

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF SUFFOLK

SYLVIA BENITO,

Plaintiff,

v.

EDWARD J. LAKE and LAW OFFICE OF EDWARD
J. LAKE d/b/a THE LAKE LAW FIRM

Defendants.

Index No.

COMPLAINT

Plaintiff Sylvia Benito files this Complaint against Defendants Edward J. Lake (“Ed Lake”) and the Law Office of Edward J. Lake, P.C. d/b/a The Lake Law Firm (“Lake Law”) on personal knowledge as to herself and on information and belief as to all other facts as follows:

**I.
PRELIMINARY STATEMENT**

This case arises out of the failure of Lake Law and the numerous schemes orchestrated by its founder, Ed Lake. For many years, Ed Lake has aggressively marketed his law firm as a highly successful participant in the mass torts litigation finance space—touting Lake Law’s unique offerings such as a medical records review and guarantee.

Around 2017, Benito, an experienced investor relations professional, became interested in mass torts litigation as an investment class. While pursuing that interest, she developed relationships with attorneys who presented themselves as possessing expertise in the field. Among those she came to know was Ed Lake, who held himself out as a trusted expert and industry leader. In due course, Benito, like many others, was induced by Ed Lake’s representations about his firm’s “unblemished” record of success to place confidence, and ultimately capital, in him and his firm.

In total, Benito recommended that investors entrust over \$15 million to Lake Law in connection with the purchase of a docket of mass torts cases. Unfortunately, neither Lake Law nor Ed Lake ever came close to delivering on their promises. Instead, fully aware of Benito’s strong desire to protect her investors, Defendants induced Benito to make personal loans to Lake Law as “rescue funding” under false pretenses—loans that Defendants never intended to repay.

Defendants’ misconduct extended to defrauding Benito into making personal investments in Employee Retention Tax Credits (“ERC”) claims, a federal tax-credit program under the CARES Act.¹ Benito transmitted \$1.5 million to Defendants to purchase ERC claims for her benefit. Rather than honoring their agreement, Ed Lake used the funds for his own benefit, later recharacterizing her investment as a “loan” to himself and appropriating for his own gain the opportunity that belonged to her.

Benito now seeks redress for Defendants’ malfeasance, recovery of funds owed, and protection for others who might otherwise fall victim to similar conduct.

II. **JURISDICTION & VENUE**

1. The Court has general personal jurisdiction over Lake Law pursuant to CPLR 301 because Lake Law is incorporated in and has its principal place of business in Suffolk County, New York.

2. The Court has long-arm jurisdiction pursuant to CPLR 302, consistent with federal

¹ ERC was introduced under the CARES Act during the COVID-19 pandemic and is a refundable tax credit program for eligible employers who retained their employees during the pandemic. Under Lake Law’s ERC investment model, the investor is assigned a specific taxpayer who has an ERC tax refund claim. The investor’s money pays that taxpayer’s legal fees and other costs associated with guiding the taxpayer through the refund application process. Once the taxpayer obtains his refund, the investor gets a portion of it as a return on investment. In this program, the investor does not fund litigation against the IRS.

constitutional requirements, over Ed Lake because he: (1) has and continues to transact business in New York; (2) has and continues to commit tortious acts in New York; and (3) owns, uses, or possesses real property situated in New York.

3. Venue is proper in this Court under CPLR 501 and 502 because Lake Law is located in Suffolk County and many of the acts and omissions alleged in the Complaint occurred there.

III. **PARTIES**

4. Plaintiff Benito is a resident and citizen of Florida.

5. Defendant Ed Lake is a New York licensed attorney who is the founder and sole owner of Lake Law. Ed Lake currently resides in and is a citizen of Florida.

6. Defendant Lake Law is a law firm duly organized and operating under the laws of the State of New York with its principal place of business at 270 West Main Street, Suite 3, Sayville, New York 11782.

7. Ed Lake completely controls and dominates Lake Law, such that Lake Law is Ed Lake's alter ego, and does not have a meaningful separate existence from Ed Lake.

IV. **STATEMENT OF RELEVANT FACTS**

8. This lawsuit concerns Defendants' misconduct in connection with a mass torts litigation finance program involving Benito and investors she introduced to Defendants, and Benito's personal investment in ERC claims.

A. The Players: Benito, Melchionni, and Ed Lake

1. Benito & Melchionni

9. Benito is an accomplished investment professional with over 20 years of experience in the financial industry, including roles at structured settlement companies, a hedge fund, and

family offices. Benito is particularly gifted in the areas of business development, capital raises, and investor relations. It is this expertise that led her to the field of mass torts litigation funding.

10. In 2016, Benito joined Structures, a structured settlement company, where she developed investment opportunities with mass tort attorneys. Shortly thereafter, Structures hired Melchionni, an attorney, for the same position.

11. In 2017, Benito, seeking a more manageable travel schedule as a single mother, left Structures to join a multi-family office called GenSpring. While there, Melchionni introduced Benito to mass torts litigation as an investable asset class that provided consistent returns at moderate risk.

12. Although Benito did not immediately invest, she found the concept appealing both financially and as a way to assist victims of mass torts.

13. By 2020, while working for another family office called ASK, Benito structured her first mass tort investment with Melchionni in connection with claims of sexual abuse against the Boy Scouts. This investment turned out to be a “home run” for the investors and continues to yield returns.

14. Benito and Melchionni’s next investment was not as successful. In that investment, Benito’s friend invested \$300,000, which Benito and Melchionni used to fund talcum powder personal injury cases. This investment highlighted one of the risks of mass tort litigation funding: case drop-off. Specifically, when a litigation funder invests in a portfolio of mass torts litigation, the return on the investment is determined by the number of high-quality cases. While some case attrition in every portfolio is normal, if too many cases “drop off” because they are not viable, then the investment will not be profitable. Here, every talcum powder case in the portfolio was disqualified, so the investment went to zero. Nevertheless, Benito and Melchionni, without any

obligation to do so, personally covered the investor's entire loss.

2. Enter Ed Lake

15. In 2020, Melchionni met Ed Lake at an industry conference. Ed Lake touted himself as a leading attorney with almost 30 years' experience in personal injury and mass torts litigation. He claimed that his law firm "solved" the "case drop-off problem" through a medical records review and guarantee. That is, he claimed that any person that Lake Law signed up provided their medical records, so that the viability of his claim could quickly be assessed. If a case dropped off, then Lake Law's could replace the case.

16. He further claimed that, once a case was approved, he maximized recovery by acting as co-counsel with top trial firms.

B. Justice Partners And KS Law Group

17. Ed Lake's representations induced Benito to work with Lake and his law firm as a potential investment source in mass tort litigation.

18. In late 2020, Melchionni and Benito launched Justice Partners with the intent to offer investors a diversified portfolio of mass torts cases. In the venture, Benito's role was to raise capital and handle investor relations while Melchionni, as the attorney, was responsible for managing the litigation docket.

19. Eventually, Justice Partners raised \$11.25 million for investment. In addition, one of the Justice Partners investors made a \$4 million "sidecar" investment in a venture called KS Law Group.

20. Once the funds closed, on April 15, 2021, Melchionni and Benito sent the

investment funds, in amount of \$6.125 million, to Defendants to obtain the following cases:²

Quantity	Description	Unit Price	Total Price
380	Hernia Mesh	\$5,000	\$1.9 million
208	Talc	\$5,700	\$1.185 million
150	Round Up	\$5,000	\$750K
350	3M	\$2,000	\$700K
200	Fire Foam	\$5447	\$1.0894 million
200	Zantac	\$2,500	\$500K

21. On or about October 20, 2021, Justice Partners sent Defendants another \$5.125 million to purchase an additional 12% of any recovered attorney's fees as follows:

Quantity	Description
1,606	Hernia Mesh
1,336	Talc
100	Round Up
850	3M

² The funds were transmitted to Defendants via a marketing firm owned and operated by Ed Lake called Persist Communications, Inc. ("Persist"), which Lake repeatedly claimed was his "engine room." According to Lake, the company ran the campaigns to locate and sign up the mass torts plaintiffs in whose cases the investors are investing.

22. On September 1, 2021, KS Law sent \$3.88 million to Defendants to obtain the following cases:

Quantity	Description	Unit Price	Total Price
220	Hernia Mesh	\$5,600	\$1.232 million
200	Talc	\$6,000	\$1.2 million
1155	Round Up	\$5,048.39	\$782.5K
220	3M	\$3.025	\$665K

23. In making the above-described investment decisions, Benito relied on Defendants' representation regarding the success of the fund, Ed Lake's representations regarding his firm's medical records review process and guarantees.

C. Benito Invests Her Own Money With Defendants

24. In addition to the Justice Partners and KS Law investments, on April 26, 2022, Benito invested \$1.5 million of her own money with Lake Law to purchase ERC claims for her own account based on Ed Lake's representation that Lake Law had secured access to a pipeline of lucrative ERC claims.

25. Unbeknownst to Benito, Ed Lake thereafter diverted those funds for his personal benefit rather than using them to acquire ERC claims for Benito, later recharacterizing her investment as a "loan" to himself.

26. Benito was therefore deprived of the benefits of the investment, including ownership interests and potential profits as promised.

D. Trouble In Paradise

27. By summer 2022, the relationship among Benito, Melchionni, and Defendants began to deteriorate. Lake Law had fallen far short of the promised case counts. For Justice Partners, Lake Law was short 208 talc cases, 380 hernia mesh cases, 150 Roundup cases, 350 3M cases, and 200 firefighter foam cases. For KS Law, the shortfall was 200 talc cases, 220 hernia mesh cases, 155 Roundup cases, and 220 3M cases.

28. It also became apparent that Lake Law did not have sufficient “inventory” to cover Justice Partners’ additional investment in 12% of attorney’s fees. This, of course, was contrary to Ed Lake’s specific representations.

29. Relying on Ed Lake’s medical records guarantee, Melchionni, acting on behalf of Justice Partners and KS Law, negotiated and entered into Case Replacement Agreements with Lake Law on December 1, 2022. These agreements formalized Ed Lake’s promises to substitute qualifying cases. But by July 2023, Ed Lake repudiated these Agreements, proposing new terms that were materially adverse to investors and inconsistent with prior guarantees.

30. Matters worsened when settlements began to materialize. After the resolution of 3M cases, Lake Law failed to distribute investor proceeds as required.

31. By late 2023, Ed Lake began threatening to close Lake Law unless he received operational funding for Lake Law. Specifically, he sought \$400,000 in “rescue funding” from Benito and Melchionni on the false representation that the Lake Law would be getting significant financing within 90 days from Arena Investors LP and American Law Firm Capital LLC.

32. In reliance on Ed Lake’s representation about the forthcoming financing and to protect their investors, in January 2024, Benito and Melchionni each loaned Lake Law \$200,000 via a “Short-Term Funding and Security Agreement.” Although the loan matured on April 1, 2024,

and despite repeated demands for repayment, the loan remains outstanding. Benito now knows that Ed Lake never intended to repay the debt.

33. As if that was not enough, Ed Lake requested more purported “rescue funding”—again based on the misrepresentation that he was about to secure large long-term financing.

34. Again, to protect their investors, Benito and Melchionni each loaned Lake Law \$850,000 between March 2024 and March 2025. Benito now knows that Ed Lake never had any intention of repaying that debt either. Indeed, he never did so.

35. Ed Lake’s malfeasance carried over into Benito’s personal ERC investment as well. In a sleight of hand, Ed Lake used Benito’s \$1.5 million investment in ERC claims to build an ERC docket for himself and then claim that Benito’s money was “merely” a loan.

36. Indeed, as time went on, it became clear that Ed Lake was effectively running a Ponzi scheme. As he failed to keep adequate reserves for his investment vehicles, he paid prior investors with new investors’ funds. He also pledged the same attorneys’ fees to multiple parties without their knowledge. The misconduct goes on and on.

37. Benito now seeks redress for Ed Lake’s misconduct.

V.

FIRST CAUSE OF ACTION FOR BREACH OF CONTRACT **(Against Ed Lake & Lake Law)**

38. Benito repeats and re-alleges every allegation contained in the foregoing paragraphs of this Complaint as if set forth fully herein.

39. The elements of a cause of action for breach of contract in New York are: (1) a contract exists; (2) plaintiff performed in accordance with the contract; (3) defendant breached its contractual obligations; and (4) defendant’s breach resulted in damages.

40. Here, Benito entered into the “Short-Term Funding and Security Agreement” with

Lake Law in or about January 2024; Benito lent Lake Law \$200K under that agreement; Lake Law breached its obligations under that agreement by failing to repay the loan by the maturity date; and Benito was damaged as a result of the Lake Law's breach.

VI.
SECOND CAUSE OF ACTION FOR BREACH OF CONTRACT
(Against Ed Lake & Lake Law)

41. Benito repeats and re-alleges every allegation contained in the foregoing paragraphs of this Complaint as if set forth fully herein.

42. The elements of a cause of action for breach of contract in New York are: (1) a contract exists; (2) plaintiff performed in accordance with the contract; (3) defendant breached its contractual obligations; and (4) defendant's breach resulted in damages.

43. Here, Benito entered into loan agreements with Lake Law between March 2024 and March 2025; Benito performed her obligation and loaned Lake Law \$850,000 under those agreements; Lake Law breached its obligations under those agreements by failing to repay the loans by their maturity dates; and Benito was damaged as a result of the Lake Law's breaches.

VII.
THIRD CAUSE OF ACTION FOR BREACH OF CONTRACT
(Against Ed Lake & Lake Law)

44. Benito repeats and re-alleges every allegation contained in the foregoing paragraphs of this Complaint as if set forth fully herein.

45. The elements of a cause of action for breach of contract in New York are: (1) a contract exists; (2) plaintiff performed in accordance with the contract; (3) defendant breached its contractual obligations; and (4) defendant's breach resulted in damages.

46. Here, Benito entered into a contract with Lake Law in April 2022 to purchase ERC cases; Benito performed her obligation to pay the purchase price of \$1.5 million for these cases;

Lake Law breached its obligations under that agreement by failing to deliver any ERC cases to Benito; and Benito was damaged as a result of the Lake Law's breach by losing out on an opportunity for a return on her investment.

VIII.
FOURTH CAUSE OF ACTION FOR FRAUDULENT INDUCEMENT
(Against Ed Lake & Lake Law)

47. Benito repeats and re-alleges every allegation contained in the foregoing paragraphs of this Complaint as if set forth fully herein.

48. The elements of a cause of action for fraudulent inducement in New York are: (1) a false representation of material fact; (2) known by the utterer to be untrue; (3) made with the intention of inducing reliance and forbearance from further inquiry; (4) that is justifiably relied upon; and (5) results in damages.

49. Here, Ed Lake misrepresented that he would receive funding for his operations from Arena Investors LP and American Law Firm Capital LLC to induce Benito to loan Lake Law \$200K; Benito justifiably relied on these representations and loaned Lake Law \$200K; and Benito was damaged when Lake Law failed to repay the loan.

IX.
FIFTH CAUSE OF ACTION FOR FRAUDULENT INDUCEMENT
(Against Ed Lake & Lake Law)

50. Benito repeats and re-alleges every allegation contained in the foregoing paragraphs of this Complaint as if set forth fully herein.

51. The elements of a cause of action for fraudulent inducement in New York are: (1) a false representation of material fact; (2) known by the utterer to be untrue; (3) made with the intention of inducing reliance and forbearance from further inquiry; (4) that is justifiably relied upon; and (5) results in damages.

52. Here, Ed Lake misrepresented that he would receive funding for his operations from Arena Investors LP and American Law Firm Capital LLC to induce Benito to loan Lake Law \$850K; Benito justifiably relied on these representations and loaned Lake Law \$850K in a series of transactions; and Benito was damaged when Lake Law failed to repay the loans.

X.
SIXTH CAUSE OF ACTION FOR FRAUDULENT INDUCEMENT
(Against Ed Lake & Lake Law)

53. Benito repeats and re-alleges every allegation contained in the foregoing paragraphs of this Complaint as if set forth fully herein.

54. The elements of a cause of action for fraudulent inducement in New York are: (1) a false representation of material fact; (2) known by the utterer to be untrue; (3) made with the intention of inducing reliance and forbearance from further inquiry; (4) that is justifiably relied upon; and (5) results in damages.

55. Here, Ed Lake misrepresented in April 2022 that he would provide ERC claims to Benito in exchange for \$1.5 million to induce Benito to send him that cash; Benito justifiably relied on Ed Lake's misrepresentation and sent Lake Law \$1.5 million; and Benito was damaged when Ed Lake failed to deliver these cases because she lost out on an opportunity for a return on her investment.

XI.
SEVENTH CAUSE OF ACTION FOR AN ACCOUNTING
(Against Ed Lake & Lake Law)

56. Benito repeats and re-alleges every allegation contained in the foregoing paragraphs of this Complaint as if set forth fully herein.

57. At all relevant times, a fiduciary and confidential relationship existed between Benito and Defendants. Defendants solicited and received funds from Benito and the investors

she represented under the pretense that such funds would be used to acquire and manage portfolios of mass torts cases and related litigation assets for the investors' benefit. Defendants also received and controlled Benito's personal investment funds in connection with the ERC venture.

58. As a result, Defendants owed Benito a duty to act with good faith, to account accurately for all funds received and disbursed, and to maintain transparent records reflecting the use and disposition of investment proceeds, case recoveries, and operational expenditures.

59. Defendants commingled investor funds, diverted monies to unauthorized purposes, paid existing obligations with new investor capital, and double-pledged participation rights in attorney's fees and recoveries.

60. Because the relevant financial information lies solely within Defendants' possession and control, Benito lacks an adequate remedy at law to ascertain the true extent of her losses and the disposition of investor assets.

61. Accordingly, Benito is entitled to a full accounting of all monies and assets received, held, invested, disbursed, pledged, or otherwise managed by Defendants in connection with all the foregoing investments alleged.

XII. **PRAYER FOR RELIEF**

WHEREFORE, Benito prays for relief against Defendants as follows:

1. Compensatory and consequential damages in an amount to be proven at trial, but not less than \$2.55 million.
2. A constructive trust, a constructive trust over Ed Lake and Lake Law's assets in the amount of at least \$8.55 million.
3. Equitable relief including the turnover of all collateral in which Plaintiff has a security.

4. Disgorgement of any profits on ERC cases that rightfully belong to Benito because of her \$1.5 million investment.

5. Exemplary and punitive damages under New York law for fraud. Benito specifically alleges that Ed Lake's actions rise to felony-level misconduct in inducing Benito to send at least \$2.55 million to Lake Law under false pretenses.

6. Pre-judgment and post-judgment interest as permitted by law.

7. Attorney's fees and costs as permitted by law.

8. Such other and further relief that the Court deems just and proper.

**XIII.
JURY DEMAND**

Benito demands a trial by jury on all issues so triable.

Dated: October 20, 2025
New York, New York

Respectfully submitted,

/s/ William A. Brewer III

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