

**IN THE UNITED STATES COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

**INTERACTIVE LEARNING
SYSTEMS, INC. d/b/a
INTERACTIVE COLLEGE OF
TECHNOLOGY and ELMER SMITH**

Plaintiffs,

v.

**MINERVA CAPITAL
MANAGEMENT, INC., MINERVA
INFLECTION STRATEGIES, LP,
STANFORD B. SILVERMAN and
JON COOVER,**

Defendants.

CIVIL ACTION FILE NO.

1:20-cv-03433-MLB

Jury Trial Demanded

**VERIFIED ANSWER TO PLAINTIFFS' AMENDED COMPLAINT AND
COUNTERCLAIM**

COMES NOW, Defendants **MINERVA CAPITAL MANAGEMENT, INC., MINERVA INFLECTION STRATEGIES, LP, and STANFORD B. SILVERMAN.** (hereinafter "Defendants"), by and through its counsel of record, Hawkins Parnell & Young LLP and Rawle & Henderson, LLP, and in answer to Plaintiff **Interactive Learning Systems, Inc., d/b/a Interactive College of**

Technology, and Elmer Smith's (hereinafter “Plaintiffs”) Amended Complaint, herewith files its Answer as follows:

GENERAL DENIAL

Defendants deny each and every allegation set forth in Plaintiffs’ Amended Complaint unless expressly and specifically admitted herein.

AFFIRMATIVE DEFENSES

FIRST DEFENSE

Plaintiffs’ Amended Complaint fails to state a claim upon which relief can be granted.

SECOND DEFENSE

Plaintiffs’ claims are, in whole or in part, barred by the applicable statute of limitations.

THIRD DEFENSE

Plaintiffs’ claims are barred by the defenses of laches, waiver and estoppel.

FOURTH DEFENSE

Plaintiffs’ claims are barred by the doctrine of unclean hands.

FIFTH DEFENSE

Defendants have acted in good faith in all transactions, acts or conduct pertaining to Plaintiffs’ claims.

SIXTH DEFENSE

No act or omission on the part of the Defendants caused or contributed to any injury or damage Plaintiff alleges to have sustained.

SEVENTH DEFENSE

Defendant has not breached any legal duty owing to the Plaintiffs.

EIGHTH DEFENSE

Plaintiffs failed to specifically itemize special damages, if any, and therefore is prevented from recovering same.

NINTH DEFENSE

Defendants acted in good faith at all times.

TENTH DEFENSE

Defendants acted fairly at all times.

ELEVENTH DEFENSE

There was no breach of contract on the part of Defendants as no contract existed.

TWELTH DEFENSE

If it is determined that a contract existed, it was plaintiffs who breached the contract.

THIRTEENTH DEFENSE

Plaintiffs' assertion of Georgia statutes is contrary to the Letter of Intent governing the transaction at issue and thus they must be dismissed.

FOURTEENTH DEFENSE

Plaintiffs' assertions of Civil RICO statutes have no basis in law or fact.

FIFTEENTH DEFENSE

It was plaintiffs who refused to go forward with the subject purchase, not defendants.

SIXTEENTH DEFENSE

Plaintiffs acted in bad faith.

SEVENTEENTH DEFENSE

Plaintiffs dealt unfairly with defendants.

EIGHTEENTH DEFENSE

Plaintiffs violated the covenant of good faith and fair dealing.

THIRTIETH DEFENSE

Responding specifically to the individually numbered paragraphs of Plaintiffs' Complaint, Defendants plead as follows:

PARTIES

1. Defendants are without sufficient knowledge or information to admit or deny the allegations contained in Paragraph 1 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

2. Defendants are without sufficient knowledge or information to admit or deny the allegations contained in Paragraph 2 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

3. Defendants are without sufficient knowledge or information to admit or deny the allegations contained in Paragraph 3 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

4. Defendants are without sufficient knowledge or information to admit or deny the allegations contained in Paragraph 4 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

5. Defendants admit the allegations contained in Paragraph 5 of Plaintiffs' Amended Complaint.

6. Defendants admit the allegations contained in Paragraph 6 of Plaintiffs' Amended Complaint.

7. Defendants deny admit the allegations contained in Paragraph 7 of Plaintiffs' Amended Complaint.

8. Defendants deny the allegations contained in Paragraph 8 of Plaintiffs' Amended Complaint.

9. Defendants admit the allegations contained in Paragraph 9 of Plaintiffs' Amended Complaint.

10. Defendants are without knowledge and information to admit or deny the allegations contained in Paragraph 10 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

11. Defendants admit the allegations contained in Paragraph 11 of Plaintiffs Amended Complaint.

12. Defendants admit the allegations contained in Paragraph 12 of Plaintiffs' Amended Complaint.

13. Defendants' admit the allegations contained in Paragraph 13 of Plaintiffs' Amended Complaint.

JURISDICTION AND VENUE

14. The allegations set forth in Paragraph 14 of Plaintiffs' Amended Complaint call for or seek to elicit a legal conclusion to which no response is deemed required. To the extent a response is deemed required, the allegations are denied.

15. The allegations set forth in Paragraph 15 of Plaintiffs' Amended Complaint call for or seek to elicit a legal conclusion to which no response is deemed required. To the extent a response is deemed required, the allegations are denied.

16. The allegations set forth in Paragraph 16 of Plaintiffs' Amended Complaint call for or seek to elicit a legal conclusion to which no response is deemed required. To the extent a response is deemed required, the allegations are denied.

BACKGROUND FACTS

17. Defendants deny the allegations contained in Paragraph 17 of Plaintiffs' Amended Complaint.

18. Defendants are without sufficient knowledge or information to admit or deny the allegations contained in Paragraph 18 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

19. Defendants admit the allegations contained in Paragraph 19 of Plaintiffs' Amended Complaint.

20. Defendants admit the allegations contained in Paragraph 20 of Plaintiffs' Amended Complaint.

21. Defendants admit the allegations contained in Paragraph 21 of Plaintiffs' Amended Complaint.

22. Defendants admit the allegations contained in Paragraph 22 of Plaintiffs' Amended Complaint.

23. Defendants are without sufficient knowledge and information to admit or deny the allegations contained in Paragraph 23 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

24. Defendants admit the allegations contained in Paragraph 24 of Plaintiffs' Amended Complaint.

25. Defendants admit the allegations contained in Paragraph 25 of Plaintiffs' Amended Complaint.

26. Defendants deny the allegations contained in Paragraph 26 of Plaintiffs' Amended Complaint.

27. Defendants are without sufficient knowledge or information to admit or deny the allegations contained in Paragraph 27 of Plaintiffs Amended Complaint; therefore the allegations are denied.

28. Defendants deny the allegations contained in Paragraph 28 of Plaintiffs' Amended Complaint.

29. Defendants deny the allegations contained in Paragraph 29 of Plaintiffs' Amended Complaint.

30. Defendants are without sufficient knowledge or information to admit or deny admit the allegations contained in Paragraph 30 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

31. Defendants deny the allegations contained in Paragraph 31 of Plaintiffs' Amended Complaint except admits that Silver Betty, Inc. is a marketing company in New York, New York.

32. Defendants deny the allegations contained in Paragraph 32 of Plaintiffs' Amended Complaint, but admits that Defendant Silverman operates Silver Betty, Inc.

33. Defendants deny the allegations contained in Paragraph 33 of Plaintiffs' Amended Complaint.

34. Defendants deny the allegations contained in Paragraph 34 of Plaintiffs' Amended Complaint.

35. Defendants deny the allegations contained in Paragraph 35 of Plaintiffs' Amended Complaint.

36. Defendants deny the allegations contained in Paragraph 36 of Plaintiffs' Amended Complaint except admits that Defendant Silverman is Chairman and Founder of Silver Betty, Inc.

37. Defendants are without sufficient knowledge and information to admit or deny the allegations contained in Paragraph 37 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

38. Defendants deny the allegations contained in Paragraph 38 of Plaintiffs' Amended Complaint.

39. Defendants admit the allegations contained in Paragraph 39 of Plaintiffs' Amended Complaint.

40. Defendants are without sufficient knowledge or information to admit or deny the allegations contained in Paragraph 40 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

41. Defendants are without sufficient knowledge and information to admit or deny the allegations contained in Paragraph 41 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

42. Defendants admit the allegations contained in Paragraph 42 of Plaintiffs' Complaint.

43. Defendants admit the allegations contained in Paragraph 43 of Plaintiffs' Amended Complaint only to the extent that Plaintiffs were told that Defendants contemplated the purchases of other proprietary schools. All other allegations are denied.

44. Defendants are without sufficient knowledge or information to admit or deny the allegations contained in Paragraph 44 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

45. Defendants deny the allegations contained in Paragraph 45 of Plaintiffs' Amended Complaint.

46. Defendants admit the allegations contained in Paragraph 46 of Plaintiffs' Amended Complaint.

47. Defendants admit the allegations contained in Paragraph 47 of Plaintiffs' Amended Complaint.

48. Defendants deny the allegations contained in Paragraph 48 of Plaintiffs' Amended Complaint but admit that said LOI was prepared by Defendants after considerable and drawn out negotiations with and input from Plaintiffs.

49. Defendants admit the allegations contained in Paragraph 49 of Plaintiffs' Amended Complaint.

50. Defendants admit the allegations contained in Paragraph 50 of Plaintiffs' Amended Complaint.

51. Defendants admit the allegations contained in Paragraph 51 of Plaintiffs' Amended Complaint.

52. Defendants admit the allegations contained in Paragraph 52 of Plaintiffs' Amended Complaint.

53. Defendants admit the allegations contained in Paragraph 53 of Plaintiffs' Amended Complaint.

54. Defendants deny the allegations contained in Paragraph 54 of Plaintiffs' Amended Complaint.

55. Defendants are without sufficient knowledge and information to admit or deny the allegations contained in Paragraph 55 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

56. Defendants are without sufficient knowledge or information to admit or deny the allegations contained in Paragraph 56 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

57. Defendants are without sufficient knowledge and information to admit or deny the allegations contained in Paragraph 57 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

58. Defendants are without sufficient knowledge and information to admit or deny the allegations contained in Paragraph 58 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

59. Defendants admit the allegations contained in Paragraph 59 of Plaintiffs' Amended Complaint.

60. Defendants admit the allegations contained in Paragraph 60 of Plaintiffs' Amended Complaint.

61. Defendants are without sufficient knowledge and information to admit or deny the allegations contained in Paragraph 61 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

62. Defendants admit the allegations contained in Paragraph 62 of Plaintiffs' Amended Complaint.

63. Defendants admit the allegations contained in Paragraph 63 of Plaintiffs' Amended Complaint.

64. Defendants deny the allegations contained in Paragraph 64 of Plaintiffs' Amended Complaint.

65. Defendants are without sufficient knowledge and information to admit or deny the allegations contained in Paragraph 65 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

66. Defendants are without knowledge or information sufficient to admit or deny the allegations contained in Paragraph 66 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

67. Defendants are without sufficient knowledge and information to admit or deny the allegations contained in Paragraph 67 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

68. Defendants are without sufficient knowledge or information to admit or deny the allegations contained in Paragraph 68 of Plaintiffs' Amended Complaint; therefore, they are denied.

69. Defendants admit the allegations contained in Paragraph 69 of Plaintiffs' Amended Complaint.

70. Defendants deny the allegations contained in Paragraph 70 of Plaintiffs' Amended Complaint.

71. Defendants are without sufficient knowledge and information sufficient to admit or deny the allegations contained in Paragraph 71 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

72. Defendants are without sufficient knowledge and information to admit or deny the allegations contained in Paragraph 72 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

73. Defendants are without sufficient knowledge or information to admit or deny the allegations contained in Paragraph 73 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

74. Defendants deny the allegations contained in Paragraph 74 of Plaintiffs' Amended Complaint.

75. Defendants deny the allegations contained in Paragraph 75 of Plaintiffs' Amended Complaint.

76. Defendants are without sufficient knowledge and information to admit or deny the allegations contained in Paragraph 76 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

77. Defendants are without sufficient knowledge and information to admit or deny the allegations contained in Paragraph 77 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

78. Defendants deny the allegations contained in Paragraph 78 of Plaintiffs' Amended Complaint except admits that on or about January 2020, a draft Equity Purchase Agreement was sent to Plaintiffs.

79. Defendants deny the allegations contained in Paragraph 79 of Plaintiffs' Amended Complaint.

80. Defendants deny the allegations contained in Paragraph 80 of Plaintiffs' Amended Complaint.

81. Defendants deny the allegations contained in Paragraph 81 of Plaintiffs' Amended Complaint.

82. Defendants deny the allegations contained in Paragraph 82 of Plaintiffs Amended Complaint.

83. Defendants admit the allegations contained in Paragraph 83 of Plaintiffs Amended Complaint.

84. Defendants deny the allegations contained in Paragraph 84 of Plaintiffs' Amended Complaint.

85. Defendants deny the allegations contained in Paragraph 85 of Plaintiffs' Amended Complaint.

86. Defendants admit the allegations contained in Paragraph 86 of Plaintiffs Amended Complaint.

87. Defendants admit the allegations contained in Paragraph 87 of Plaintiffs' Amended Complaint.

88. Defendants admit the allegations contained in Paragraph 88 of Plaintiffs' Amended Complaint.

89. Defendants deny the allegations contained in Paragraph 89 of Plaintiffs' Amended Complaint.

90. Defendants admit the allegations contained in Paragraph 90 of Plaintiffs' Amended Complaint only to the extent that Defendants have made no payments to Plaintiffs. All other allegations are denied.

91. Defendants admit the allegations contained in Paragraph 91 of Plaintiffs' Amended Complaint.

92. Defendants are without sufficient knowledge and information to admit or deny the allegations contained in Paragraph 92 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

93. Defendants are without sufficient knowledge and information to admit or deny the allegations contained in Paragraph 93 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

COUNT I

QUANTUM MERUIT

94. Defendants reincorporate and reassert its defense and responses to the allegations set forth in Paragraphs 1 – 93 of Plaintiffs' Amended Complaint as if the same have been fully set forth herein.

95. The allegations set forth in Paragraph 95 of Plaintiffs' Amended Complaint calls for or seeks to elicit a legal conclusion to which no response is deemed required. To the extent such a response is deemed required, the allegations are denied.

96. Defendants deny the allegations contained in Paragraph 96 of Plaintiffs' Amended Complaint.

97. Defendants are without sufficient knowledge or information to admit or deny the allegations contained in Paragraph 97 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

98. Defendants deny the allegations contained in Paragraph 98 of Plaintiffs' Amended Complaint.

99. Defendants deny the allegations contained in Paragraph 99 of Plaintiffs' Amended Complaint.

COUNT II

UNJUST ENRICHMENT (O.C.G.A. § 9-2-7)

100. Defendants reincorporate and reassert its defense and responses to the allegations set forth in paragraphs 1 – 99 of Plaintiffs' Amended Complaint as if the same have been fully set forth herein.

101. The allegations set forth in Paragraph 101 of Plaintiffs' Amended Complaint call for or seek to elicit a legal conclusion to which no response is deemed required. To the extent a response is deemed required, the allegations are denied.

102. Defendants deny the allegations contained in Paragraph 102 of Plaintiffs' Amended Complaint.

103. Defendants deny the allegations contained in Paragraph 103 of Plaintiffs' Amended Complaint.

104. Defendants deny the allegations contained in Paragraph 69 of Plaintiffs' Complaint.

105. Defendants deny the allegations contained in Paragraph 105 of Plaintiffs' Amended Complaint.

COUNT III

MONEY HAD AND RECEIVED

106. Defendants reincorporate and reassert its defense and responses to the allegations set forth in paragraphs 1 – 105 of Plaintiffs' Amended Complaint as if the same have been fully set forth herein.

107. The allegations set forth in Paragraph 107 of Plaintiffs' Amended Complaint call for or seek to elicit a legal conclusion to which no response is deemed required. To the extent a response is deemed required, Defendants deny the allegations contained in Paragraph 107 of Plaintiffs' Amended Complaint.

108. Defendants are without sufficient knowledge or information to admit or deny the allegations contained in Paragraph 108 of Plaintiffs' Complaint; therefore, the allegations are denied.

109. Defendants are without sufficient knowledge or information to admit or deny the allegations contained in Paragraph 109 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

COUNT IV

MONEY HAD AND RECEIVED

110. Defendants reincorporate and reassert its defense and responses to the allegations set forth in paragraphs 1 – 109 of Plaintiffs’ Amended Complaint as if the same have been fully set forth herein.

111. The allegations set forth in Paragraph 111 of Plaintiffs’ Amended Complaint call for or seek to elicit a legal conclusion to which no response is deemed required. To the extent a response is deemed required, Defendants deny the allegations contained in Paragraph 111 of Plaintiffs’ Amended Complaint.

112. Defendants deny the allegations contained in Paragraph 112 of Plaintiffs’ Amended Complaint.

113. Defendants deny the allegations contained on Paragraph 113 of Plaintiffs’ Amended Complaint.

COUNT V

**CIVIL ACTION (O.C.G.A. § 51-10-6) &
THEFT BY CONVERSION (O.C.G.A. § 16-8-4)**

114. Defendants reincorporate and reassert its defense and responses to the allegations set forth in Paragraphs 1 – 113 of Plaintiffs’ Amended Complaint as if the same have been fully set forth herein.

115. The allegations set forth in Paragraph 115 of Plaintiffs' Amended Complaint call for or seek to elicit a legal conclusion to which no response is deemed required. To the extent a response is deemed required, Defendants deny the allegations of Paragraph 115 of Plaintiffs' Amended Complaint.

116. Defendants admit the allegations contained in Paragraph 116 of Plaintiffs' Amended Complaint.

117. Defendants are without sufficient knowledge or information to admit or deny the allegations contained in Paragraph 117 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

118. Defendants are without sufficient knowledge or information to admit or deny the allegations contained in Paragraph 118 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

119. Defendants are without sufficient knowledge or information to admit or deny the allegations contained in Paragraph 119 of Plaintiffs' Amended Complaint; therefore, the allegations are denied.

COUNT VI

CIVIL ACTION (O.C.G.A. § 51-10-6) & THEFT BY CONVERSION (O.C.G.A. § 16-8-4)

120. Defendants reincorporate and reassert its defense and responses to the allegations set forth in Paragraphs 1 – 119 of Plaintiffs’ Amended Complaint as if the same have been fully set forth herein.

121. The allegations set forth in Paragraph 121 of Plaintiffs’ Amended Complaint call for or seek to elicit a legal conclusion to which no response is deemed required. To the extent a response is deemed required, Defendants deny the allegations of Paragraph 121 of Plaintiffs’ Amended Complaint.

122. Defendants admit the allegations contained in Paragraph 122 of Plaintiffs’ Amended Complaint.

123. Defendants admit the allegations contained in Paragraph 123 of Plaintiffs’ Amended Complaint.

124. Defendants deny the allegations contained in Paragraph 124 of Plaintiffs’ Amended Complaint.

COUNT VII

**CIVIL ACTION (O.C.G.A. § 51-10-6) &
THEFT BY DECEPTION (O.C.G.A. § 16-8-3)**

125. Defendants reincorporate and reassert its defense and responses to the allegations set forth in Paragraphs 1 – 124 of Plaintiffs’ Amended Complaint as if the same have been fully set forth herein.

126. The allegations set forth in Paragraph 126 of Plaintiffs' Amended Complaint call for or seek to elicit a legal conclusion to which no response is deemed required. To the extent a response is deemed required, Defendants deny the allegations of Paragraph 126 of Plaintiffs' Amended Complaint.

127. Defendants deny the allegations contained in Paragraph 127 of Plaintiffs' Amended Complaint.

128. Defendants deny the allegations contained in Paragraph 128 of Plaintiffs' Amended Complaint.

129. Defendants deny the allegations contained in Paragraph 129 of Plaintiffs' Amended Complaint.

COUNT VIII

**CIVIL ACTION (O.C.G.A. § 51-10-6) &
THEFT BY DECEPTION (O.C.G.A. § 16-8-3)**

130. Defendants reincorporate and reassert its defense and responses to the allegations set forth in Paragraphs 1-129 of Plaintiffs' Amended Complaint as if the same have been fully set forth herein.

131. The allegations set forth in Paragraph 131 of Plaintiffs' Amended Complaint calls for or seeks to elicit a legal conclusion to which no response is deemed required. To the extent such a response is deemed required, the allegations are denied,

132. Defendants deny the allegations contained in Paragraph 132 of Plaintiffs' Complaint.

133. Defendants deny the allegations contained in Paragraph 133 of Plaintiffs' Amended Complaint.

COUNT IX

FRAUDULENT MISREPRESENTATION (O.C.G.A. § 23-2-52)

134. Defendants reincorporate and reassert its defense and responses to the allegations set forth in Paragraphs 1-133 of Plaintiffs' Amended Complaint as if the same have been fully set forth herein.

135. The allegations set forth in Paragraph 135 of Plaintiffs' Amended Complaint call for or seeks to elicit a legal conclusion to which no response is deemed required. To the extent such a response is deemed required, the allegations are denied.

136. Defendants deny the allegations contained in Paragraph 136 of Plaintiffs' Amended Complaint.

137. Defendants deny the allegations contained in Paragraph 137 of Plaintiffs' Amended Complaint.

138. Defendants deny the allegations contained in Paragraph 138 of Plaintiffs' Complaint.

COUNT X

FRAUDULENT MISREPRESENTATION (O.C.G.A. § 23-2-52)

139. Defendants reincorporate and reassert its defense and responses to the allegations set forth in Paragraphs 1 to 138 of Plaintiffs' Amended Complaint as if the same have been fully set forth herein.

140. The allegations set forth in Paragraph 140 of Plaintiffs' Amended Complaint calls for or seeks to elicit a legal conclusion to which no response is deemed required. To the extent such a response is deemed required, the allegations are denied.

141. Defendants deny the allegations contained in Paragraph 141 of Plaintiffs' Amended Complaint.

142. Defendants deny the allegations contained in Paragraph 142 of Plaintiffs' Amended Complaint.

143. Defendants deny the allegations contained in Paragraph 143 of Plaintiffs' Amended Complaint.

COUNT XI

BREACH OF CONTRACT (O.C.G.A. § 13-4-20)

144. Defendants reincorporate and reassert its defense and responses to the allegations set forth in Paragraphs 1 to 143 of Plaintiffs' Amended Complaint as if the same have been fully set forth herein.

145. The allegations set forth in Paragraph 145 of Plaintiffs' Amended Complaint calls for or seeks to elicit a legal conclusion to which no response is deemed required. To the extent such a response is deemed required, the allegations are denied.

146. Defendants deny the allegations contained in Paragraph 146 of Plaintiffs' Amended Complaint.

147. Defendants deny the allegations contained in Paragraph 147 of Plaintiffs' Amended Complaint.

148. Defendants deny the allegations contained in Paragraph 148 of Plaintiffs' Amended Complaint.

COUNT XII

BREACH OF COVENANT OF GOOD FAITH AND FAIR DEALING

149. Defendants reincorporate and reassert their defense and responses to the allegations set forth in Paragraphs 1 to 148 of Plaintiffs' Amended Complaint as if the same have been fully set forth herein.

150. The allegations set forth in Paragraph 150 of Plaintiffs' Amended Complaint calls for or seeks to elicit a legal conclusion to which no response is deemed required. To the extent that a response is deemed required, the allegations are denied.

151. Defendants deny the allegations contained in Paragraph 151 of Plaintiffs' Amended Complaint.

152. Defendants deny the allegations contained in Paragraph 152 of Plaintiffs' Amended Complaint.

COUNT XIII

CIVIL REMEDIES FOR RICO VIOLATIONS (18 U.S.C. § 1964)

153. Defendants reincorporate and reassert its defense and responses to the allegations set forth in Paragraphs 1 to 152 of Plaintiffs' Amended Complaint as if the same have been fully set forth herein.

154. The allegations set forth in Paragraph 154 of Plaintiffs' Amended Complaint seeks to elicit a legal conclusion to which no response is deemed required. To the extent such a response is deemed required, the allegations are denied.

155. Defendants deny the allegations contained in Paragraph 155 of Plaintiffs' Amended Complaint.

156. Defendants deny the allegations contained in Paragraph 156 of Plaintiffs' Amended Complaint.

157. Defendants deny the allegations contained in Paragraph 157 of Plaintiffs' Amended Complaint.

158. The allegations set forth in Paragraph 158 of Plaintiffs' Amended Complaint seeks to elicit a legal conclusion to which no response is deemed required. To the extent that such a response is required, the allegations are denied.

159. Defendants deny the allegations contained in Paragraph 159 of Plaintiffs' Amended Complaint including subsections a. through f.

160. Defendants deny the allegations contained in Paragraph 160 of Plaintiffs' Amended Complaint.

161. Defendants deny the allegations contained in Paragraph 161 of Plaintiffs' Amended Complaint.

162. Defendants deny the allegations contained in Paragraph 162 of Plaintiffs' Amended Complaint.

163. Defendants deny the allegations contained in Paragraph 163 of Plaintiffs' Amended Complaint.

COUNT XIV

CIVIL REMEDIES FOR RICO VIOLATIONS (O.C.G.A § 16-14-4)

164. Defendants reincorporate and reassert its defense and responses to the allegations set forth in Paragraphs 1 to 163 of Plaintiffs' Amended Complaint as if the same have been fully set forth herein.

165. The allegations set forth in Paragraph 165 of Plaintiffs' Amended Complaint calls for or seeks to elicit a legal conclusion to which no response is deemed required. To the extent such a response is deemed required, the allegations are denied.

166. The allegations set forth in Paragraph 166 of Plaintiffs' Amended Complaint calls for or seeks to elicit a legal conclusion to which no response is

deemed required. To the extent that such a response is deemed required, the allegations are denied.

167. The allegations set forth in Paragraph 167 of Plaintiffs' Amended Complaint calls for or seeks to elicit a legal conclusion to which no response is required. To the extent that that such a response is deemed required, the allegations are denied.

168. Defendants deny the allegations contained in Paragraph 168 of Plaintiffs' Amended Complaint.

169. Defendants deny the allegations contained in Paragraph 169 of Plaintiffs' Amended Complaint.

170. Defendants deny the allegations contained in Paragraph 170 of Plaintiffs' Amended Complaint.

171. Defendants deny the allegations contained in Paragraph 171 of Plaintiffs' Amended Complaint.

172. Defendants deny the allegations contained in Paragraph 172 of Plaintiffs' Amended Complaint.

173. Defendants deny the allegations contained in Paragraph 173 of Plaintiffs' Amended Complaint.

174. Defendants deny the allegations contained in Paragraph 174 of Plaintiffs' Amended Complaint.

175. Defendants deny the allegations contained in Paragraph 175 of Plaintiffs' Amended Complaint.

176. Defendants deny each and every allegation contained in Paragraph 176 of Plaintiffs' Amended Complaint and all and every section and subsection of same.

177. Defendants deny the allegations contained in Paragraph 177 of Plaintiffs' Amended Complaint.

178. Defendants deny the allegations contained in Paragraph 178 of Plaintiffs' Amended Complaint.

COUNT XV

CIVIL REMEDIES FOR GEORGIA RICO VIOLATIONS

(O.C.G.A 16-14-4 (b))

179. Defendants reincorporate and reassert its defense and responses to the allegations set forth in Paragraphs 1 to 178 of Plaintiffs' Amended Complaint as if the same have been fully set forth herein.

180. The allegations set forth in Paragraph 180 of Plaintiffs' Amended Complaint calls for or seeks to elicit a legal conclusion to which no response is

deemed required. To the extent that such a response is required, then the allegations are denied.

181. The allegations set forth in Paragraph 181 of Plaintiffs' Amended Complaint calls for or seeks to elicit a legal conclusion to which no response is deemed required. To the extent that a response is required, then the allegations are denied.

182. Defendants deny the allegations contained in Paragraph 182 of Plaintiffs' Amended Complaint.

183. Defendants deny the allegations contained in Paragraph 183 of Plaintiffs' Amended Complaint including all sections and subsections.

184. Defendants deny the allegations contained in Paragraph 184 of Plaintiffs' Amended Complaint.

185. Defendants deny the allegations contained in Paragraph 185 of Plaintiffs Amended Complaint.

COUNT XVI

CONSPIRACY TO VIOLATE GEORGIA RICO

O.G.C.A. 16-14-4 (c)

186. Defendants reincorporate and reassert its defense and responses to the allegations set forth in Paragraphs 1 to 185 of Plaintiffs' Amended Complaint as if the same have been fully set forth herein.

187. The allegations set forth in Paragraph 187 of Plaintiffs' Amended Complaint calls for or seeks to elicit a legal conclusion to which no response is deemed required. To the extent that such a response is deemed required, the allegations are denied.

188. The allegations set forth in Paragraph 188 of Plaintiff's Amended Complaint calls for or seeks to elicit a legal conclusion to which no response is deemed required. To the extent that such a response is deemed required, the allegations are denied.

189. Defendants deny the allegations contained in Paragraph 189 of Plaintiffs' Amended Complaint.

190. Defendants deny the allegations contained in Paragraph 190 of Plaintiffs' Amended Complaint and every section and subsection in said paragraph.

COUNT XVII

PUNITIVE DAMAGES (O.C.G.A. 51-12-5.1)

191. Defendants reincorporate and reassert its defense and responses to the allegations set forth in paragraphs 1 to 190 of Plaintiffs' Amended Complaint as if the same have been fully set forth herein.

192. The allegations set forth in Paragraph 192 of Plaintiffs' Amended Complaint calls for or seeks to elicit a legal conclusion to which no response is deemed required. To the extent such a response is deemed required, the allegations are denied.

193. Defendants deny the allegations contained in Paragraph 193 of Plaintiffs' Amended Complaint.

194. Defendants deny the allegations contained in Paragraph 194 of Plaintiffs' Amended Complaint.

195. Defendants deny the allegations contained in Paragraph 195 of Plaintiffs' Amended Complaint.

COUNT XVIII

RECOVERY OF EXPENSES OF LITIGATION

(O.C.G.A. 13-6-11)

196. Defendants reincorporate and reassert its defense and responses to the allegations set forth in Paragraphs 1 to 195 of Plaintiffs' Amended Complaint as if the same have been fully set forth herein.

197. The allegations set forth in Paragraph 197 of Plaintiffs' Amended Complaint calls for or seeks to elicit a legal conclusion to which no response is deemed required. To the extent such a response is required, the allegations are denied.

198. Defendants deny the allegations contained in Paragraph 198 of Plaintiffs' Amended Complaint.

198. Any paragraph or section of a paragraph not specifically responded to is hereby denied.

PRAYER FOR RELIEF

WHEREFORE, Defendants MINERVA CAPITAL MANAGEMENT, INC., MINERVA INFLECTION STRATEGIES, LP., and STANFORD B. SILVERMAN pray for judgment against Plaintiffs as follows:

1. That Plaintiffs' Amended Complaint be dismissed with prejudice and that Plaintiffs takes nothing thereby;

2. That Defendants be awarded its reasonable attorney fees and costs incurred in the defense of Plaintiffs' Amended Complaint; and

3. For such other relief as the court deems just and equitable.

COUNTERCLAIMS

Defendants **MINERVA CAPITAL MANAGEMENT, INC., MINERVA /INFLECTION STRATEGIES, LP., and STANFORD B. SILVERMAN,** (hereinafter "Defendants) hereby counterclaim against Plaintiffs and in support of same allege as follows:

Nature of the Counterclaim and Jurisdiction

1. Defendants bring counterclaims for Fraudulent Misrepresentation (O.G.G.A. §232-52) and Quantum Meruit. This court has subject matter jurisdiction over this action pursuant to 28 U.S.C §1332.

The Parties

2. Defendant/Counterclaim Plaintiff Minerva Capital Management, Inc. (hereinafter "MCM") is a Corporation with its principal place of business in the State of New York.

3. Defendant/Counterclaim Plaintiff Minerva Inflection Strategies, LP (hereinafter "MIS") is a Limited Partnership with its principal place of business in the State of New York.

4. Defendant/Counterclaim Plaintiff Stanford B. Silverman (hereinafter “Silverman”) is a citizen of the State of New York and Chief Executive Officer of MCM and MIS.

5. John Coover (hereinafter “Coover” was, at the time of the events below, a citizen of the State of South Dakota.

6. Coover deceased on November 5, 2020 and an estate has yet to be created.

7. Plaintiff/Counterclaim Defendant Elmer Smith (Hereinafter “Smith”) is a citizen of the State of Georgia.

8. Plaintiff/Counterclaim Defendant Interactive Learning Systems, Inc. is a Georgia Corporation that operates under the registered trade name, Interactive College of Technology (hereinafter “ICT”)

9. Smith is, and at the time of the events described below was the Chief Executive Officer of ICT.

The Facts

10. ICT is a for-profit college with its primary campus located in Chamblee, Georgia, the school also has other branches in Georgia, a primary campus in Pasadena, Texas as well as a branch campus in Kentucky.

11. MCM, through Silverman and Coover, had expressed an interest in purchasing ICT. Accordingly, discussions took place during 2018 and 2019 culminating with the signing of a letter of intent (LOI) on August 27, 2019.

12. Generally speaking, the LOI anticipated the purchase of 100% of ICT's stock for a total price of \$44M. It also anticipated the retention of ICT's senior management team. The first payment would be made on the signing of a Definitive Agreement on or before December 31, 2019. Most importantly, the parties agreed that the LOI would terminate should the parties not reach agreement on a Definitive Agreement by December 31, 2019.

13. After the signing of the LOI on August 27, 2019, certain events occurred that made it uncertain that the transaction would proceed toward a binding final agreement and closing.

14. As an educational institution, ICT is a regulated entity which must meet with the approval of an accreditor, as well as the U.S. Department of Education. ICT's accreditor is the Council on Occupational Education (COE). That accreditor must approve the sale of any institution.

15. Prior to the signing of the LOI, COE had made a surprise visit to the Georgia campus of ICT where they made over forty (40) findings, i.e. violations, that would have prevented any sale of the school to MCM.

16. Those violations took five to seven months to cure.

17. After the LOI was signed, COE made a surprise visit to the main campus in Pasadena, Texas. There, COE found over forty (40) violations. These violations were still open when negotiations broke down.

18. After the LOI was signed, and prior to an agreement on a final binding agreement, another event occurred.

19. The Student & Exchange Visitor Information System (SEVIS) is a division of the U.S. Department of Homeland Security, which is used to maintain information on the Student & Exchange Visitor Program (SEVP) on certified schools.

20. Schools use SEVIS to petition SEVP for certification, which allows the schools to offer programs of study to non-immigrant students, that is, students from other countries who come to the United States for study, then return to their home countries.

21. These certified schools are thus able to obtain a “Certificate of Eligibility” for non-immigrant student studies, which allows them to obtain the appropriate visa.

22. This was a source of significant income for ICT and was taken into consideration by Silverman and Coover on arriving at a price for the purchase of the school.

23. However, during the period of time after the signing of the LOI and prior to the agreement on a final binding agreement, SEVIS ruled that ICT could no longer accept students into the program. This had a significant effect on the value of the school.

24. Finally, Silverman and Coover came to learn that several officers of ICT were alleged to have been engaged in inappropriate relationships with female employees of ICT and others both on the property of ICT as well as off campus. Further, some of the Board of Directors of ICT, had allegedly known and participated in inappropriate behavior, had been negligent in their responsibilities, and done nothing to address this.

25. Thus, added to the problems ICT had with its accreditor, as well as the loss of the ability to enroll foreign non-immigrant students, there was a real

possibility that the proposed purchase could be denied, and even if not, the value of the company was less than when the LOI was signed.

26. In addition, the information concerning the inappropriate behavior of several ICT officers, made the possibility of future lawsuits a very real concern.

27. Because the LOI proposed that the transaction be a stock purchase, MCM would have taken ownership along with any pre-existing liabilities of ICT, including litigation.

28. In addition, the school could be sued after MCM assumed ownership based on alleged acts that had taken place before the transfer of ownership.

29. Moreover, based on the real possibility that the purchase would not close, MCM could not risk making pre-closing payments to ICT; thus, the need to the payments to be put into escrow.

30. MCM was still ready to proceed when Plaintiff/Counterclaim Defendant Smith broke off negotiations.

COUNTERCLAIM COUNT I

FRAUDULENT MISREPRESENTATION

31. Defendants/Counterclaim Plaintiffs incorporate the allegations set forth in Paragraphs 1 to 30 above.

32. Plaintiffs/Counterclaim Defendants willfully and fraudulently took actions to sell defendants a school they knew to be in trouble with their accreditor and losing a significant source of income from the ability to register foreign students.

33. The Board of Directors and its members knew of the issues involving alleged sexual improprieties by its members and officers but took no action, hoping those potential liabilities would fall on the shoulders of Defendants/Counterclaim Plaintiffs.

34. Rather, Smith's only desire was to obtain cash upfront from MCM, forcing MCM to sue to get it back should the deal not be consummated.

35. When MCM, with the St. Louis Agreement, revised the purchase agreement and asserted that the pre-closing payments be put in escrow, with Plaintiffs/Counterclaim Defendants transferring the purchase funds at closing, Plaintiffs/Counterclaim Defendants backed out of the deal.

COUNTERCLAIM COUNT II

QUANTUM MERUIT

36. Defendants/Counterclaim Plaintiffs incorporate by reference the allegations set forth in Paragraphs 1 to 35 above.

37. As the result of Plaintiff/Counterclaim Defendants fraudulent misrepresentation, Defendants/Counterclaim Defendants are entitled to non-

consultation expenses laid out in their good faith attempt to purchase ICT, including actual expenses for travel, lodgings and other expenses for 2019 and 2020.

38. As the result of Plaintiffs/Counterclaim Defendants' fraudulent misrepresentation, Defendants/Counterclaim Plaintiffs are entitled to recover the value of Jon Coover's lost services on other matters for the time he was working exclusively on the ICT transaction.

39. As the result of Plaintiffs/Counterclaim Defendants' fraudulent misrepresentation, Defendants'/Counterclaim Plaintiffs are entitled to recover as well as for the loss of Stanford B. Silverman's services on other matters for the time he was working on the ICT transaction and could attend to other matters.

PRAYER FOR RELIEF

WHEREFORE, Defendants/Counterclaim Plaintiffs pray that judgment be found for Counterclaim Plaintiffs as follows.

1. On Count I, Defendants/Counterclaim Defendants be awarded \$72,762.61 for direct expenses incurred as for 2019/2020 for food, lodging, travel and other expenses related to the purchase of ICT; for Jon Coover's lost services on other matters while he was working on the ICT transaction in an amount to be proven a trial; for Stanford B. Silverman's lost services on other matters while he was working on the ICT transaction in an amount to be proven at trial.

2. On Count II, Defendants/Counterclaim /Counterclaim Plaintiffs be awarded \$72,762.61 for direct expenses incurred as for 2019/2020 for food, lodging, travel and other expenses related to the purchase of ICT; for loss of Jon Coover's services on other matters while he was working on the ICT transaction in an amount to be proven a trial; for Stanford B. Silverman's lost services on other matters when he was working on the ICT purchase in an amount to be proven a trial.

3. That Plaintiffs'/Counterclaim Defendants Amended Complaint be dismissed with prejudice and the Plaintiffs'/Counterclaim Defendants take nothing thereby.

4. That Defendants/Counterclaim Plaintiffs be awarded its reasonable attorney fees and costs in the defense of Plaintiffs'/Counterclaim Defendants' Amended Complaint.

5. For such other and further relief as this court deems just and equitable.

This 4th day of January, 2021.

HAWKINS PARNELL & YOUNG LLP

/s/ Robert S. Thompson

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Admitted pro hac vice

**IN THE UNITED STATES COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

**INTERACTIVE LEARNING
SYSTEMS, INC. d/b/a
INTERACTIVE COLLEGE OF
TECHNOLOGY and ELMER SMITH**

Plaintiffs,

v.

**MINERVA CAPITAL
MANAGEMENT, INC., MINERVA
INFLECTION STRATEGIES, LP,
STANFORD B. SILVERMAN and
JON COOVER,**

Defendants.

CIVIL ACTION FILE NO.

1:20-cv-03433-MLB

CERTIFICATE OF SERVICE AND TYPE, FORMAT AND FONT SIZE

The undersigned certifies that on this day a true and correct copy of the within and foregoing **VERIFIED ANSWER AND COUNTERCLAIM** was served on all parties and/or counsel of record by placing a copy of same in the United States Mail with proper postage attached and addressed as follows:

Bob Barr
Brannan Burroughs
Law Offices of Bob Barr
2120 Powers Ferry Road, Suite 125
Atlanta, GA 30339

Pursuant to Local Rule 5.1C, U.S.D.C., N.D. GA., the undersigned certifies that the foregoing was computer-processed and prepared with double spaces between lines using Times New Roman font of 14-point size.

This 4th day of January, 2021.

HAWKINS PARNELL & YOUNG LLP

/s/ Robert S. Thompson

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Inflection Strategies, LP, Stanford B.
Silverman, and Jon Coover*

And

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dbarrett@rawle.com

Admitted pro hac vice

DATED this 4th day of January, 2021.

**MINERVA CAPITAL
MANAGEMENT, INC.**

Stanford B. Silverman
By: Stanford B. Silverman
Its: Founder and CEO

Sworn to and Subscribed before me
this 4th day of January, 2021 mgc

Margaret G. Orem
Notary Public

My Commission Expires: May 24, 2024

MARGARET G. OREM
Notary Public - State of New York
No. 010R6110341
Qualified in New York County
My Commission Expires May 24, 2024

DATED this 4th day of January, 2021.

MINERVA INFLECTION
STRATEGIES, LP

Stanford B. Silverman
By: Stanford B. Silverman
Its: Founder and CEO

Sworn to and Subscribed before me
this 4th day of January, 2021 mgo

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Stanford B Silverman
STANFORD B. SILVERMAN

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this 4th day of January, 2020 A.M.

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