

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

Larry Klayman,
540 Brickell Key Drive
Miami, FL 33131;

Louise Benson,
5779 Rolling Road
Woodland Hills, CA 91367

Plaintiffs,

v.

Judicial Watch, Inc.
501 School Street, S.W.
Suite 500
Washington, D.C. 20024;

Thomas J. Fitton
5245 42nd Street N.W.
Washington, D.C. 20015;

Paul Orfanedes
1050 North Stuart Street
Unit 515
Arlington, VA 22201; and

Christopher Farrell
501 School Street, S.W.
Suite 500
Washington, D.C. 20024

Defendants.

Civil Action No. 1:06-CV-00670

Honorable Colleen Kollar-Kotelly

Jury Trial Demanded.

SECOND AMENDED COMPLAINT

Plaintiffs, Larry Klayman (“Klayman”), and Louise Benson (“Benson”), complain against the Defendants as follows:

Introduction

1. This is an action by the founder and former Chairman of Judicial Watch, and a high value donor and volunteer to Judicial Watch to remedy defendants' breach of various agreements and laws, and to ultimately restore ethics and honesty to Judicial Watch. Since Klayman left Judicial Watch to run for the United States Senate, Judicial Watch has failed to honor its commitments to Klayman, Benson and other donors. Moreover, Judicial Watch, at the direction of its President, Thomas J. Fitton, has failed to respect its severance agreement with Klayman by engaging in a pattern of fraud, disparagement, defamation, false advertising and other egregious acts against Klayman. Regrettably, this complaint was filed because the Defendants failed to correct their conduct and remedy the damage, despite repeated demands.

2. In 1994, Klayman conceived of, incorporated and founded Judicial Watch to restore and promote ethics in the government and in the legal profession and he was the first to use the trademark "Judicial Watch" in commerce. The mark has a double meaning, as Judicial Watch was not only intended to help ensure that the court system acts ethically and correctly, but also to use the judiciary to oversee and police the executive and legislative branches of government.

3. Klayman conceived of Judicial Watch to serve as a private Justice Department for the people, in effect a "True Independent Counsel," free from the influences of politics he had seen as a trial attorney at the U.S. Justice Department. It was a novel concept to form an innovative group to advocate on behalf of its members and the public through concrete and forceful legal actions and educational endeavors, including but not limited to the use of the courts and the media.

4. During the approximately ten (10) years since Klayman founded and lead Judicial Watch, the organization grew from one office with a volunteer staff to, by the year 2000, a \$28

million dollar plus, per annum, foundation with headquarters in Washington, D.C. and regional offices in Los Angeles, California; Chicago, Illinois; Dallas, Texas; Miami, Florida; and Norfolk, Virginia. By the year 2003, Judicial Watch had about 50 employees with plans to expand not only domestically, but also internationally. It also had nationally syndicated radio and television shows called “The Judicial Watch Report,” expanding the group’s prestige and influence. Moreover, under Klayman’s leadership, Judicial Watch achieved many notable successful verdicts or findings in courts throughout the United States.

5. In 2003, a seat in the United States Senate (the “Senate”) opened in Klayman’s home state of Florida. After representing many Florida citizens in legal matters, Klayman decided that he could be even more effective in his fight against corruption by being elected to the Senate.

6. Though Judicial Watch had become a substantial organization, Klayman believed that the most effective way to effectuate a non-partisan “clean-up” of government was to transition Judicial Watch to a suitable successor while he was elected to the Senate. Klayman intended to take his “Judicial Watch” style of advocacy inside the government, while Judicial Watch continued its work as an independent non-profit organization.

7. Accordingly, Klayman decided to enter into severance negotiations with Thomas J. Fitton, then President of Judicial Watch (“Fitton”) and the Judicial Watch board members, including Paul Orfanedes (“Orfanedes”) and Christopher Farrell (“Farrell”), to begin the transition of leadership. Ultimately, Klayman entered into a detailed severance agreement (the “Severance Agreement”).

8. Shortly before Klayman left Judicial Watch, he discovered that, contrary to Fitton’s representations he made when Klayman hired him, Fitton had not obtained his undergraduate

