**IN THE UNITED STATES DISTRICT COURT**
**FOR THE DISTRICT OF NEW JERSEY**

**BECKER LLC**
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| JARED YELLIN,<br><br>Plaintiff,<br><br>vs.<br><br>SEAN CALLAGY and ADAM GUGINO,<br><br>Defendants. | Civil Action No:<br><br>**COMPLAINT** |

Plaintiff Jared Yellin ("Plaintiff"), for his Complaint against Defendants, states as follows:

## NATURE OF ACTION

1. This action arises from the blatant and unlawful oppression perpetrated upon Plaintiff by the Defendants.

2. Plaintiff owns a minority equity interest in a successful start-up New Jersey limited liability company known as SJA TD HOLDINGS, LLC d/b/a Unblinded (this legal entity and its business is referred to herein as "Unblinded"), which offers web-based professional sales training and coaching to a large number of subscribers. Defendants are the majority owners of Unblinded.

3. That Plaintiff is an owner of Unblinded is undisputed; just before the filing of this civil action, Unblinded, now fully controlled by Defendants, through the company's accountant, forwarded to Plaintiff a Schedule K-1 related to his ownership interest.

4. In addition, from its inception in late 2019, Plaintiff Jared Yellin was the Chief Executive Officer of Unblinded in addition to being a twenty-four percent owner.

5. As a result of his leadership, contributions and efforts, Unblinded rocketed upward into a profitable business with a seven-figure revenue stream based upon customer subscriptions.

6. However, on May 27, 2020, without warning or legitimate reason, Defendants summarily fired Plaintiff as Chief Executive Officer of Unblinded, and forwarded a "settlement proposal" demanding that Plaintiff renounce his equity holdings in exchange for a one-time "separation fee" of just $25,000.

7. This "settlement proposal" makes the egregious assumptions that (i) Defendants can force out Plaintiff and coerce him to sell his equity interest in Unblinded at their arbitrary whim, apparently attempting to capitalize on the profits of the start-up business that has now taken off; (ii) the business is only worth approximately $100,000 despite its seven-figure revenue stream and despite Defendants having undertaken no formal valuation of the company; and (iii) that all of the value provided to the new company by Plaintiff, on his own and through entities owned and controlled by him, are worth nothing.

8. Plaintiff, who again ran Unblinded as CEO from its inception, believes that given the current and projected revenue streams and profitability, the value of this new company may be at least 30 times the amount "proposed" by Defendants.

9. Further, Plaintiff, on his own and through entities owned and controlled by him, provided to Unblinded the equivalent of hundreds of thousands of dollars in in-kind services, for which Defendants or Unblinded paid no remuneration.

10. The majority's attempt to "freeze out" Plaintiff and deprive him of his interest in Unblinded in exchange for an arbitrary and capricious "settlement" payment is the very essence minority oppression.

11. Plaintiff brings this action to protect his equity interest, redress the majority's oppression, and to obtain, among other things, a buy-out of his twenty-four percent interest in Unblinded for fair market value.

**PARTIES**

12. Plaintiff Jared Yellin is an individual resident of the state of Connecticut residing 2 Mimi Lane, Westport, Connecticut 06880. Plaintiff owns twenty-four percent (24%) of Unblinded.

13. Defendant Sean Callagy ("Callagy") is an individual resident of the State of New Jersey having and address at 650 From Road, Suite 565, Paramus, New Jersey 07652. Callagy owns at least forty-eight percent (48%) of Unblinded.

14. Defendant Adam Gugino ("Gugino") is, upon information and belief, an individual resident of the State of Massachusetts. Gugino owns twenty-four percent (24%) of Unblinded.

**JURISDICTION AND VENUE**

15. Subject matter jurisdiction is proper in this Court, pursuant to 28 U.S.C. §1332(a), because Plaintiff and Defendants are citizens of different states and the amount in controversy exceeds $75,000, exclusive of interest and costs.

16. Personal jurisdiction is proper in this Court with respect to Defendants because (i) the subject entity owned by the parties is a New Jersey limited liability company, and (ii) the facts and circumstances giving rise to the allegations against Defendants arose in the State of New Jersey.

17. Venue is proper in this District, pursuant 28 U.S.C. §1391(c), because Defendants are subject to personal jurisdiction in this District.

## FACTS RELEVANT TO ALL COUNTS

18. In 2019, Plaintiff formed with Defendants a limited liability company called SJA TD HOLDINGS, LLC, under the laws of the State of New Jersey pursuant to a Certificate of Formation dated November 27, 2019 that was filed with the State of New Jersey on November 27, 2019.

19. This entity has become known since its inception as Unblinded.

20. Although just seven months old, Unblinded is a profitable business with revenues in excess of one million dollars.

21. Despite the recent pandemic, Unblinded's business is profitable and continues to grow a roster of customers, each of whom pay a one-time payment and monthly installment plans for Unblinded's online-based content. Unblinded has a bright future in an industry segment that is booming.

22. Plaintiff owns twenty-four percent (24%) of Unblinded. Until June of 2020, Plaintiff was also Chief Executive Officer of Unblinded.

23. Unblinded, just a start-up less than a year ago, has grown into a profitable going concern in large part due to the efforts of Plaintiff and other entities owned and controlled by him.

24. For example, Plaintiff, through an entity owned and controlled by him, provided approximately $200,000 in creative services to Unblinded, for which Unblinded did not pay any remuneration to any person or entity.

25. Further, Plaintiff served successfully as Chief Executive Officer of Unblinded until he was arbitrarily and summarily fired by Defendants, but took no salary or other remuneration whatsoever for these services.

26. During his tenure as CEO, Plaintiff also made introductions to industry leaders, which if managed correctly, stand to yield tens of millions of dollars to Unblinded in the future.

27. In addition, Plaintiff, on his own and through other entities owned and controlled by him, provided Unblinded with thousands of sales leads.

28. Despite these instrumental and successful efforts on behalf of Unblinded, Defendants summarily fired Mr. Yellin from his position with Unblinded.

29. In addition to arbitrarily and capriciously firing Plaintiff, freezing him out of the company he was instrumental in building, and attempting to coerce him into selling his equity interest in Unblinded, Defendants have perpetrated other acts of oppression against Plaintiff.

30. Defendant Callagy used company funds to pay more than ten thousand dollars that was not actually owed to an individual, and attempted to hide this payment, and the improper nature thereof, by misleadingly calling this payment "commissions." The individual in question was not and is not owed any commissions.

31. Further, Defendants have increased the "salary" of Defendant Adam Gugino by an additional $125,000, despite that again, Plaintiff had performed services as CEO to Unblinded without any remuneration.

32. In addition, Defendants have, upon information and belief, used company funds to pay additional thousands of dollars in an effort to rebrand Unblinded, apparently in order to devalue Unblinded and Plaintiff's contribution to same.

33. Further still, Defendants have, upon information and belief, ignored Unblinded's paying subscribers and have not provided the content for which these subscribers have paid.

34. Upon information and belief, Callagy, who again owns at least a forty-eight percent interest in Unblinded and is now with Gugino controlling Unblinded, has a track record in other matters of shareholder oppression, breaking deals and promises, mistreating employees and threatening lawsuits unnecessarily given his status as an attorney and his ownership of a law firm, and his similar misconduct with respect to Plaintiff is consistent with this prior misconduct.

35. Given Defendants' misconduct, the relations of the Plaintiff, on the one side, and the Defendants on the other side, is irretrievably broken and they cannot proceed together in the business of Unblinded.

36. Given Defendants misconduct, Plaintiff is forced to seek the Court's intervention to compel Defendants to purchase his ownership interest in Unblinded at fair market value.

37. This requested relief is, under the circumstances, fair and equitable to all parties and is in the best interests of Unblinded and its owners, including minority owner Plaintiff.

**FIRST COUNT**
**(Sale of Shares Pursuant to N.J.S.A. 14A:12-7)**

38. Plaintiff repeats and realleges the foregoing allegations of the Complaint as if fully set forth herein.

39. By the Defendants' misconduct as aforesaid, they have acted fraudulently, mismanaged Unblinded, abused their authority and have acted oppressively or unfairly toward Plaintiff.

40. As a result, the Court may order the Defendants to purchase the ownership interest in Unblinded owned by Plaintiff.

41. Such sale is to be at the fair value as of the date of the commencement of the action.

**SECOND COUNT**
**(Breach of Fiduciary Duty and Breach of Duty of Loyalty)**

42. Plaintiff repeats and realleges the foregoing allegations of the Complaint as if fully set forth herein.

43. Defendants are majority owners in Unblinded.

44. As such, Defendants owe a fiduciary duty and a duty of loyalty to Plaintiff as a co-owner of Unblinded.

45. By their conduct aforesaid, Defendants, willfully and maliciously and with actual intent to harm Plaintiff, breached their fiduciary duties and duties of loyalty to Plaintiff.

46. As a result, Plaintiff has suffered substantial damages.

**THIRD COUNT**
**(Quantum Meruit)**

47. Plaintiff repeats and realleges the foregoing allegations of the Complaint as if fully set forth herein.

48. By their conduct as aforesaid, including by accepting services from Plaintiff, and/or other entities owned and controlled by Plaintiff, without remuneration, Defendants have been unjustly enriched.

49. Plaintiff provided the services at Defendants' request and in reliance of his own ownership interest in Unblinded.

50. The reasonable value of such services, is at least $200,000.

51. By Defendants' retaining these services without remuneration, Plaintiff has suffered substantial damages.

**WHEREFORE**, Plaintiff demands judgment:

a. compelling the Defendants to purchase Plaintiff's membership interest in Unblinded at fair market value as of the date of the commencement of the action;

b. for all compensatory damages;

c. for all other economic loss;

d. for attorneys' fees, and costs and expenses incurred in this lawsuit; and

e. such other relief as the Court deems just and appropriate.

**BECKER LLC**
Attorneys for Plaintiff

By: *<u>/s/ David J. Sprong</u>*
DAVID J. SPRONG

Dated: June 19, 2020

**<u>JURY DEMAND</u>**

Pursuant to Federal Rule of Civil Procedure 38, Plaintiff hereby demands a trial by jury in the within action of all issues triable by jury.

**BECKER LLC**
Attorneys for Plaintiff

By: *<u>/s/ David J. Sprong</u>*
DAVID J. SPRONG

Dated: June 19, 2020