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	STATE OF GEORGIA	FILED IN OFFICE
ANDREW JENKINS, individually derivatively on behalf of STOMPER LLC,  Plaintiff,	•	DEPUTY CLERK SUPERIOR COURTINGA
v.	)	Circil Andian
BRAD FALLON,	)	Civil Action File No 2009 CV 164708
Defendant.	<u> </u>	
v.	į	
STOMPERNET, LLC,	}	
Nominal Defendant.	,	

IN THE SUPERIOR COURT OF FULTON COUNTY

## **COMPLAINT**

Plaintiff, ANDREW JENKINS ("Jenkins"), respectfully shows the Court as follows:

# **JURISDICTION AND VENUE**

- 1. Jenkins files this action both in his individual capacity and derivatively on behalf of nominal defendant, STOMPERNET, LLC ("Stompernet").
- 2. Defendant, BRAD FALLON ("Fallon") is a resident of the State of Georgia, is subject to the jurisdiction of this Court, and may be served with process at Atlanta, GA 30342.
  - 3. Venue is proper because Fallon resides in Fulton County.

## **ALLEGATIONS OF FACT**

4. Stompernet is a Georgia limited liability company. Jenkins and Fallon are Stompernet's sole members.

- 5. The rights and obligations of the parties are set forth in an Operating Agreement dated October 5, 2006, a true and correct copy of which is attached as Exhibit A.
- 6. Jenkins and Fallon also are involved in various other business ventures (collectively, the "Related Businesses"). For example, Jenkins, Fallon and a third-party, each own a one-third (1/3) interest in SEO Research, LLC ("SEO"). Moreover, Jenkins and Fallon jointly own a fifty percent (50%) interest in Free Line Media, LLC ("Media LLC"). Finally, Jenkins and Fallon each own a thirty-eight percent (38%) interest in Free IQ, LLC ("Free IQ").
- 7. The Related Businesses have launched, or are in the process of launching, myriad Internet products including, without limitation, "The Free Line Report," "The Free Line VIP Club," and "You Tube Secret Weapon."
- 8. Despite the provisions of the Operating Agreement, Fallon has had no significant involvement in the operations or management of Stompernet for approximately a year.
- 9. Despite his lack of involvement, Fallon has continued to take regularly-scheduled and other distributions from the company.
- 10. Fallon's distributions have far exceeded Jenkins' distributions in 2008, and Fallon has refused to correct this disparity despite Jenkins' request.
- 11. In violation of his duties as a member of Stompernet, Fallon has used company credit cards for personal expenses and to pay the expenses of third-party ventures in which neither Stompernet nor Jenkins has an interest.
- 12. Fallon also has utilized customer lists, technology, brands, good will and other proprietary information owned by Stompernet (collectively, the "Confidential Information") for

his own purposes and to advance the interests of third-party ventures in which neither Stompernet nor Jenkins has an interest.

- 13. Stompernet's Confidential Information, in part, derives independent, actual and potential commercial value from not being generally known to, and not being readily assistainable by proper means by, other persons who can obtain economic value from the disclosure or use of the Confidential Information.
- 14. Some or all of the Confidential Information constitutes a "trade secret" as defined by O.C.G.A. § 10-1-761 (4) ("Trade Secrets").
- 15. Stompernet carefully guards its Trade Secrets and limits access to them to its members or employees who must have access to them.
- 16. Stompernet recently discovered that Fallon is the sole owner of Blue Falcon Marketing, LLC ("Blue Falcon").
- 17. Upon information and belief, a consulting agreement exists between Blue Falcon and
- 18. Pursuant to his consulting agreement, Fallon used Trade Secrets and Confidential Information to launch an Internet product for the known as
- 19. Upon information and belief, paid or will pay Blue Falcon various consulting fees or other compensation with respect to In fact, Fallon has boasted that he made more money from the venture than he made through Stompernet during the prior two years.
- 20. On December 3, 2008, without prior notice to Jenkins or authorization from Stompernet, Fallon withdrew \$110,000 from Stompernet's bank accounts at SunTrust Bank.

- 21. Fallon's unauthorized withdrawals jeopardized Stompernet's ability to conduct its day-to-day operations and to pay its vendors.
- 22. Fallon's unauthorized withdrawals also put Stompernet at risk of having multiple returned checks and could have irreparably harmed Stompernet's credit and its relationship with its vendors.
- 23. To avoid such harm, Jenkins made substantial capital infusions to cover checks the company had written.
- 24. After Jenkins discovered Fallon's unauthorized withdrawals, Jenkins contacted SunTrust in an effort to prevent any future unauthorized withdrawals by Fallon.
- 25. Fallon, however, went to SunTrust's offices, attempted to intimidate its personnel, and demanded access to Stompernet's accounts.
- 26. In response to Fallon's actions, SunTrust notified Stompernet that its accounts would be closed and refused to renew the company's line of credit.
- 27. In response to Fallon's actions and SunTrust's threats, Jenkins moved Stompernet's accounts to another financial institution.
- 28. Upon discovering the move, Fallon demanded that he be added to the new accounts and threatened to go to the new financial institution if access were denied.
- 29. Fallon also has contacted and demanded access to Stompernet's merchant accounts.
- 30. Fallon made these threats and demands with actual knowledge that such actions could cause irreparable harm to the company.
- 31. Stompernet has heretofore failed to bring any action, or otherwise seek to obtain redress, for the wrongs alleged herein.

## Count I - Injunctive Relief

- 32. Jenkins incorporates herein by reference paragraphs 1 through 31 of his Complaint.
- 33. Fallon, and those in active concert or participation with him, should be enjoined from any use of Stompernet's Confidential Information and Trade Secrets for any purpose other than advancing the legitimate business operations of Stompernet.
- 34. Jenkins is concerned that Fallon will, as he has in the past, withdraw funds from Stompernet's accounts and thereby threaten the company's ability to operate and pay its debts as they become due.
- 35. Jenkins also is concerned that Fallon will, as he has in the past, contact
  Stompernet's financial institutions and merchant accounts, demand access to Stompernet's
  accounts, and thereby impair Stompernet's relationship with its lenders.
- 36. Fallon, and those in active concert or participation with him, should be enjoined from any future withdrawals of Stompernet's funds without Jenkin's written consent, and from any future interference with Stompernet's financial institutions, lenders and merchant accounts.
- 37. The injunctive relief sought herein is necessary to avoid irreparable harm to Jenkins and Stompernet.

#### Count II - Breach of Fiduciary Duty

38. Jenkins incorporates herein by reference paragraphs 1 through 37 of his Complaint.

- 39. Fallon's actions were in flagrant disregard of his fiduciary obligations as a member of Stompernet and as Jenkins's business partner.
- 40. Jenkins and Stompernet have been damaged by this breach of fiduciary duty in an amount to be established at trial.
- 41. Moreover, to punish, penalize and deter Fallon, Jenkins and Stompernet are entitled to an award of punitive damages in an amount to be determined by the enlightened conscience of an impartial jury.
- 42. Jenkins and Stompernet also are entitled to recover their costs of litigation, including reasonable attorneys' fees.

## Count III - Conversion

- 43. Jenkins incorporates herein by reference paragraphs 1 through 42 of his Complaint.
  - 44. Fallon has converted to his own use funds belonging to Stompernet.
- 45. Stompernet has been damaged by Fallon's conversion in an amount to be established at trial.
- 46. Moreover, to punish, penalize and deter Fallon, Stompernet is entitled to an award of punitive damages in an amount to be determined by the enlightened conscience of an impartial jury.
- 47. Stompernet also is entitled to recover its costs of litigation, including reasonable attorneys' fees.

### Count IV - Usurpation of Corporate Opportunity

48. Jenkins incorporates herein by reference paragraphs 1 through 47 of his Complaint.

- 49. Fallon has usurped business opportunities belonging to Stompernet.
- 50. Stompernet is entitled to recover damages caused by Fallon's usurpation of its business opportunities including, without limitation, all profits from such ventures.
- 51. Moreover, to punish, penalize and deter Fallon, Stompernet is entitled to an award of punitive damages in an amount to be determined by the enlightened conscience of an impartial jury.
- 52. Stompernet also is entitled to recover its costs of litigation, including reasonable attorneys' fees.

## Count V - Fraud

- 53. Jenkins incorporates herein by reference paragraphs 1 through 52 of his Complaint.
- 54. During all periods relevant to this action, a relationship of trust and confidence existed between Jenkins and Fallon.
- 55. That relationship included a duty of utmost good faith and a duty to disclose all material information relating to the operations of Stompernet and to each of Related Businesses in which Jenkins holds an interest including, without limitation, SEO, Media LLC, and Free IQ.
- 56. Under Georgia law, the failure of a fiduciary to disclose a material fact is actionable fraud.
- 57. Fallon failed to disclose material information relating to the Related Businesses including information concerning Stompernet's investments in those entities, the use of Stompernet's Confidential Information in the Related Businesses, and the compensation that Fallon has derived from those ventures.

- 58. Jenkins reasonably relied upon Fallon to keep him apprised of material financial information, including, without limitation, the type of information described in the preceding paragraph.
- 59. Fallon's failure to disclose this material information relating to Stompernet and the Related Businesses constitutes fraud.
- 60. Jenkins has been damaged by Fallon's fraud in an amount to be established at trial.
- 61. To punish, penalize and deter Fallon, Jenkins is entitled to punitive damages in an amount to be determined by the enlightened conscience of an impartial jury.
- 62. Stompernet also is entitled to recover its costs of litigation, including reasonable attorneys' fees.

## Count VI - Misappropriation of Trade Secrets

- 63. Jenkins incorporates herein by reference paragraphs 1 through 62 of his Complaint.
  - 64. Fallon has misappropriated Trade Secrets belonging to Stompernet.
- 65. Pursuant to O.C.G.A. § 10-1-762, Fallon, and those in active concert or participation with him, should be enjoined from any future misappropriation of Trade Secrets.
- 66. Stompernet has been damaged by Fallon's misappropriation in an amount to be established at trial.
- 67. Fallon's misappropriation was willful and malicious; therefore, Stompernet is entitled to exemplary damages pursuant to O.C.G.A. § 10-1-763(b) in an amount not exceeding twice Stompernet's actual damages.

68. Pursuant to O.C.G.A. § 10-1-764, Stompernet also is entitled to recover its costs of litigation, including reasonable attorneys' fees.

### Count VII - Waste of Corporate Assets

- 69. Jenkins incorporates herein by reference paragraphs 1 through 68 of his Complaint.
  - 70. Fallon's actions have resulted in waste of Stompernet's corporate assets.
- 71. As a result of Fallon's waste of corporate assets, Stompernet has been damaged in an amount to be established at trial.
- 72. To punish, penalize and deter Fallon, Stompernet is entitled to punitive damages in an amount to be determined by the enlightened conscience of an impartial jury.
- 73. Stompernet also is entitled to recover its costs of litigation, including reasonable attorneys' fees.

#### **COUNT VIII - Unjust Enrichment**

- 74. Jenkins incorporates herein by reference paragraphs 1 through 73 of his Complaint.
- 75. Fallon was unjustly enriched by his receipt and retention of funds belonging to Stompernet and/or Jenkins, as alleged herein, and it would be unconscionable to allow him to retain the benefits thereof.
- 76. To remedy Fallon's unjust enrichment, the Court should order him to disgorge to Stompernet and/or Jenkins all of the funds.

#### Count IX - Breach of Contract

77. Jenkins incorporates herein by reference paragraphs 1 through 76 of his Complaint.

- 78. Fallon's actions constitute a breach of the Operating Agreement.
- 79. Jenkins and Stompernet have been damaged by Fallon's breach of contract in an amount to be established at trial.

### Count X – Attorneys' Fees

- 80. Plaintiffs incorporate herein by reference paragraphs 1 through 79 of his Complaint.
- 81. Fallon has acted in bad faith, been stubbornly litigious and has caused Plaintiffs unnecessary time, trouble and expense.
- 82. Pursuant to O.C.G.A. § 13-6-11, Jenkins and Stompernet are entitled to recover their expenses of litigation, including attorneys' fees.

## **Jury Demand**

Jenkins demands a trial by jury as to all issues so triable.

WHEREFORE, Jenkins prays that:

- a. process issue and Fallon be served in the manner required by law;
- b. under Count I, in order to preserve the status quo, the Court enter an Order prohibiting Fallon from using or disclosing Stompernet's Confidential Information and Trade Secrets for any purpose other than the business operations of Stompernet, and from any future withdrawals of Stompernet's funds without Jenkin's consent, and any future interference with Stompernet's financial institutions, lenders and merchant accounts:
- c. under Count II, that judgment be entered against Fallon and in favor of Jenkins and Stompernet in an amount to be established at trial, plus punitive damages in an amount to be

determined by the enlightened conscience of an impartial jury and costs of litigation, including reasonable attorneys' fees;

- d. under Count III, that judgment be entered against Fallon and in favor of

  Stompernet in an amount to be established at trial, plus punitive damages in an amount to be

  determined by the enlightened conscience of an impartial jury and costs of litigation, including
  reasonable attorneys' fees;
- e. under Count IV, that judgment be entered against Fallon and in favor of

  Stompernet in an amount to be established at trial, plus punitive damages in an amount to be

  determined by the enlightened conscience of an impartial jury and costs of litigation, including
  reasonable attorneys' fees;
- f. under Count V, that judgment be entered against Fallon and in favor of Jenkins and Stompernet in an amount to be established at trial, plus punitive damages in an amount to be determined by the enlightened conscience of an impartial jury and costs of litigation, including reasonable attorneys' fees;
- g. under Count VI, Fallon, and those in active concert or participation with him, should be enjoined from any future misappropriation of trade secrets and that judgment be entered against Fallon and in favor of Stompernet in an amount to be established at trial, plus exemplary damages pursuant to O.C.G.A. § 10-1-763(b) and costs of litigation, including reasonable attorneys' fees;
- h. under Count VII, that judgment be entered against Fallon and in favor of

  Stompernet in an amount to be established at trial, plus punitive damages in an amount to be
  determined by the enlightened conscience of an impartial jury and costs of litigation, including
  reasonable attorneys' fees;

- i. under Count VIII, that judgment be entered against Fallon and in favor of
   Stompernet and Jenkins in an amount to be established at trial;
- j. under Count IX, that judgment be entered against Fallon and in favor of Jenkins and Stompernet in an amount to be established at trial;
- k. under Count X, that judgment be entered against Fallon and in favor of Jenkins and Stompernet for their costs of litigation, including reasonable attorneys' fees; and
- l. the Court award such other and further relief as the Court deems just and proper under the circumstances.

Dated: March 27, 2009.

Respectfully submitted:

PAUL, HASTINGS, JANOFSKY & WALKER LLP

By:

R. Matthew Martin

(Georgia Bar No. 473450)

Keith M. Kodosky

(Georgia Bar No. 404814)

600 Peachtree Street, NE Suite 2400 Atlanta, Georgia 30308-2222 404/815-2205

404/685-5205 (fax)

Attorneys for Plaintiff
ANDREW JENKINS, individually
and derivatively on behalf of
STOMPERNET, LLC

LEGAL\_US\_E # 83143561.2