

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF WESTCHESTER

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	:
GUANG HUANG, individually, and derivatively	:
on behalf of BBSHARES CAPITAL	:
MANAGEMENT LIMITED,	:
	: Index No.: 61185/2022
Plaintiff,	:
	: <u>SECOND AMENDED COMPLAINT</u>
- against -	:
	: Jamieson, J.S.C.
JINGJING ZHOU, HONGTAO (JASON) QIAO;	:
BB MATRIX HOLDINGS PTE. LTD,	:
	:
Defendants,	:
	:
and	:
	:
BB SHARES CAPITAL MANAGEMENT	:
LIMITED,	:
	:
Nominal Defendant.	:
	:
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By its undersigned counsel Slarskey LLC, Guang Huang (“Huang”), individually and derivatively on behalf of BB Shares Capital Management Limited (“BBShares Capital” or the “Company”) alleges for their First Amended Complaint against JingJing Zhou (“Zhou”), Hongtao (Jason) Qiao (“Qiao”), and BB Matrix Holdings PTE Ltd. (“BB Matrix”) as follows:

SUMMARY OF THE DISPUTE

1. BBShares Capital was conceived as a crypto asset management firm, poised and timed to take advantage of the momentum crypto and digital assets were gaining among investors. Defendant Qiao persuaded Plaintiff Huang and others in his professional circle to forego other opportunities to launch and build the firm, promising to devote himself full-time alongside Huang and others to start the Company. Huang did just that, leaving his employment,

and devoting more than a year and a half of his time and efforts to launch and run the operations of BBShares Capital.

2. When BBShares Capital was formed, Qiao allocated initial shareholdings based on the anticipated and expected contributions of the team—except that, with respect to his own anticipated role, he assigned his shares to Zhou, his wife, as a straw-shareholder, and shortly thereafter appointed her a director of BBShares Capital.

3. Zhou had no relevant experience in launching or managing a hedge fund and contributed little of substance to the Company. She was, rather, a willing accomplice in Qiao's scheme to participate in and control BBShares Capital from the shadows.

4. Qiao stalled, making excuses to delay his promise to leave his job and devote himself full-time to BBShares Capital for nearly a year.

5. Meanwhile, Huang worked tirelessly, and delivered more than his fair share of sweat equity to build BBShares Capital alongside another shareholder. Then, just as BBShares Capital gained momentum and attracted institutional investment, Zhou and Qiao made their move and froze Huang out to usurp control of the Company. Shortly after summarily removing Huang's access to the Company, Zhou and Qiao caused the remaining shareholders to transfer shares to BB Matrix, an entity formed to carry out their scheme to divert value and opportunities away from BBShares Capital, and in which they held a controlling interest, and then subsequently issued additional BBShares Capital member interests to BB Matrix for inadequate consideration to dilute Huang's ownership interest in BBShares Capital from 24% down to 2.5%.

6. As Zhou's and Qiao's efforts to take over the Company unfolded, and Huang made efforts to assert his rights as a member of BBShares Capital, Huang began to learn

of Defendants' multiple improprieties, including: the use of Company funds to acquire member shares for Zhou's and Qiao's benefit and control; unlawful distributions of capital and or profits from the Company in favor of some members (namely those controlled by Zhou and Qiao) but not others; Zhou's and Qiao's undisclosed conflicts of interest; self-dealing in the form of diverting Company funds for their own benefit and causing the Company to engage in interested transactions to benefit Zhou and Qiao; corporate opportunities usurped for the benefit of Zhou, Qiao, and the corporate entities they control; and continued, deliberate efforts to aggregate control of BBShares Capital under straw shareholders and ownership structures meant to obscure Zhou's and Qiao's conflicts of interest from BBShares Capital members and others.

7. Zhou and Qiao used BBShares Capital as a personal piggy-bank to fund their own lifestyle and other business interests, with complete disregard for their fiduciary and ethical obligations to the Company or their co-founders and shareholders.

8. Throughout the lifecycle of BBShares Capital, Zhou and Qiao were shrewd about how they exercised and manipulated control over the Company. Qiao shuffled shareholdings around to straw shareholders—initially his wife, Zhou, and then his mother-in-law—and later added layers of ownership by forming corporate entities, such as BB Matrix, which Qiao and Zhou control, to carry out their scheme of diverting investment and misappropriating BBShares Capital's value, and Hazon Vision Holdings Inc., to hold and obscure their ownership stake. Qiao and Zhou assigned themselves varying titles, appointed themselves as directors in order to execute self-interested transactions, and controlled the accounts, books, and records of the Company.

9. Defendants were deliberate to paper a fiction of distance between themselves and BBShares Capital to hide conflicts of interest and avoid accountability, but in

reality, at all relevant times, Qiao and Zhou controlled BBShares Capital, and used that control to misuse corporate funds for their own personal benefit, divested shareholders of their holdings in the Company with little or no compensation, consolidated equity and Board representation under their control, and froze out Huang, the largest independent shareholder of BBShares Capital, when he challenged Zhou's and Qiao's self-dealing.

10. Now, as Huang has finally begun to uncover and expose the extent of Zhou's and Qiao's duplicity, he has also learned that Zhou and Qiao moved their interests in BBShares Capital abroad, consolidating and transferring their ownership stake to the BB Matrix entity they control, and that they imminently intend to move themselves abroad, as yet another maneuver in furtherance of their efforts to insulate themselves from accountability for their self-dealing.

11. Huang asserts this action derivatively on behalf of BBShares Capital to seek restitution on behalf of the Company and put an end to the self-dealing and corporate waste has plagued the Company and harmed minority members at Zhou's and Qiao's hands, and individually to assert and restore his rights as the co-founder and minority member of the Company.

PARTIES AND RELEVANT NONPARTIES

12. Plaintiff Huang is an individual who is resident in Hong Kong, and, before he was frozen out of the Company in July 2019, was a member owning 24% of BBShares Capital shares. Today, after Zhou and Qiao issued shares to dilute his interests, Huang is a 2.5% shareholder of BBShares Capital.

13. Nominal Defendant BBShares Capital is an Exempted Company incorporated in the Cayman Islands with Limited Liability as of January 11, 2018. Non-party BBShares Fund SPC ("BBShares Fund," and together with BBShares Capital, "BBShares"), is

an entity created at the same time as BBShares Capital to hold non-US investor subscription funds managed by BBShares Capital.

14. Defendant Zhou is an individual who resided and conducted BBShares business out of White Plains, New York until sometime in 2022. In 2018, Zhou was appointed as a director of BBShares Capital, and continued to serve as a director of the Company through sometime in 2022 when, upon information and belief, she resigned from the Board of Directors. Zhou is also a director of BBShares Fund. Zhou is married to Qiao and, as of the filing of this action, resided in Connecticut.

15. Defendant Qiao is an individual who resided and conducted BBShares' and BB Matrix's business out of White Plains, New York until early 2022. Qiao is currently a director of BBShares Fund, was a director of BBShares Capital at the time this action was filed through sometime in 2022 when, upon information and belief, he resigned from the Board of Directors. Qiao also, at all relevant times asserted herein, acted as a director or *de facto* director of BBShares Capital and BBShares Fund, controlled the Board and consolidated shareholdings under the names of others when, in fact, Qiao controlled those positions and controlled the Company via those positions. Qiao also controls BB Matrix, is a director of BB Matrix. Qiao is married to Zhou and, as of the filing of this action, resided in Connecticut. Zhou and Qiao, together, are referred to herein as the "Individual Defendants."

16. Defendant BB Matrix is a private company limited by shares, formed and incorporated in Singapore as of August 28, 2019 by Qiao. BB Matrix was operated out of White Plains, New York, and holds 97.5% of the member interests in BBShares Capital.

17. Non-party Xiaohui Jiang ("Jiang") is Zhou's mother, and Qiao's mother-in-law. Qiao transferred Zhou's ownership of Defendants' shareholdings in BBShares Capital to

Jiang to obscure their ownership interest in the Company, but at all times Defendants controlled Jiang's shares and membership interest in the Company.

JURISDICTION AND VENUE

18. The basis for jurisdiction is that at the time of the actions complained of herein, Zhou and Qiao resided in Westchester County, New York, and conducted the business of the Company and BB Matrix from Westchester County, New York. In addition, the Company and BB Matrix presently transact significant business in the State of New York, with the Company indicating on its website¹ that “[a]t present, the core team members (10 people) of BBShares is mainly stationed in New York and Singapore,” and BB Matrix operating, effectively, through BBShares Capital, using its licensed status to market itself and manage investments in BBShares Fund on behalf of investors. Throughout 2022, BB Matrix was identified as the seller in the Apple App Store of the “BBShares” App, and identified Qiao as a director and authorized officer in White Plains, New York.

19. Venue is based on CPLR 503(a) and 503(c) because Westchester County, New York is the county in which a substantial part of the events or omissions giving rise to Plaintiff's claims occurred, because BBShares had a principal office in Westchester County, New York, and because the Individual Defendants conducted BBShares' business principally from Westchester County, New York. Zhou and Qiao transacted BBShares' business, opened and operated BBShares bank accounts, and, as alleged herein, committed torts and breached duties arising from a relationship of trust and confidence with Huang, and their roles as directors of BBShares Capital and BBShares Fund from Westchester County, New York. Qiao likewise conducted BB Matrix's business principally from Westchester County, New York. Zhou and

¹ <https://www.bbshares.com/en/faq/> (accessed on June 10, 2022).

Qiao transacted BB Matrix's business, caused BB Matrix to enter into transactions with BBShares, caused BB Matrix to be used as a conduit to route payments from BBShares through BB Matrix for Defendants' benefit, and, as alleged herein created and used BB Matrix to aid Qiao and Zhou in committing torts in their roles as directors of BBShares Capital and BBShares Fund from Westchester County, New York.

DETAILED ALLEGATIONS

A. Defendants Qiao and Zhou Convince Huang to Build BBShares on False Pretenses

20. In 2017, Huang was approached by Qiao to launch a crypto asset management business.

21. Huang, Qiao, and Zhou (once she became involved with Qiao) formed a relationship of trust and confidence that, prior to the events alleged in this pleading, survived ten years, multiple jobs, and even geographic distance.

22. Qiao and Huang were very close friends and confidants for years. Qiao and Huang worked together and formed a close friendship over three years working together at JP Morgan Chase from 2008 to 2010.

23. In 2009, when Qiao was laid off from JP Morgan Asset Management, he sought out Huang's assistance to help him find a new job. Huang was instrumental in helping Qiao find a new role at JP Morgan Private Bank, leveraging his professional connections and providing Qiao with a recommendation for the job, which Qiao accepted.

24. Qiao and Huang remained friends and kept in touch after 2010, when Huang left New York to work in Hong Kong. In 2011, Huang and his wife even served as the best man and bridesmaid in Qiao's and Zhou's wedding ceremony in China.

25. It was in the context of this friendship and special relationship of trust and confidence that Qiao initially approached Huang about launching BBShares in August 2017.

Huang and Qiao spoke frequently on the phone that month, and over several conversations, Qiao convinced Huang to leave his employment, and forgo other business opportunities available to him, to pursue the formation and development of BBShares, promising an entrepreneurial partnership of shared effort and success.

26. When Qiao approached Huang about launching BBShares, and continuing through until BBShares was launched, Zhou and Qiao were employed, by KPMG and JP Morgan Chase Private Bank, respectively. When Qiao initially recruited Huang to build BBShares, he promised Huang that he and Zhou would leave their employment and join the founders to share the burden of managing the day-to-day operations of BBShares.

27. On several phone calls throughout August 2017, Qiao promised Huang that he and Zhou would leave their employment to devote themselves full-time, alongside Huang, to building the Company and raising investment capital for the business.

28. Relying on his long-standing and trusted friendship with Qiao and Zhou and believing based on that relationship that they would act with integrity and honesty in their dealings with him, Huang devoted his time and efforts to build and launch BBShares.

29. Initial work on forming BBShares began in September 2017. Huang devoted significant time alongside another individual, Xinghua Luo (“Luo”), managing the day-to-day operations and working toward the formation of the BBShares entities

30. Even as Huang worked tirelessly throughout September and October 2017, Qiao continued to assure Huang that he would leave JP Morgan imminently to begin working on BBShares Capital.

31. Qiao and Zhou, along with others in their personal and professional circles, including Plaintiff Huang, launched BBShares Capital in January 2018.

32. BBShares Capital was formally registered in the Cayman Islands on January 11, 2018 as an Exempted Company Limited by Shares.

33. On the same day BBShares Capital was formed, Zhou and Qiao also formed BBShares Fund to hold non-US investor subscription funds managed by BBShares Capital.

34. BBShares Capital was the asset management part of the business operation. BBShares Capital solicited funds from non-US investors on behalf of BBShares Fund and invested in crypto assets on their behalf. As the General Partner of BBShares Fund, BBShares Capital managed those funds and assets, and charged a management fee based on AUM (Assets Under Management), plus a performance fee based on profits made by BBShares Fund on behalf of investors.

35. BBShares Capital's internal affairs are governed by the Company's Memorandum of Association ("MOA") and Articles of Association ("Articles"). A copy of the MOA is attached as **Exhibit 1**. A copy of the Articles is attached as **Exhibit 2**.

36. The initial Register of Members, as of January 2018, reflects ownership among nine shareholders, as follows:

Shareholders	Shares %
Huang,Guang	20%
Zhou,Jingjing	25%
Luo,Xinghua	7%
Lin,Shan	25%
Liang, Jiawei	8%
Zhu,Honghai	5%
Shenzhen Hula Technology Co., Ltd.	5%
Li,Chen	5%
Total	100%

37. A copy of the Register of Members as of January 15, 2018, is attached hereto as **Exhibit 3**.

38. Qiao allocated the initial ownership structure according to each individual's anticipated and expected contribution to the Company. Some had contributed operating capital, and others, like Huang, Luo, and Qiao, were expected to contribute sweat equity to the Company.

39. This resulted in an initial allocation of a 20 percent ownership interest in BBShares Capital to Huang.

40. The allocation of a 25 percent interest in BBShares Capital to Zhou (really, Qiao) was premised on a promise and expectation that Qiao would leave his JP Morgan employment, and devote significant time and effort to marketing, including specifically raising capital investment in BBShares Fund.

41. Despite initially promising to leave his employment and devote his time to BBShares, and after Huang had committed himself and invested significant time and effort, Qiao later claimed in late 2017 that he could not directly assist Huang and Luo, or assume a formal role in the BBShares companies right away because he was concerned about making any formal disclosure to his employer, JP Morgan Chase, before BBShares had secured the necessary licenses to do business.

42. Thus, Huang and Luo continued to bear the burden of the day-to-day operations throughout the early days of the Company, in 2017 and 2018.

43. After the BBShares entities were formed, Qiao stalled again, making new excuses for why he had delayed leaving JP Morgan to fulfill his promise to devote time to

building the business, but all the while assuring Huang and others that he intended to leave JP Morgan imminently to devote himself full-time to the business.

44. Huang continued throughout 2018, working full-time to build the Company, leading the team to achieve major milestones, marketing BBShares, and meeting with prospective investors in Asia—the investor base BBShares was targeting—while Qiao was still working full-time at JP Morgan.

45. Throughout the time period when Huang was working full-time to launch BBShares and continuing on through the time that Qiao and Zhou cut off communications in July 2019, Huang communicated frequently—often daily—with Qiao and Zhou, using informal, familiar channels of communication such as WeChat, phone calls, and other text message platforms to communicate regarding business matters relating to BBShares.

B. Defendants Qiao and Zhou Begin to Consolidate and Exercise Control over BBShares

46. When the founders were ready to incorporate the entities, Qiao proposed holding his member interest in BBShares Capital through his wife, Zhou, who otherwise had no relevant expertise in the hedge fund business.

47. Qiao proposed that the initial director position should be held by Luo. Luo was beholden to Zhou and Qiao, who leveraged threats of share dilution and promises of future compensation to ensure Luo acted at Defendants' direction in all matters related to BBShares Capital and BBShares Fund. Thus, Qiao acted as BBShares' *de facto* or shadow director during this time, directing Luo's actions in the director role.

48. In 2018, Qiao named his wife, Zhou, as a director of both Companies, continuing to act as a *de facto* director alongside Zhou. Later, as is described further below, Qiao

and Zhou became the only two directors of BBShares Capital and BBShares Fund in 2019, putting themselves firmly in control of both boards.

49. At Qiao's direction, Zhou opened, operated, and managed BBShares' bank accounts for holding BBShares' operating capital, management and performance fees, and investor funds. In the applications to open those accounts, Zhou identified herself as a director of BBShares and a principal or officer of the Company, and listed the White Plains, New York address from which such activities were conducted on the applications.

50. In reality, however, it was Qiao who controlled the finance, accounting, governance, and books and records of BBShares Capital from the beginning, through Zhou. Zhou's contributions to BBShares were otherwise limited because she lacked experience in asset management or the digital/crypto space. And she, too, cited compliance excuses (she was still working for KPMG full time) as the reason she could not contribute the promised, substantial time to the endeavor.

51. In mid-2019, Luo was removed from the Board of Directors, and replaced with Qiao, leaving Zhou and Qiao firmly in control of the Company.

52. At the time BBShares was formed in January 2018, and its operations established in the United States, Zhou and Qiao lived in White Plains, New York.

53. Once again, Zhou and Qiao repeated their assurances to Huang that they would devote significant time to raising investment capital for the business and promised to leave their employment to commit themselves full-time to the business.

C. Huang Devotes His Time and Efforts to Developing and Attracting Investors to BBShares

54. Huang continued to devote significant time and effort to attaining key operational milestones for BBShares.

55. Huang, working with Luo between 2017 and mid-2019, developed BBShares' product structure and design, successfully marshaled the Company through the regulatory process to obtain a Cayman Islands asset management permit in June 2018 for the Company, launched the first fund under BBShares Fund around July 2018, developed marketing materials, met with investors in Asia on behalf of the Company, and communicated daily with Qiao in furtherance of efforts to attract strategic investors who would invest not only in BBShares Fund, but directly in BBShares Capital.

56. Meanwhile, in mid-2018, after BBShares Capital was granted a license to manage assets, Qiao represented to Huang that he was beginning to do some work to secure investors in BBShares Capital and win allocations to BBShares Fund. Specifically, Qiao led Huang to believe that he and Zhou were working to secure investors through outreach from Westchester County, New York to prospective investors, and by Qiao traveling to meet potential investors in the United States and abroad.

57. By 2019, BBShares Capital had gained momentum, with several early investors providing operating capital, and a commitment from an investor Huang had been working to help bring on board to allocate to the fund.

58. In July 2019, BBShares Fund had attracted the attention of a group of strategic investors who committed, orally, to invest approximately \$20 million in BBShares Fund (based on crypto-asset valuations back then) and to make a direct investment of \$6 million in BBShares Capital in exchange for 20% of the Company (setting an implied valuation of \$30 million). This group of investors did, ultimately, make the anticipated investment—though, as is explained below, the investment was usurped by Defendants in favor of separate entities that Qiao and Zhou controlled.

59. By July 2019, crypto assets had begun gaining value globally, and the initial investments that followed in November 2019 caused BBShares Fund's AUM to skyrocket. Based on these events, BBShares should have been rapidly achieving revenue and success in the digital asset management space. The value of the \$20 million AUM that was committed to BBShares Fund in 2019 alone would have grown to an estimated \$100 million by the end of 2021.

60. What should have been a culminating moment of celebration amongst the founders quickly turned sour. Instead of sharing the success achieved through the founders' collective efforts, Zhou and Qiao began an incremental, disloyal campaign to usurp the investments, take control of BBShares, and reap for themselves the value that Huang and others had created in the Company.

D. Defendants Qiao and Zhou Secretly Devote Their Time and Efforts to Participating in a Competing Business, Youbi Capital

61. At the time that Qiao initially approached Huang about founding BBShares in 2017, and over the months that followed, neither Qiao nor Zhou disclosed to Huang that they were simultaneously working to "launch a business venture with their close friends," to "manage investments in cryptocurrency assets."²

62. Qiao and Zhou took advantage of the special relationship of trust and friendship with Huang to convince him to dedicate his time and efforts to launch BBShares and forego other opportunities. Huang undertook the opportunity to build BBShares, and accepted equity in the Company because he trusted Qiao and Zhou, and because Qiao and Zhou made

² *Zhou, et al. v. Youbi Capital (Cayman) GP, et al.*, Index No. 62808/2021 (Westchester Co. N.Y. 2021) (Doc. 51) ("Zhou Am. Compl.") at ¶ 1.

false representations that they, too, would dedicate themselves full-time to building the venture and contribute by devoting their time and efforts to marketing and fundraising.

63. Instead, Zhou and Qiao deliberately withheld information regarding their involvement with Youbi Capital and the fact that they had simultaneously pledged their efforts to build a competing venture. Zhou and Qiao failed to disclose this material information to Huang, despite numerous conversations and opportunities to do so, because they sought to induce Huang to invest his time, effort, and know-how to build BBShares.

64. According to allegations made by Zhou and Qiao in a separate lawsuit, during the time periods when each represented to Huang that they were going to quit their jobs to work full-time for BBShares Capital (late 2017 through mid-2018), and later, when they finally quit their jobs and claimed that they were, in fact, devoting significant time and efforts to BBShares (mid-2018 through mid-2019), Zhou and Qiao claim in the lawsuit they filed that they were shareholders, directors, and/or key executives heavily involved in the launch of another Cayman Islands based crypto asset management business called Youbi Capital (Cayman) GP (“Youbi Capital”).

65. Youbi Capital was formed just six days after BBShares, on January 17 2018. Zhou and Qiao’s involvement with Youbi Capital began in 2017, before or around the same time Zhou and Qiao were recruiting Huang to devote himself full-time to BBShares, and representing to Huang that they *could not* immediately begin working for BBShares due to their jobs at JP Morgan and KPMG. This representation was, apparently, false because according to their pleading in the Youbi Capital case, they were actually “recruit[ing]” partners to launch Youbi Capital in 2017 and devoting their time and efforts throughout 2018 as directors, officers, and key executives to build a direct competitor to BBShares. (Zhou Am. Compl. at 5-7.)

66. Zhou and Qiao claim that, from the time Youbi Capital was formed forward, they spent a considerable amount of their time working for Youbi, not BBShares as they had represented to Huang they would. Zhou claims she is “a member, director, and co-founder of Youbi Capital, as well as a ‘key executive’” for two of the limited partnerships managed by Youbi Capital. (Zhou Am. Compl. at 1.) Qiao claims he was also a co-founder of Youbi Capital and served as its “Co-Chief Investment Officer and Chief Visionary Officer.” (*Id.*)

67. Defendants also claim that Qiao “personally solicited investors for [Youbi Capital] by traveling abroad to represent [Youbi Capital] at conferences,” and that Qiao, “served as a liaison and advisor to one of [Youbi Capital’s] largest investment targets.” (*Id.* at 5-6.)

68. Zhou claims she “worked zealously alongside Mr. Qiao to help grow the fund [i.e. Youbi Capital,] by leveraging her network to identify investors and by helping to build out a variety of sponsors,” and that she and Qiao were “in regular communication” with their Youbi Capital founders, and “were active participants in determining which investments Youbi Capital would make.” *Id.* at 8.

69. Defendants’ claimed efforts on behalf of Youbi Capital were not disclosed to BBShares Capital’s members, unknown to Huang, and were in direct conflict with, and mutually exclusive of, the efforts Defendants had promised to, and were supposed to, make on behalf of BBShares. Zhou’s and Qiao’s involvement with Youbi Capital presented an unmitigated conflict of interest that was not disclosed to BBShares, its other shareholders, or its investors.

70. Based on Defendants’ own allegations in the Youbi litigation, Defendants claim to have been directing opportunities and investors to Youbi Capital that should have been

pursued on behalf of BBShares, thereby usurping BBShares' corporate opportunities to benefit themselves via their other crypto business interests.

71. Defendants allege they devoted significant time and effort throughout 2018 in furtherance of Youbi Capital's business interests during the time when they had promised and represented to Huang and other BBShares Capital members that they would be spending significant time and effort in furtherance of BBShares' business interests. These statements, along with the fact that Zhou and Qiao were both employed at the time by KPMG and JP Morgan, respectively, do not add up, and indicate that Zhou and Qiao were not being truthful about their efforts on behalf of BBShares Capital at the time.

72. Defendants' disloyal actions and conflicts of interest harmed BBShares Capital by, according to Zhou's and Qiao's own allegations in the Youbi Capital action, diverting investment funds and corporate opportunities to BBShares' competitor (and to other companies they controlled), and causing BBShares Capital to lose revenue and direct investment capital opportunities.

73. Huang was also harmed. Had he known that Zhou and Qiao were, in fact, working to build a competing cryptocurrency investment manager at the time he was working full-time to launch BBShares, he would not have agreed to devote nearly two years of his time and effort towards that endeavor, and would instead have focused his time and energy on other employment and entrepreneurial opportunities.

74. Now Zhou and Qiao have filed a lawsuit against Youbi Capital alleging that, as 2018 came to a close, both of them were cut off from Youbi Capital's books, records, and accounts.

75. It was around this time, in late 2018, that Defendants took aggressive steps to usurp control of BBShares Capital from Huang and other shareholders, and ultimately lock Huang out of the Company.

E. Defendants Qiao and Zhou Secretly Consolidate Control Over BBShares

76. In June 2018 and December 2018, Qiao caused BBShares Capital's corporate share structure to change significantly. Zhou and Qiao began to aggregate shareholdings under their control, using straw-shareholders to exercise significant control over BBShares.

77. Zhou and Qiao persuaded other shareholders to transfer shares to them, and used their control over the Company's bank accounts, and roles as directors or *de facto* directors, to aggregate member shares under their control. Zhou and Qiao misused corporate funds to amass this control. Specifically, in causing members to transfer their ownership interests to Zhou's and Qiao's straw-shareholder, Zhou's mother, Defendants used the Company's funds to compensate members for ownership interests that Zhou and Qiao were transferring and consolidating in the name of straw-shareholders for their own benefit and control, and did so without compensation to the Company.

78. In addition, to conceal their ownership interests from others outside the Company, Zhou and Qiao placed the BBShares Capital shares they were aggregating under their control in the name of Zhou's mother, Jiang, who is a Chinese citizen and otherwise has no relevant background, experience, or involvement with the asset management world that would justify her ownership based on the founders agreement to allocate shares in a manner that reflected anticipated contributions to the Company. Jiang was merely a straw-shareholder, used to conceal Qiao's and Zhou's ownership stake from tax authorities at a time that Defendants believed BBShares Capital was on the road to success.

79. Thus, despite transferring ownership to Jiang on paper, Zhou and Qiao continued to control those shares, amounting to 60 percent of the member shares, and were the beneficiaries of those shares. In addition, Qiao held 3 percent of the shares in his own name. Thus, together, by the end of 2018, they controlled 63 percent of BBShares Capital's member shares.

80. Following these actions, the Company's Register of Members evolved as follows:

Shareholders/Dates	Jan 11,2018	Jun 27,2018	Dec 12, 2018
Huang,Guang	20%	24%	24%
Zhou, Jingjing	25%	43%	0%
Qiao, (Jason) Hongtao	0%	0%	3%
Jiang,Xiaohui (Zhou's mother)	0%	0%	60%
Luo,Xinghua	7%	8%	8%
Tan,Zishan	0%	0%	5%
Lin,Shan	25%	25%	0%
Liang, Jiawei	8%	0%	0%
Zhu,Honghai	5%	0%	0%
Shenzhen Hula Technology Co., Ltd.	5%	0%	0%
Li,Chen	5%	0%	0%
Total	100%	100%	100%

81. A copy of the Register of Members as of December 12, 2018 is attached hereto as **Exhibit 4**.

82. This was the first time that Qiao owned any BBShares Capital shares in his own name, even though, in reality, he exercised control over Zhou's and Jiang's shares at all times. Despite attempting to conceal his involvement in BBShares Capital on paper, Qiao nevertheless claimed credit as a "Founding Partner" of BBShares in marketing materials prepared for potential investors and business partners.

83. Qiao did not disclose his, or Zhou's, interests in Youbi Capital, and despite what Defendants allege were their roles at Youbi Capital in their pleadings, they never identified Qiao as an investor or executive at Youbi Capital in representations made to prospective investors on behalf of BBShares. A copy of excerpts from an investor deck used to solicit investors is attached hereto as Exhibit 5, and as is apparent from this marketing material, there is no mention of Qiao's conflicting interests or his claimed role at Youbi Capital in the description touting his experience and background.

F. Huang Objects to Defendant Qiao and Zhou's Wrongful Acts, and Qiao and Zhou Improperly Squeeze Huang Out of BBShares While Diverting Assets and Opportunities Away from BBShares Capital to Defendant BB Matrix

84. In December 2018, Huang owned 24% of BBShares Capital.

85. In early 2019, with BBShares Capital's Cayman Islands asset management license secured, Huang, Qiao, and the remaining founders began work to identify and solicit potential investors in BBShares Capital and in the BBShares Funds.

86. By April 2019, discussions had progressed with a California-based investor who was well known to Huang (the "California Investor"). This investor had verbally committed \$6 million in operating capital to BBShares Capital, initially contemplating assuming a 20% ownership interest in BBShares Capital at a valuation of \$30 million. By April 2019, unbeknownst to Huang at the time, Qiao had begun cutting Huang out of communications with the California Investor and other prospective investors. Qiao had already started to plan a course to divert investment away from BBShares Capital and, specifically, Huang.

87. Around the same time, Huang began to challenge some of Qiao's self-dealing at BBShares Capital, which he now understands led to Huang being cut out of discussions with investors including Huan Capital and to his freeze-out.

88. In 2018, Qiao had formed another company called MatrixOne to develop a crypto-asset management technology platform and persuaded another former colleague of his from JP Morgan to work for MatrixOne. But MatrixOne had limited operating capital, and instead of putting his own funds behind the venture, Qiao caused BBShares Capital to fund the salary of the MatrixOne employee.

89. Initially, Qiao represented the arrangement as a short-term loan from BBShares Capital to cover a couple months of MatrixOne personnel expenses. In 2019, when Huang learned that BBShares Capital had been paying this non-BBShares employee's salary for many months, and that the MatrixOne employee's salary had been included in a draft of BBShares Capital's future budget, Huang challenged the expenditure as improper. MatrixOne had nothing to do with BBShares Capital; the only overlap was Qiao's ownership and control of both entities.

90. When Huang demanded that Qiao or MatrixOne repay BBShares Capital for the employee's salary, including repaying the original "loan" that Qiao had taken, Qiao refused.

91. Around this same time, around March or April 2019, Qiao began courting the California Investor on the side, convincing that investor to divert his investment, routing it through undisclosed side deals and sham transactions with entities or individuals Qiao controlled instead of investing directly in BBShares Capital. The California Investor did, in fact, invest millions of dollars by April 2019, and additional investment followed.

92. The Individual Defendants courted additional investors to follow suit, entering into side deals with investors, usurping and redirecting those investments in favor of BB Matrix. On information and belief, there were quid-pro-quos associated with the investors'

cooperation in Qiao's convoluted funding arrangements, including promised ownership interests in BB Matrix, director appointments, cash payments, and more favorable investment terms. For example, the California Investor was ultimately appointed as a director of BB Matrix.

93. The money trail resulting from these investments shows that the Individual Defendants and investors saw significant value in BBShares Capital. BB Matrix was formed and used as a mechanism to put the value attributable to BBShares Capital beyond the reach of the Company and Huang, but the inherent value of BBShares Capital was undeniable. Even the sham paperwork the Individual Defendants created to paper over the diverted investments set *pre-investment* valuations of BBShares Capital at north of \$20 million. BB Matrix needs BBShares Capital's CIMA license to manage investor assets in the Cayman Islands and needed BBShares Capital to carry out the strategies the Individual Defendants marketed to investors under the newly-formed BB Matrix banner.

94. Meanwhile, with no access to the bank accounts, and with Qiao negotiating these deals behind Huang's back, Huang was unaware that the California Investor and other investors had, in fact, invested.

95. Huang was also unaware that Zhou and Qiao used the investor funding to invest in the crypto funds directly, choosing to bet the operating capital that should have gone to grow BBShares Capital on the investment strategies BBShares Capital was licensed to manage.

96. In July 2019, Qiao and Zhou lied to Huang, claiming that BBShares Capital was insolvent, and that in order to secure the California Investor's investment, Huang needed to assign his shares to Qiao to close the deal. This was false. The California Investor's money was already in the bank. In reality, Qiao and Zhou were trying to trick Huang to give up his interests in BBShares Capital without fair compensation, despite the fact that Huang had

already contributed nearly two years of his time and effort to build BBShares into a successful business.

97. When Huang refused to give up his shares for nothing, Qiao and Zhou froze him out, going so far as to kick him out of the physical office, exclude him from all corporate communications, cut off access to the Company's books and records, and cut him off from the Company entirely. Huang has been completely locked out of the Company; Zhou and Qiao have denied Huang access to any information (outside that produced in litigation) since July 2019.

98. Shortly after freezing Huang out (though unknown to Huang at the time), Qiao assumed a role as a *de jure* director of BBShares Capital, and Luo was removed from the Board of Directors. Thus, by mid-2019, BBShares Capital's Board of Directors consisted of Zhou and Qiao.

99. Huang was shocked by Zhou's and Qiao's abrupt freeze-out and has tried to persuade Qiao and Zhou to recognize Huang's shareholder rights and his rightful role in the Company. But Qiao and Zhou ignored Huang's requests for access to information and refused to honor his right to inspect the books and records of the Company.

100. For example, in November 2019, Huang met with Qiao twice to try to address the issues in-person: once on November 3, 2019, in Shanghai, China, and again on November 8, 2019, in Shenzhen, China. Qiao refused Huang's requests that Qiao cease the obstruction of Huang's rights and, at that point, made clear that he was intentionally locking Huang out of the Company and that he would not speak with Huang regarding the issues again.

101. Subsequently, Qiao interfered with Huang's efforts to reach out to other shareholders or directors, instructing them not to share any information with Huang and to ignore his requests.

102. Following this freeze-out of Huang, Zhou and Qiao engaged in a pattern of self-dealing that has harmed BBShares Capital and minority members, including Huang.

103. This lockout of Huang was planned, orchestrated, and executed by Zhou and Qiao to usurp control of BBShares Capital. Knowing based on his earlier objections to Qiao's self-dealing that Huang would be a conscientious objector to these self-interested and improper transactions, Zhou and Qiao have continued to withhold any information from Huang, have ordered others not to provide Huang with information or respond to his demands for books and records, and have proceeded to engage in self-interested transactions without complying with any of the notice, meeting, and voting requirements provided for in the Company's Articles.

104. Since asserting complete control over and dominating BBShares Capital and BBShares Fund, Zhou and Qiao have engaged in self-dealing, to the detriment of the Company, continuing to aggregate and change the ownership structure of BBShares to consolidate control, causing the Company and its board to take actions that are contrary to the Company's interests and governance documents, and refusing to honor the rights of other shareholders.

105. Immediately following the freeze out of Huang, and continuing through at least September 2022, Zhou and Qiao caused BBShares Capital to transfer assets and more than [REDACTED] in cash to themselves, their "friends and family," and other businesses under their control, including [REDACTED] directly to Zhou and Qiao, [REDACTED] to Zhou's mother and sister, and [REDACTED] to BB Matrix. Zhou and Qiao also caused BBShares Capital to execute

contracts that are unfair to the Company or contrary to the Company's interests, and in favor of themselves or in favor of other businesses in which they hold a beneficial interest or control stake.

106. In addition, Defendants have harmed Huang directly by entering into conflicted or unfavorable agreements without Huang's knowledge or consent (where required by the Company's governance documents), denying Huang his member rights, and paying themselves distributions and salaries from the Company while denying Huang the same rights and benefits.

107. To date, Huang has not received any compensation or distributions from BBShares Capital and, until after this action was filed, had not received any of the information or access requested.

108. On August 28, 2019, shortly after freezing Huang out of the Company, and from the same White Plains, New York offices from which they engaged in BBShares business, Zhou and Qiao formed a holding company in Singapore called BB Matrix. BB Matrix describes its activities as the "development of software applications (except games and cybersecurity)," and, "other holding companies."³ Qiao essentially folded MatrixOne into BB Matrix.

109. Qiao is a director of BB Matrix, and the controlling shareholder of 76% of BB Matrix's ordinary shares via yet another entity he formed in the British Virgin Islands called Hazon Vision Holdings Inc. ("HVH"). Qiao formed BB Matrix, HVH, and likely other entities to engage in self-interested transactions and deals with BBShares, while obscuring his and Zhou's conflicted interests in those transactions.

³ This is according to ACRA, *i.e.*, Singapore's Accounting and Corporate Regulatory Authority.

110. Since forming these corporate vehicles, Qiao has caused BBShares Capital to enter into several self-dealing transactions and deals with BB Matrix, HVH, and other entities Qiao controls, which were not in the best interests of BBShares, and were done to benefit Qiao and Zhou.

111. HVH is controlled by Qiao, either directly or through another straw-shareholder such as Zhou or Jiang. In turn, HVH owns a 73-78% interest in BB Matrix, which in turn owns 97.5% of BBShares Capital through a series of transactions explained further below.

112. As is explained above, by July 2019, Zhou and Qiao were falsely telling Huang that investors had abandoned interest in BBShares. In fact, the California Investor and other investors, who Huang had participated in soliciting for investment, had already made significant investments based on the value attributable to BBShares Capital and in BBShares Fund. Instead of closing those deals for BBShares Capital, however, Qiao and Zhou papered sham transactions causing the investments to ultimately go to Qiao's newly formed entity, BB Matrix, while also promising the California Investor (and other investors) a seat on BB Matrix's Board.

113. On December 11, 2019, after locking Huang out of the Company, Zhou and Qiao caused all remaining BBShares Capital shareholders (except Huang) to transfer their member interests, representing 76% of member interests in BBShares Capital, to BB Matrix. Only Huang's 24% member interests remained independent from BB Matrix.

114. As of that time, BBShares Capital was the only significant or valuable asset held by BB Matrix.

115. Thereafter, the group of investors who had committed funds as early as April 2019 were awarded director positions and/or equity stakes in BB Matrix, and Qiao and

Zhou usurped additional investors, routing funds through BB Matrix or MatrixOne for investment in the BBShares Funds. The Individual Defendants avoided direct investment in BBShares Capital, instead using it as a conduit to take advantage of its CIMA license to manage the investor assets.

116. In exchange for their investment, investors received an ownership stake in BB Matrix (not BBShares Capital) which, according to ACRA, looks like this: Xueyi Li (408 shares), Jianxin Lu (1960 shares), Tian Li (1198 shares), Lee Macpharm LLC (605 shares), First Asia Development Holdings Limited (213 shares), DraperDragon DAF II, LP (1,263 preferred shares) and HVH (15,616 shares). Defendants, thus, own 78% of BB Matrix's ordinary shares through HVH, and 73% of all shares issued as of the filing of this action. A copy of the ACRA report showing the shareholders of BB Matrix is attached as **Exhibit 6**.

117. On February 17, 2020, Qiao was added to the board of BB Matrix.

118. On March 9, 2020, Zhou and Qiao, acting as the sole directors of BBShares Capital, caused BBShares Capital to issue 850 *additional* shares to BB Matrix for the unreasonably low consideration of \$850 (\$1 per share), thereby causing Huang's member interest in BBShares Capital to be diluted from 24% down to 2.5%.

119. On March 8 and 9, 2020, Zhou and Qiao, as the sole directors of the Company, approved a Board Resolution approving the transaction. Notwithstanding their controlling interest in BB Matrix, the Board Resolution that Zhou and Qiao signed falsely stated that, "the directors by signing these resolutions, declares that they are [sic] no direct or indirect interest of any kind in the matters referred to in these resolutions." A copy of the Board Resolution approving the dilutive share issuance is attached hereto as **Exhibit 7**.

120. Following the share issuance, the only remaining members of BBShares Capital were Huang (2.5%) and BB Matrix (97.5%). A copy of the Register of Members printed June 28, 2022, showing the share transfers and share issuance to BB Matrix, is attached hereto as **Exhibit 8**.

121. Qiao and Zhou structured the BBShares Capital share issuance and investment this way to dilute Huang's interests, consolidate control of BBShares Capital under BB Matrix, and usurp and divert the investment opportunity to BB Matrix, which Qiao controlled at that time. Qiao and Zhou also intended for the dilution to divest Huang of certain rights to be notified and to convene meetings, thus thwarting the rights of BBShares Capital's only remaining conscientious objector to Qiao's and Zhou's self-dealing.

122. Qiao then caused *his* entity, BB Matrix, to use that investor funding to invest directly in BBShares Fund investment funds. In allocating that investment, Qiao caused BBShares Capital to exempt Qiao's entity, BB Matrix, from paying any management fee, subscription fee, or performance fee. BB Matrix retained, however, any carried interest or other financial benefits from the investment. Thus, not only did Qiao cause BBShares Capital to lose out on the investor, but he also caused BBShares Capital to lose out on revenue at the same time that it assumed the cost to manage that capital for BB Matrix.

123. Qiao continues to exert outsized control over BB Matrix, controlling 76% of the shares of BB Matrix through a series of entities and straw-shareholders he created to mask his interest.

124. Following these transactions, rather than use operating capital to build out BBShares Capital, Qiao and Zhou effectively moved BBShares' personnel and operations under BB Matrix. But the value in BB Matrix resided in BBShares Capital. And it is BBShares Capital,

not BB Matrix, which possesses the license to manage cryptocurrency assets in the Cayman Islands, such that the activities undertaken by BB Matrix are dependent on the very capabilities and investment products that Huang developed on behalf of BBShares Capital.

125. Qiao also caused BBShares Capital to enter into technology agreements with BB Matrix that it did not need, and even used the investment, which was purportedly secured to provide BBShares Capital with operating capital, to pay for the salaries and labor costs of BB Matrix, as he had done with MatrixOne.

126. For example, in an effort to paper over distributions that were being made in violation of BBShares Capital's governance agreements, without pro rata payments to all members, Qiao and Zhou caused BBShares Capital and BB Matrix to enter into a purported "Consulting Services Agreement" that does not confer any real benefit on BBShares Capital. The Individual Defendants literally sat on both sides of the transaction, with Qiao executing the contract on behalf of BB Matrix and Zhou executing the contract on behalf of BBShares Capital.

127. In 2020 Qiao also used the diverted operating capital to develop an app called "BBShares" under the BB Matrix banner. The "BBShares" App is the only app for which BB Matrix is identified as the developer in the Apple App Store. This app is of limited utility to BBShares given the relatively limited number of investors in BBShares Fund. It is a pet project of Qiao's which was folded into BB Matrix. Even though BBShares Capital's funds were used to pay the app developers, and the usurped investment funds were used to complete that project, Qiao required BBShares to license that app from BB Matrix.

128. Qiao's spouse and willing accomplice, Zhou signed resolutions, contracts, and aided Qiao in completing such transactions because she benefited financially from all of these transactions alongside Qiao. Likewise, BB Matrix, acting through Qiao and others, entered

into agreements, participated in transactions, and aided Qiao and Zhou in carrying out their convoluted plan because BB Matrix stood to benefit financially from the transactions at the expense of BBShares Capital and its minority shareholders.

129. Qiao and Zhou pushed Huang out and closed off his access because they knew that Huang would be the only independent, conscientious objector willing to push back on Qiao's and Zhou's self-dealing.

DEMAND FUTILITY

130. Huang's demands to BBShares Capital were, and are, futile because Qiao continues to control BBShares through BB Matrix, because Zhou and Qiao acted as the sole directors during the relevant time periods when interested transactions were being approved, and Qiao will not respond to Huang, and even forbids BBShares (and BB Matrix) officers and executives from speaking with Huang.

131. Qiao and Zhou froze Huang out, kicked him out of the physical office, excluded him from all corporate communications, cut off access to the Company's books and records, and instructed officers and executives to withhold information from Huang and ignore his demands.

132. Despite this obvious futility, Huang has made efforts to reach out to Qiao and the other nominal directors. In April 2022, Huang wrote a letter addressed to BBShares' directors and delivered it to a BB Matrix director and investor, Mr. Xiao, who was among those who had originally intended to invest in BBShares Capital, requesting that he deliver the letter to Qiao (in light of Qiao's refusal to accept any communication from Huang). Huang received no response from Qiao or Zhou, or any other director or shareholder of BBShares Capital or BB Matrix.

133. In that letter, Huang appealed to the board to recognize Huang's rights as a shareholder of the Company. He asked to be provided with information such as financial statements, changes in the shareholder structure, and other basic documentation of governance activity and changes. Huang also demanded that the BBShares Capital board fulfill its oversight obligations.

134. At the time this lawsuit was filed in June 2022, and according to public records available in the Cayman Islands, Qiao and Zhou held two of four director seats at BBShares Capital with the ability to deadlock the BBShares Capital Board of Directors, and controlled, through BB Matrix, 97.5% of the member shares of BBShares Capital, such that they are firmly in control of the Company.

135. BBShares Capital's governing documents do not have a provision to resolve a deadlocked board.

136. Qiao and Zhou demonstrated through freezing Huang out of the company and continued refusal to even accept communications from Huang that appealing to the Board was pointless.

137. Operating under the good faith belief, at the time, that he continued to own 24% of BBShares Capital, in September 2022, Huang served a formal petition (through counsel) seeking an inspection of BBShares Capital in the Grand Court of the Cayman Islands. In response, BBShares Capital provided, for the first time, information disclosing the fact that Huang had been diluted down to a 2.5% interest.

138. Through that proceeding, Huang learned that Qiao and Zhou had resigned as directors of BBShares Capital around September 2022, presumably in response to the filing of this action. The remaining directors are Benjamin Joseph Pershick and Casey McDonald.

139. On September 28, Huang demanded additional information from BBShares Capital and Messrs. Pershick and McDonald regarding the share issuance that led to his dilution, and raised his concerns regarding Qiao's and Zhou's misconduct with the Company. Attached hereto as **Exhibit 9** is a copy of a letter dated September 28, 2022 demanding that the Company provide Huang with additional information.

140. In correspondence responding to that demand, on October 15, 2022, BBShares Capital has taken the position that, having filed *this action*, the Company "consider[s] the Supreme Court of the State of New York] the most appropriate avenue for your client to obtain documentation and information on the Share Issuance is in the context of the New York Proceedings, where it appears that the Share Issuance will likely be in issue between the named parties to those proceedings." Attached hereto as **Exhibit 10** is a copy of a letter dated October 15, 2022 on behalf of BBShares Capital.

141. Accordingly, even Huang's recent efforts to obtain necessary information and redress for Qiao's and Zhou's conduct were met with a directive from BBShares Capital to seek remedy in this Court, via this action.

FIRST CAUSE OF ACTION
BREACH OF FIDUCIARY DUTY
AGAINST INDIVIDUAL DEFENDANTS
(Cayman Islands Law)

142. Plaintiff incorporates and realleges his previous allegations.

143. This cause of action is pleaded derivatively, on behalf of the Company, against Defendants.

144. Zhou and Qiao served as directors or *de facto* directors of the Company at varying times beginning in 2018. Zhou became a director of BBShares Capital in 2018. Qiao became a director of BBShares Capital in 2019. From 2019 through at least 2020, Zhou and Qiao

controlled the board of directors of both BBShares Capital and BBShares Fund. Both Zhou and Qiao remained listed as directors of BBShares Capital and BBShares Fund as of the filing of this action and had the ability to deadlock any board action under the Articles and MOA.

145. Zhou and Qiao were also controlling shareholders of the Company, owning at least 63% of the shares of the Company, and now owning the majority of shares through BB Matrix, which they in turn control via HVH.

146. BBShares Capital is internally governed by the Articles and MOA, and as expressly set forth therein, subject to the Companies Act.

147. As directors of BBShares Capital, under Cayman Islands law, each owe fiduciary and non-fiduciary duties to BBShares Capital arising from common law, including a duty to act in good faith in their dealings with or on behalf of the Company, to avoid conflicts of interest, and to exercise the powers and fulfill the duties of the office honestly. *Argentine Holdings (Cayman) Limited v Buenos Aires Hotel Corporation S.A.* [1997] CILR 90 at p. 104.

148. Under Cayman Islands law, “good faith” requires that directors act in what they consider to be in the best interests of the Company and exercise their powers for a proper purpose. *See, e.g., Renova Resources Private Equity Ltd. v. Gilbertson* [2012 (2) CILR 416] at para. 3-4, 12; *Argentine Holdings (Cayman) Limited v Buenos Aires Hotel Corporation S.A.* [1997] CILR 90 at p. 104.

149. As directors, Zhou and Qiao also had a duty under Cayman Islands law to avoid conflicts of interest, and in fulfilling that duty had an obligation to disclose any conflicting interests, and any personal interest in any contract or transaction that BBShares Capital was considering, including their ownership interests in a counterparty company. *Phyllison Ltd. v.*

G.H. Ltd [1992–93 CILR 160], HN para. 1; *Cayman Islands News Bureau Limited v. Cohen and Cohen Associates Limited* [1988-89 CILR 195].

150. Zhou and Qiao had a duty not to make secret profits from their position as directors. *Corporacion Nacional Del Cobre de Chile v. Interglobal Incorporated and Avendano Sabugao* [2002 CILR 298], paragraph 25.

151. In addition to duties arising under Cayman Islands law, the BBShares Capital Articles specify that, “[e]ach Director shall exercise his powers for a proper purpose,” and that each Director, “in exercising his powers or performing his duties, shall act honestly and in good faith in what the Director believes to be the best interests of the Company.” (Articles 20.2) Moreover, the Articles require, consistent with the Cayman Islands law, that any interest in a transaction be disclosed *at or prior to* its consideration by the Board of Directors. (Articles 23.3)

152. Zhou and Qiao acted dishonestly, and committed a fraud on the minority, in breach of their fiduciary and common law duties to the Company, including by:

- a. failing to exercise their powers in the company’s interests and in accordance with the Company’s MOA, Articles, and the Companies Act, including by failing to provide notice, pass resolutions, distribute proceeds or dividends, hold meetings, or deal with shareholders in compliance with the Company’s agreements;
- b. acting as shadow or *de facto* directors by directing or causing others named as directors to fail to exercise their powers in the

Company's interests and in accordance with the Company's MOA, Articles, and the Companies Act;

- c. usurping and exercising control over the Company using their position as directors, *de facto* directors, and indirect control of 97.5% of the member interests through BB Matrix to engage in self-dealing;
- d. causing the Company to enter into deals and transactions with BB Matrix, detailed *supra*, that were disadvantageous to the Company and/or for their own personal benefit;
- e. failing to disclose actual conflicts of interest in undertaking their role as directors, including Zhou's claim that she simultaneously participated as a director of Youbi Capital, and Qiao's claimed role as a "key executive" of Youbi Capital, which competes directly with BBShares;
- f. failing to disclose conflicts of interest in connection with transactions they caused the Company to enter into with other entities in which Defendants held a beneficial interest, and falsely representing in connection with the share issuance to BB Matrix that, "they [sic] are no direct or indirect interest of any kind in the matters referred to in these resolutions";
- g. failing to cause the Company to maintain proper and accurate books of account, register of members, or register of directors, and causing the Company to wrongfully, and without justification,

withhold such books of account from Huang and other shareholders;

- h. causing the Company to transfer and issue 97.5% of member shares to BB Matrix for unreasonably low consideration and for Defendants' own personal benefit; and,
- i. willfully causing the Company to distribute funds to Zhou and Qiao in contravention of the Articles and the Companies Act, including by failing to make proportionate distributions to Huang and other minority members, and by causing the Company to incur Zhou's and Qiao's personal legal costs and expenses in connection with their lawsuit against Youbi Capital.

153. Qiao and Zhou obtained a personal benefit(s) at the Company's expense, including through profits and distributions they received, by pushing their costs and expenses onto BBShares Capital, and by usurping and siphoning lucrative opportunities away from BBShares Capital (which would have benefitted BBShares Capital and the Company's minority members alongside Zhou and Qiao) to BB Matrix, which is controlled by and benefits Qiao and Zhou to the exclusion of the minority members.

154. Zhou and Qiao made the deliberate and conscious decision to act or fail to act in breach of their fiduciary and common law duties, taking action to harm the Company, and benefit themselves, choosing to take the above actions despite Huang's objections, and took affirmative steps to withhold information from a known, conscientious objector.

155. Accordingly, BBShares Capital is entitled to equitable relief and damages in an amount to be proven at trial, to compensate the Company for, among other things: (i) the

value and lost profits of opportunities usurped in favor of companies in which Defendants hold a beneficial interest; (ii) amounts distributed to Zhou and Qiao that were not duly authorized or approved; (iii) amounts charged to the Company or otherwise expended by the Company to benefit Zhou and Qiao (or their companies), including legal expenses, BB Matrix and MatrixOne salaries, the purchase of member shares, or other funds disbursed, allocated, or used to pay for such expenses; (iv) the cost, damage, or other consequence of Zhou's and Qiao's causing BBShares Capital to enter into transactions or agreements disadvantageous to the Company; and, (v) disgorgement of benefits they received from conflicted or self-interested transactions into which they caused BBShares Capital to enter.

156. Huang brings this action in good faith, for the benefit of BBShares Capital, because Zhou and Qiao used their control over BBShares Capital to perpetrate a fraud on the Company's minority shareholders, and because Zhou and Qiao have fraudulently benefitted themselves at the Company's expense. Huang lacks an adequate remedy to pursue an action directly against Zhou and Qiao, and the directors of the Company who remain following Zhou's and Qiao's recent resignation have directed Huang to seek his remedy against Zhou and Qiao through this action.

SECOND CAUSE OF ACTION
LIABILITY FOR DISHONEST ASSISTANCE
AGAINST ALL DEFENDANTS
(Cayman Islands Law)

157. Plaintiff incorporates and realleges his previous allegations.

158. This cause of action is pleaded derivatively, on behalf of the Company, against Defendants.

159. Under Cayman Islands law, one is liable for dishonest assistance where they acted dishonestly as an accessory to a breach of trust or confidence in aid of, or to induce,

that breach. *Ritter v Geneva Insurance SPC Limited (in voluntary liquidation) v Butterfield Bank (Cayman) Limited* [2018 (1) CILR 529]. Willful blindness to breach of fiduciary duty is enough to sustain the cause of action. *Royal Brunei Airlines Snd Bhd v Tan* [1995] 2 AC 378 per Lord Nicholls at p.389F-G. The test of honesty is objective, and liability is imposed if one has not acted as an honest person would have acted. *Singularis Holdings Ltd v Daiwa Capital Markets Europe Ltd.* [2017] EWHC 257 (Ch), at [143]–[147]; *Twinsectra Ltd v Yardley and others* [2002] UKHL 12.

160. Zhou, Qiao and BB Matrix are each liable to BBShares Capital as an accessory to breach of fiduciary duty because each provided dishonest assistance or induced others to breach their fiduciary obligations to BBShares Capital.

161. That assistance is described in the previous allegations incorporated herein, including, *inter alia*, those specifically described above in connection with Zhou's and Qiao's breaches of fiduciary duty.

162. During periods of time when Qiao was not a director, he nevertheless acted dishonestly and assisted Zhou's breach by forming corporate entities used for the purpose of concealing conflicts of interest, withholding and concealing information regarding Defendants' involvement with Youbi Capital, formulating strategies and transactions to benefit Defendants to the detriment of BBShares Capital, instructing others not to disclose Defendants' conflicts or information regarding BBShares Capital to Plaintiff, signing documents and providing consent necessary to carry out the disloyal activities detailed in this pleading, and taking other action requested by Zhou to assist in his breach of fiduciary duty. In doing so, Qiao has not acted as an honest person would have acted under the circumstances.

163. During periods of time when Zhou was not a director, she nevertheless acted dishonestly and assisted Qiao's breach by acting as a straw-shareholder to conceal Qiao's conflicts of interest, transferring shares to entities under Qiao's ownership and control, withholding and concealing information regarding Defendants' involvement with Youbi Capital, signing documents and providing consent necessary to carry out the disloyal activities detailed in this pleading, and taking other action requested by Qiao to assist in his breach of fiduciary duty. In doing so, Zhou has not acted as an honest person would have acted under the circumstances.

164. BB Matrix acted dishonestly and assisted Qiao's and Zhou's breaches of fiduciary duty by knowingly entering into conflicted transactions, usurping investments and corporate opportunities intended for BBShares Capital, formulating strategies and transactions to benefit the Individual Defendants to the detriment of BBShares Capital, accepting equity in BBShares Capital for no or inadequate consideration and acting as a conduit for Defendants to make cash payments from BBShares Capital to themselves and others, providing consent necessary to carry out the disloyal activities detailed in this pleading, and taking other action requested by Qiao and Zhou to assist in their breach of fiduciary duty. In doing so, BB Matrix has not acted as an honest person would have acted under the circumstances.

165. Accordingly, BBShares Capital has been damaged, and continues to be damaged, in the manner and to the extent described above in connection with the breaches of fiduciary duty.

THIRD CAUSE OF ACTION
AIDING AND ABETTING BREACH OF FIDUCIARY DUTY
AGAINST ALL DEFENDANTS
(New York Law)

166. Plaintiff incorporates and realleges his previous allegations.

167. This cause of action is pleaded derivatively, on behalf of the Company, against Defendants, in the alternative to breach of fiduciary duty.

168. To the extent that either Zhou or Qiao is found to not have owed a duty to the Company at the time that various disloyal conduct and conflicted transactions took place, whether by virtue of the fact that they were not *de jure* directors at that moment, or otherwise, each is nonetheless liable to BBShares Capital for aiding and abetting the other in furtherance of the others' breach of his or her fiduciary duty to BBShares Capital.

169. Zhou and Qiao acted with actual knowledge and substantially assisted each other in carrying out the breaches of fiduciary duty described above by knowingly participating and assisting the other, as is described in detail above and throughout this pleading, in breaching fiduciary duties owed to the Company.

170. BB Matrix, acting through Qiao as a director of BB Matrix, is liable for aiding and abetting Qiao and Zhou in furtherance of their breach of fiduciary duty to BBShares Capital.

171. Qiao, on behalf of BB Matrix, acted with actual knowledge and substantially assisted Zhou and Qiao in carrying out the breaches of fiduciary duty described above and by knowingly participating and assisting Qiao, as is described in detail above and throughout this pleading, in breaching fiduciary duties owed to the Company.

172. Accordingly, BBShares Capital has been damaged, and continues to be damaged, in the manner and to the extent described above in connection with the breaches of fiduciary duty.

FOURTH CAUSE OF ACTION
BREACH OF FIDUCIARY DUTY
AGAINST INDIVIDUAL DEFENDANTS
(Cayman Islands Law)

173. Plaintiff incorporates and realleges his previous allegations.

174. This cause of action is pleaded directly by Huang against Defendants.

175. Under Cayman Islands law, where there exists a special relationship of trust or an assumption of responsibility between, for example, a plaintiff shareholder and defendant directors and officers, directors and officers owe equitable duties to those plaintiffs personally, such that an individual shareholder may bring a direct action against the directors or officers for breach of such duties. *See, e.g., Peskin v. Anderson*, [2000] EWCA Civ. 326; *Stein v. Blake* [1998] 1 All ER 724. Such duties are found to exist in the context of small and closely-held companies where the directors and shareholders have personal relationships with each other, as well as where one party undertakes responsibility to act on behalf of, or for the benefit of, another. *See id.* Cayman Islands courts look to individual factual circumstances in determining the scope of such duties. *See id.*

176. As is detailed in this pleading, there was a special relationship of trust and confidence between Zhou and Qiao, on the one hand, and Huang, on the other, and an assumption of responsibility on the part of Zhou and Qiao for the benefit of Huang such that Zhou and Qiao owe duties to Huang personally.

177. Zhou and Qiao banked on their long-standing and personal relationship with Huang and made promises and assumed certain duties to Huang based on trust and mutual

expectations that they would all contribute their time and effort to the Company and share in the Company's success. Huang trusted Zhou and Qiao to act honestly and loyally in their dealings with him based on that special relationship of trust. Based on that relationship of trust, Huang left his employment and contributed significant time and effort to BBShares Capital with the expectation and promise that he would be compensated for those contributions through his membership interest in the Company and sharing in the financial milestones and achievements they had committed to work toward together.

178. Zhou and Qiao breached their duties to Huang by taking actions to intentionally and wrongfully deprive Huang of the recognition and rewards he was promised in exchange for his efforts, including by stripping him of his rights as an owner and shareholder of BBShares Capital. These breaches affected Huang uniquely because they interfered with his personal right to receive the benefits of his personal member shares, including specifically the right to receive *pro rata* distributions from the Company. These breaches are separate and distinct from any potential loss to the Company as a whole.

179. By December 2018, Defendants had consolidated ownership of the majority of the shares of BBShares Capital under their direction and control, using Zhou's mother as a straw-shareholder.

180. Later, after freezing Huang out in 2019, Zhou and Qiao assumed full control of the BBShares Capital Board of Directors and used that control to consolidate all other member interests to BB Matrix, such that the shares were under their control, and then issued shares to BB Matrix without fair consideration, and for the purpose of diluting Huang's interest to 2.5%.

181. Zhou and Qiao acted dishonestly, and in breach of their fiduciary duties to Huang, in at least the following ways:

- a. improperly depriving Huang of the benefits of his ownership stake in BBShares Capital without proper notice, meeting, or resolution, and for their own, personal benefit;
- b. terminating Huang's access to books and records and denying, ignoring, and directing others to deny or ignore Huang's requests for access to books and records;
- c. failing to keep Huang informed as to the operations and financial health of the Company;
- d. failing to issue dividends, distributions, or otherwise pay amounts owed to Huang in accordance with the Company's formation agreements;
- e. failing to provide Huang with notice of meetings, resolutions, or other Company matters in accordance with the Articles;
- f. failing to disclose their conflicting business interests and activities undertaken in competition with BBShares Capital;
- g. assigning themselves control over the Board of Directors, and using that control to dilute Huang's member interests to 2.5% by issuing shares to BB Matrix for unreasonably low or less than fair consideration;
- h. failing to otherwise compensate or fulfill their promise to reward Huang for his time and efforts in building BBShares;

182. Zhou's and Qiao's breaches of their fiduciary duties to Huang were willful and intentional, and caused unique personal harm to Huang.

183. Zhou's and Qiao's continued deprivation of Huang's rights, and willful and intentional actions, have in fact caused and will continue to cause Huang significant financial damage, including through the deprivation of amounts owed to him, interference with his member interests, and the impairment of the value of his ownership interests in BBShares Capital.

184. Accordingly, Huang is entitled to damages in an amount to be determined at trial.

185. Additionally, Huang is entitled to, and seeks, an order enjoining Defendants from:

- a. taking any action which would have the effect of diluting Huang's ownership interest in BBShares Capital;
- b. distributing profits or fees from BBShares Capital until Huang's proportionate share of such profits or fees can be determined;
- c. taking any action that would have the effect of dissipating, distributing, assigning, transferring, selling, trading, or otherwise altering the ownership of BBShares Capital or the Company's control and ownership of assets under its management until this matter is resolved.

186. Huang further seeks a declaration that any issuance of shares or other action that may have had the effect of diluting or otherwise impairing Huang's ownership interest in BBShares Capital be declared null and void and reversed.

FIFTH CAUSE OF ACTION
CONSPIRACY
AGAINST ALL DEFENDANTS
(Cayman Islands Law)

187. Plaintiff incorporates and realleges his previous allegations.

188. This cause of action is pleaded directly by Huang and derivatively, on behalf of the Company, against Defendants.

189. Under Cayman Islands law, Zhou, Qiao, and BB Matrix are liable for engaging in a conspiracy, by lawful and/or unlawful means, to harm BBShares Capital.

190. A conspiracy to injure by unlawful means is actionable under Cayman Islands law where the plaintiff has suffered loss or damage as a result of unlawful action taken pursuant to a combination or agreement between a defendant and one or more persons to injure him by unlawful means, whether or not it is the predominant purpose of the defendant to do so. *Kuwait Oil Tanker Co v Al Bader* [2002] 2 All ER (Comm) 271 (at paragraph 108); *Lonrho plc v Fayed* [1992] 1 AC 448 at 464-466; *JSC BTA Bank v Ablyazov (No 14)* [2018] UKSC 19 at [12].

191. A conspiracy to injure by lawful means is actionable under Cayman Islands law where a plaintiff has suffered loss or damage as a result of action taken pursuant to a combination or agreement between a defendant and one or more persons to injure him, and where the sole or predominant purpose of that act was to injure the plaintiff.

192. Defendants formed an agreement to harm BBShares Capital by amassing control over the Company and using that control to enrich themselves at the Company's expense, including by, *inter alia*, using Company funds for improper purposes, usurping corporate opportunities, and siphoning investments to benefit other entities in which they held a financial interest.

193. Zhou and Qiao also formed an agreement to harm Huang by convincing Huang to leave his employment and forgo other opportunities to devote his skills, experience, and time to building BBShares by misleading him and concealing their simultaneous involvement with a competing venture, and then depriving Huang of the value of his hard work and ownership in the Company by using their control as directors of BBShares Capital, BBShares Fund, and BB Matrix to dilute Huang's member interests with the sole or predominant purpose being to harm Huang and deprive him of his member rights under the Companies Act, MOU, and Articles.

194. As is described throughout this pleading, BB Matrix, Zhou, and Qiao took concerted action in furtherance of those agreements by engaging in conduct that amounted to breach of fiduciary duties Zhou and Qiao owed to the Company and by defrauding Huang as described in connection with those causes of action.

195. BBShares Capital was harmed through loss of revenue, loss of operating capital, and diminution of value as its operations and assets, including its license to do business in Cayman Islands, have been effectively appropriated by BB Matrix. BBShares is entitled to damages and equitable relief, including disgorgement and restitution, to be determined at trial.

196. Huang was harmed through loss of time and opportunities, loss of member rights, a reduction in his membership interest, and is entitled to damages and equitable relief, including compensation, rescission of the dilutive transactions and restoration of rights, to be determined at trial.

SIXTH CAUSE OF ACTION
BREACH OF FIDUCIARY DUTY
AGAINST INDIVIDUAL DEFENDANTS
(New York Law)

197. Plaintiff incorporates and realleges his previous allegations.

198. This cause of action is pleaded directly by Huang against Defendants.

199. There was a special relationship of trust and confidence between Zhou and Qiao, on the one hand, and Huang, on the other, such that Zhou and Qiao had a duty to act honestly in their dealings with, and for the benefit of Huang, that arose prior to, or as an alternative to, any fiduciary relationship that may have been owed by Zhou and Qiao by virtue of their roles as directors of BBShares Capital.

200. This fiduciary relationship was grounded in a higher level of trust among Huang, Qiao, and Zhou based on their long-standing, personal and professional relationship that spanned more than 10 years.

201. Zhou and Qiao took advantage of that relationship of trust and confidence among them, and breached their fiduciary duties to Huang, by failing to disclose their involvement, as is detailed in this pleading, with Youbi Capital, and falsely stating that they intended to imminently leave their employment at KPMG and JP Morgan, in order to persuade Huang to forgo employment and other opportunities, and devote himself full-time to building BBShares.

202. Even though Huang was communicating frequently with Zhou and Qiao in late 2017 and throughout 2018 via chat applications and by telephone, Zhou and Qiao failed to disclose, and took steps to conceal and avoid disclosing, their involvement with Youbi Capital throughout the time Huang was working diligently, and full-time to build BBShares Capital.

203. Prior to assuming a director role at BBShares Capital, Qiao took steps to freeze Huang out of the Company after Huang challenged the improper Matrix One salary payments, and pressured Huang to give up his ownership stake without compensation. Qiao also lied to Huang about his activities and meetings with investors, and advanced pre-textual reasons for needing to consolidate ownership under his control.

204. Then, when Huang resisted Qiao's pressure tactics, Qiao and Zhou froze Huang out of the Company, and concealed their efforts to form BB Matrix and dilute Huang's interests in BBShares Capital from Huang by cutting off his access to information and instructing others in their circles and at BBShares Capital to withhold information from Huang.

205. Even when Qiao and Huang met twice, at Huang's insistence, in China, Qiao refused to provide Huang with information, and despite the fact he summarily excluded Huang from continuing his work on behalf of the Company, never indicated to Huang that his ownership interest in BBShares Capital, which Huang had plainly earned through his time and effort, was at risk.

206. Zhou's and Qiao's actions in 2017 and early 2018 were a substantial factor in causing Huang to leave his employment, and forgo other opportunities, to work full-time toward building and launching BBShares.

207. Zhou's and Qiao's actions later, in 2018 and 2019, were a substantial factor in marginalizing Huang, creating the path by which Zhou and Qiao later diluted Huang's ownership interest in BBShares Capital, and causing Huang to delay pursuing legal action, as he continued to believe that Zhou and Qiao had not taken action adverse to his 24% member interests in BBShares Capital.

208. Accordingly, Huang is entitled to equitable compensation, including disgorgement of benefits unjustly obtained through Huang's efforts and restitution.

SEVENTH CAUSE OF ACTION
FRAUD
AGAINST INDIVIDUAL DEFENDANTS
(New York Law)

209. Plaintiff incorporates and realleges his previous allegations.

210. This cause of action is pleaded by Huang directly against Defendants.

211. There was a special relationship of trust and confidence between Zhou and Qiao, on the one hand, and Huang, on the other, such that Zhou and Qiao had a duty to act honestly in their dealings with, and for the benefit of Huang, that arose prior to, or as an alternative to, any fiduciary relationship that may have been owed by Zhou and Qiao by virtue of their roles as directors of BBShares Capital.

212. Zhou and Qiao took advantage of that relationship of trust and confidence among them to persuade Huang to forgo employment and other opportunities, and partner with Zhou and Qiao as a co-founder, shareholder, and key executive at BBShares with promises of shared ownership, efforts, and success in the founding of the Company.

213. Zhou and Qiao falsely represented to Huang that each would leave their full-time employment to devote their time and efforts to the joint operation, management, and marketing of BBShares Capital.

214. Zhou and Qiao falsely represented to Huang that they would devote their efforts and leverage their networks to raise investment and operating capital on behalf of BBShares Capital.

215. Zhou and Qiao deliberately withheld any information from Huang regarding conflicts of interest, including specifically their intent to participate in, launch, or own

interests in a competing venture, Youbi Capital. Despite the constant communications exchanged in the WeChat channels used to discuss BBShares business, Zhou and Qiao failed to disclose the fact that they had been “recruiting” partners to launch a competing business, and that they were devoting significant time and effort to that endeavor.

216. Meanwhile, in reliance on Zhou’s and Qiao’s representations, Huang did, in fact, forego other employment and entrepreneurial opportunities, and devoted significant time and effort to the operation and marketing of BBShares Capital. In reliance on Zhou’s and Qiao’s promises that Huang would ultimately be compensated through his ownership interests as the business succeeded, Huang accepted an initial allocation of 20 percent of the membership interests in BBShares Capital. consented to the allocation of 25 percent shares to Zhou on the basis of his promised level of involvement and time investment in BBShares Capital.

217. At the time that Zhou and Qiao made these representations, or omitted material disclosures regarding their conflicts of interest, they knew they were false and misleading, and understood that Huang was acting in reliance upon those representations. Each knew and understood, for example, that Huang would not have made such contributions of time and effort if he was aware that Zhou and Qiao intended to use their time and efforts to launch a competing business, Youbi Capital, so they concealed this fact from Huang and other BBShares Capital shareholders.

218. Zhou and Qiao also did not actually intend to honor the duties and obligations as directors of BBShares Capital, and knew, at the time they assumed such roles, that they were already engaged in disloyal, dishonest, and conflicted conduct that was harmful to BBShares Capital and Huang’s interests in the Company.

219. Instead, Zhou's and Qiao's assumption of such fiduciary roles was part of a scheme to usurp and consolidate control of BBShares Capital through straw-shareholders they controlled and take control of the Board of Directors to freeze Huang out of the Company.

220. Even as Zhou and Qiao carried out the incremental steps of their scheme, Huang remained unaware of their claimed disloyal and conflicted involvement with, and interest in, Youbi Capital until the end of 2021.

221. As a result of his reasonable reliance on Zhou's and Qiao's knowingly false representations and omissions, Huang suffered harm including, at least, the following: (i) leaving his full time employment and forgoing other business opportunities to devote significant time and effort to BBShares Capital; (ii) entrusting Zhou and Qiao with responsibilities at BBShares Capital, including the access and power over the Company's bank accounts and director positions; and, (iii) failing to take earlier action to protect and vindicate his rights in BBShares Capital and preserve the value of his significant investment of time and member shares.

222. Accordingly, Huang is entitled to damages in an amount to be determined at trial.

EIGHTH CAUSE OF ACTION
ACCOUNTING
AGAINST INDIVIDUAL DEFENDANTS
(New York Law)

223. Plaintiff incorporates and realleges his previous allegations.

224. This cause of action is pleaded both directly, by Huang, and derivatively, on behalf of the Company, against Defendants.

225. Zhou and Qiao owed BBShares Capital a fiduciary duty because each acted as directors or *de facto* directors of the Company at the time of the disloyal acts

complained of herein, and because, in maintaining control over the bank accounts and records of BBShares Capital, they assumed the responsibility of safekeeping BBShares Capital's assets and investor funds.

226. Zhou and Qiao owed Huang a fiduciary duty based on a relationship of trust and friendship between them and Huang, and their use of that relationship to gain Huang's trust and consent to their control of the bank accounts and finances of BBShares Capital, in which Huang owned a 24 percent interest.

227. Zhou and Qiao breached those duties as described above, and in doing so have intentionally obscured or withheld information regarding the status of BBShares Capital's assets and funds, engaged in unauthorized and unlawful distributions in favor of some members and not others, entered into contracts and interested transactions with entities or parties in which Defendants hold a beneficial interest without disclosing conflicts of interest, used Company funds to compensate members for share purchases that were made for Zhou's and Qiao's personal benefit, and after locking out Huang, have taken steps to obscure true beneficial member interest identities and refused Huang and other members transparency around transactions.

228. In addition, Zhou and Qiao have deprived Huang, personally, of the benefits of his ownership in BBShares Capital by making distributions or dividend payments to themselves, and diverting investment in BBShares Capital to entities they control, while depriving Huang of the same benefits and from participating in value-accretive or liquidity events.

229. Based upon Zhou's and Qiao's breaches of their fiduciary duties, BBShares Capital and Huang are entitled to an accounting of BBShares Capital's: (i) bank accounts and financial transactions; (ii) business contracts; (iii) membership structure, transfers,

and compensation and distributions related thereto; and, (iv) any profits generated or financial benefits to Zhou and Qiao as a result of their self-dealing.

230. BBShares Capital's and Huang's legal remedies are inadequate to allow the Company to determine how the accounts and funds have been managed because the Company's accounts, as well as accounts to which funds, profits, or distributions have been improperly deposited or transferred, are under Zhou and Qiao's control. Likewise, because Zhou and Qiao have failed to faithfully and accurately maintain corporate records, the Company requires an accounting of contracts, membership interests, and other financial transaction documentation.

231. Accordingly, BBShares Capital and Huang are entitled to an accounting to allow the Company to determine the nature and scope of challenged transactions, and the nature and scope of the harm to Huang and the Company.

NINTH CAUSE OF ACTION
UNJUST ENRICHMENT
AGAINST BB MATRIX
(New York Law)

232. Plaintiff incorporates and realleges his previous allegations.

233. This cause of action is pleaded derivatively, on behalf of the Company, against BB Matrix.

234. BB Matrix benefited and was unjustly enriched by:

- a. BBShares Capital's funding the start-up and operating costs of MatrixOne (now wholly owned by BB Matrix);
- b. BBShares Capital's funding of MatrixOne's and BB Matrix's salary and labor costs;

- c. using usurped investment funds to invest in BBShares Fund's investment funds while paying artificially discounted or zero management, subscription, or performance fees to BBShares Capital;
- d. the development of the "BBShares" app, funded using operating capital intended for BBShares Capital and usurped by BB Matrix;
- e. fees generated from the licensing of the "BBShares App";
- f. cash transfers from BBShares Capital to BB Matrix;
- g. any distributions that were not duly authorized or approved; and
- h. the issuance of 850 shares in BBShares Capital for inadequate or unreasonably low consideration.

235. BB Matrix was not entitled to the assets and benefits set forth in the preceding paragraph, which rightfully belonged at all relevant times to BBShares Capital.

236. BB Matrix was not a bona fide purchaser of the shares of BBShares Capital.

237. It goes against equity and good conscience to permit BB Matrix to retain the benefit of beneficial ownership interest in BBShares Capital and the funds and assets which rightfully belong to BBShares Capital.

238. BBShares Capital was harmed through loss of revenue, loss of operating capital, and diminution of value as its operations and assets, including its license to do business in Cayman Islands, have been effectively appropriated by BB Matrix.

239. BBShares Capital is entitled to damages and equitable relief, including the imposition of a constructive trust over BB Matrix and the assets and benefits unjustly conferred and retained, and disgorgement and restitution, to be determined at trial.

TENTH CAUSE OF ACTION
CONVERSION
AGAINST BB MATRIX
(New York Law)

240. Plaintiff incorporates and realleges his previous allegations.

241. This cause of action is pleaded derivatively, on behalf of the Company, against BB Matrix.

242. BB Matrix, with the assistance of Zhou and Qiao, intentionally and without authority, has exercised dominion over, and interfered with, assets that at all relevant times rightfully belonged to BBShares Capital, including its license to manage crypto assets in the Cayman Islands, the use of BBShares Capital's funding to pay BB Matrix and MatrixOne salary, labor, and technology development costs, and at least [REDACTED] dollars in funds paid to BB Matrix on the following dates and in the following amounts:

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

ELEVENTH CAUSE OF ACTION
TORTIOUS INTERFERENCE WITH
PROSPECTIVE BUSINESS RELATIONS
AGAINST BB MATRIX
(New York Law)

243. Plaintiff incorporates and realleges his previous allegations.

244. This cause of action is pleaded directly and derivatively on behalf of BBShares Capital.

245. BBShares Capital had business relationships with present and future investors such as the California Investor.

246. Qiao caused BB Matrix to interfere with BBShares Capital's relations with investors when Qiao, using BB Matrix, which he formed and controlled, improperly and unlawfully usurped and diverted those investments in favor of BB Matrix instead of BBShares Capital. BB Matrix interfered with these investments solely for the purpose of rendering BBShares Capital an empty shell, converting the present and future financial benefits expected from these existing and prospective business relationships under the control of BB Matrix for the financial benefit of Qiao and Zhou.

247. But for BB Matrix's improper and unlawful actions, BBShares Capital would have received significant investments including a \$6 million capital injection and significant asset management fees.

248. BBShares Capital was harmed through loss of revenue, loss of operating capital, and diminution of value.

249. BBShares Capital is entitled to damages and equitable relief, including disgorgement and restitution, to be determined at trial.

WHEREFORE, Plaintiff respectfully requests entry of judgment and damages as follows:

- A. an award of damages and/or equitable compensation in favor of Huang in amount to be determined at trial;
- B. an award of damages and/or equitable compensation in favor of BBShares Capital in an amount to be determined at trial;
- C. an injunction to restrain Zhou and Qiao from continuing the conduct complaint of herein;
- D. restitution in favor of BBShares Capital in an amount to be determined at trial, including the return of shares to the Company that were repurchased using corporate funds, and the return of unlawful distributions made for the benefit of Zhou, Qiao, or BB Matrix, or otherwise made in violation of the Company's formation documents, and the return of profits made by Zhou, Qiao, or BB Matrix from interested or conflicted transactions;
- E. disgorgement of benefits BB Matrix received from Zhou's and Qiao's conflicted or self-interested transactions;
- F. rescission of transactions or deals in which Zhou or Qiao had an undisclosed interest;
- G. a constructive trust over the assets and benefits conferred to BB Matrix including amounts distributed to BB Matrix and shares in the Company transferred to BB Matrix;
- H. an order directing the reinstatement of Huang's 24 percent ownership interest and rights in BBShares Capital;
- I. dismissal of Zhou and Qiao as directors and an injunction preventing either Zhou or Qiao to serve as BBShares Capital directors;
- J. a declaration that any allocation or issuance of shares that had the effect of diluting Huang's and other minority shareholders' interests be declared null, void, and reversed;

- K. an accounting of BBShare Capital's accounts, digital wallets, and member shares from 2019 forward;
- L. punitive and/or exemplary damages;
- M. an award of attorneys' fees, prejudgment interest, and costs in favor of Huang;
- N. any such other relief as the court deems just and proper.

New York, NY
Dated: May 1 , 2023
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SLARSKEY LLC

By: 

Renee Bea
Adam Hollander
767 Third Avenue, 14th Floor
New York, NY 10017
(212) 658-0661

*Counsel for Guang Huang, individually and
acting derivatively on behalf of BBShares
Capital Management Limited*