

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

MANEESH AWASTHI and VIRUPAKSHA RAPARTHI  
individually and d/b/a MARV INVESTMENT  
MANAGEMENT, LLC and derivatively on behalf of  
BLACKBRIDGE CAPITAL, LLC,

Plaintiffs,

-against-

ALEXANDER DILLON and JULIAN COSMIN PANAIT,

Defendants,

-and-

BLACKBRIDGE CAPITAL, LLC and BLACKBRIDGE  
CAPITAL MANAGEMENT, LLC,

Nominal Defendants.

Index No.: 650057/2016

**VERIFIED COMPLAINT**

**Jury Trial Demanded**

Plaintiffs Maneesh Awasthi and Virupaksha Raparthi, individually and d/b/a MARV Investment Management, LLC (“**MARV**”), and derivatively on behalf of Blackbridge Capital, LLC (the “**Blackbridge Fund**”) and Blackbridge Capital Management, LLC (“**Blackbridge Management**”) (together, the “**Blackbridge Entities**”), bring this action by their undersigned attorneys against Alexander Dillon (“**Dillon**”) and Julian Cosmin Panait (“**Panait**”) (together, “**Defendants**”), and allege on personal knowledge as to themselves and their own actions and upon information and belief as to all other matters as follows:

**PRELIMINARY STATEMENT**

This is an action for an accounting, appointment of a receiver over both the Blackbridge Entities and other relief arising out of Defendants’ fraudulent inducement and subsequent misuse of money invested by Plaintiffs in the Blackbridge Entities and the investment returns accruing thereon for their own improper personal purposes, to the detriment of Plaintiffs and the companies in which all the parties are members.

Defendants induced Plaintiffs to invest \$780,000 in the Blackbridge Entities with the promise of developing an investment management business with a hedge fund structure under which the fund's manager would receive a 1% management fee on assets under management plus an incentive fee of 20% of profits realized in excess of a 50% threshold return of profits. The net amounts were to be distributed to the fund's investors in proportion to their pro rata holdings. Plaintiffs were to be investors in the Blackbridge Fund and also to own a portion of Blackbridge Management.

Plaintiffs took considerable time away from their other business activities to support this fledgling business. Once Plaintiffs invested their money, Defendants disregarded their agreement with Plaintiffs, ignored their fiduciary obligations, made false representations, shut Plaintiffs out of decision-making and wasted the Blackbridge Entities' assets by treating the companies as their own personal piggy bank.

In addition to seeking an accounting and appointment of a receiver, Plaintiffs bring individual claims for breach of contract, breach of the implied covenant of good faith and fair dealing, unjust enrichment, money had and received, breach of fiduciary duty, negligent misrepresentation, fraudulent inducement and conversion; and derivative claims on behalf of the Blackbridge Entities for breach of fiduciary duty, corporate waste and conversion.

### **THE PARTIES**

1. Plaintiff Maneesh Awasthi is a natural person who was at all relevant times a member of MARV, the Blackbridge Fund and Blackbridge Management.
2. Plaintiff Virupaksha Raparthi is a natural person who was at all relevant times a member of MARV, the Blackbridge Fund and Blackbridge Management.

3. Messrs. Awasthi and Raparathi own MARV Investment Management LLC, a Delaware limited liability company through which its members, the individual Plaintiffs, invested in businesses from time to time.

4. Defendant Alexander Dillon is a natural person and at all relevant times a member of the Blackbridge Fund and Blackbridge Management. At all relevant times, Dillon represented himself to Plaintiffs and the world as a partner in both of the Blackbridge Entities.

5. Defendant Julian Cosmin Panait is a natural person, a resident of New York County, and at all relevant times a member of the Blackbridge Fund and Blackbridge Management. At all relevant times, Panait represented himself to Plaintiffs and the world as a partner in both of the Blackbridge Entities.

6. Nominal Defendant Blackbridge Capital, LLC – the Blackbridge Fund – is a Delaware limited liability company with its principal place of business in New York County at 450 7<sup>th</sup> Avenue, Suite 609, New York, NY 10123. It is managed by the other nominal defendant, Blackbridge Management. Dillon, Panait and the two individual Plaintiffs each own membership interests in the Blackbridge Fund proportional to their respective investments. The Blackbridge Fund's investment returns net of the management fee are supposed to be distributed to its members pro rata.

7. Nominal Defendant Blackbridge Capital Management, LLC – Blackbridge Management – is a Delaware limited liability company with its principal place of business in New York County at 450 7<sup>th</sup> Avenue, Suite 609, New York, NY 10123. It is the manager of the other nominal defendant, the Blackbridge Fund. Through mid-December 2014, Dillon and Panait owned 80% of the membership interests and the individual Plaintiffs owned 20% of the membership interests of Blackbridge Management. Since mid-December 2014, Dillon, Panait

and the two individual Plaintiffs each own 25% of the membership interests of Blackbridge Management.

### **JURISDICTION, VENUE AND STANDING**

8. The Court has jurisdiction over Defendants under CPLR 301 and 302(a) because they transact business within the State of New York and otherwise exhibit sufficient contacts with the State of New York such that the Court's jurisdiction will not offend due process or notions of fair play and substantial justice.

9. Venue is proper in New York County pursuant to CPLR 503 because one or more of the parties resides in this county.

10. Plaintiffs have standing to bring the derivative claims asserted in this action because Plaintiffs are and were at all relevant times members of the Blackbridge Fund and Blackbridge Management.

### **FACTS COMMON TO ALL CAUSES OF ACTION**

11. Defendants and the individual Plaintiffs are all in the financial services business. They met in early 2014 through mutual business contacts.

12. Defendants had established the Blackbridge Fund to seek out new opportunities in exotic securities. Defendants were unable to raise significant capital due to their lack of a credible pedigree or any experience managing a meaningful amount of money. Defendants were stuck investing small amounts of money into deals, and had no way to build out their portfolio without the help of outside investors willing to invest in the Blackbridge Fund.

13. One of Plaintiffs' businesses is to seek out new investment opportunities. Defendants proposed an opportunity to Plaintiffs, who were positively disposed to Defendants' plans. In March 2014, the individual Plaintiffs entered into discussions with Defendants about

investing in the Blackbridge Fund and obtaining an ownership interest in its manager, Blackbridge Management.

14. The Agreement was that Plaintiffs' investments and their pedigree would help build the Blackbridge Fund's track record so that it could subsequently seek capital from outside sources. Plaintiffs have over 35 years of combined experience in the financial sector and working with complex financial instruments. Plaintiffs made it clear to Defendants that it takes approximately three to five years of a positive investment track record to raise significant outside capital. The investment track record must be subject to audit, meaning that proper bookkeeping, accounting and transparency were prerequisites for Plaintiffs to become involved with the Blackbridge Entities.

15. The parties agreed that Plaintiffs would provide capital based on the individual merits of each investment presented to them by Defendants, while Defendants would be responsible for day to day operations of the business and have principal responsibility for its investments. The parties agreed that Plaintiffs would provide advice and guidance from time to time to develop the business.

16. The parties agreed that Plaintiffs' money would be deposited into the Blackbridge Fund, that the parties' interests in the Blackbridge Fund would be proportional to their respective capital investments, and that each member would receive a pro-rata distribution of the Blackbridge Fund's investment returns net of management fees paid to Blackbridge Management.

17. The parties agreed that separate capital accounts would be maintained for each of the Blackbridge Fund's members.

18. The parties agreed that Blackbridge Management would receive an annual management fee equal to 1% of the Blackbridge Fund's annualized average assets. The parties

further agreed that Blackbridge Management would also receive an incentive fee equal to 20% of the Blackbridge Fund's investment returns over 50% for the year. In return for these fees, Blackbridge Management would be responsible for all expenses and overhead incurred by the Blackbridge Entities other than clearing and brokerage fees, which were to be paid by the Blackbridge Fund. The parties agreed that the individual Plaintiffs would each own a 10% interest in Blackbridge Management (for a total of 20% for the two individual Plaintiffs) in addition to their interests in the Blackbridge Fund.

19. The parties agreed that dual signatures – i.e., signatures by at least one of the Defendants and at least one of the individual Plaintiffs – would be required before any funds were released for trades.

20. The parties agreed that brokerage account confirmations would be disclosed to Plaintiffs and reviewed internally on a weekly basis.

21. The parties agreed that all trading activity would be tracked daily through an interactive shared spreadsheet and that statements reflecting the Blackbridge Fund's investment activities would be circulated monthly.

22. Satisfied with their agreement and trusting Defendants to live up to it notwithstanding that they had not yet reduced it to writing, Plaintiffs transmitted \$100,000 of their individual funds to the Blackbridge Fund on March 27, 2014 as their initial investment. Reflecting their agreed upon relationship, Defendants added the individual Plaintiffs as authorized signatories to the Blackbridge Fund's existing bank account at Bank of America without any restrictions.

23. The parties began to prepare papers memorializing their agreement in writing. When Plaintiffs learned that Defendants had taken \$20,000 of Plaintiffs' initial investment from the Bank of America account without prior approval of either of the individual Plaintiffs as

agreed, Plaintiffs withdrew the \$80,000 remaining of their initial investment from the account. Defendants apologized and made excuses for their actions, and agreed to be more transparent and communicative. On April 18, 2014, Panait sent the individual Plaintiffs (with a copy to Dillon) an e-mail to memorialize their agreement, titled “Fund Structure and Rules, Moving Forward, Updated Model, etc.” containing the principal terms they had agreed upon. Defendants advised Plaintiffs that the Blackbridge Entities would retain counsel to formalize the agreement as reflected in this e-mail.

24. As a next step, the parties discussed how Plaintiffs could monitor their investment and the parties work more closely together. At Plaintiffs’ request, Defendants agreed to move into and began to work out of Plaintiffs’ offices.

25. Based upon the parties’ agreement, Plaintiffs opened an account with TD Ameritrade in May 2014 to clear the Blackbridge Fund’s trades (the Blackbridge Fund could not open the clearing account itself because it was unable to meet minimum capital requirements). Opening the TD Ameritrade account required one of the Plaintiffs to transfer cash or securities in excess of \$500,000 to an account at TD Ameritrade.

26. Over the next few months, Plaintiffs guided Defendants and introduced them to a number of investment advisors, underwriters and other contacts with whom Plaintiffs had preexisting relationships. Plaintiffs also expanded the Blackbridge Entities’ business by introducing the fund to deals in Australia and the UK. To reflect Plaintiffs’ greater involvement, Defendants agreed that each of the individual Plaintiffs’ interests in Blackbridge Management would be increased to 25% instead of 10%, resulting in the individual Plaintiffs together owning 50% of Blackbridge Management.

27. Defendants began actively looking for investment opportunities in May 2014. Plaintiffs’ concerns that Defendants had still not finalized the formal paperwork reflecting their

agreements were assuaged because Defendants were working out of Plaintiffs' offices, and at the time, consulting them on major decisions and otherwise working together with them in accordance with the parties' understanding.

28. The Blackbridge Fund increased its investment activities in the Summer of 2014. At Defendants' request after they presented a detailed case for certain new investments, Plaintiffs increased their investment in the Blackbridge Fund by contributing additional capital of \$490,000 in July 2014, for a total principal investment through that date of \$590,000.

29. On July 17, 2014, Dillon sent the individual Plaintiffs (with a copy to Panait) an e-mail acknowledging the deposit, noting "Everything Deposited..."

30. The Blackbridge Fund's investment portfolio finally achieved significant critical mass to make meaningful investments. In September 2014, Plaintiffs contributed an additional \$200,000 in new capital to the Blackbridge Fund, for a total principal investment through that date of \$780,000. No new capital was contributed to the Blackbridge Fund by the Defendants since the parties reached their agreement in March 2014. Upon information and belief, Defendants each invested only minimal amounts of their own funds, less than \$15,000 in total, in the venture.

31. Flush with cash from Plaintiffs' additional investments and the investment returns thereon, Defendants began to renege on their agreement with Plaintiffs.

32. Defendants started reducing their consultations with Plaintiffs on new investment decisions and cash withdrawals and stopped providing Plaintiffs with statements on a regular basis, requiring Plaintiffs to make repeated demands before any documents were furnished to them.

33. In mid-October 2014, Defendants invested in Innovus Pharmaceuticals (INNV). Plaintiffs advised Defendants the structure of the investment meant there was a high risk of loss,



but Defendants invested \$400,000 in the company anyway without Plaintiffs' consent, in violation of the parties' agreement that dual signatures and Plaintiffs' consent were required before any money was released for trades.

34. Nevertheless, Plaintiffs were not overly concerned because the Blackbridge Fund had made some periodic distributions upon Plaintiffs' request through October 2014 and Defendants continued to consult with Plaintiffs about investment opportunities.

35. Later in the Fall of 2014, Defendants stopped presenting any deals to the Plaintiffs and began to make investment decisions for the Blackbridge Fund unilaterally. Despite repeated requests and inquiry, Defendants continued to delay reducing the parties' agreement to writing.

36. Later in December 2014, Defendants advised Plaintiffs that they would receive K-1 Forms from the Blackbridge Fund in time to file their taxes the following April.

37. No K-1s were ever issued to Plaintiffs. In April 2015, the Blackbridge Fund issued K-1s to defendant Alexander Dillon and a Delaware LLC formed on December 22, 2014 with an address in Romania and controlled by Panait or his mother (Panait is a Romanian national and has an H-1B visa for part time work sponsored by an entity owned by the individual Plaintiffs). These K-1s indicate Dillon and this Romanian company each received distributions of approximately \$450,000 despite contributing less than 2% of the Blackbridge Fund's capital.

38. Panait sent copies of the Defendants' K-1s to one of the individual Plaintiffs on May 1, 2015. Plaintiffs questioned why they did not receive their own K-1s as promised.

39. Defendants had no explanation for the failure to issue K-1s to the individual Plaintiffs or the failure to make distributions in proportion to the parties' equity interests when they were requested to do so by Plaintiffs. Defendants agreed to remedy this, and to finally execute papers reflecting the parties' agreement. The two Defendants confirmed that they and the two individual Plaintiffs each owned a pro-rata interest in the Blackbridge Fund in proportion

to their investments and 25% of Blackbridge Management, and the parties continued to finalize the details of their agreement.

40. In March 2015, Defendants abruptly informed Plaintiffs they needed larger office space and decided to move out of Plaintiffs' offices. Plaintiffs advised Defendants to keep expenses low, but Defendants had made up their minds. Wanting to at least have some idea of Defendants' activities and desiring to reduce the Blackbridge Fund's expenses, Plaintiffs offered to move into Defendants' new space. Defendants agreed to make Plaintiffs their subtenants, which they remain to this day. The parties moved into their new offices in July 2015.

41. After the parties moved into their new offices, Defendants began to grumble about the economics of their deal and how the agreement should be more favorable to them going forward. Plaintiffs demanded Defendants at last reduce their agreement to writing.

42. After a number of meetings, the parties further agreed in July 2015 that each of Blackbridge Management's four members – defendants Dillon and Panait and the two individual Plaintiffs – would receive \$20,000 per month in distributions going forward.

43. A \$20,000 monthly distribution was made in July 2015 in accordance with the parties' agreement. Defendants had still not responded to Plaintiff's demands to reduce their agreement to writing.

44. Another \$20,000 monthly distribution was made in August 2015 in accordance with the parties' agreement.

45. By the end of August 2015, Plaintiffs had still not received any documents from Defendants reflecting their agreement. Tired of Defendants' obfuscation, Plaintiffs asked Defendants to provide a full accounting of the Blackbridge Entities on August 28, 2015.

46. Defendants refused to provide Plaintiffs with the requested accounting. The same day, August 28, 2015, Dillon told one of the Plaintiffs there would be no further distributions to

them notwithstanding the prior practice of making distributions and despite the parties' agreement to make \$20,000 monthly distributions in the future. Dillon also told Plaintiffs they were not even members of the Blackbridge Entities and that the money invested by Plaintiffs was a loan. Having built up the Blackbridge Fund with Plaintiffs' money, Defendants now wanted to cut them out of the deal entirely.

47. Plaintiffs were shocked by Dillon's statements. Understandably concerned they were about to be shut out of the company and needing to protect their very substantial interest in the Blackbridge Entities, on August 27, 2015, Plaintiffs withdrew their \$1 million from the Blackbridge Fund's account at Bank of America at which they were authorized signatories together with the individual Defendants.

48. Plaintiffs informed Defendants of their withdrawal from the Bank of America account the same day and demanded a meeting. Defendants complied and provided Plaintiffs with copies of Blackbridge Capital's brokerage statements, bank account statements, and other corporate and financial documents which they failed to provide on a regular basis despite multiple demands.

49. The parties then agreed to put the \$1 million which Plaintiffs withdrew into escrow with Donell Soares, Esq. The entire \$1 million remains in escrow with Mr. Soares and, pursuant to the escrow agreement, cannot be withdrawn without the consent of all four of Blackbridge's members.

50. The documents finally provided by Defendants revealed a number of improprieties and defalcations by Defendants. For example, Defendants incurred over \$200,000 in charges on the Blackbridge Fund's American Express card from February through August 2015 which were previously hidden from Plaintiffs. These charges have never been explained.

Plaintiffs requested copies of the Blackbridge Fund's American Express statements, which Defendants refused to provide.

51. Defendants also spent over \$40,000 on a party at a New York City nightclub in May 2015 without Plaintiffs' approval or consent. There were also a number of additional unexplained cash withdrawals, including an unauthorized \$15,000 withdrawal in September 2014 and an unauthorized \$30,000 withdrawal in December 2014 by Dillon, apparently for personal purposes, all of which were without Plaintiffs' consent. Defendants refused to answer Plaintiffs' questions about the charges and withdrawals when questioned about them.

52. Plaintiffs are entitled to the return of their principal investment in the Blackbridge Fund, their share of the Blackbridge Fund's investment returns in proportion to their principal investment, and 50% of Blackbridge Management's fees paid by the Blackbridge Fund.

53. Through the date of this Complaint, \$780,000 of Plaintiffs' principal investment in the Blackbridge Fund is still held by Defendants together with approximately \$3.2 million in investment returns and fees paid to Blackbridge Management, for a total in excess of \$3.98 million.

#### **DEMAND FUTILITY**

54. At all relevant times, Plaintiffs were members of the Blackbridge Fund and Blackbridge Management.

55. At all relevant times, Blackbridge Management was the manager of the Blackbridge Fund.

56. At all relevant times, Blackbridge Management was under Defendants' exclusive control.

57. Defendants' exclusive control over Blackbridge Management means that Defendants are inherently self-interested in the actions of the Blackbridge Entities and that demand would be futile with respect to Plaintiffs' claims against Defendants.

58. Defendants acted in furtherance of their self interest at the expense of Plaintiffs by failing to make regular distributions to Plaintiffs while, upon information and belief, taking substantial distributions for themselves and misappropriating the Blackbridge Entities' assets for their own personal purposes as reflected in the over \$200,000 charged to the corporate American Express card.

59. Accordingly, it would be futile to demand that the Blackbridge Entities bring suit against Defendants because Defendants would be charged with making this decision and would never agree to bring suit against themselves.

### **CAUSES OF ACTION**

#### **First (Individual) Cause of Action: For an Accounting**

60. Plaintiffs repeat and reallege paragraphs 1 through 59 as if they were fully set forth herein.

61. Plaintiffs entrusted their money to Defendants to invest with the Blackbridge Fund, and Defendants have breached their duties to Plaintiffs and profited at Plaintiffs' expense.

62. Plaintiffs are entitled to an accounting of the Blackbridge Fund and Blackbridge Management's assets, liabilities, income, expenses, profits and investment returns.

63. Defendants refused Plaintiffs' demand for an accounting.

64. Plaintiffs have no adequate remedy at law.

65. Plaintiffs demand an accounting from Defendants as to the assets, liabilities, income, expenses, profits and investment returns of the Blackbridge Entities from March 27, 2014 through the date of judgment.

**Second (Individual) Cause of Action:**  
**Breach of Contract**

66. Plaintiffs repeat and reallege paragraphs 1 through 59 as if they were fully set forth herein.

67. The parties entered into a contract concerning the operation and management of the Blackbridge Entities under which Plaintiffs would provide capital to be invested by the Blackbridge Fund in exchange for a proportional equity interest in the Blackbridge Fund, an equity interest in Blackbridge Management, and various other terms set forth in greater detail above.

68. The existence of the parties' agreement is established by their course of dealing as set forth above.

69. Defendants assented to the parties agreement as set forth in greater detail above.

70. Plaintiffs provided capital to the Blackbridge Fund pursuant to their agreement.

71. Defendants breached the parties' agreement because they failed to make distributions in proportion to the parties' equity interests or issue K-1s to Plaintiffs while taking excessive distributions for themselves and misappropriating the Blackbridge Entities' assets.

72. Defendants also breached their agreement by not obtaining dual signatures before releasing funds for trades, failing to track trading activity on a daily basis through an interactive shared spreadsheet, failing to share brokerage account confirmations on a weekly basis and failing to circulate brokerage account statements on a monthly basis.

73. Plaintiffs were damaged as the result of Defendants' misconduct in an amount to be determined at trial but in excess of \$3.98 million.

**Third (Individual) Cause of Action:**  
**Breach of Implied Covenant of Good Faith and Fair Dealing**

74. Plaintiffs repeat and reallege paragraphs 1 through 59 as if they were fully set forth herein.

75. Plaintiffs invested \$780,000 in principal with the Blackbridge Fund, reasonably expecting Defendants to act in good faith to ensure that all of the members were treated equitably.

76. Despite this reasonable expectation, Defendants did not treat Plaintiffs equitably. Among other things, Defendants did not obtain Plaintiffs' consent for investment decisions and failed to provide documentation of the company's assets, expenses, investment positions and performance. Defendants further mistreated Plaintiffs by failing to make equitable distributions from the Blackbridge Entities in proportion to the members' interests, and giving themselves distributions in excess of their proportional interest while failing to make proportional distributions to Plaintiffs.

77. Plaintiffs were damaged as the result of Defendants' misconduct in an amount to be determined at trial but in excess of \$3.98 million.

**Fourth (Individual) Cause of Action:**  
**Unjust Enrichment**

78. Plaintiffs repeat and reallege paragraphs 1 through 59 as if they were fully set forth herein.

79. Plaintiffs invested \$780,000 in principal with Defendants to capitalize the Blackbridge Fund.

80. Plaintiffs reasonably expected to receive distributions in proportion to their equity interest in the company.

81. Plaintiffs did not receive distributions in proportion to their equity interest in the company.

82. It is against the principles of equity and good conscience to permit Defendants to retain Plaintiffs' money without fairly compensating Plaintiffs for the use thereof and the investment returns thereon.

83. Plaintiffs were damaged as the result of Defendants' misconduct in an amount to be determined at trial but in excess of \$3.98 million.

**Fifth (Individual) Cause of Action:  
Money had and Received**

84. Plaintiffs repeat and reallege paragraphs 1 through 59 as if they were fully set forth herein.

85. Defendants received \$780,000 in principal from Plaintiffs for the purpose of capitalizing the Blackbridge Fund.

86. Defendants benefitted from this principal investment from Plaintiffs because it allowed the Blackbridge Fund to make investments for its own account and reap substantial investment returns, and to take distributions out of proportion with their equity interest in the company.

87. Under the circumstances, equity and good conscience dictate that Defendants should not keep Plaintiffs' money or the investment gains attributable thereto.

88. Plaintiffs were damaged as the result of Defendants' misconduct in an amount to be determined at trial but in excess of \$3.98 million.



**Sixth (Individual) Cause of Action:  
Breach of Fiduciary Duty**

89. Plaintiffs repeat and reallege paragraphs 1 through 59 as if they were fully set forth herein.

90. Defendants received \$780,000 in principal from Plaintiffs for the purpose of capitalizing the Blackbridge Fund.

91. Plaintiffs thus became members of the Blackbridge Fund and Blackbridge Management as agreed upon by the parties.

92. Defendants were in a fiduciary relationship with Plaintiffs because Defendants controlled the Blackbridge Fund and Blackbridge Management.

93. Defendants engaged in misconduct, including but not limited to failing to make proportional distributions from the Blackbridge Entities to Plaintiffs while taking excessive distributions for themselves and misappropriating the entities' assets through unauthorized and excessive American Express charges and other misconduct that will be revealed through discovery.

94. Defendants thus breached their fiduciary duties to Plaintiffs by enriching themselves at Plaintiffs' and the Blackbridge Entities' expense.

95. Plaintiffs were damaged as the result of Defendants' misconduct in an amount to be determined at trial but in excess of \$3.98 million.

**Seventh (Individual) Cause of Action:  
Negligent Misrepresentation Causing Harm**

96. Plaintiffs repeat and reallege paragraphs 1 through 59 as if they were fully set forth herein.

97. Defendants made representations to Plaintiff concerning the management of the Blackbridge Entities, including but not limited to representations that they would obtain dual

signatures before releasing the Blackbridge Fund's funds for trades, that they would track trading activity on a daily basis through an interactive shared spreadsheet, that they would share brokerage account confirmations on a weekly basis, that they would circulate brokerage account statements on a monthly basis, that they would issue Plaintiffs K-1s, and that that the individual Plaintiffs each owned 25% of Blackbridge Management and a pro-rata share of the Blackbridge Fund in proportion to their investment. Defendants also represented that the Blackbridge Entities would make distributions proportional to its members' equity interests.

98. Plaintiffs reasonably relied on Defendants' representations in making the decision to capitalize the Blackbridge Fund in a series of transactions between March and December 2014 totaling \$780,000.

99. Defendants understood, or reasonably should have understood, that Plaintiffs were relying upon Defendants' representations in making the decision to entrust this money to them.

100. Defendants breached their representations to Defendants by failing to obtain dual signatures before releasing the Blackbridge Fund's funds for trades, failing to track trading activity on a daily basis through an interactive shared spreadsheet, failing to share brokerage account confirmations on a weekly basis, failing to circulate brokerage account statements on a monthly basis, failing to issue Plaintiffs K-1s, and failing to make distributions in proportion to the parties' interests in the Blackbridge Entities.

101. Plaintiffs were damaged as the result of Defendants' misconduct in an amount to be determined at trial but in excess of \$3.98 million.

**Eighth (Individual) Cause of Action:**  
**Fraudulent Inducement**

102. Plaintiffs repeat and reallege paragraphs 1 through 59 as if they were fully set forth herein.

103. Defendants made representations to Plaintiff concerning the management of the Blackbridge Entities, including but not limited to representations that they would obtain dual signatures before releasing the Blackbridge Fund's funds for trades, that they would track trading activity on a daily basis through an interactive shared spreadsheet, that they would share brokerage account confirmations on a weekly basis, that they would circulate brokerage account statements on a monthly basis, that they would issue Plaintiffs K-1s, and that that the individual Plaintiffs each owned 25% of Blackbridge Management and a pro-rata interest in in the Blackbridge Fund in proportion to their investments. Defendants also represented that the Blackbridge Entities would make distributions proportional to its members' equity interests.

104. When Defendants made these representations, Defendants had no intention of obtaining dual signatures before releasing funds for trades, tracking trading activity on an interactive spreadsheet shared with Plaintiffs; sharing brokerage confirmations with Plaintiffs; circulating brokerage account statements to Plaintiffs; issuing Plaintiffs K-1s, or making distributions from the Blackbridge Entities in proportion with its members' interests.

105. Defendants made these representations to Plaintiffs intending to induce Plaintiffs to entrust funds to Defendants.

106. Plaintiffs relied on Defendants' false representations in making the decision to invest \$780,000 with the Blackbridge Fund.

107. Plaintiffs were damaged as the result of Defendants' misconduct in an amount to be determined at trial but in excess of \$3.98 million.

**Ninth (Individual) Cause of Action:  
Conversion**

108. Plaintiffs repeat and reallege paragraphs 1 through 59 as if they were fully set forth herein.

109. Defendants received \$780,000 in principal from Plaintiffs for the purpose of capitalizing the Blackbridge Fund.

110. Plaintiffs' right to their principal investment in the Blackbridge Fund, the investment returns accruing thereon and their portion of the management fees earned thereon by Blackbridge Management is superior to any rights thereto by Defendants.

111. Defendants continue to withhold Plaintiffs' money and refuse to return it despite due demand.

112. Plaintiffs were damaged as the result of Defendants' misconduct in an amount to be determined at trial but in excess of \$3.98 million.

**Tenth (Individual) Cause of Action:  
For Appointment of a Receiver over  
Blackbridge Capital and Blackbridge Capital Management**

113. Plaintiffs repeat and reallege paragraphs 1 through 59 as if they were fully set forth herein.

114. Defendants' continued malfeasance and exclusive control over the Blackbridge Entities to the exclusion of Plaintiffs requires the appointment of a receiver over Blackbridge Capital, LLC and Blackbridge Capital Management, LLC for the pendency of this proceeding.

115. Aside from the \$1 million in cash held in escrow by Mr. Soares, the Blackbridge Fund's assets include a portfolio of stocks, aged debt, notes, options and other securities. Except for the money protected by escrow, the company's assets are entirely under the control of Defendants, who solely control whether and how to dissipate the assets.

116. Without the appointment of a receiver, Plaintiffs are at risk of losing their funds and investment because Defendants continue to waste and convert corporate assets.

117. As members of the Blackbridge Entities, Plaintiffs should have a voice in the disposition of the companies' assets and Defendants should be prevented from taking, spending, selling or otherwise disposing the Blackbridge Entities' assets without Plaintiffs' consent. Cash generated by the Blackbridge Entities should be used only for corporate purposes, and the continued corporate existence of the Blackbridge Entities must be maintained.

118. Simply freezing the Blackbridge Entities' assets is impracticable since many of the remaining assets are securities the management of which requires frequent decisions to be made. Accordingly, appointment of a receiver is the only option to ensure no further corporate assets are wasted or otherwise misappropriated by the Defendants.

**Eleventh (Derivative) Cause of Action:  
Breach of Fiduciary Duty**

119. Plaintiffs repeat and reallege paragraphs 1 through 59 as if they were fully set forth herein.

120. Defendants controlled the Blackbridge Fund and Blackbridge Management at all relevant times.

121. In their capacity as control persons of these companies, Defendants owed the Blackbridge Fund and Blackbridge Management a duty of good faith and fair dealing, loyalty and due care.

122. Defendants breached their duties to the Blackbridge Fund and Blackbridge Management by misappropriating the companies' assets for themselves, including but not limited to making unauthorized cash withdrawals and distributions, over \$200,000 in unauthorized

American Express charges for personal expenses and other misconduct that will be revealed through discovery.

123. The Blackbridge Fund and Blackbridge Management were damaged as the result of Defendants' misconduct in an amount to be determined at trial.

**Twelfth (Derivative) Cause of Action:**  
**Corporate Waste**

124. Plaintiffs repeat and reallege paragraphs 1 through 59 as if they were fully set forth herein.

125. Defendants misappropriated the Blackbridge Fund and Blackbridge Management's assets for improper personal purposes, including but not limited to making unauthorized cash withdrawals and distributions, over \$200,000 in unauthorized American Express charges for personal expenses and other misconduct that will be revealed through discovery.

126. The Blackbridge Fund and Blackbridge Management were damaged as the result of Defendants' misconduct in an amount to be determined at trial.

**Thirteenth (Derivative) Cause of Action:**  
**Conversion**

127. Plaintiffs repeat and reallege paragraphs 1 through 59 as if they were fully set forth herein.

128. Defendants improperly charged the Blackbridge Fund and Blackbridge Management with over \$200,000 in American Express charges for personal expenses.

129. The money charged by Defendants for improper personal expenses properly belongs to the Blackbridge Fund and Blackbridge Management.

130. The money used to pay these unauthorized and improper American Express charges was taken from the Blackbridge Fund and/or Blackbridge Management, thus depriving the companies of these funds.

131. The Blackbridge Fund and Blackbridge Management were damaged as the result of Defendants' misconduct in an amount to be determined at trial.

**PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiffs demand judgment as follows:

1. An accounting of the Blackbridge Fund and Blackbridge Management from March 27, 2014 through the date of judgment;
2. Individual damages in an amount to be determined by the Court but not less than \$3,980,000, together with statutory interest from March 27, 2014;
3. Appointment of a Receiver over the Blackbridge Fund and Blackbridge Management;
4. Derivative damages in an amount to be determined by the Court, together with statutory interest from March 27, 2014;
5. Attorneys' fees and costs in an amount to be determined by the Court, and
6. Such other and further relief as the Court may deem just and proper.

Dated: New York, New York  
January 27, 2016

**WOLF HALDENSTEIN ADLER  
FREEMAN & HERZ LLP**

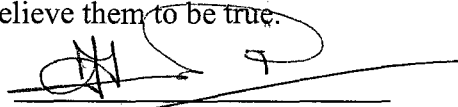
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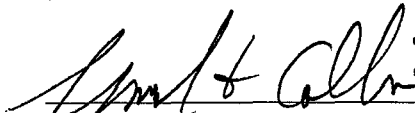
**VERIFICATION**

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

Maneesh Awasthi, being sworn, deposes and says that I am one of the individual plaintiffs in this action. I have read the foregoing Verified Complaint and know the contents thereof to be true to my knowledge except as to those matters therein stated to be alleged upon information and belief, and as to those matters, I believe them to be true.

  
\_\_\_\_\_  
Maneesh Awasthi

Sworn to before me this  
15 day of January, 2016

  
\_\_\_\_\_  
Notary Public

