

JEFFREY F. GERSH (Bar No. 87124)
jgersh@stubbsalderton.com
BLAINE A. O'MALLEY (Bar No. 319017)
bomalley@stubbsalderton.com
ALEXANDER P. MANGLINONG (Bar No. 327730)
amanglinong@stubbsalderton.com
STUBBS ALDERTON & MARKILES, LLP
15260 Ventura Boulevard, 20th Floor
Sherman Oaks, California 91403
Telephone: (818) 444-4500
Facsimile: (818) 444-4500

Attorneys for Plaintiff BroadSpring, Inc., a
Delaware corporation

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF ORANGE – CENTRAL JUSTICE CENTER

BROADSPRING, INC., a Delaware
corporation,

Plaintiff,

v.

GURPREET LAKHIANI, aka GURPREET
BEDI, an individual; DEEPAK LAKHIANI,
an individual; HALONA ASSET
MANAGEMENT, LLC, a California limited
liability company; and DOES 1-50, inclusive,

Defendants.

CASE NO.

VERIFIED COMPLAINT FOR:

- 1. BREACH OF FIDUCIARY DUTY;**
- 2. AIDING AND ABETTING A BREACH OF FIDUCIARY DUTY;**
- 3. FRAUDULENT MISREPRESENTATION;**
- 4. CONSPIRACY TO COMMIT FRAUDULENT MISREPRESENTATION**
- 5. FRAUDULENT CONCEALMENT;**
- 6. CONSPIRACY TO COMMIT FRAUDULENT CONCEALMENT;**
- 7. CONVERSION; AND**
- 8. CONSPIRACY TO COMMIT CONVERSION**

[JURY TRIAL DEMANDED]

1 Plaintiff, BroadSpring, Inc., a Delaware corporation (“BroadSpring” or “Plaintiff”),
2 complains and alleges against the individual Defendants, Gurpreet “Winy” Lakhiani, aka Gurpreet
3 Bedi (“Defendant Gurpreet”); Deepak Lakhiani (“Defendant Deepak”); Halona Asset
4 Management, LLC (“Halona LLC”) and Does 1 through 50 (collectively, “Defendants”), as
5 follows:

6 INTRODUCTION

7 1. BroadSpring is, and at all times hereinafter mentioned was, an internet media and
8 advertising company that was established in 2002. In February 2009, BroadSpring hired
9 Defendant Gurpreet as its Controller. In 2017, believing that Defendant Gurpreet was a trusted
10 and loyal employee, she was elevated to the position of Vice President of Finance and provided
11 virtually complete control over the financial books and records of BroadSpring. As more fully set
12 forth below, it was recently discovered that from at least 2017 through October 2021, Defendant
13 Gurpreet breached her fiduciary duties and abused BroadSpring’s trust and confidence in her by
14 embezzling and converting millions of dollars from BroadSpring’s bank accounts to use for her
15 own personal benefit, the benefit of Defendant Deepak, and others.

16 2. During the course of her employment, Defendant Gurpreet reported to the Chief
17 Executive Officer and Board of Directors of BroadSpring and oversaw the company audits. Over
18 the last four years, Defendant Gurpreet repeatedly represented to the Board of Directors and other
19 managing officers of BroadSpring that she was properly managing BroadSpring’s finances and
20 that there were no irregular or improper transactions concerning BroadSpring’s bank accounts.
21 Additionally, because Defendant Gurpreet had control over BroadSpring’s banking and finances,
22 she was able to cover her tracks so her wrongful transfers of millions of dollars would go
23 undetected. BroadSpring did not discover Defendant Gurpreet’s fraudulent transfers until the end
24 of October 2021, when it was informed by Defendant Gurpreet’s co-defendant, Defendant Deepak
25 of the embezzlement of millions of dollars by Defendant Gurpreet. By this time, Defendant
26 Gurpreet had already embezzled at least \$2,197,000, and upwards of \$3,000,000 as admitted by
27 Defendant Deepak from BroadSpring.

4. After BroadSpring discovered what Defendants, and each of them, had done, Defendants, and each of them, admitted to the embezzlement and conversion of money from BroadSpring's bank account and to using the stolen funds to maintain their lavish lifestyle and acquire substantial assets.

5. Plaintiff is, and at all material times was, a Delaware corporation formed and existing under the laws of Delaware, and authorized to do business in California, with its principal place of business in the County of Orange, State of California.

7. Plaintiff is informed and believes, and based thereon alleges, that Defendant Deepak is, and at all times relevant to this action was, an individual residing in the County of Orange, State of California.

9. Plaintiff is presently ignorant of the true names and capacities of defendants Does 1 through 50, inclusive, and therefore sues each of the Doe defendants by such fictitious names.

1 Plaintiff will amend this Verified Complaint to allege their true names and capacities when
2 ascertained.

3 **CONSPIRACY ALLEGATIONS AGAINST ALL DEFENDANTS**

4 10. Commencing in or about May 2017, Defendants, and each of them, knowingly and
5 willfully agreed to and did enter into a conspiracy to commit the tortious and wrongful acts and
6 things alleged herein against Plaintiff pursuant to and in furtherance of their agreement and
7 conspiracy, including but not limited to:

- 8 (a) Embezzling and converting Plaintiff's funds by wiring such funds from Plaintiff's
9 Wells Fargo bank account to Defendants' personal PayPal, Amex, and Citibank
10 accounts;
- 11 (b) Making false representations, omissions and concealments of facts, acts of cover-
12 up, and statements calculated to mislead Plaintiff into believing that Defendants
13 were not misappropriating its funds;
- 14 (c) Using funds stolen from Plaintiff to maintain Defendants' lavish lifestyle through
15 the purchase of at least three parcels of real property, payment of property taxes,
16 homeowners' association fees, mortgage payments, vehicles, jewelry and other
17 luxury items, lavish vacations and travel, and virtually all of Defendant's living
18 expenses; and
- 19 (d) Leasing the real property purchased with funds stolen from Plaintiff to accrue rental
20 income to further use to maintain Defendants' extravagant lifestyle on property
21 Defendants to not legitimately own.

22 11. Defendants, and each of them, furthered their fraudulent scheme to defraud
23 Plaintiff, and their agreement and conspiracy by cooperating with each other, by lending aid and
24 encouragement to each other, and/or by ratifying and adopting the acts of each other to commit
25 the tortious and wrongful acts and things alleged herein.

26 12. Plaintiff is informed and believes, and based thereon alleges, that Defendant
27 Deepak further assisted and advised Defendant Gurpreet on how to embezzle and convert the
28 money from BroadSpring. Plaintiff is informed and believes, and based thereon alleges, that

1 Defendant Deepak advised Defendant Gurpreet on how much to embezzle each time, on whether
2 to transfer embezzled funds to their jointly held PayPal account or to make payments into their
3 jointly held AMEX and Citibank bank accounts, and on how to conceal her fraudulent transfers
4 from the purview of anyone at BroadSpring.

5 13. From 2017 through October 2021, Defendants, and each of them, used the money
6 stolen from BroadSpring not only to pay for their lavish lifestyle, but also to purchase real
7 property, gold, jewelry, travel, and other assets, including but not limited to, the following:

8 (a) The following three parcels of real property, including the down payments,
9 mortgage payments, homeowners' association fees, and property taxes:

10 (i) 73 Hawking, Irvine, CA 92618;

11 (ii) 317 Lodestar, Tustin, CA 92782; and

12 (iii) 319 Lodestar, Tustin, CA 92782.

13 (b) A Mercedes Benz automobile from Fletcher Jones Motorcars for \$61,687.82 on or
14 about October 29, 2019 that was charged on their personal AMEX credit card and
15 later paid for with funds stolen from BroadSpring;

16 (c) Luxury items, including jewelry and designer handbags from Gucci, Louis Vuitton,
17 Prada, and Chanel;

18 (d) Travel expenses, including airline tickets, rental car payments, hotel and resort
19 accommodations (including at the Montage Hotel in California, in Delhi, India, and
20 in London, England), and travel insurance;

21 (e) Gold bullion;

22 (f) Restaurant charges;

23 (g) Event tickets, including Disney tickets and annual passes, and tickets to other
24 venues;

25 (h) Childcare services; and

26 (i) Legal fees for Defendant Deepak to pay for assistance with a criminal charge of
27 driving under the influence, including bail bond fees.
28

1 14. Plaintiff is informed and believes, and based thereon alleges, that as part of their
2 ongoing scheme to defraud BroadSpring, Defendants, and each of them, leased three of the parcels
3 of property they purchased using money they stole from BroadSpring. These leases, in turn,
4 provided Defendants with rental income to further use to maintain their extravagant lifestyle.
5 Additionally, as part of their scheme, Defendants, and each of them, directed several thousands of
6 dollars in payments from the embezzled funds to Halona Asset Management, LLC. Plaintiff is
7 informed and believes, and based thereon alleges, that Halona Asset Management, LLC is an entity
8 which Defendant Deepak is a sole member and manager, which he uses to funnel income from the
9 properties purchased with the money stolen from BroadSpring and to conceal the rental income.

10 15. Plaintiff is informed and believes, and based thereon alleges, that the overt acts of
11 the Defendants, and each of them, in furtherance of their scheme, agreement, and conspiracy to
12 commit the tortious and wrongful acts and things alleged herein are continuing and will continue.

13 16. In committing the tortious and wrongful acts and things alleged herein in
14 furtherance of their scheme to defraud Plaintiff, and their agreement and conspiracy, Defendants,
15 and each of them, acted willfully and with the intent to cause substantial injury to Plaintiff
16 including, but not limited to, embezzling and converting least \$2,197,000 in funds from Plaintiff
17 and using the same for the benefit of Defendants to the exclusion and detriment of Plaintiff and its
18 employees.

19 17. Based on the actions of Defendants, and each of them, as alleged in this Verified
20 Complaint, Defendants, and each of them, are guilty of malice, oppression, and/or fraud in
21 conscious disregard of Plaintiff's rights, thereby warranting an assessment of punitive damages in
22 an amount appropriate to severely punish the Defendants, and each of them, and to deter them
23 from engaging in similar misconduct in the future.

24 **ALTER EGO ALLEGATIONS**

25 18. Plaintiff is informed and believes, and based thereon alleges, that there exists, and
26 at all times relevant hereto there existed, a unity of interest and ownership between Defendant
27 Deepak and Halona LLC so that the separate personalities of the individual and corporation no
28

1 longer exist, and that, if the acts alleged herein are treated as those of one entity alone, an
2 inequitable result will follow, and as such.

3 Plaintiff is informed and believes, and based thereon alleges, that Defendant Halona LLC
4 is the alter ego of Defendant Deepak. In particular, Plaintiff alleges that at all relevant
5 times herein mentioned, Defendant Deepak dominated, controlled, influenced, and
6 directed Halona LLC by virtue of his position as the sole member and manager of Halona
7 LLC, and/or Defendant Deepak's complete ownership of Halona LLC and uses the funds
8 stolen from BroadSpring and funneled into Halona and the proceeds from the use of those
9 funds for his and Defendant Gurpreet's personal use and to pay their personal expenses
10 and lifestyle.

11 JURISDICTION AND VENUE

12 19. Jurisdiction is proper in the Superior Court for the County of Orange pursuant to
13 Code of Civil Procedure section 410.10 because it has general subject matter jurisdiction and no
14 statutory exceptions to jurisdiction exist. The amount in controversy exceeds the jurisdictional
15 minimum of this Court.

16 20. Venue is proper in the County of Orange pursuant to Code of Civil Procedure
17 section 395(a) because some or all of the Defendants reside in Orange County.

18 FACTUAL ALLEGATIONS

19 21. BroadSpring hired Defendant Gurpreet in or about February 2009, to serve as its
20 Controller. In 2017, as a trusted employee, Defendant Gurpreet was elevated to the position of
21 Vice President of Finance. In this role, Defendant Gurpreet oversaw all accounting functions of
22 BroadSpring and had full access to BroadSpring's finances and bank accounts. She was
23 responsible for handling and overseeing accounts payable, bank reconciliations, annual and
24 quarterly audits, cashflow projections, and completing month-end closing procedures. She also
25 oversaw a financial clerk who was responsible for inputting invoices and receipts, and an
26 accounting manager to review the records and perform certain bank reconciliations. Defendant
27 Gurpreet was responsible for reviewing the work of the financial clerk and accounting manager
28 and looking for any discrepancies or accounting/financial irregularities, although she hid her own

1 self dealings from Plaintiff and everyone. As such, she had virtually complete control over the
2 financial aspects and accounting of BroadSpring.

3 22. In her positions as Controller and later Vice President of Finance, Defendant
4 Gurpreet owed fiduciary duties to BroadSpring, including the duty to use reasonable care and have
5 undivided loyalty to Plaintiff. Notwithstanding these fiduciary duties—and indeed, in blatant
6 breach of these duties—Defendant Gurpreet embezzled and converted at least \$2,197,000 from
7 BroadSpring to use for her and the other defendants’ personal benefit. From 2017 through October
8 2021, Defendant Gurpreet wired, caused to be wired, or allowed to be wired by Defendant Deepak
9 sums of money ranging from as little as \$500 to as much as \$100,000 at a time from BroadSpring’s
10 Wells Fargo bank account into one of three accounts she jointly held with Defendant Deepak,
11 namely, their PayPal, AMEX, and Citibank accounts. These actions were undertaken with the
12 knowledge, encouragement, assistance, and direction of the other Defendants, particularly
13 Defendant Deepak, and without Plaintiff’s knowledge or consent.

14 23. From on or about May 4, 2017 through on or about September 10, 2021,
15 Defendants, and each of them, fraudulently transferred by wire the following sums belonging to
16 Plaintiff:

- 17 (a) **2017:** Defendants transferred or caused to be transferred \$523,000 from
18 BroadSpring’s Wells Fargo bank account to their personal PayPal account.
- 19 (b) **2018:** Defendants transferred or caused to be transferred \$175,000 from
20 BroadSpring’s Wells Fargo bank account to their personal PayPal account.
- 21 (c) **2019:** Defendants transferred or caused to be transferred \$50,000 from
22 BroadSpring’s Wells Fargo bank account to their personal PayPal account.
23 Defendants also transferred or caused to be transferred \$520,000 from
24 BroadSpring’s Wells Fargo bank account to their personal AMEX bank account.
25 Additionally, Defendants transferred or caused to be transferred \$33,000 from
26 BroadSpring’s Wells Fargo bank account to their personal Citibank bank account.
27 In 2019, Defendants misappropriated at least \$603,000 from BroadSpring.
- 28

1 (d) **2020:** Defendants transferred or caused to be transferred \$300,000 from
2 BroadSpring's Wells Fargo bank account to their personal AMEX bank account.
3 Defendants also transferred or caused to be transferred \$54,300 from
4 BroadSpring's Wells Fargo account to their personal Citibank bank account. In
5 2020, Defendants misappropriated at least \$354,300 from BroadSpring.

6 (e) **2021:** Defendants transferred or caused to be transferred \$480,000 from
7 BroadSpring's Wells Fargo bank account to their personal AMEX bank account.
8 Defendants also transferred or caused to be transferred \$62,500 from
9 BroadSpring's Wells Fargo bank account to their personal Citibank bank account.
10 In 2021, Defendants misappropriated at least \$542,500 from BroadSpring.

11 24. Notwithstanding the ongoing conversion of funds and fraudulent transfers, from
12 2017 through October 2021, Defendant Gurpreet repeatedly represented to BroadSpring's other
13 managing officers, including Jonathan Markiles and Allan Legator, and its Board of Directors that
14 she was properly and accurately managing and reviewing BroadSpring's accounts payable, books
15 of account, and other financial records. Defendant Gurpreet repeatedly represented to the same
16 other managing officers and Board of Directors that all bank statements were properly balanced
17 and all accounts were property reconciled. Additionally, Defendant Gurpreet failed to disclose to
18 BroadSpring's managers or Board of Directors, or advise anyone else at BroadSpring, that she or
19 the other Defendants were embezzling millions of dollars from BroadSpring to support
20 Defendants' lifestyle.

21 25. Defendant Gurpreet made repeated misrepresentations to Allan Legator,
22 BroadSpring's Chief Financial Officer in 2012 and subsequently BroadSpring's Chief Executive
23 Officer in 2018. As the Vice President of Finance, Defendant Gurpreet regularly met with Mr.
24 Legator to review BroadSpring's financials before they were submitted to BroadSpring's
25 management and Board of Directors. During each of these meetings, Defendant Gurpreet
26 represented that all bank statements were properly balanced, all accounts were property reconciled,
27 and there were any no financial irregularities.
28

1 26. As the Vice President of Finance, Defendant Gurpreet also controlled all annual
2 and quarterly audits of BroadSpring. In connection with each audit, Defendant Gurpreet
3 represented to auditors that all of BroadSpring's bank statements were properly balanced and all
4 accounts were property reconciled.

5 27. Using her full control over BroadSpring's finances, Defendant Gurpreet covered
6 her tracks so her fraudulent transfers would be undetected. To avoid detection, Defendant
7 Gurpreet maintained exclusive control over the one Wells Fargo bank account she used to
8 embezzle BroadSpring's money from. At the direction, control, and insistence of Defendant
9 Deepak and the other defendants, Defendant Gurpreet made the fraudulent transfers through this
10 account and did not allow BroadSpring's accounting manager or anyone else to review or reconcile
11 this particular Wells Fargo account. Additionally, Defendant Gurpreet disguised the fraudulent
12 payments by transferring the same amount to Defendants' accounts as other legitimate payments
13 were simultaneously being made for BroadSpring's AMEX and Citibank credit cards.

14 28. As Defendants benefitted from their acts of embezzlement and fraudulent actions,
15 BroadSpring suffered not only monetary damages by the loss of at least \$2,197,000, but also lost
16 profits. Beginning in or about the latter part of 2017, when Defendants first began stealing funds
17 from BroadSpring, BroadSpring's management noticed that its margins began to decline.
18 However, BroadSpring's management believed—based on lack of information about Defendants'
19 ongoing acts of fraud—that the decline in gross margins was simply due to market conditions and
20 increased expenses. As a result, beginning in the latter part of 2019 and continuing into 2021,
21 BroadSpring lacked sufficient cash to continue to operate as it had done so since 2002 and was
22 left with no alternative but to significantly scale back its business and lay off 44 of its 50
23 employees. These employees were laid off as a direct result of the money stolen from
24 BroadSpring, which would have otherwise continued to be a profitable company. Further,
25 BroadSpring's Chief Executive Officer, Jonathan Markiles, and later Allan Legator quit. As
26 discussed below, from 2017 to 2021, the total amount that Defendants misappropriated for their
27 own use amounted to approximately sixty percent (60%) of BroadSpring's profits. Defendants did
28 not care who they hurt so long as they could continue to steal from BroadSpring to support their

lifestyle. BroadSpring's business continues to suffer and underperform as a direct result of Defendants' actions such that the business will continue to suffer irreparable harm without the immediate recovery of all funds wrongfully stolen by Defendants.

29. Defendants were fully aware of the decline in BroadSpring's decreasing margins and its decision to lay off several employees. Nonetheless, and during a global pandemic in which many struggled to keep their jobs and make a living, Defendants continued to embezzle and convert funds from BroadSpring until their scheme was discovered in or about October 2021, when Defendant Deepak notified BroadSpring of what had occurred and tried to blame Defendant Gurpreet for what had happened. In fact, Defendant Deepak has admitted to the Chairman of the Board of BroadSpring that upwards of \$3,000,000 was stolen from BroadSpring and used by Defendants, and each of them for their personal acquisition of various assets as more particularly alleged below. Once Defendants actions were uncovered, Defendant Gurpreet also admitted to Allan Legator, BroadSpring's Chief Executive Officer, and BroadSpring's Chairman of the Board, to embezzling and converting millions of dollars from BroadSpring's bank account and using these funds with Defendant Deepak, as alleged herein. As further evidence of Defendants' theft and embezzlement from BroadSpring, in or about October 2021, both Defendant Gurpreet and Defendant Deepak stated they intended to pay back the sums stolen from BroadSpring, but the only way to do so was from the sale of assets they purchased with the stolen funds, and particularly the real properties they acquired.

FIRST CAUSE OF ACTION

(Breach of Fiduciary Duty – Against Defendant Gurpreet Lakhiani and Does 1 through 50)

30. Plaintiff realleges and incorporates herein by this reference each and every allegation contained in Paragraphs 1 through 30, inclusive, as though fully set forth herein.

31. From the time Defendant Gurpreet was hired by BroadSpring in 2009 to 2021, she held various positions of control and authority over BroadSpring, including the positions of Controller and Vice President of Finance. In these positions of control, Defendant Gurpreet owed fiduciary duties to BroadSpring, including the duty to use reasonable care and have undivided loyalty to Plaintiff.

35. Additionally, as demonstrated by the course of conduct alleged above, Defendant Gurpreet is guilty of malice, oppression, and/or fraud in conscious disregard of Plaintiff's rights, thereby warranting an assessment of punitive damages in an amount appropriate to severely punish the Defendant Gurpreet and to deter her from engaging in similar misconduct in the future.

37. From the time Defendant Gurpreet was hired by BroadSpring in 2009 to 2021, she held various positions of control and authority over BroadSpring, including the positions of Controller and Vice President of Finance. In these positions of control, Defendant Gurpreet owed

1 fiduciary duties to BroadSpring, including the duty to use reasonable care and have undivided
2 loyalty to Plaintiff.

3 38. Beginning on or about 2017, Defendant Gurpreet knowingly and wrongfully
4 transferred at least \$2,197,000 from BroadSpring's Wells Fargo account to her personal accounts
5 jointly held with Defendant Deepak. As such, Defendant Gurpreet breached her fiduciary duty to
6 use reasonable care to BroadSpring by failing to act as a reasonably careful officer would have
7 under similar circumstances. Additionally, Defendant Gurpreet breached her duty of loyalty to
8 Plaintiff by knowingly acting against Plaintiff's interests her personal benefit and the benefit of
9 the other Defendants, and without the informed consent of Plaintiff.

10 39. Defendants Deepak and Does 1 through 50 knew that Defendant Gurpreet was
11 embezzling and converting funds from BroadSpring's Wells Fargo account.

12 40. Defendants Deepak and Does 1 through 50 provided substantial assistance and
13 encouragement to Defendant Gurpreet in connection with her misappropriation of BroadSpring's
14 funds and then using the funds as alleged herein. These acts of assistance and encouragement to
15 Defendant Gurpreet were substantial factors in causing harm to BroadSpring.

16 41. As a direct and proximate result of Defendants Deepak and Does 1 through 50's
17 conduct, Plaintiff has been damaged in a sum according to proof at time of trial, but in no event
18 less than \$2,197,000.

19 42. As a proximate result of Defendants Deepak and Does 1 through 50's wrongful
20 acts as alleged herein, BroadSpring is entitled to a constructive trust in which these defendants, as
21 constructive trustees, should be required to hold all income, profits, commissions, fees, revenues
22 and other funds they received as a result of their wrongful acts, for the benefit of BroadSpring.

23 43. Additionally, as demonstrated by the course of conduct alleged above, Defendants
24 Deepak and Does 1 through 50, and each of them, are guilty of malice, oppression, and/or fraud
25 in conscious disregard of Plaintiff's rights, thereby warranting an assessment of punitive damages
26 in an amount appropriate to severely punish these defendants, and each of them, and to deter them
27 from engaging in similar misconduct in the future.

THIRD CAUSE OF ACTION

(Fraudulent Misrepresentation –

Against Defendant Gurpreet Lakhiani and Does 1 through 50)

44. Plaintiff realleges and incorporates herein by this reference each and every allegation contained in Paragraphs 1 through 44, inclusive, as though fully set forth herein.

45. Defendant Gurpreet made false representations regarding BroadSpring's finances to BroadSpring's Chief Executive Officer and Board of Directors, among others, including but not limited to, representations that she was properly and accurately managing and reviewing BroadSpring's accounts payable, books of account, and other financial records, and that all bank statements were properly balanced and all accounts were properly reconciled.

46. Defendant Gurpreet intended for BroadSpring to rely on the foregoing representations and knew they were false when she made them.

47. As a proximate result of Defendant Gurpreet's fraud as herein alleged, BroadSpring has been damaged in an amount to be proven at trial, but presently known to be not less than \$2,197,000. BroadSpring reliance on the Defendant Gurpreet's misrepresentations was a substantial factor in bringing about BroadSpring's harm.

48. As a proximate result of Defendant Gurpreet's wrongful acts as alleged herein, BroadSpring is entitled to a constructive trust in which Defendant Gurpreet, as a constructive trustee, should be required to hold all income, profits, commissions, fees, revenues and other funds she received as a result of their wrongful acts, for the benefit of BroadSpring.

49. Additionally, as demonstrated by the course of conduct alleged above, Defendant Gurpreet is guilty of malice, oppression, and/or fraud in conscious disregard of Plaintiff's rights, thereby warranting an assessment of punitive damages in an amount appropriate to severely punish the Defendant Gurpreet and to deter her from engaging in similar misconduct in the future.

FOURTH CAUSE OF ACTION

(Conspiracy to Commit Fraudulent Misrepresentation – Against All Defendants)

50. Plaintiff realleges and incorporates herein by this reference each and every allegation contained in Paragraphs 1 through 50, inclusive, as though fully set forth herein.

1 51. Defendant Gurpreet made false representations regarding BroadSpring's finances
2 to BroadSpring's Chief Executive Officer and Board of Directors, among others, including but not
3 limited to, representations that she was properly and accurately managing and reviewing
4 BroadSpring's accounts payable, books of account, and other financial records, and that all bank
5 statements were properly balanced and all accounts were property reconciled.

6 52. Defendant Gurpreet intended for BroadSpring to rely on the foregoing
7 representations and knew they were false when she made them.

8 53. Plaintiff is informed and believes, and based thereon alleges, that Defendants
9 Gurpreet, Deepak and Does 1 through 50 knowingly and willfully entered into an agreement and
10 conspiracy to defraud BroadSpring by embezzling and converting its funds, intentionally making
11 false representations calculated to mislead Plaintiff into believing that Defendants were not
12 misappropriating its funds, and using the misappropriated funds for their personal benefit.
13 Plaintiff is informed and believes, and based thereon alleges, that pursuant to this agreement and
14 conspiracy, the Defendant Gurpreet committed the acts of intentional misrepresentation alleged
15 above.

16 54. As a proximate result of Defendants' conspiracy as herein alleged, BroadSpring
17 has been damaged in an amount to be proven at trial, but presently known to be not less than
18 \$2,197,000. BroadSpring reliance on the Defendants' misrepresentations was a substantial factor
19 in bringing about BroadSpring's harm.

20 55. As a proximate result of Defendants' wrongful acts as alleged herein, BroadSpring
21 is entitled to a constructive trust in which Defendants, as constructive trustees, should be required
22 to hold all income, profits, commissions, fees, revenues and other funds they received as a result
23 of their wrongful acts, for the benefit of BroadSpring.

24 56. Additionally, as demonstrated by the course of conduct alleged above, Defendants,
25 and each of them, are guilty of malice, oppression, and/or fraud in conscious disregard of
26 Plaintiff's rights, thereby warranting an assessment of punitive damages in an amount appropriate
27 to severely punish Defendants, and each of them, and to deter them from engaging in similar
28 misconduct in the future.

FIFTH CAUSE OF ACTION

(Fraudulent Concealment –

Against Defendant Gurpreet Lakhiani and Does 1 through 50)

57. Plaintiff realleges and incorporates herein by this reference each and every allegation contained in Paragraphs 1 through 57, inclusive, as though fully set forth herein.

58. From the time Defendant Gurpreet was hired by BroadSpring in 2009 to 2021, she held various positions of control and authority over BroadSpring, including the positions of Controller and Vice President of Finance. In these positions of control, Defendant Gurpreet owed fiduciary duties to BroadSpring, including the duty to use reasonable care and have undivided loyalty to Plaintiff.

59. Beginning on or about 2017, Defendant Gurpreet knowingly and wrongfully transferred at least \$2,197,000 from BroadSpring's Wells Fargo account to her personal accounts jointly held with Defendant Deepak. Defendant Gurpreet intentionally failed to inform BroadSpring about these fraudulent transfers. Additionally, Defendant Gurpreet prevented Plaintiff from discovering these transfers by not allowing BroadSpring's accounting manager to review or reconcile the account she used to make the transfers and disguising her fraudulent payments to have similar amounts to legitimate payments made to BroadSpring's AMEX and Citibank credit cards.

60. Plaintiff did not discover that Defendant Gurpreet stole funds from BroadSpring until October 2021, when it was informed by Defendant Gurpreet's co-defendant, Defendant Deepak of Defendant Gurpreet's actions.

61. Defendant Gurpreet intended to deceive BroadSpring by concealing her fraudulent transfers from BroadSpring.

62. Had Plaintiff known that Defendant Gurpreet was embezzling funds from one of its accounts, it would have acted differently. Specifically, Plaintiff would have immediately terminated Defendant Gurpreet and would not have needed to scale back its business or lay off the majority of its employees, nor would it have suffered substantial lost profits.

63. As a proximate result of Defendant Gurpreet's fraud as herein alleged, BroadSpring has been damaged in an amount to be proven at trial, but presently known to be not less than \$2,197,000. BroadSpring reliance on the Defendant Gurpreet's concealment was a substantial factor in bringing about BroadSpring's harm.

64. As a proximate result of Defendant Gurpreet's wrongful acts as alleged herein, BroadSpring is entitled to a constructive trust in which Defendant Gurpreet, as a constructive trustee, should be required to hold all income, profits, commissions, fees, revenues and other funds she received as a result of their wrongful acts, for the benefit of BroadSpring.

65. Additionally, as demonstrated by the course of conduct alleged above, Defendant Gurpreet is guilty of malice, oppression, and/or fraud in conscious disregard of Plaintiff's rights, thereby warranting an assessment of punitive damages in an amount appropriate to severely punish the Defendant Gurpreet and to deter her from engaging in similar misconduct in the future.

SIXTH CAUSE OF ACTION

(Conspiracy to Commit Fraudulent Concealment – Against All Defendants)

66. Plaintiff realleges and incorporates herein by this reference each and every allegation contained in Paragraphs 1 through 66, inclusive, as though fully set forth herein.

67. From the time Defendant Gurpreet was hired by BroadSpring in 2009 to 2021, she held various positions of control and authority over BroadSpring, including the positions of Controller and Vice President of Finance. In these positions of control, Defendant Gurpreet owed fiduciary duties to BroadSpring, including the duty to use reasonable care and have undivided loyalty to Plaintiff.

68. Beginning on or about 2017, Defendant Gurpreet knowingly and wrongfully transferred at least \$2,197,000 from BroadSpring's Wells Fargo account to her personal accounts jointly held with Defendant Deepak. Defendant Gurpreet intentionally failed to inform BroadSpring about these fraudulent transfers. Additionally, Defendant Gurpreet prevented Plaintiff from discovering these transfers by not allowing BroadSpring's accounting manager to review or reconcile the account she used to make the transfers and disguising her fraudulent

1 payments to have similar amounts to legitimate payments made to BroadSpring's AMEX and
2 Citibank credit cards.

3 69. Plaintiff did not discover that Defendant Gurpreet stole funds from BroadSpring
4 until October 2021, when it was informed by Defendant Gurpreet's co-defendant, Defendant
5 Deepak of the embezzlement of millions of dollars by Defendant Gurpreet.

6 70. Defendant Gurpreet intended to deceive BroadSpring by concealing her fraudulent
7 transfers from BroadSpring.

8 71. Had Plaintiff known that Defendant Gurpreet was embezzling funds from one of
9 its accounts, it would have acted differently. Specifically, Plaintiff would have immediately
10 terminated her Defendant Gurpreet and would not have decided to scale back its business or lay
11 off the majority of its employees, nor would it have suffered substantial lost profits.

12 72. Plaintiff is informed and believes, and based thereon alleges, that Defendants
13 Gurpreet, Deepak and Does 1 through 50 knowingly and willfully entered into an agreement and
14 conspiracy to defraud BroadSpring by embezzling and converting its funds, concealing such
15 embezzlement and conversion, and using the misappropriated funds for their personal benefit.
16 Plaintiff is informed and believes, and based thereon alleges, that pursuant to this agreement and
17 conspiracy, Defendant Gurpreet committed the acts of concealment alleged above.

18 73. As a proximate result of Defendants' conspiracy as herein alleged, BroadSpring
19 has been damaged in an amount to be proven at trial, but presently known to be not less than
20 \$2,197,000. BroadSpring reliance on the Defendants' misrepresentations was a substantial factor
21 in bringing about BroadSpring's harm.

22 74. As a proximate result of Defendants' wrongful acts as alleged herein, BroadSpring
23 is entitled to a constructive trust in which Defendant Gurpreet, as a constructive trustee, should be
24 required to hold all income, profits, commissions, fees, revenues and other funds she received as
25 a result of their wrongful acts, for the benefit of BroadSpring.

26 75. Additionally, as demonstrated by the course of conduct alleged above, Defendants,
27 and each of them, are guilty of malice, oppression, and/or fraud in conscious disregard of
28 Plaintiff's rights, thereby warranting an assessment of punitive damages in an amount appropriate

1 to severely punish Defendants, and each of them, and to deter them from engaging in similar
2 misconduct in the future.

3 **SEVENTH CAUSE OF ACTION**

4 **(Conversion – Against Defendant Gurpreet Lakhiani and Does 1 through 50)**

5 76. Plaintiff realleges and incorporates herein by this reference each and every
6 allegation contained in Paragraphs 1 through 76, inclusive, as though fully set forth herein.

7 77. Plaintiff was and is the rightful owner of all funds wrongfully stolen by Defendant
8 Gurpreet and is the rightful owner of all assets, real and personal, that were acquired with the
9 stolen funds.

10 78. Defendant Gurpreet substantially interfered with BroadSpring's property by
11 knowingly and intentionally taking possession of at least \$2,197,000 from BroadSpring's Wells
12 Fargo account by transferring these funds into her personal accounts, including PayPal, AMEX,
13 and Citibank, whether jointly held with co-defendant Deepak or otherwise.

14 79. Plaintiff did not consent to Defendant Gurpreet's misappropriation of its funds and
15 was completely unaware of same.

16 80. Plaintiff was harmed in an amount no less than \$2,197,000, and Defendant's
17 Gurpreet's conversion of Plaintiff's monies was a substantial factoring in causing Plaintiff's harm.

18 81. As a proximate result of the wrongful acts of Defendant Gurpreet as alleged herein,
19 BroadSpring is entitled to a constructive trust in which Defendant Gurpreet, as a constructive
20 trustee, should be required to hold all income, profits, commissions, fees, revenues and other funds
21 she received as a result of their wrongful acts, for the benefit of BroadSpring.

22 82. Additionally, as demonstrated by the course of conduct alleged above, Defendant
23 Gurpreet is guilty of malice, oppression, and/or fraud in conscious disregard of Plaintiff's rights,
24 thereby warranting an assessment of punitive damages in an amount appropriate to severely punish
25 the Defendant Gurpreet and to deter her from engaging in similar misconduct in the future.

26 ///

27 ///

28 ///

EIGHTH CAUSE OF ACTION

(Conspiracy to Commit Conversion – Against all Defendants)

83. Plaintiff realleges and incorporates herein by this reference each and every allegation contained in Paragraphs 1 through 83, inclusive, as though fully set forth herein.

84. Plaintiff is informed and believes, and based thereon alleges, that Defendants, and each of them, knowingly and willfully entered into an agreement and conspiracy to defraud BroadSpring by embezzling and converting its funds, concealing such embezzlement and conversion, and using the misappropriated funds for their personal benefit. Plaintiff is informed and believes, and based thereon alleges, that pursuant to this agreement and conspiracy, the Defendants, and each of them, committed the acts of conversion alleged below.

85. Plaintiff was and is the rightful owner of all funds wrongfully stolen by Defendants, and each of them, and all property, real or personal, acquired with these stolen funds.

86. Defendants, and each of them, substantially interfered with BroadSpring's property by knowingly and intentionally taking possession of at least \$2,197,000 from BroadSpring's Wells Fargo account by transferring these funds into accounts, including PayPal, AMEX, and Citibank, jointly or otherwise held by Defendants, and each of them.

87. Plaintiff was and is the rightful owner of the total amount of funds wrongfully withdrawn/transferred by Defendants.

88. Plaintiff did not consent to Defendants' misappropriation of its funds and was completely unaware of same.

89. Plaintiff was harmed in an amount no less than \$2,197,000, and Defendants' conversion of Plaintiff's monies was a substantial factor in causing Plaintiff's harm.

90. As a proximate result of the wrongful acts as alleged herein, BroadSpring is entitled to a constructive trust in which Defendants, and each of them, as constructive trustees, should be required to hold all income, profits, commissions, fees, revenues and other funds they received as a result of their wrongful acts, for the benefit of BroadSpring.

91. Additionally, as demonstrated by the course of conduct alleged above, Defendants, and each of them, are guilty of malice, oppression, and/or fraud in conscious disregard of Plaintiff's rights, thereby warranting an assessment of punitive damages in an amount appropriate to severely punish Defendants, and each of them, and to deter them from engaging in similar misconduct in the future.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment against Defendants, and each of them, as follows:

ALL CAUSES OF ACTION

1. Compensatory and general damages according to proof, but in no event less than \$2,197,000;

2. Lost profits according to proof;

3. Punitive and exemplary damages according to proof;

4. For three times the amount of Plaintiff's actual damages, an amount to be proven at trial, pursuant to California Penal Code section 496(c);

5. For reasonable attorneys' fees (as permitted under Penal Code section 496(c), Code of Civil Procedure section 1021.5, or as otherwise allowable under law);

6. For imposition of a constructive trust to which Defendants hold for Plaintiff's benefit all monies and assets purchased with the monies stolen by Defendants, and each of them, that otherwise belong to Plaintiff;

7. Pre-judgment and post-judgment interest as provided by law;

8. Costs of suit herein (as permitted by California Penal Code section 496(a), or as otherwise allowable under law); and

9. Such other and further relief as the Court deems just and proper.

FIRST CAUSE OF ACTION

10. For disgorgement of all benefits and another compensation received by Defendant

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1 Gurpreet in connection with her employment with BroadSpring, against Defendant Gurpreet and
2 Does 1 through 50.

3
4 DATED: November 22, 2021

STUBBS ALDERTON & MARKILES, LLP

5
6 By: 

JEFFREY F. GERSH
BLAINE A O'MALLEY
ALEXANDER P. MANGLINONG
Attorneys for Plaintiff BroadSpring, Inc.

STUBBS ALDERTON & MARKILES, LLP
15260 VENTURA BLVD.
20TH FLOOR
SHERMAN OAKS, CALIFORNIA 91403

DEMAND FOR JURY TRIAL

Plaintiff hereby requests a jury trial on any and all claims so triable.

DATED: November 22, 2021

STUBBS ALDERTON & MARKILES, LLP

By: 

JEFFREY F. GERSH

BLAINE A O'MALLEY

ALEXANDER P. MANGLINONG

Attorneys for Plaintiff BroadSpring, Inc.

VERIFICATION (C.C.P. 446 AND 2015.5)

STATE OF CALIFORNIA, COUNTY OF ORANGE

I have read the foregoing VERIFIED COMPLAINT

and know its contents.

☒ CHECK APPLICABLE PARAGRAPHS

☐ I am a party to this action. The matters stated in the foregoing document are true of my own knowledge, except as to those matters which are stated on information and belief, and as to those matters, I believe them to be true.

☒ I am ☐ an officer ☐ a partner ☒ a Chairman of the Board of Broadspring, Inc.

a party to this action, and am authorized to make this verification for and on its behalf, and I make this verification for that reason.

☒ I am informed and believe and on that ground allege that the matters stated in the foregoing document are true.

☐ The matters stated in the foregoing document are true of my own knowledge, except as to those matters which are stated on information and belief, and as to those matters, I believe them to be true.

☐ I am one of the attorneys for _____, a party to this action. Such party is absent from the county of aforesaid where such attorneys have their offices, and I make this verification for and on behalf of that party for that reason. I am informed and believe and on that ground allege that the matters stated in the foregoing document are true.

Executed on (date) November 22, 2021, at Sherman Oaks, California. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Ray Musci

Type or Print Name

PROOF OF SERVICE
CCP 1013a(3) Revised 5/1/88

Signature

STATE OF CALIFORNIA, COUNTY OF ORANGE

I am employed in the County of _____, State of California. I am over the age of 18 and not a party to the within action; my business address is _____.

On (date) _____, **I served the foregoing document described as _____ on _____ in this action

☐ by placing the true copies thereof enclosed in sealed envelopes addressed as stated on the attached mailing list:

☐ by placing ☐ the original ☐ a true copy thereof enclosed in sealed envelopes addressed as follows:

☐ BY MAIL

☐ *I deposited such envelope in the mail at _____, California.

The envelope was mailed with postage thereon fully prepaid.

☐ As follows: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice, it would be deposited with the U.S. Postal Service on that same day, with postage thereon fully prepaid at _____, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

Executed on (date) _____, at _____, California. I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Type or Print Name

Signature

* (BY MAIL, SIGNATURE MUST BE OF PERSON DEPOSITING ENVELOPE IN MAIL SLOT, BOX OR BAG)

**FOR PERSONAL SERVICE, SIGNATURE MUST BE THAT OF MESSENGER)