



Lincoln couple files lawsuit over 'misleading' investment advice

By LORI PILGER / Lincoln Journal Star | Posted: Friday, January 22, 2010 3:45 pm

A Lincoln doctor and his wife have sued an accounting firm they say gave them improper tax advice and misled them into investing in a real estate development venture in Montana.

Dr. Geoffrey Basler and Rebecca Basler say they lost at least \$4.6 million as a result of the actions of David Ellingson and Dana F. Cole & Co.

"The Baslers have been devastated financially," attorney David Domina said in a lawsuit filed Tuesday in Lancaster County District Court. "They lost all or substantially all their net worth."

In the lawsuit, Domina said that since 2005 the couple had entrusted their financial lives to Ellingson, a certified public accountant and partner at Dana Cole.

Domina said the Baslers relied on them "just as medical patients rely for professional medical matters on physicians like Dr. Basler."

Ellingson, he alleged, manipulated the couple into investing seven-figure sums of cash and misled them to believe they had assets they did not.

Specifically, the lawsuit alleges, Ellingson made misrepresentations involving a real estate venture in Montana in which Ellingson himself was a major owner.

Tom Obrist, managing partner of Dana Cole, said he had not seen the complaint until the Journal Star contacted him Thursday seeking comment.

By Friday, he had yet to be served, but in a statement he said: "Dana Cole takes very seriously its professional responsibilities to its clients. We will carefully investigate the claims in the lawsuit and will take whatever action is appropriate in response to it."

Obrist said the lawsuit was about a real estate development "that apparently has gone poorly" for a former Dana Cole client.

In the lawsuit, the Baslers say Ellingson recruited Geoffrey Basler and his father to invest in Meriwether Ranch Land and Cattle Co. LLC in 2002.

The development on the Big Hole River near Melrose, Mont., was billed as a private residence club for outdoorsmen.

They invested. In 2004, they asked for return of the investment and got it.

In 2006, Domina said, Ellingson approached the Baslers again about investing in Meriwether and promised a 10-to-1 tax shelter if they invested \$600,000.

A conservation easement on the land would provide a tax advantage that would allow them to recover all of their investment, they say Ellingson told them.

Domina said Basler and his wife invested \$600,000 cash in 2006 and "significantly more" in 2007.

But the easement wasn't in place in 2007, or in 2008, or in 2009, Domina said. And, by May 2009, the Baslers were being audited by the Internal Revenue Service.

In the suit, Domina said Ellingson overstated and misrepresented the tax advantages and prepared incorrect tax returns for the Baslers.

The Baslers' questions led to a meeting Dec. 2.

The defendants produced financial statements that characterized the debt owed by the Baslers and others as equity, "when in fact there was no equity," Domina said.

He said they now believe the money invested in Meriwether was being drained to pay creditors of Meriwether and Ellingson.

Domina alleges the defendants are liable to the plaintiffs for the difference between the cost of their investment in Meriwether less its current value, which he said is unknown but estimated at less than 10 percent of cost.

"Certain of the judgments, decisions and statements made by the defendants were negligent, others were willful," he said.

Reach Lori Pilger at 473-7237 or lpilger@journalstar.com.