**SUPREME COURT OF THE STATE OF NEW YORK**
**COUNTY OF KINGS**

**LOUANN LARSEN, as Trustee of the LARSEN 2021 FAMILY TRUST, SUBTRUST A, and the LARSEN FAMILY TRUST, SUBTRUST C; KATERINA VOUMVOURAKIS, as Trustee of the LARSEN 2021 FAMILY TRUST, SUBTRUST A, and the LARSEN FAMILY TRUST, SUBTRUST B; and LYDIA LARSEN, as Trustee of the LARSEN 2021 FAMILY TRUST, SUBTRUST B, and the LARSEN 2021 FAMILY TRUST, SUBTRUST C, as trustees and derivatively on behalf of POWER COOLING, INC., and RELIANCE MACHINING, INC., ,**

***Plaintiffs,***

**—against—**

**LAUREN LARSEN,**

***Defendant,***

**And**

**POWER COOLING, INC. and RELIANCE MACHINING, INC.,**

***Nominal Defendants.***

**Index Number 512169/2022**
**AFFIDAVIT IN REPLY AND FURTHER SUPPORT OF MOTION TO DISMISS**

STATE OF NEW YORK )
COUNTY OF QUEENS ) ss. :

LAUREN LARSEN, being duly sworn, deposes and says:

1. I am a defendant, the president and chief executive officer of the corporate defendants and I am entirely familiar with the business, affairs and records of Power Cooling, Inc. and Reliance Machining, Inc. I make this Affidavit in reply to the affidavits filed in opposition, which the court will note are virtually duplicates of one another.

2. I have run Power Cooling and Reliance Machining (together, "Power Cooling" or "the companies") since my father, Lloyd Larsen, stepped down in around 2000. Until I replaced him at the helm of these companies, I worked very closely with him for decades. If this case should proceed to trial the Court will hear testimony that he never intended my sisters to have any significant share of these companies and that I should have them by reason of what he considered my diligent efforts at a modest salary for many years. There never was any question who would take over when he retired and there is no merit whatsoever to the implication that somehow I supplanted his intentions when he did. In fact, he remained my most trusted advisor until he died. Lloyd Larsen was well aware of every decision I made with respect to my stewardship of the companies both because I trusted him as an advisor and loved him as my father.

3. Unable to support their false claims,[1] all asserted in the complaint, that I have raided Power Cooling by having it (a) purchase a house in Montana for my daughter and (b) my vacation home upstate and that I (c) diverted sizable projects to my husband's company on excessive terms and (d) organized Turbo Cooling and The Larsen Group to compete with Power Cooling, the plaintiffs now fall back on my "concession" that my husband's company has been awarded projects, which they assert is "problematic" in some vague way, and assert (falsely) that Power Cooling never purchased an automobile for Lydia and purchased an automobile not for Louann but for her husband—claims not only false but also almost too paltry to justify litigation, let alone derivative litigation, but here we are.

[1] I note that the plaintiffs' inability to prove that Power Cooling purchased real property in Montana for my daughter (as alleged in the complaint) or my vacation home in upstate New York (as alleged in the complaint) or that I organized Turbo Cooling or The Larsen Group (as alleged in the complaint) has nothing to do with their lack of access to corporate records; it has to do with the fact that these affairs are all matters of public record and the public records shows the allegations to be false.

4. Paltry as the claims are, I address them lest this Court imagine they are true, which they are not. I do not "concede" that my husband's company received projects from Power Cooling; I acknowledge that. But the projects paid[2] under $100,000.00 over a three-year period—far less than Lydia alone, much less Lydia and her son, received in the same three years, including not just unearned salary but also full health insurance and other benefits. And while my husband's company *earned* the small amounts of money it was paid, Lydia and her son merely sat back and received salary and benefits they did *not* earn. If Lydia ever purchased or financed her own automobile that does not alter the fact that Power Cooling paid for an automobile for her, long after she ceased working at Power Cooling (more than 30 years ago), and has the receipts to show it. If Louann and Lydia worked for the companies as teenagers and, in Lydia's case a very young adult, that does not explain why they are entitled to benefits today while other benefits, paid to other people (specifically, my daughters), are corporate waste to be redressed in derivative litigation, especially since one of those people is an actual full-time employee and another is actually on the board of directors. Nor do the "facts" explain why Louann and Lydia, in their capacity as trustees for our sister Linnea, are fit to sue me but not themselves for monies they did not earn but did receive and which are hence not available to be distributed to Linnea because they have gladly pocketed them for themselves. They likewise do not explain who if not the plaintiffs themselves stands to gain from this bad faith derivative suit that does not seek to recover waste from the plaintiffs.

5. Regardless of whether Louann and Lydia, or either of them, worked for Power Cooling, Reliance Machining, or both of them when they were teenagers—which I deny other than to reiterate that Lydia was an employee more than 30 years ago—nothing in services

[2] A true and complete copy of the vendor account is appended to the moving papers and incorporated by reference.

they provided as teenagers, if any, could possibly have anything to do with their receiving benefits today in the form of salary (to Lydia and her son), medical and dental benefits (to Lydia and her son), and miscellaneous other benefits (to both of them). In this regard, it is true that I fired Louann's husband (who also did hardly anything for the companies though in fact he was briefly employed) and it is true that he possessed a corporate credit card issued to him in his capacity as an employee. However, it is also true that Louann's husband Thomas charged thousands of dollars every month to that very corporate card to enhance his and Louann's entertainment and lifestyle (*i.e.* not for the benefit of Power Cooling); and this is evident in the fact that the charges were relatively modest during his employment but jumped into the thousands after he was fired and continued so for many months until Power Cooling canceled the card. As for the automobiles, Thomas did not have a company automobile; he and Louann had an automobile that was paid for by the companies. And as for Lydia, if she ever paid for an automobile, that does not detract from the fact that Power Cooling purchased an automobile for her long after her employment ceased and that Power Cooling possesses the payment records for that automobile.

6. Finally, whether or not the rents received from third parties are sufficiently high to suit the plaintiffs—who do not demonstrate the basis for their opinion as to their sufficiency—has nothing to do with their claim that I am pocketing the money. That allegation, like all the allegations, is false and interposed in utter bad faith.[3] And given the larger stake in the companies these very plaintiffs pursued less than a year ago, it is difficult to imagine they do not know their allegations are all false, particularly since the operating documents redrafted less

[3] It is truly incredible that less than a year ago plaintiffs paid these very attorneys nearly $200,000.00 to get a larger stake in these companies while failing to do the due diligence to determine that supposedly I had been raiding the till for years.

than a year ago, by the same firm representing the plaintiffs now, left the plaintiffs without voting rights or representantion on the board of directors for the next five years and left me in control. That the plaintiffs demanded six years of documents, including all my own personal financial documents, prior to filing this frivolous lawsuit thus was just a mechanism to suit, not an indication that they had any legitimate concerns.[4]

6. But whether Lydia purchased her own vehicle (she did not) or ever worked for Power Cooling after she was 25 years old (she did not), whether Louann ever contributed the slightest effort toward either company (she did not) or her husband had a company car (he did not) and whether either Louann or Lydia and their families has any claim to the benefits they have received for years (they do not) is really not the issue. The issue is that these plaintiffs, who have received unearned benefits for many years, are therefore grossly unfit to represent "shareholders"—not surprisingly, themselves—aggrieved by "waste" in the form of unearned benefits even if any of the claims themselves had merit, which they do not. Furthermore, to the extent that these plaintiffs cloak themselves in the garment of trustees for the benefit of Linnea Larsen, they are also grossly unsuitable to sue in that capacity. They quite plainly only seek to recover on Linnea's behalf and on behalf of their "beneficiaries" only what they claim was diverted to anyone other than themselves.

[4] Plaintiffs' election not to attach a financial statement to their opposition papers out of "fear" that I might say they did so in violation of confidentiality concerns is just one more indication that they have nothing at all to say. Presumably they omitted to attach the financial statement because of their own concerns that the document itself and much of the information contained in it is confidential. As for the reiterated claim that the plaintiffs had been asking for information only to be ignored by me, *see, e.g.*, Affidavit of Louann Larsen at ¶33, the plaintiffs have not spoken to me in years and I do not speak to them. Similarly false is the allegation that I told anyone at any time, much less either of the plaintiffs, that the companies were in "poor financial health," *see id.* ¶21; Affidavit of Lydia Larsen ¶24. The companies are in excellent health and as previously stated I have not spoken to the plaintiffs, nor they to me, in many years. Certainly one wonders why the plaintiffs spent so much money—not their own, of course—in attorney's fees to obtain a larger stake in companies that supposedly were in "poor financial health" and why their attorneys did not better protect them.

7. In sum, this lawsuit was not commenced in good faith and is not prosecuted in good faith; it is perfectly obvious the objective of the plaintiffs is simply to force the sale or destruction of these companies so that the land on which they sit can be sold—something they may vote to accomplish in four years but have no right to do now. To suggest that shareholders seeking to destroy a perfectly successful company with an excellent reputation and brand developed over 56 years and continuing today are somehow suitable derivative plaintiffs or legitimate trustees seeking to safeguard the interests of their beneficiaries is to turn the concepts of derivative litigation and trusteeship entirely on their heads. And to suggest that the plaintiffs do not bring this suit for their own financial advantage is preposterous in view of the fact that they themselves are effectively the only shareholders whose interests they purport to represent.

8. The complaint should be dismissed for many reasons, but at the moment the most obvious is that the plaintiffs are plainly unfit to prosecute it and there is no other person to stand in their shoes who is not similarly burdened.

Lauren Larsen

SHANDRA ROSALES
Notary Public, State of New York
No. 01RO6002015
Qualified in Queens County
Commission Expires Feb. 2, 2026