VIRGINIA:

IN THE CIRCUIT COURT FOR PRINCE WILLIAM COUNTY

COLLIN STUART,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Case No.: CL26003972-00
	)	
BABC INC., [redacted]	)	
	)	
and	)	
	)	
MARCELO EDUARDO MERINO [redacted]	)	
	)	
Defendants.	)	

VERIFIED COMPLAINT

Plaintiff Collin Stuart ("Plaintiff" or "Lender"), by counsel, brings this action against Defendants BABC Inc. ("BABC") and Marcelo Eduardo Merino ("Merino") (collectively, "Defendants") and states as follows:

PARTIES

1. Plaintiff Collin Stuart is a natural person and resident of the County of Arlington, Virginia.

2. Defendant BABC Inc. is a Virginia stock corporation with its principal office at [redacted] BABC is registered with the Virginia State Corporation Commission under [redacted] and is in active status. Merino is BABC's

sole officer (President), sole director, and sole registered agent; no other principal of any kind is listed in the SCC records.

3. Defendant Marcelo Eduardo Merino is a natural person who, upon information and belief, resides at [redacted] Merino is the President of BABC and executed the loan agreement at issue both on behalf of BABC and in his individual capacity as a guarantor.

JURISDICTION AND VENUE

4. This Court has subject matter jurisdiction over this action because the amount in controversy exceeds $50,000, exclusive of interest and costs. Va. Code § 17.1-513.

5. This Court has personal jurisdiction over the Defendants pursuant to Va. Code § 8.01-328.1(A).

6. Venue is proper in this Court because both Defendants reside in or maintain their principal place of business in Prince William County, Virginia, and the cause of action arose in Prince William County. Va. Code § 8.01-262.

FACTUAL ALLEGATIONS

7. On or about April 10, 2024, Plaintiff and Defendants entered into a Personal Loan Agreement (the "Agreement"). A true and correct copy of the Agreement is attached hereto as Exhibit A and incorporated by reference.

8. Under the Agreement, Plaintiff extended a loan to BABC in the principal amount of $100,000.

9. The Agreement provides that the loan bears interest at a rate of 10 percent compounded annually. Agreement § 3.

10. The Agreement provides that the loan "shall be due and payable at the earliest between: i) the first year of the signing of this loan agreement and/or, ii) the completion of the project in which the borrowed capital has been invested by the Borrower." Agreement § 4. The payable amount includes the principal and all accrued interest.

11. The loan became due and payable no later than April 10, 2025—one year from the date of the Agreement.

12. The Agreement further provides that if any payment is delayed, "the interests will continue to be accrued and compounded weekly." Agreement § 7.

13. Merino executed the Agreement in his individual capacity as a guarantor of BABC's obligations under the loan.

14. The Agreement provides that in the event of nonpayment, the Borrower agrees to pay "reasonable attorneys' fees" and "all other reasonable expenses incurred by Lender in exercising any of its rights and remedies upon default." Agreement § 10.

15. Plaintiff performed all of his obligations under the Agreement by extending the loan proceeds to BABC.

16. To date, neither BABC nor Merino has made any payment whatsoever toward the principal or accrued interest owed under the Agreement.

17. On March 16, 2026, Plaintiff, through counsel, sent a formal demand letter to both BABC and Merino by certified mail, email, and text message, demanding payment in full of all amounts due under the Agreement. Defendants have not responded to the demand and have made no payment.

18. Upon information and belief, BABC is insolvent or was rendered insolvent by the transfers described herein.

19. BABC has failed to pay its obligations to Plaintiff as they have become due, and its liabilities exceed the fair value of its assets.

20. Upon information and belief, BABC has approximately $80,000 in remaining assets, which continue to diminish each month. This estimate is based on Plaintiff's conversations with Merino, in which Merino disclosed that he did not have enough money in the business to repay all creditors in full, offered Plaintiff only $40,000 (approximately thirty percent of the amount owed), and stated that his lawyer had advised him not to declare bankruptcy for a year—suggesting assets remain to be exhausted before filing. Merino, as sole officer of BABC, controls all of BABC's financial records. Plaintiff has no independent means to verify BABC's exact account balances without discovery.

21. Upon information and belief, BABC has no active business operations and is not generating revenue; it exists at this point solely as a vehicle through which Merino is disbursing its remaining assets.

22. Upon information and belief, Merino has engaged in a pattern of dissipating BABC's assets to the detriment of its creditors. Among other things, Merino has negotiated settlements with other BABC creditors at approximately thirty cents on the dollar, reducing their claims while retaining corporate assets for his own benefit. Merino has also used BABC's funds to pay his personal debts and bills, further depleting the assets available to satisfy creditors' claims.

23. On or about November 6, 2025, in an in-person conversation with Plaintiff, Merino disclosed that BABC was in a desperate financial state and would be forced to file for Chapter 7 bankruptcy within one or two months. Merino further disclosed that BABC owed approximately $1.5 million to a lender he referred to as "Harmony." Upon information and belief, the only recorded deed of trust on BABC's property at [redacted] during BABC's

ownership was a $670,000 lien held by Decisive Investment Group LLC, a non-traditional lending institution. Plaintiff believes that the "Harmony" debt Merino referenced represents the total indebtedness to Decisive Investment Group LLC or an affiliated entity, encompassing both the recorded $670,000 deed of trust and additional unsecured financing extended during the renovation project. Merino also disclosed various credit lines and credit card debts. Merino stated that he had taken out a personal loan on his own residence to finance the project and that he expected to lose both his home and the business. These disclosures confirm that Merino knew BABC was insolvent at the time it was making payments to him.

24. On or about December 30, 2025, BABC sold real property located at [redacted] Road, [redacted] to a third-party buyer for $1,900,000. A true and correct copy of the Fairfax County real property sales history for this property is attached hereto as Exhibit B and incorporated by reference. BABC had purchased the property on or about October 23, 2023 for $855,000, resulting in gross proceeds exceeding $1 million above BABC's acquisition cost. Despite this substantial liquidity event occurring while Plaintiff's $100,000 loan was outstanding and past due, neither BABC nor Merino applied any portion of the sale proceeds toward repayment of Plaintiff's loan.

25. Upon information and belief, Merino has been paying himself approximately $6,000 to $8,000 per month from BABC's funds, purportedly as salary, throughout the duration of BABC's renovation project and continuing after the project's completion and sale. Over the approximately thirty-month period from October 2023 through the present, these withdrawals total an estimated $180,000 to $240,000. There is no employment agreement, no board resolution, and no documented salary arrangement authorizing these payments. Merino, as BABC's sole officer, sole director, and sole shareholder, set his own compensation with no

oversight. Since the December 30, 2025 sale of BABC's project property, Merino has continued these withdrawals despite BABC having no active business operations, no revenue, and no work to justify such compensation.

26. Additionally, upon information and belief, Merino has used BABC's funds to pay his personal residential mortgage on property located at [redacted] Despite telling Plaintiff in November 2025 that he was about to lose his own home, Merino has retained his personal residence for over four months after BABC's project property was sold, and he remains current on his mortgage with no foreclosure activity recorded—consistent with the use of BABC funds to service his personal debt. The estimated total of Merino's personal mortgage payments made from BABC funds is approximately $67,000 to $110,000.

27. Combined with salary withdrawals, Merino has diverted an estimated $250,000 to $350,000 in corporate assets to his personal benefit. Merino's lawyer purportedly advised him not to declare bankruptcy for a year, during which time Merino has continued to draw a salary from BABC. These payments constitute transfers of corporate assets to an insider without fair consideration.

28. On March 22, 2026, after speaking with Merino by phone regarding the possibility of accepting a partial payment of $40,000 while preserving his rights under the Agreement, Stuart sent Merino a text message at 10:07 PM accepting the $40,000 payment and expressly reserving all rights. Stuart's message stated:

> Hi Eddie, thank you for taking the time to talk with me. After talking with my lawyer I'm willing to accept the $40,000 payment. Could you please send it by wire transfer or by check deposit, I can provide the wiring instructions and / or the bank details. Per our discussion, the remaining balance will continue to be due in full, and I reserve all rights and remedies under the Agreement. I'd like to get this resolved quickly, so please send this week.

29. At 10:23 PM, Merino responded by text message, stating:

> Sorry Collin but the remaining balance will be at my discretion, and will not be due in full, that is a personal commitment not a guarantee or business commitment. And will not involve this agreement. As I said unfortunately this is a family related issue and my desire is to repay the balance at a personal level only and if possible. I understand the rush but I have personal problems and I will manage this issue as soon as I am able. I will check with my lawyer to make sure that what I am doing is acceptable. I will get back to you asap.

30. In this message, Merino expressly repudiated the Agreement, disclaimed any obligation to repay in full, conditioned any repayment on his own discretion and ability, and acknowledged that his conduct may raise legal concerns.

31. Merino has also stated verbally that he is continuing to pay himself from BABC's funds while not paying creditors; that he plans to declare bankruptcy at some point; and that he is prioritizing personal and family obligations over repayment of BABC's debts. These statements confirm Merino's intent to continue dissipating BABC's remaining assets.

32. On April 1, 2026, Merino sent Stuart a further text message stating: "I am ready to give a check for what we agree on but I will have to have you sign a document that with the payment the issue is resolved." This message confirms that Merino acknowledges the debt but conditions any payment on Stuart's execution of a release relinquishing all claims under the Agreement—consistent with Merino's effort on March 22, 2026, to convert the contractual obligation into a discretionary personal commitment.

COUNT I

Breach of Contract — Against BABC Inc.

33. Plaintiff incorporates by reference all preceding paragraphs as though fully set forth herein.

34. The Agreement constitutes a valid and enforceable contract between Plaintiff and BABC.

35. Plaintiff performed all obligations required of him under the Agreement.

36. BABC has breached the Agreement by failing to make any payment of principal or interest when due.

37. As a direct and proximate result of BABC's breach, Plaintiff has suffered damages in the amount of $121,523.80 as of April 7, 2026, representing $100,000.00 in principal plus accrued interest at the contractual rate (10% per annum compounded annually through maturity on April 10, 2025, and thereafter at 10% per annum compounded weekly pursuant to Agreement § 7), plus interest continuing to accrue at 10% per annum compounded weekly through the date of judgment, plus reasonable attorney's fees and costs as provided in the Agreement.

COUNT II

Breach of Guaranty — Against Marcelo Eduardo Merino

38. Plaintiff incorporates by reference all preceding paragraphs as though fully set forth herein.

39. By executing the Agreement as a guarantor, Merino personally guaranteed BABC's obligations under the loan, including the obligation to repay the principal and all accrued interest.

40. BABC has defaulted on its obligations under the Agreement.

41. Merino has failed to satisfy his obligations as guarantor by failing to make any payment toward the amounts due under the Agreement.

42. As a direct and proximate result of Merino's breach of his guaranty obligations, Plaintiff has suffered damages in the amount of $121,523.80 as of April 7, 2026, representing $100,000.00 in principal plus accrued interest at the contractual rate (10% per annum compounded annually through maturity on April 10, 2025, and thereafter at 10% per annum compounded weekly pursuant to Agreement § 7), plus interest continuing to accrue at 10% per

annum compounded weekly through the date of judgment, plus reasonable attorney's fees and costs as provided in the Agreement.

COUNT III

Fraudulent Conveyance — Actual Fraud (Va. Code § 55.1-400) — Against Both Defendants

43. Plaintiff incorporates by reference all preceding paragraphs as though fully set forth herein.

44. Merino's transfers of BABC's assets to himself—including monthly payments of approximately $6,000 to $8,000 and the diversion of corporate funds through below-value creditor settlements—were made with the actual intent to delay, hinder, or defraud creditors of BABC, including Plaintiff.

45. Badges of fraud supporting the inference of actual intent include: (a) the transfers were made to Merino, an insider who controls BABC as its sole officer, sole director, and sole registered agent; (b) the transfers were made while BABC was insolvent or was rendered insolvent thereby; (c) the transfers were made after Plaintiff's claim arose and after demand for payment was made; (d) Merino continued the pattern of transfers even after receiving Plaintiff's formal demand letter on March 16, 2026; (e) Merino offered Stuart thirty cents on the dollar—the same rate at which he has been settling with other creditors—while continuing to pay himself from corporate funds, and conditioned even that partial payment on Stuart's relinquishing the existing loan agreement; (f) Merino has stated in a text message to Plaintiff that repayment "will be at my discretion, and will not be due in full," that the obligation "is a personal commitment not a guarantee or business commitment" that "will not involve this agreement," and that his desire is to repay "only and if possible"—confirming his intent to delay, hinder, or defraud creditors; and (g) BABC sold real property at [redacted] for

$1,900,000 on December 30, 2025—while Plaintiff's loan was outstanding and past due—and applied none of the sale proceeds to repay Plaintiff, see Exhibit B.

46. Under Va. Code § 55.1-400, every transfer made with the intent to delay, hinder, or defraud creditors is void as to such creditors.

47. Plaintiff is entitled to avoidance of the fraudulent transfers, a lien on all of Defendants' estate, real and personal, pursuant to Va. Code § 55.1-402, injunctive relief preventing further fraudulent transfers, and attorney's fees and costs pursuant to Va. Code § 55.1-403.

COUNT IV

Voluntary Transfer — Constructive Fraud (Va. Code § 55.1-401) — Against Both Defendants

48. Plaintiff incorporates by reference all preceding paragraphs as though fully set forth herein.

49. Merino's transfers of BABC's assets to himself were made without valuable consideration, or for consideration that was not valuable, at a time when BABC was insolvent or was rendered insolvent by such transfers.

50. Plaintiff's debt arose from the Agreement executed on April 10, 2024, and was contracted before the transfers described herein. Plaintiff is therefore a creditor whose debt was contracted at the time of the challenged transfers within the meaning of Va. Code § 55.1-401.

51. BABC's payments to Merino of approximately $6,000 to $8,000 per month were not supported by valuable consideration because, upon information and belief, BABC has no active business operations and Merino performed little or no work to justify such compensation.

52. Under Va. Code § 55.1-401, every transfer not upon consideration deemed valuable in law, by an insolvent transferor or by a transferor who is thereby rendered insolvent, is void as to creditors whose debts were contracted at the time such transfer was made.

53. Plaintiff is entitled to avoidance of the void transfers, a lien on all of Defendants' estate, real and personal, pursuant to Va. Code § 55.1-402, and attorney's fees and costs pursuant to Va. Code § 55.1-403.

COUNT V

Judgment on Affidavit and Statement of Account (Va. Code § 8.01-28)

54. Plaintiff incorporates by reference all preceding paragraphs as though fully set forth herein.

55. Va. Code § 8.01-28 provides that when, in an action on a contract, an affidavit is filed with the plaintiff's pleading and served with a copy of any account sued on, the plaintiff is entitled to judgment on such affidavit and statement of account "without further evidence" "unless the defendant appears and pleads under oath" denying the plaintiff's entitlement to recover. *Snead v. Bendigo*, 240 Va. 399, 401–02, 397 S.E.2d 849, 851 (1990) (quoting Va. Code § 8.01-28).

56. In accordance with Va. Code § 8.01-28, Plaintiff files the accompanying Verification stating under oath that $121,523.80 is justly due and owing from Defendants as of April 8, 2026, together with the accompanying Statement of Account establishing the calculation of that balance.

57. Unless Defendants appear and deny the indebtedness under oath, Plaintiff is entitled to judgment on the basis of the accompanying Verification and Statement of Account without further evidence.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Collin James Stuart respectfully requests that this Court enter judgment in his favor and against Defendants, jointly and severally, as follows:

(a) Damages in the amount of $121,523.80 as of April 7, 2026, representing $100,000.00 in principal plus accrued interest at the contractual rate (10% per annum compounded annually through maturity on April 10, 2025, and thereafter at 10% per annum compounded weekly pursuant to Agreement § 7), plus interest continuing to accrue at 10% per annum compounded weekly through the date of judgment;

(b) Reasonable attorney's fees and all other reasonable expenses incurred by Plaintiff in exercising his rights and remedies upon default, as provided under Section 10 of the Agreement;

(c) Pre-judgment and post-judgment interest as allowed by law;

(d) An order avoiding and setting aside all fraudulent and voidable transfers made by Defendants, including Merino's self-payments from BABC's assets;

(e) A lien on all of Defendants' estate, real and personal, pursuant to Va. Code § 55.1-402;

(f) Injunctive relief prohibiting Defendants from (i) making any payment or transfer from BABC's accounts to Merino or any member of his family; (ii) making any transfer, conveyance, or encumbrance of BABC's assets to any person without prior court approval; and (iii) encumbering, transferring, or conveying any interest in Merino's personal real property located at [redacted]

(g) Attorney's fees and costs incurred in connection with the fraudulent conveyance claims, as provided by Va. Code § 55.1-403;

(h) Costs of this action; and

(i) Such other and further relief as this Court deems just and proper.

Respectfully submitted,

Dated: April 8, 2026

Peter N.Y. Zuk, Esq. (Va. Bar No.: 92627)

Whiteford, Taylor & Preston L.L.P.
[redacted]

Michael Showalter, Esq. (*Motion for Admission Pro Hac Vice forthcoming*)
Showalter PLLC
[redacted]

Counsel for Plaintiff

VERIFICATION

I, Collin James Stuart, being first duly sworn, state under oath pursuant to Va. Code § 8.01-28 that: (1) I am the Plaintiff in the above-captioned action; (2) I have read the foregoing Verified Complaint, and the facts stated therein are true and correct to the best of my knowledge, information, and belief; and (3) the itemized Statement of Account attached hereto is a just and true account of the claim against Defendants, and the amount set forth therein ($121,523.80 as of April 7, 2026) is justly due and owing from Defendants to me.

[redacted]

Collin James Stuart

Sworn to and subscribed before me this 7th day of April, 2026.

[redacted]

Notary Public
My commission expires: [redacted]