

as well as damages for the harm caused to CTT and Klein by Wasserman's and the Breslows' breaches.

2. Despite many months of due diligence prior to their investment in CTT, and knowing that their investment involved substantial risk without guarantee of any return, the Breslows are now suffering from buyers' remorse. With only their personal financial self-interests in mind, the Breslows, through their appointed manager for the Company, Wasserman, have engaged in a bad faith campaign to undermine CTT's business operations and wreak havoc within the Company. The Breslows seek to extract payment from CTT by forcing the Board of Managers to approve transactions that are not in the best interests of the Company, or alternatively, gain *de facto* control over CTT to force a buyout of their interests to liquidate their investment in CTT. Either way, their conduct has caused, and continues to cause, significant harm to the Company and Klein.

3. Klein and CTT therefore seek relief from this Court to halt the Breslows' and Wasserman's actions taken in derogation of their fiduciary duties, including, enjoining Wasserman from participating in the management of the Company, removing Wasserman as a manager of the Company, and recovering damages suffered by CTT and Klein.

THE PARTIES

4. Klein is an individual residing at 887 Closter Dock Road, Alpine, New Jersey 07620. Klein is the majority owner of CTT, possessing 44,000 Class A Units in the Company. He founded CTT and also serves as its Chief Executive Officer and the Chairman of the Board of Managers.

5. CTT is a Delaware limited liability company with a principal place of business at Glenpointe West, 500 Frank W. Burr Boulevard, 4th Floor, Teaneck, New Jersey 07666. CTT is a pharmaceutical packaging and distribution company focused on creating innovative medication delivery and packaging systems designed to improve patient medication adherence.

6. Wasserman is a member of CTT, possessing 1,200 Class C units in the Company. He also serves as a manager for CTT and was appointed to that role by the Breslows pursuant to the Company's Amended and Restated Operating Agreement dated September 19, 2016 (the "Operating Agreement"). (A copy of the Operating Agreement is attached as **Exhibit A**). Wasserman is a certified public accountant and has represented himself as a financial expert.

7. The Breslows are minority owners of CTT, possessing 20,000 Class A Units in the Company. Neither serves as a manager of the Company, nor holds any officer or director role at CTT. However, as holders of Class A Units, the Breslows are members of CTT.

FACTUAL ALLEGATIONS

A. The Breslows' Due Diligence Efforts and Investment in CTT

8. Starting in or around January 2016, the Breslows, through Wasserman, expressed interest in acquiring an ownership interest in CTT.

9. For approximately six months thereafter, the Breslows and Wasserman performed substantial and extensive due diligence on CTT, including but not limited to, the review of unaudited financials for the Company, as well as engaging in multiple discussions with CTT's in-house counsel and the Company's principal and founder, Klein.

10. During that diligence period, the Breslows and Wasserman requested voluminous documentation and information about CTT. In response, CTT provided comprehensive responses to each and every request made.

11. As a result of their diligence efforts, the Breslows decided to purchase 20,000 Class A Units of CTT in exchange for \$12.5 million. That transaction was effectuated through a Unit Purchase Agreement effective as of June 16, 2016 (the "UPA"). (A copy of the UPA is attached as **Exhibit B**).

12. In the UPA, the Breslows acknowledged that each "has received all the information it considers necessary or appropriate for deciding whether to purchase the Securities and it has had an opportunity to ask questions and receive

answers from [CTT] regarding the terms and conditions of this offering and the business, properties, prospects and financial condition of [CTT].” (UPA at § 4.3).

13. The Breslows further warranted that each “shall have satisfactorily completed its due diligence investigation of [CTT], including a review of lien and judgment searches with respect to [CTT]” prior to closing. (UPA at § 5.8).

14. In addition, the Breslows warranted that each “understands that the purchase of the Securities involves substantial risk”, as well as that each “is an experienced investor and acknowledges that it can bear the economic risk of its investment and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of its investment[.]” (UPA at § 4.4).

15. While all of the diligence materials provided to the Breslows and Wasserman in analyzing their investment decision were true and correct to the best knowledge of Klein and CTT, the UPA contained no representation or warranty by CTT or Klein regarding the accuracy of the Company’s financials or projections.

16. The Breslows are Members of CTT as holders Class A Interests. (Operating Agreement at Definitions of “Class A Interest,” “Class A Member,” and “Member” and Exhibit A to Operating Agreement).

17. Wasserman is also a Member of CTT as a holder of Class C Interests. (Operating Agreement at Definitions of “Class C Interest,” “Class C Member,” and “Member” and Exhibit A to Operating Agreement).

18. The Operating Agreement also confirms that Wasserman and the Breslows understood and agreed that “[t]here are substantial risks incident to the purchase” of their membership interests in CTT, and that their investment was “speculative in nature.” (Operating Agreement at § 18.14(a)). In addition, Wasserman and the Breslows acknowledged that they understood they “may suffer a complete loss of [their] investment.” (Id.).

19. Moreover, Wasserman and the Breslows recognized that “any illustrations, representations or projections concerning the performance of [CTT] . . . are only for illustrative purposes, and there can be no assurance that they will be realized. Any such illustrations, representations or projections are subject to a variety of factors over which neither [CTT] nor its management has any control and which could materially and adversely affect any such illustrations, representations or projections.” (Operating Agreement at § 18.14(b)).

20. Wasserman and the Breslows further confirmed that they have “been furnished with all materials that such Member considers relevant to an investment in [CTT] and has had a full opportunity to ask questions of and receive answers

from [CTT] or [CTT's] authorized representatives, concerning the terms and conditions of an investment in [CTT]." (Operating Agreement at § 18.14(c)).

21. Wasserman and the Breslows also confirmed that each "has such knowledge and experience in financial and business matters that he or it is capable of evaluating the merits and risks of an investment in [CTT]." (Operating Agreement at § 18.14(f)).

B. Wasserman's Role as a Manager of CTT

22. Individual members and managers of CTT possess no authority to bind the Company or act on its behalf. (Operating Agreement at § 7.8). Instead, the business affairs of the Company "shall be managed by or under the direction of the Board of Managers, subject to the provisions of" the Operating Agreement. (Operating Agreement at § 7.1(a)). The Operating Agreement fixes the number of managers of CTT at three. (Id. at § 7.2(a)).

23. As such, in accordance with their power and authority under the Operating Agreement, the Breslows immediately appointed Wasserman to serve as one of the three managers of CTT, who was a self-professed accounting expert. Klein and Mark Adams (CTT's Executive Vice President of Sales and Marketing) currently serve as the other two managers on the Company's Board of Managers.

24. Since his appointment, Wasserman has attended and participated in the Board of Managers' meetings.

25. In addition, in connection with his role as a manager of CTT, Wasserman has been provided with access to the Company's financials, corporate records, and he has actively and fully participated in CTT's business decision-making processes.

26. For example, Wasserman reviewed and approved the Company's 2016 and 2017 budgets, discussed and voted on numerous resolutions placed before the Board of Managers throughout 2016 and 2017, posed questions and received answers regarding the Company's business affairs, and approved the minutes of the Board of Managers' meetings. In short, Wasserman has been provided with the opportunity to participate in the management of CTT and has fully taken advantage of his manager position.

C. Investment by Blue Valley

27. Approximately three months after the Breslows' investment in CTT, in September 2016, Blue Valley, LLC ("Blue Valley") acquired 9,111 Class A Units of ownership in the Company in exchange for \$7 million. Notably, Blue Valley's investment was at a substantially higher valuation than that of the Breslows, as the Breslows paid \$625 per unit acquired while Blue Valley paid approximately \$768.30 per unit acquired.

28. Wasserman, on behalf of the Breslows, knew about the investment by Blue Valley, communicated with the Board of Managers about the investment, and approved the transaction as a manager of CTT.

D. The Breslows' and Wasserman's Misconduct and Bad Faith Actions

29. After Blue Valley's investment in CTT, the Breslows and Wasserman became anxious to extract an immediate return on their investment from the Company and/or to exit such investment, despite the fact that the Company's Operating Agreement restricts and limits the members' ability to obtain distributions and/or a return of their capital contributions. Apparently, the Breslows unilaterally believed they were entitled to a quick return on their investment from CTT, despite the controlling provisions in the Operating Agreement that provide otherwise.

30. Indeed, the Operating Agreement specifically impedes members from demanding or receiving distributions from CTT, as well as withdrawing or resigning their membership interests to obtain fair value for their membership interests. (Operating Agreement at §§ 6.12, 11.1).

31. The Operating Agreement also restricts members from redeeming their investment in CTT, obtaining return of their capital contribution, or receiving any other distribution from the Company prior to the termination of the Company,

unless approved by a majority vote of the Board of Managers. (Operating Agreement at §§ 6.10, 11.1).

32. Starting in or around November 2016, when the Company began preparing its year end financials for tax purposes, the Breslows demanded that CTT allocate its full tax losses to the Breslows.

33. When the Board of Managers would not agree to that demand, Wasserman and the Breslows began a bad faith campaign to force the Company to acquiesce to their demands and force payment to the Breslows, contrary to the best interests of CTT and its other members and managers, including Klein. Wasserman's actions have revealed his conflicting duties and divided loyalties in that he is serving as an agent for the Breslows in executing their plan to cash out of CTT, while simultaneously purporting to act as a fiduciary to CTT.

34. For example, Wasserman then demanded the Board of Managers authorize a buyout of the Breslows' ownership interest, even though that the Company lacked sufficient working capital to support any such payment.

35. Wasserman has further interfered with the business' operations by continuously and repeatedly requesting information about CTT, despite that the Company, Klein, and CTT's other employees previously answered Wasserman's questions and produced the previously sought information to him on multiple occasions. His constant, endless, and persistent requests have unnecessarily

stretched the Company's resources and have impeded CTT's employees from performing their jobs, including focusing on generating revenues and completing sales for CTT.

36. Moreover, when CTT or Klein failed to provide immediate responses in accordance with Wasserman's unreasonable demands, he threatened the Company and its officers with litigation and other adverse employment actions for breaching their fiduciary duties, among other things.

37. Wasserman threatened the Company's former Chief Financial Officer with litigation if he did not immediately comply with Wasserman's repeated requests and excessive demands. That individual quit his position with CTT as a direct result of Wasserman's harassing actions.

38. Wasserman and the Breslows also demanded that CTT terminate its in-house legal counsel. When CTT acquiesced, Wasserman then conspired with the Company's former legal counsel to exploit ways to gain control over the Company for the unilateral financial benefit of the Breslows.

39. In addition, Wasserman has undermined decisions approved by the Board of Managers (including by Wasserman himself) and has attempted to negate decisions made and actions taken by the Board of Managers, resulting in substantial and unnecessary cost, distraction, and disruption to the Company.

40. Wasserman interfered with and has been uncooperative regarding CTT's efforts to raise additional capital or effectuate a merger transaction. Wasserman lied to the Board of Managers about his unauthorized contact with a potential third-party investor that submitted a letter of interest to engage in a transaction with CTT. Wasserman then demanded the Company immediately close the proposed transaction and pressured the Board of Managers to accept the proposal without conducting any diligence or negotiating the terms of the deal, contrary to the best interests of CTT and its other members.

41. In addition, despite that Wasserman knew and approved CTT's decision to switch software providers (knowing the switch would likely result in some delays of product shipments), he thereafter criticized the Company's decision and blamed others for supposedly harming the Company.

FIRST COUNT

(Breach of Fiduciary Duty)

42. Klein and CTT repeat and reallege the allegations contained in the preceding paragraphs as if stated fully herein.

43. As members of CTT, Wasserman and the Breslows owe the Company and its other members, including Klein, a fiduciary duty of loyalty, incumbent in which is a duty of good faith.

44. As a manager of CTT, Wasserman also owes the Company a fiduciary duty of loyalty, incumbent in which is a duty of good faith, regarding the management of the Company.

45. As detailed above, Wasserman and the Breslows have breached their fiduciary duties, and acted in bad faith, by intentionally interfering with and disrupting CTT's business operations, mismanaging the Company, ignoring and undermining decisions of the Board of Managers, and wrongfully attempting to wrest control of the Company to pursue disadvantageous transactions solely for the financial benefit of the Breslows, all contrary to the best interests of CTT.

46. Wasserman's and the Breslows' breaches of their fiduciary duties have caused and will continue to cause damages to CTT and Klein, including irreparable harm that cannot be adequately compensated through monetary relief alone.

SECOND COUNT

(Breach of the Implied Covenant of Good Faith and Fair Dealing)

47. Klein and CTT repeat and reallege the allegations contained in the preceding paragraphs as if stated fully herein.

48. Delaware law implies in every contract, including the Operating Agreement, a covenant of good faith and fair dealing.

49. As detailed above, Wasserman and the Breslows have breached the implied covenant of good faith and fair dealing inherent in the Operating Agreement by intentionally interfering with and disrupting CTT's business operations, mismanaging the Company, and wrongfully attempting to wrest control of the Company for the unilateral financial benefit of the Breslows, to the detriment of CTT and its other members and managers.

50. Wasserman and the Breslows' breaches of the implied covenant of good faith and fair have caused and will continue to cause damages to CTT and Klein, including irreparable harm that cannot be adequately compensated through monetary relief alone.

WHEREFORE, Plaintiffs John H. Klein and Cambridge Therapeutic Technologies, LLC demand judgment against Defendants Marc Wasserman, Robert Breslow, and Monica Breslow as follows:

(a) Determining that Wasserman and the Breslows have breached their fiduciary duties to CTT and Klein;

(b) Determining that Wasserman and the Breslows have breached the implied covenant of good faith and fair dealing inherent in the Operating Agreement;

(c) Enjoining and restricting Wasserman and the Breslows from participating in the active management of CTT;

(d) An award of compensatory damages caused by Wasserman's and the Breslows' breaches of their fiduciary duty in an amount to be determined at trial;

(e) An award of compensatory damages caused by Wasserman's and the Breslows' breaches of the implied covenant of good faith and fair dealing in an amount to be determined at trial;

(f) Attorneys' fees and costs of suit; and

(g) Such further and other relief as this Court deems just and equitable.

COLE SCHOTZ P.C.



Michael F. Bonkowski (No. 2219)
Nicholas J. Brannick (No. 5721)
500 Delaware Avenue, Suite 1410
Wilmington, DE 19801
(302) 651-2002 (Phone)
(302) 574-2101 (Fax)
mbonkowski@coleschotz.com
nbrannick@coleschotz.com

-and-

Steven R. Klein
Victoria J. Cioppettini
Court Plaza North
25 Main Street
P.O. Box 800
Hackensack, New Jersey 07602-0800
(201) 489-3000 (Phone)
(201) 489-1536 (Fax)

*Attorneys for Plaintiffs John H. Klein,
and Cambridge Therapeutic
Technologies, LLC*

Dated: September 6, 2017