY**

139. All preceding paragraphs are hereby incorporated by reference as if fully set forth herein.

140. Defendant Prince, acting through Paul Slough, Nicholas Slatten, Evan Liberty, Dustin Heard and Donald Ball, intentionally assaulted, battered, and made other offensive contacts against Plaintiffs on September 16, 2007.

141. Plaintiffs did not consent to the offensive contacts. Plaintiffs feared for their personal safety and felt threatened by Defendants' actions.

142. Defendant Prince and his Companies caused the assaults and batteries by encouraging an army of men to kill innocent Iraqis.

143. Defendant Prince and his Companies caused the assaults and batteries by failing to terminate men known to have killed innocent Iraqis.

144. Defendant Prince and his Companies caused the assaults and batteries by encouraging and ratifying the repeated bad acts of their employees.

145. Defendants' acts caused grave and foreseeable damages to Plaintiffs.

**COUNT FOUR
WRONGFUL DEATH**

146. All preceding paragraphs are hereby incorporated by reference as if fully set forth herein.

147. The personal representatives of the Estate Plaintiffs are persons able to serve in the capacity of personal representatives under Virginia and Iraqi law.

148. Defendant Prince and his Companies caused the wrongful deaths on September 16, 2007, by encouraging an army of men to kill innocent Iraqis, by failing to terminate men known to have killed innocent Iraqis, and by encouraging and ratifying the repeated bad acts of their employees.

149. Defendant Prince's numerous egregious acts and omissions described above caused the deaths of Plaintiffs' decedents.

150. The deaths of decedent Husein was a foreseeable result of Defendant Prince's wrongful acts and omissions.

**COUNT FIVE
INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS**

151. All preceding paragraphs are hereby incorporated by reference as if fully set forth herein.

152. Defendant Prince and his Companies intentionally inflicted severe emotional distress by way of extreme and outrageous conduct on Plaintiffs.

153. Defendant Prince intended or recklessly disregarding the probability that Plaintiffs would suffer emotional distress when directing offensive conduct toward Plaintiffs or carrying out offensive conduct while aware of Plaintiffs' family members' presence.

154. Defendant Prince's acts caused grave and foreseeable injuries to Plaintiffs and their family members.

COUNT SIX
NEGLIGENT INFLICTION OF EMOTIONAL DISTRESS

155. All preceding paragraphs are hereby incorporated by reference as if fully set forth herein.

156. Defendant Prince and his Companies negligently inflicted severe emotional distress on Plaintiffs and their family members.

157. Defendant Prince and his Companies breached a duty to Plaintiffs by encouraging, and failing to stop, the repeated bad acts of employees.

158. Defendant Prince egregious negligence directly and foreseeably harmed Plaintiffs.

COUNT SEVEN
NEGLIGENT HIRING, TRAINING AND SUPERVISION

159. All preceding paragraphs are hereby incorporated by reference as if fully set forth herein.

160. Defendant Prince acted negligently and directly harmed Plaintiffs by:

- (a) failing to take the appropriate steps in hiring proper personnel to perform services;
- (b) failing to properly screen personnel before their hiring;
- (c) failing to train personnel properly;
- (d) failing to investigate allegations of wrongdoing;
- (e) failing to reprimand for wrongful actions;
- (f) failing to adequately monitor for and stop illegal substance abuse; and
- (g) negligently permitting repeated lawlessness by employees.

161. Defendant Prince's negligence directly and foreseeably harmed Plaintiffs and their family members.

**COUNT EIGHT
TORTIOUS SPOILIATION OF EVIDENCE**

162. Defendant had a legal duty to preserve evidence relating to the Nisoor Square massacre and other killings.

163. Defendant Prince permitted his employees to destroy evidence.

164. By so destroying, Defendant significantly impaired Plaintiffs' ability to prove critical facts in this action.

165. Defendant's intent, at least in part, in destroying the evidence was to lessen the risk that they would be found liable by a jury hearing this action.

166. Defendant's intentional destruction of evidence harmed and continues to harm the Plaintiffs.

DAMAGES

167. Plaintiffs, acting when necessary through the Estates or their Personal Representatives, are entitled to any and all remedies available to them as a result of the conduct alleged herein, including, but not limited to: attorneys fees; compensation for sorrow, mental anguish, and solace, including but not limited to society, companionship, comfort, guidance, kindly offices and advice of the decedent; compensation for reasonably expected loss of (a) income of the decedent and (b) services, protection, care and assistance provided by the decedent; and compensation for the expenses for the care, treatment and hospitalization of the decedent incident to the injury resulting in death; reasonable funeral expenses; and punitive damages because Defendant Prince and his Companies engaged in willful and wanton

misconduct, and acted with such recklessness as evinces a conscious disregard for the safety of others.

168. The RICO Plaintiffs seek all remedies available under RICO against RICO Defendant Erik Prince, including, but not limited to, damages and attorneys fees.

/s/

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