

**SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK**

DANIEL SHATZ, suing individually and  
derivatively on behalf of VAST VENTURES  
VI LLC,

Plaintiff,

- against -

DOUGLAS CHERTOK, VAST VENTURES  
LLC, VAST VENTURES V LP and VAST  
VENTURES GP LLC,

Defendants,

and

VAST VENTURES VI LLC,

Nominal Defendant.

Index No. \_\_\_\_\_

SUMMONS

Date Index No. Purchased: \_\_\_\_\_

**TO THE ABOVE NAMED DEFENDANTS:**

You are hereby summoned to answer the Verified Complaint in this action and to serve a copy of your answer, or, if the complaint is not served with this summons, to serve a notice of appearance, on the Plaintiff's attorney within 20 days after the service of this summons, exclusive of the day of service (or within 30 days after the service is complete if this summons is not personally delivered to you within the State of New York); and in the case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded in the Verified Complaint.

Plaintiff designates New York County as the place of trial pursuant to CPLR § 503(a) on the grounds that plaintiff resides in New York County.

Dated: New York, New York  
November 12, 2018

**GIBBONS P.C.**

By: /s/ Daniel S. Weinberger  
Daniel S. Weinberger, Esq.  
Jeffrey L. Nagel, Esq.

One Pennsylvania Plaza, 37<sup>th</sup> Floor  
New York, New York 10119-3701  
Tel: (212) 613-2000  
Fax: (212) 290-2018  
[dweinberger@gibbonslaw.com](mailto:dweinberger@gibbonslaw.com)  
[jnagel@gibbonslaw.com](mailto:jnagel@gibbonslaw.com)

*Attorneys for Plaintiff Daniel Shatz, suing  
individually and derivatively on behalf of  
Vast Ventures VI LLC*

**TO:**

Douglas Chertok  
4250 Galt Ocean Drive, Ste. 10H  
Ft. Lauderdale, FL 33308-6132

Vast Ventures LLC  
c/o New York State Department of State  
One Commerce Plaza  
99 Washington Avenue  
Albany, NY 12231

Vast Ventures V LP  
c/o Harvard Business Services, Inc.  
16192 Coastal Hwy  
Lewes, DE 19958

Vast Ventures LLC  
c/o Harvard Business Services, Inc.  
16192 Coastal Hwy  
Lewes, DE 19958

Vast Ventures VI LLC  
c/o New York State Department of State  
One Commerce Plaza  
99 Washington Avenue  
Albany, NY 12231

Vast Ventures GP LLC  
c/o New York State Department of State  
One Commerce Plaza  
99 Washington Avenue  
Albany, NY 12231

Vast Ventures VI LLC  
c/o Harvard Business Services, Inc.  
16192 Coastal Hwy  
Lewes, DE 19958

Vast Ventures GP LLC  
c/o Harvard Business Services, Inc.  
16192 Coastal Hwy  
Lewes, DE 19958

**SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK**

DANIEL SHATZ, suing individually and  
derivatively on behalf of VAST VENTURES  
VI LLC,

Plaintiff,

- against -

DOUGLAS CHERTOK, VAST VENTURES  
LLC, VAST VENTURES V LP and VAST  
VENTURES GP LLC,

Defendants,

and

VAST VENTURES VI LLC,

Nominal Defendant.

Date of Filing: \_\_\_\_\_

Index No. \_\_\_\_\_

**VERIFIED COMPLAINT**

Plaintiff Daniel Shatz (“Plaintiff” or “Shatz”), suing individually and derivatively on behalf of Vast Ventures VI LLC (“Vast VI” or “Nominal Defendant”), by his attorneys, Gibbons P.C., as and for his Verified Complaint against Defendants Douglas Chertok (“Chertok”), Vast Ventures LLC (“Vast Ventures LLC”), Vast Ventures V LP (“Vast V”) and Vast Ventures GP LLC (“Vast Ventures GP”) (Chertok, Vast Ventures LLC, Vast V and Vast Ventures GP are referred to herein as “Defendants”), and nominally against Vast Ventures VI LLC, alleges as follows:

**NATURE OF THE ACTION**

1. Plaintiff Daniel Shatz, an equal fifty percent owner and member of Vast Ventures VI LLC, brings this action individually and derivatively on behalf of Vast Ventures VI LLC against Defendants, and nominally against Vast Ventures VI LLC, for breach of fiduciary duties,

aiding and abetting breach of fiduciary duties, fraud, constructive fraud, unjust enrichment, constructive trust, accounting and breach of the covenant of good faith and fair dealing.

2. This action arises from the disloyal and wrongful acts of Douglas Chertok who, through and with his company Vast Ventures LLC, the managing member of Vast VI, (i) knowingly, intentionally and surreptitiously diverted a previously identified, approved and funded corporate opportunity of Vast VI to make a seed investment in an early-stage company now known as Ripple, and (ii) concealed and failed to disclose to Daniel Shatz and to Vast VI both the ultimate availability of the Ripple investment opportunity and their diversion of that opportunity to another Vast Ventures-affiliated entity.

3. Ripple is a now-widely publicized digital payment network, currency exchange and cryptocurrency company. Upon information and belief, it is one of the top three cryptocurrency companies in the world in terms of market capitalization. In 2013, Ripple was a new, fledgling company on the forefront of the blockchain and cryptocurrency industry. In early August 2013, Chertok and Shatz agreed that Vast VI would make a \$150,000 seed investment in Ripple, with each of Chertok/Vast Ventures LLC and Shatz contributing \$75,000 to Vast VI for the investment. Shatz promptly wired \$75,000 to Vast VI for its investment in Ripple. Shortly thereafter, Chertok informed Shatz that Ripple had postponed its investment round but indicated that he suspected the round would happen again soon.

4. Ripple re-opened its capital raise and investment round a few months later, in or about November or December 2013. Even though Shatz had sent Chertok a follow-up email in late October 2013 requesting an update on the Ripple investment opportunity and confirming his and Vast VI's continued resolve to make an investment in Ripple, Chertok and Vast Ventures LLC knowingly and intentionally failed to disclose to Shatz that Ripple's investment round had

re-opened, and ultimately closed in November or December 2013, and instead diverted the investment opportunity in Ripple to one of Chertok's other Vast Ventures-affiliated entities, Vast V, which made an investment in Ripple at that time.

5. It was not until 2018, amidst a flurry of media coverage concerning Ripple's meteoric rise in value, that Shatz learned of Chertok's and Vast Ventures LLC's wrongful and faithless conduct.

6. Had Vast VI made an investment of \$150,000 in Ripple in late 2013, as had been agreed between Chertok/Vast Ventures LLC and Shatz, its investment today would be worth tens if not hundreds of millions of dollars. Shatz, through his fifty-percent interest in Vast VI, would have been entitled to half of that amount.

7. Vast VI and Shatz are entitled to a constructive trust over all shares of Ripple, and all distributions, profits and proceeds derived therefrom, held by Defendants, sufficient to make Vast VI and Shatz whole for their lost investment opportunity in Ripple in late 2013 and for their lost follow-on investment opportunities in Ripple in 2015 and thereafter, which they would have had preemptive rights to participate in had they made the Ripple investment in late 2013. Alternatively, Vast VI and Shatz are entitled to damages equivalent to the value of their lost investment opportunity.

### **THE PARTIES**

#### **A. Plaintiff Daniel Shatz**

8. Plaintiff Daniel Shatz (previously defined as "Plaintiff" or "Shatz") is an individual residing in the State of New York, County of New York.

9. Shatz is and, at all times relevant to this action since his admission as a member of Vast VI, was one of two members of Vast VI.

10. At all such times, Shatz was and is a non-managing member of Vast VI.

**B. Defendant Douglas Chertok**

11. Upon information and belief, Defendant Douglas Chertok (previously defined as “Chertok”) is an individual residing at 4250 Galt Ocean Drive, Suite 10H, Ft. Lauderdale, Florida.

12. Upon information and belief, from at least in or about May 2011 until in or about late 2017 or early 2018, Chertok was domiciled in the State of New York, County of Rockland. Upon information and belief, at all times relevant to this action, Chertok had a cell phone number with a New York City area code.

13. Upon information and belief, Chertok is and, at all times relevant to this action, was the sole member and/or the sole managing member and the principal of Vast Ventures LLC.

14. Upon information and belief, at all times relevant to this action, Chertok was doing and is doing business in the State of New York, including business that is the subject of this action.

**C. Defendant Vast Ventures LLC**

15. Upon information and belief, at all times relevant to this action until May 10, 2018, Defendant Vast Ventures LLC was an active, domestic limited liability company organized and existing under the laws of the State of New York.

16. Upon information and belief, at all times relevant to this action until at least in or about late 2017 or early 2018, Vast Ventures LLC maintained its principal place of business in the State of New York, County of New York or County of Rockland.

17. Upon information and belief, at all times relevant to this action, Vast Ventures LLC was doing and is doing business in the State of New York, including business that is the subject of this action.

18. Upon information and belief, on or about May 8, 2018, Chertok filed with the Secretary of State of the State of Delaware a Certificate of Conversion pursuant to Section 18-214 of the Delaware Limited Liability Company Act, which purported to cause Vast Ventures LLC to be converted into a Delaware limited liability company as of the date of the filing. Chertok did not inform Shatz of the purported conversion of Vast Ventures LLC to a Delaware limited liability company.

19. Upon information and belief, Vast Ventures LLC is a *de jure* or *de facto* Delaware limited liability company that, under Delaware law, is deemed to be the same entity as, and constitutes a continuation of existence of, the converting New York Vast Ventures LLC entity.

20. Upon information and belief, Chertok filed Articles of Dissolution of Vast Ventures LLC with the New York State Department of State on May 10, 2018. According to the Articles of Dissolution of Vast Ventures LLC, the event giving rise to the filing of the Articles of Dissolution was a conversion to a Delaware LLC. Chertok did not inform Shatz that Chertok had filed Articles of Dissolution of Vast Ventures LLC.

21. Upon information and belief and according to the website of the New York State Department of State, Vast Ventures LLC is an inactive domestic limited liability company organized and existing under the laws of the State of New York.

22. Vast Ventures LLC, in its capacity as a New York limited liability company, remains subject to liability for all acts and omissions taken prior to, as of and after the filing of its Articles of Dissolution.

23. Vast Ventures LLC is and, at all times relevant to this action since its admission as a member of Vast VI, was the managing member of Vast VI.

**D. Vast Ventures VI LLC**

24. Upon information and belief, Nominal Defendant Vast Ventures VI LLC (previously defined as “Vast VI”) was organized as a New York limited liability company on or about May 19, 2011.

25. Upon information and belief, at all times relevant to this action until at least in or about late 2017 or early 2018, Vast VI maintained its principal place of business in the State of New York, County of New York or County of Rockland.

26. Upon information and belief, at all times relevant to this action, Vast VI was doing and is doing business in the State of New York, including business that is the subject of this action.

27. Upon information and belief, at all times relevant to this action until May 14, 2018, Vast VI was an active, domestic limited liability company organized and existing under the laws of the State of New York.

28. Upon information and belief, on or about May 8, 2018, Chertok filed with the Secretary of State of the State of Delaware a Certificate of Conversion pursuant to Section 18-214 of the Delaware Limited Liability Company Act, which purported to cause Vast VI to be converted into a Delaware limited liability company as of the date of the filing. Chertok did not inform Shatz of the purported conversion of Vast VI to a Delaware limited liability company.

29. Upon information and belief, Vast VI is a *de jure* or *de facto* Delaware limited liability company that, under Delaware law, is deemed to be the same entity as, and constitutes a continuation of existence of, the converting New York Vast VI entity.

30. Upon information and belief, Chertok filed Articles of Dissolution of Vast VI with the New York State Department of State on May 14, 2018, four (4) days after he was given

written notice of the claims that gave rise to this action. According to the Articles of Dissolution of Vast VI, the event giving rise to the filing of the Articles of Dissolution was a conversion to a Delaware LLC. Chertok executed the Articles of Dissolution of Vast VI and identified himself therein as the “Manager” of Vast VI. Chertok did not inform Shatz that Chertok had filed Articles of Dissolution of Vast VI.

31. Upon information and belief and according to the website of the New York State Department of State, Vast VI is an inactive domestic limited liability company organized and existing under the laws of the State of New York.

32. Vast VI, in its capacity as a New York limited liability company, remains subject to liability, authorized to assert claims, to have claims asserted derivatively on its behalf and to recover relief, for all acts and omissions concerning it that were taken prior to, as of and after the filing of its Articles of Dissolution.

**E. Vast Ventures V LP**

33. Upon information and belief, Defendant Vast Ventures V LP (previously defined as “Vast V”) is a limited partnership formed and existing under the laws of the State of Delaware.

34. According to records on file with the New York State Department of State, the general partner of Vast V is Chertok.

35. Upon information and belief, the general partner of Vast V is either Chertok or Defendant Vast Ventures GP LLC.

36. Upon information and belief, at all times relevant to this action until late 2017 or early 2018, the address of the general partner of Vast V was in the State of New York, County of Columbia or County of Rockland.

37. Upon information and belief, at all times relevant to this action until at least in or about late 2017 or early 2018, Vast V maintained its principal place of business in the State of New York, County of New York, County of Columbia or County of Rockland.

38. Upon information and belief, at all times relevant to this action, Vast V was authorized to do, did, and is doing business in the State of New York, including business that is the subject of this action.

**F. Vast Ventures GP LLC**

39. Upon information and belief, at all times relevant to this action until on or about May 10, 2018, Vast Ventures GP LLC (previously defined as “Vast Ventures GP”) was an active, domestic limited liability company organized and existing under the laws of the State of New York.

40. Upon information and belief, at all times relevant to this action until at least in or about late 2017 or early 2018, Vast Ventures GP maintained its principal place of business in the State of New York, County of New York, County of Cumberland or County of Rockland.

41. Upon information and belief, at all times relevant to this action, Vast Ventures GP was doing and is doing business in the State of New York, including business that is the subject of this action.

42. Upon information and belief, on or about May 8, 2018, Chertok filed with the Secretary of State of the State of Delaware a Certificate of Conversion pursuant to Section 18-214 of the Delaware Limited Liability Company Act, which purported to cause Vast Ventures GP to be converted into a Delaware limited liability company as of the date of the filing. Chertok did not inform Shatz of the purported conversion of Vast Ventures GP to a Delaware limited liability company.

43. Upon information and belief, Vast Ventures GP is a *de jure* or *de facto* Delaware limited liability company that, under Delaware law, is deemed to be the same entity as, and constitutes a continuation of existence of, the converting New York Vast Ventures GP entity.

44. Upon information and belief, Chertok filed Articles of Dissolution of Vast Ventures GP with the New York State Department of State on or about May 10, 2018. According to the Articles of Dissolution of Vast Ventures GP, the event giving rise to the filing of the Articles of Dissolution was a conversion to a Delaware LLC. Chertok did not inform Shatz that Chertok had filed Articles of Dissolution of Vast Ventures GP.

45. Upon information and belief and according to the website of the New York State Department of State, Vast Ventures GP is an inactive domestic limited liability company organized and existing under the laws of the State of New York.

46. Vast Ventures GP, in its capacity as a New York limited liability company, remains subject to liability for all acts and omissions taken prior to, as of and after the filing of its Articles of Dissolution.

47. Upon information and belief and according to filings on record with the office of the New York State Department of State, Division of Corporations, Chertok is the sole member of Vast Ventures GP.

48. Upon information and belief, Chertok is the managing member of Vast Ventures GP.

**JURISDICTION AND VENUE**

49. This Court may exercise personal jurisdiction over Vast Ventures LLC and Vast Ventures GP, and Nominal Defendant Vast VI, pursuant to CPLR 301 and CPLR 302 because (1) at all times relevant to this action each of these parties were and, even after their purported conversions, are domestic New York limited liability companies; and (2) the causes of action

against them arose from (a) their transaction of business to supply services in the State of New York and/or (b) their commission of a tortious act within the State of New York and/or (c) their commission of a tortious act without the State of New York causing injury to property within the State of New York and they (i) regularly do and solicit business and engage in a persistent course of conduct and derive substantial revenue from services rendered in the State of New York and (ii) expect or should reasonably expect their acts, including their acts that gave rise to this action, to have consequences in the State of New York and derive substantial revenue from interstate or international commerce. Vast Ventures LLC, Vast Ventures GP and Vast VI had their principal offices in the State of New York at the time that they engaged in the primary conduct giving rise to this action.

50. This Court may exercise personal jurisdiction over Defendants Chertok and Vast V pursuant to CPLR 302 because the causes of action against them arose from (a) their transaction of business to supply services in the State of New York and/or (b) the commission of a tortious act within the State of New York and/or (c) the commission of a tortious act without the State of New York causing injury to property within the State of New York and they (i) regularly do and solicit business and engage in a persistent course of conduct and derive substantial revenue from services rendered in the State of New York and (ii) expect or should reasonably expect their acts, including their acts that gave rise to this action, to have consequences in the State of New York and derive substantial revenue from interstate or international commerce. Chertok was domiciled in the State of New York and Vast V had its principal office in the State of New York at the time that they engaged in the primary conduct giving rise to this action.

51. Each of the Defendants were domiciled and/or had their principals places of business in the State of New York at the time that they engaged in the acts which gave rise to this action.

52. Venue is proper pursuant to CPLR 503 because Plaintiff, Daniel Shatz, resides in New York County.

53. The amount in controversy exceeds the sum of five hundred thousand dollars, exclusive of interests and costs.

### **FACTS COMMON TO ALL CAUSES OF ACTION**

#### **A. Background of Defendant Douglas Chertok**

54. Upon information and belief, as of 2011, Chertok had many years of experience of venture and angel investing in early-stage companies, as well as prior experience as an attorney having a venture capital law practice and as an entrepreneur. Upon information and belief, as of 2011, Chertok had invested in, advised, and/or founded over 100 early-stage companies.

55. Upon information and belief, prior to and as of 2011, and at all relevant times thereafter, Chertok controlled and managed a family of entities and venture funds that focused on making and managing venture and angel investments in startup and early-stage companies, including web-based and other technology companies, as well as related investments. The entities and funds conducted business under the common name and/or trade name of “Vast” and/or “Vast Ventures.”

56. Upon information and belief, in 2011 and at all relevant times thereafter, Chertok, individually and/or through Vast Ventures GP, managed and controlled Vast V, a venture fund that invests and/or seeks to invest in early-stage companies, as well as in angel funds that invest in portfolios of such companies. Upon information and belief, Chertok and/or his entity, Vast

Ventures GP, charges management and performance fees to the limited partners of Vast V. Shatz is not, and never has been, a limited partner or investor in Vast V.

**B. Introduction of Plaintiff Daniel Shatz to Defendant Douglas Chertok**

57. In or around April 2011, Shatz was introduced to Chertok because Shatz had recently developed an interest in making investments in start-up and early stage technology-related companies. At that time, Shatz had minimal experience with investing in startup and early stage companies.

58. In or about late April and early May 2011, Shatz discussed with Chertok an investment opportunity in a startup web-based services company. Chertok performed due diligence on the company for the purpose of considering a possible investment, or a joint investment with Shatz, in the company. In or about early May 2011, Chertok and Shatz decided not to invest in that company.

59. During their discussions in late April and early May 2011, however, Chertok presented other potential investment opportunities to Shatz – including a number of angel funds that hold portfolios of early stage technology companies – with a view that they might make joint investments together.

60. In or about the latter part of May 2011, Shatz agreed to partner with Chertok to pursue angel and venture investment opportunities together, beginning with investments in two of the angel funds that Chertok had previously presented to Shatz. Their partnership was memorialized with the formation of Vast Ventures VI LLC.

**C. Formation and Operation of Vast Ventures VI LLC**

61. On or about May 26, 2011, Shatz and Chertok, on behalf of his wholly-owned entity, Vast Ventures LLC, entered into the Vast Ventures VI LLC Limited Liability Company Agreement (the “Vast VI Operating Agreement”), which was effective as of May 18, 2011.

62. Vast Ventures LLC and Shatz are, and at all relevant times were, equal, fifty-percent members and owners of Vast VI.

63. Vast Ventures LLC and Shatz are, and at all relevant times were, entitled under the Vast VI Operating Agreement to share in the distributions of Vast VI equally in accordance with their fifty-percent interests.

64. Vast Ventures LLC is and, at all relevant times since the effective date of the Vast VI Operating Agreement, was the managing member of Vast VI. Shatz is not and never was a managing member of Vast VI.

65. Under the terms of the Vast VI Operating Agreement, and subject to its fiduciary duties to Shatz and Vast VI, Vast Ventures LLC had sole control of the management of Vast VI. Since Chertok is the sole member, managing member and principal of Vast Ventures LLC, all management decisions of Vast VI were made by him. In fact, as alleged above, in multiple filings with the New York Secretary of State, Chertok referred to himself individually as the “Manager” of Vast VI.

66. Shatz relied on Chertok’s specialized knowledge and experience with angel and venture investing, and placed trust and confidence in Chertok to act with good faith, honesty, loyalty and due care towards Shatz and Vast VI with respect to any and all investment opportunities that Chertok presented to them.

**D. Vast VI's Business**

67. Under the terms of the Vast VI Operating Agreement, the purpose of Vast VI is “to carry on any business approved by [Vast VI] in accordance [with the Vast VI Operating Agreement] and consistent with the [New York Limited Liability Company Law] and any other business or activity relating thereto or arising therefrom and to carry on anything incidental, convenient or necessary to the foregoing. Specifically, the LLC’s objective shall be to identify and invest in private equity funds (“Private Equity Funds”) whose primary focus is to invest in technology companies.”

68. Although the Vast VI Operating Agreement references “private equity funds” that focus on investing in technology companies, the Vast VI Operating Agreement did not restrict Vast VI to making investments solely in private equity funds, nor did it prohibit Vast VI from pursuing direct investments in start-up and early stage companies themselves.

69. Shortly after the formation of Vast VI, Chertok caused Vast VI to invest in the two angel funds referenced in paragraph 60 above.

70. Chertok, Vast Ventures LLC and Shatz understood and intended that Vast VI could and would seek investment opportunities beyond these initial two private equity funds.

71. Chertok, Vast Ventures LLC and Shatz also understood and intended that Vast VI could and would make direct investments in start-up and early stage companies, as confirmed by their words and actions.

72. Between May 2011 and the beginning of 2013, Chertok and Shatz had periodic discussions regarding additional investment opportunities, including investment opportunities in specific start-up and early stage companies.

73. For instance, in or about May 2012, Chertok and Shatz considered an investment in a startup music streaming company called Spinlet Corp. (“Spinlet”). Chertok and Shatz even held a meeting with the CEO of Spinlet to consider an investment in it. They ultimately decided not to make that investment.

74. In or about February 2013, Chertok presented to Shatz an investment opportunity for Vast VI in an early stage company that operates a fast casual restaurant chain with a focus on using technology, such as automation and smartphone applications, to disrupt the traditional chain restaurant marketplace and fuel their growth (the “Restaurant Company”). Chertok expressly recommended and directed that the investment in that Restaurant Company should be made by and through Vast VI. Shatz concurred in the investment proposal but indicated that he wished to invest more in the Restaurant Company than Chertok/Vast Ventures LLC wished to invest. As a result, ultimately Shatz invested in the Restaurant Company directly, rather than through Vast VI, with Chertok’s consent. Upon information and belief, Vast Ventures LLC and/or another one or more of Chertok’s Vast Ventures-affiliated entities also invested in the Restaurant Company.

75. Upon information and belief, Chertok, Vast Ventures LLC and the Restaurant Company itself considered Shatz’s investment in the Restaurant Company to be part of a broader Vast Ventures and/or Vast Ventures-affiliated investment or series of investments, and Chertok and his Vast Ventures enterprise received certain tangible and reputational benefits as a result of Shatz’s individual investment in the Restaurant Company, including, among other things, favorable rights and information access and recognition for the investment within the venture capital and angel investing industry.

### **E. The OpenCoin/Ripple Investment**

76. OpenCoin Inc. (“OpenCoin”) was founded in or about 2012 and is commonly known today as “Ripple.” It is widely-recognized as one of the top three cryptocurrency companies in the world in terms of market capitalization.

77. Upon information and belief, in or about July and August 2013, OpenCoin was a small company with about \$3 million in funding. At that time, OpenCoin had created and maintained an open payment network, which it named “Ripple,” that enabled free global payments and currency transfers, using native digital currency called ripples. Upon information and belief, at that time, Ripple was the world’s first distributed currency exchange. Upon information and belief, in or about September 2013, OpenCoin changed its formal name to “Ripple Labs Inc.” It is referred to herein interchangeably as “OpenCoin,” “Ripple” and/or “OpenCoin/Ripple.”

78. On or about July 30, 2013, Chertok presented to Shatz a seed round investment opportunity in OpenCoin/Ripple. At that time, Shatz asked Chertok whether the proposed investment in OpenCoin/Ripple would be made by “our Vast Entity”, *i.e.*, Vast VI, or whether Chertok was proposing that the investment be made directly by Shatz in OpenCoin/Ripple, as ultimately was done with the Restaurant Company investment. On or about July 31, 2013, Chertok responded that the investment would be made through Vast VI.

79. During the first week of August 2013, Chertok and Shatz agreed that they would each contribute \$75,000 to Vast VI for the purpose of funding an aggregate investment of \$150,000 by Vast VI in OpenCoin/Ripple.

80. On or about August 6, 2013, Chertok notified Shatz by email that, as they had discussed earlier, “per Article III of [the Vast VI] Operating Agreement, Vast Ventures VI LLC

is making a capital call of \$75,000 for an investment in OpenCoin, Inc.” and directed that funds be wired to Vast VI’s bank account. Shatz responded, seeking to confirm that Chertok was also submitting \$75,000 to the capital call for a total investment of \$150,000 “for vast vi[.]” Chertok replied “Yes.”

81. On or about August 7, 2013, Shatz wired \$75,000 to the Vast VI account for purposes of funding Shatz’s half of the Vast VI investment in OpenCoin/Ripple. Upon information and belief, Chertok and/or Vast Ventures LLC also wired \$75,000 to the Vast VI account to fund the other half of the Vast VI investment in OpenCoin/Ripple. Upon receipt of Shatz’s funds, Chertok informed Shatz that he would advise him when the investment closed, and that he anticipated that it would close the following week.

82. As demonstrated by their statements and actions, Vast Ventures LLC, through Chertok, and Shatz both agreed that an investment in OpenCoin/Ripple was a suitable and appropriate investment for Vast VI and was in furtherance of the business purpose for which Chertok, through Vast Ventures LLC, and Shatz had formed Vast VI.

83. On or about August 15, 2013, Chertok sent Shatz an email stating that “OpenCoin received some strategic investment and is generating revenue so it looks like the [investment] round will be postponed.” On or about August 16, 2013, Shatz responded by email, stating “That’s unfortunate. You think [the investment round] will happen again soon?” On or about August 17, 2013, Chertok replied, “[n]ot sure, but I suspect so.”

84. On or about October 23, 2013, Shatz sent an email to Chertok asking him whether there were any updates on OpenCoin, indicating a clear, continuing interest in consummating Vast VI’s investment in OpenCoin/Ripple, as Chertok/Vast Ventures LLC and Shatz had

previously agreed. Chertok responded by email, stating “[t]hey’ve been profitable so they haven’t raised more capital yet.”

85. Upon information and belief, Chertok and Vast Ventures LLC knew, at that time, if not weeks or months prior, that OpenCoin/Ripple in fact was planning to proceed with, and/or was in the process of proceeding with, its capital raise by or before the end of 2013. As Chertok, through his attorney, revealed to Shatz several years later, Chertok was a Director of OpenCoin/Ripple. Upon information and belief, Chertok, as a Director of OpenCoin/Ripple, would have been directly involved in, and integral to, OpenCoin/Ripple’s capital raising plans and strategy, including the timing of its funding rounds. Upon information and belief, and as acknowledged by Chertok through his attorney, Chertok received common stock options of OpenCoin/Ripple in exchange for his services as a Director.

86. Upon information and belief, Chertok and Vast Ventures LLC knowingly and intentionally omitted, concealed and failed to disclose to Shatz and Vast VI the imminent renewal of an investment opportunity for Vast VI and Shatz in OpenCoin/Ripple. Instead, as alleged below, Chertok and Vast Ventures LLC diverted that opportunity to another Vast Ventures-affiliated entity, Vast V. Upon information and belief, Chertok, individually and/or through other Vast Ventures-affiliated entities, excluding Vast VI, stood to receive significant management and performance fees from an investment by Vast V in OpenCoin/Ripple, without the need to contribute a significant amount of Chertok’s personal capital to the investment.

**F. Vast Ventures VII, L.P.**

87. Upon information and belief, in or about December 2013, Chertok, individually and/or through another Vast Ventures-affiliated entity, formed Vast Ventures VII, L.P. (“Vast

VII"). Upon information and belief, Vast Ventures VII GP, LLC is the general partner of Vast VII.

88. Due to the trust and confidence that Shatz had reasonably placed in Chertok as a result of their partnership in Vast VI, in or about January 2014, Shatz agreed to invest in, and become a limited partner of, Vast VII, further expanding and cementing the fiduciary relationship between them.

**G. Shatz Discovers that Chertok Caused Vast Ventures V LP to Invest in Ripple in November or December 2013**

89. In or about late December 2017 or early January 2018, in the wake of media reports concerning the meteoric rise in the value of Ripple, Shatz received non-public information suggesting that "Vast Ventures" had made a seed round investment in Ripple in or about November 2013 and had made a follow-on investment in or about April 2015.

90. Prior to late December 2017 or early January 2018, Shatz had no knowledge of any investment by Chertok or any Vast Ventures-affiliated entity in Ripple at any time in or after August 2013. Indeed, based on Chertok's previous comments to him, Shatz believed that no such investment was made. Nor did Shatz have any reason to suspect that Chertok or Vast Ventures LLC would conceal or fail to disclose to him and Vast VI that an investment opportunity in Ripple had been renewed after August 2013. Moreover, Shatz and Vast VI were entitled to rely upon the honesty, good faith and loyalty of Vast Ventures LLC and Chertok to disclose to Shatz and Vast VI if and when a Ripple investment round or capital raise became available, particularly given that Shatz had communicated with Chertok as late as the end of October 2013 to inquire about any updates on the OpenCoin/Ripple capital raise.

91. On or about January 4, 2018, after receiving the non-public information, Shatz called Chertok, in part to ask what happened with the Ripple investment. Chertok told Shatz that

Ripple did not take more capital in 2013 after their discussions in August 2013. This information was directly contrary to the information that Shatz had received.

92. Troubled by the discrepancies between the information Shatz had previously received and the information that Chertok conveyed during their call, Shatz sent a follow up email to Chertok on or about January 6, 2018, seeking to again clarify whether Chertok or any Vast Ventures-affiliated entity or individual had invested in a Ripple investment round that closed in or around November 2013. Chertok never responded to Shatz's email. Chertok's failure to respond to Shatz's email alarmed Shatz and raised further suspicions regarding Chertok's conduct and his honesty, or lack thereof.

93. On May 10, 2018, Shatz, through his undersigned counsel, sent a letter to Chertok demanding a full and honest explanation regarding Shatz's and Vast VI's lost investment opportunity in Ripple, and requesting that Chertok explain his actions fully. The letter also set forth several questions that sought to confirm whether and when Chertok and/or any Vast Ventures-affiliated entity had invested in Ripple and the circumstances of any such investments.

94. On May 25, 2018, the law firm of Cooley LLP sent a letter on behalf of Chertok responding to Shatz's counsel (the "Cooley Letter"). Through the Cooley Letter, Chertok finally admitted that Vast V had made an investment in Ripple in "December 2013" and then again in 2015.

95. Prior to the Cooley Letter, neither Chertok nor Vast Ventures LLC had ever informed Vast VI or Shatz that Ripple conducted and/or closed an investment round in late 2013 or that another Vast Ventures-affiliated entity had invested in that round.

96. Upon information and belief, the Ripple investment that the Cooley Letter referred to as the "December 2013" investment was part of the same seed investment round that

Shatz had learned closed in November 2013 (the “Late 2013 Ripple Investment Round”). Upon information and belief, this was part of the same investment round that was “postponed” in August 2013.

97. Chertok and Vast Ventures LLC knowingly and, upon information and belief, intentionally omitted, concealed and failed to disclose to Shatz and Vast VI that (a) an investment opportunity in Ripple became available again in or about November or December 2013 and (b) Chertok, individually and/or through his Vast Ventures-affiliated entities, was causing Vast V, not Vast VI, to make an investment in Ripple at that time.

98. Had Vast Ventures LLC and Chertok informed Vast VI and Shatz that Ripple was proceeding with its Late 2013 Ripple Investment Round, absent other improper and unfaithful conduct by Chertok and/or Vast Ventures LLC, Vast VI would have and should have, (a) in accordance with the prior agreement between Chertok and Shatz, made capital calls and received capital contributions from the members of Vast VI for an investment in Ripple in late 2013, and (b) made an investment in Ripple at that time and a follow-on investment in Ripple in 2015 and further follow-on investments in Ripple thereafter.

99. Had Vast Ventures LLC and Chertok informed Vast VI and Shatz that Ripple was proceeding with its Late 2013 Ripple Investment Round, but nevertheless improperly and unfaithfully failed or refused to allow Vast VI to invest in Ripple in that round, Shatz would have invested directly in Ripple in that round.

100. Upon information and belief, Ripple would have accepted an investment by Vast VI and Shatz in the Late 2013 Ripple Investment Round.

101. In addition, neither Chertok nor Vast Ventures LLC had informed Shatz or Vast VI of an opportunity to invest in Ripple in 2015 at the time that the opportunity became available or at any reasonable time thereafter.

102. Upon information and belief, the 2015 investment in Ripple by Vast V was a follow-on investment that would have been available to any Vast Ventures-affiliated entity or person who participated in the Late 2013 Ripple Investment Round. In other words, upon information and belief, if Vast VI and/or Shatz had invested in Ripple in the Late 2013 Ripple Investment Round, they would have had the right to make a follow-on investment, pro rata or otherwise, in the 2015 Ripple investment round (the “2015 Ripple Investment Round”).

103. Upon information and belief, the 2015 Ripple Investment Round was also available to new investors.

104. Upon information and belief, Chertok, directly and/or through Vast Ventures GP and/or other Vast Ventures-affiliated entities, excluding Vast VI, received management and performance fees from the limited partners of Vast V for Vast V’s investments in Ripple. Chertok and Vast Ventures LLC would not have received fees for an investment by Vast VI in Ripple.

105. Despite being asked repeatedly by Shatz once he learned of these investments, Chertok and Vast Ventures LLC refused to explain (a) why they failed to advise Shatz and Vast VI that a Ripple capital raise had started up again in late 2013 or (b) why they cut Shatz and Vast VI out of the opportunity to invest in Ripple in late 2013 and again in 2015.

106. Upon information and belief, Ripple has grown exponentially since 2013, having raised a total of nearly \$100 million in funding, and has skyrocketed in value and market capitalization in recent years.

107. Upon information and belief, a \$150,000 investment by Vast VI in Ripple in or about November or December 2013 would have an estimated present value of tens of millions of dollars, and perhaps hundreds of millions when the value of Ripple's digital currency tokens, known as XRP tokens, are taken into account in valuing the company.

108. In addition, had Vast VI and/or Shatz made such investments in Ripple in late 2013, Vast VI and/or Shatz would have made, at a minimum, follow-up pro rata investments in Ripple in 2015, thereby further increasing the value of their investment.

#### **H. Demand Futility**

109. Under the circumstances of this dispute, it would be futile to demand that Vast Ventures LLC and/or Chertok commence and prosecute the derivative claims asserted in this action, as set forth and identified as such below, for or on behalf of Vast VI. Vast Ventures LLC is the managing member of Vast VI and is vested with control and authority over the affairs of Vast VI. Through Vast Ventures LLC, Chertok has control and authority over the affairs of Vast VI. As set forth herein, this action asserts claims against Vast Ventures LLC and Chertok for, among other things, breaches of their fiduciary duties relating to their diversion of an investment opportunity in Ripple to a third party entity controlled by Chertok, and their fraudulent omissions, concealment and failure to disclose the investment opportunity to Vast VI and Shatz. Vast Ventures LLC and Chertok diverted the Ripple investment opportunity to Vast V despite their determination that it was a proper and suitable investment for Vast VI. Vast Ventures LLC and Chertok are interested parties in the transactions giving rise to this suit and it is their wrongful conduct that is challenged in this suit. Accordingly, it would be futile to demand that Vast Ventures LLC and/or Chertok commence this action for Vast VI.

**AS AND FOR A FIRST CAUSE OF ACTION  
BY DANIEL SHATZ SUING DERIVATIVELY ON BEHALF OF  
VAST VENTURES VI LLC**

**(Against Vast Ventures LLC and Douglas Chertok for Breach of Fiduciary Duties)**

110. Plaintiff repeats and realleges each of the allegations contained in Paragraphs “1” through “109” as if fully set forth at length herein.

111. As the managing member of Vast VI, Vast Ventures LLC had fiduciary duties to Vast VI.

112. Chertok, as the sole member, managing member and control person of Vast Ventures LLC, exercised complete domination and control over Vast Ventures LLC. Chertok, through Vast Ventures LLC, had sole and exclusive control of the management of Vast VI. Chertok had fiduciary duties to Vast VI.

113. Under Section 409 of the New York Limited Liability Company Law and common law, Vast Ventures LLC and Chertok owed to Vast VI the fiduciary duties to act (a) with the utmost good faith, (b) with undivided and undiluted loyalty and (c) with due care with respect to Vast VI.

114. In early August 2013, Vast VI resolved to acquire an investment in Ripple. From early August 2013 through the remainder of 2013 and for at least several months thereafter, Vast VI continued to be resolved to acquire, and to seek, an investment in Ripple. From early August 2013 through the remainder of 2013 and for at least several months thereafter, Vast VI had, and continued to have, an interest and tangible expectancy in making an investment in Ripple.

115. In or about November or December 2013, Ripple renewed, proceeded with, continued and/or completed a capital raise. Vast Ventures LLC and Chertok knew that Vast VI was willing, able and seeking to make an investment in Ripple at and around that time.

116. The investment opportunity in Ripple in or around late 2013 was consistent with and within Vast VI's business.

117. The investment opportunity in Ripple in or around late 2013 was logically and naturally adaptable to Vast VI's business.

118. Vast Ventures LLC and Chertok knowingly, intentionally and fraudulently omitted and concealed from Vast VI and Shatz, and failed to disclose to Vast VI and Shatz, the material fact that an opportunity to invest in Ripple was becoming and had become available again in or around November or December 2013.

119. Vast Ventures LLC and Chertok did not pursue for Vast VI the opportunity to make an investment in Ripple in or around November or December 2013, despite having determined that it was a proper and suitable investment for Vast VI.

120. Vast Ventures LLC and Chertok knowingly, intentionally and wrongfully diverted to Vast V, at the expense and to the detriment of Vast VI, an investment opportunity in Ripple in or around November or December 2013.

121. By reason of the foregoing, Vast Ventures LLC and Chertok totally abandoned Vast VI's interests in an investment opportunity in Ripple.

122. Had Chertok and Vast Ventures LLC disclosed to Shatz in late 2013 the fact that the investment opportunity in Ripple was available again, absent other wrongful and unfaithful conduct by Chertok and/or Vast Ventures LLC, Vast VI would have and should have, (a) in accordance with the prior agreement between Chertok and Shatz, made capital calls and received capital contributions from the members of Vast VI for an investment in Ripple in late 2013, and (b) made an investment in Ripple at that time and a follow-on investment in Ripple in 2015 and further follow-on investments in Ripple thereafter.

123. Vast Ventures LLC and Chertok breached their fiduciary duties of good faith, loyalty and/or due care to Vast VI by, among other things alleged herein:

- a. diverting to Vast V an investment opportunity in Ripple belonging to Vast VI;
- b. knowingly, intentionally and fraudulently omitting, concealing and failing to disclose to Vast VI the above-alleged material facts concerning the availability of an investment opportunity in Ripple; and
- c. failing to pursue and secure for Vast VI an investment in Ripple in or around November and/or December 2013, despite knowing about the existence and availability of said opportunity and having specifically approved it for Vast VI.

124. This conduct was undertaken in bad faith.

125. By reason of the foregoing, Vast VI was deprived of a significant investment opportunity in Ripple in late 2013 and a follow-on investment in 2015 and further follow-on investments thereafter.

126. By reason of the foregoing, a constructive trust should be imposed, for the benefit of Vast VI, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which Vast Ventures LLC and Chertok were and/or are otherwise entitled, sufficient to make Vast VI whole for its lost investment opportunity in Ripple.

127. By reason of the foregoing, Vast VI has sustained damages in an amount to be determined at trial but believed to exceed tens of millions of dollars.

**AS AND FOR A SECOND CAUSE OF ACTION  
BY DANIEL SHATZ INDIVIDUALLY**

**(Against Vast Ventures LLC and Douglas Chertok for Breach of Fiduciary Duties)**

128. Plaintiff repeats and realleges each of the allegations contained in Paragraphs “1” through “127” as if fully set forth at length herein.

129. As managing member of Vast VI, Vast Ventures LLC had fiduciary duties to Shatz.

130. Chertok, as the sole member, managing member and control person of Vast Ventures LLC, exercised complete domination and control over Vast Ventures LLC. Chertok, through Vast Ventures LLC, had sole and exclusive control of the management and affairs of Vast VI.

131. Shatz reposed trust and confidence in the integrity and fidelity of Chertok with respect to their relationship and Vast VI, and with respect to the investment opportunities that Chertok presented to Shatz and Vast VI, including the Ripple investment opportunity. Chertok possessed superiority and influence over Shatz with respect to these matters.

132. By reason of the foregoing, and by reason of Shatz's status as a non-managing member of Vast VI, Chertok owed fiduciary duties to Shatz.

133. Under Section 409 of the New York Limited Liability Company Law and common law, Vast Ventures LLC and Chertok owed to Shatz the fiduciary duties of (a) utmost good faith, (b) undivided and undiluted loyalty and (c) due care.

134. Vast Ventures LLC and Chertok breached their fiduciary duties of good faith, loyalty and/or due care to Shatz by, among other things alleged herein:

- a. knowingly, intentionally and fraudulently omitting, concealing and failing to disclose to Shatz the above-alleged material facts concerning the availability of an investment opportunity in Ripple;
- b. diverting to Vast V an investment opportunity in Ripple belonging to Vast VI; and
- c. failing to pursue and secure for Vast VI an investment in Ripple in or around November and/or December 2013, despite knowing about the existence and availability of said opportunity and having specifically approved it for Vast VI.

135. This conduct was undertaken in bad faith.

136. By reason of the foregoing, Vast VI was deprived of a significant investment opportunity in Ripple in late 2013 and a follow-on investment in 2015 and further follow-on investments thereafter.

137. By reason of the foregoing, Shatz was deprived of his opportunity to receive his fifty-percent share of the profits, proceeds and distributions accruing to Vast VI from said investment in Ripple.

138. By reason of the foregoing, a constructive trust should be imposed, for the benefit of Shatz, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which Vast Ventures LLC and Chertok were and/or are otherwise entitled, sufficient to make Shatz whole for his interests in a lost investment opportunity of Vast VI in Ripple.

139. By reason of the foregoing, Shatz has sustained damages in an amount to be determined at trial but believed to exceed tens of millions of dollars.

**AS AND FOR A THIRD CAUSE OF ACTION  
BY DANIEL SHATZ INDIVIDUALLY**

**(Against Vast Ventures LLC and Douglas Chertok for Breach of Fiduciary Duties)**

140. Plaintiff repeats and realleges each of the allegations contained in Paragraphs “1” through “139” as if fully set forth at length herein.

141. Vast Ventures LLC and Chertok owed to Shatz the fiduciary duties of (a) utmost good faith, (b) undivided and undiluted loyalty and (c) due care.

142. Vast Ventures LLC and Chertok breached their fiduciary duties to Shatz by knowingly, intentionally and fraudulently omitting, concealing and failing to disclose to Shatz the above-alleged material facts concerning the availability of an investment opportunity in Ripple. This conduct was undertaken in bad faith.

143. Had Vast Ventures LLC and Chertok disclosed to Shatz in late 2013 the fact that the investment opportunity in Ripple was available again and had nevertheless wrongfully and faithlessly failed or refused to cause Vast VI to make an investment in Ripple, Shatz would have made an individual investment directly in Ripple at that time and a follow-on investment directly in Ripple in 2015 and further follow-on investments in Ripple thereafter.

144. By reason of the foregoing, Shatz was deprived of a significant investment opportunity in Ripple in late 2013 and a follow-on investment in 2015 and further follow-on investments thereafter.

145. By reason of the foregoing, a constructive trust should be imposed, for the benefit of Shatz, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which Vast Ventures LLC and Chertok were and/or are otherwise entitled, sufficient to make Shatz whole for his lost investment opportunity in Ripple.

146. By reason of the foregoing, Shatz has sustained damages in an amount to be determined at trial but believed to exceed tens of millions of dollars.

**AS AND FOR A FOURTH CAUSE OF ACTION  
BY DANIEL SHATZ DERIVATIVELY ON BEHALF OF  
VAST VENTURES VI LLC**

**(Against Douglas Chertok, Vast Ventures V LP, and Vast Ventures GP LLC  
for Aiding and Abetting Breach of Fiduciary Duties)**

147. Plaintiff repeats and realleges each of the allegations contained in Paragraphs “1” through “146” as if fully set forth at length herein.

148. Defendant Vast Ventures LLC, as managing member of Vast VI, owed a fiduciary duty to Vast VI.

149. Chertok, as the sole member and/or managing member of Vast Ventures LLC, knew that Vast Ventures LLC owed a fiduciary duty to Vast VI.

150. Chertok manages, dominates and controls Vast Ventures GP.

151. Chertok and/or Vast Ventures GP is the general partner of Vast V. Chertok, individually and/or through Vast Ventures GP, manages and controls Vast V.

152. Chertok's actual knowledge that, among other things, (a) Vast Ventures LLC owed fiduciary duties to Vast VI and (b) Vast VI had an interest and tangible expectancy in an investment opportunity in Ripple in late 2013, is imputed to Vast V and Vast Ventures GP, and constitutes actual knowledge by Vast V and Vast Ventures GP of such matters.

153. Chertok knowingly induced and participated in the breach of the fiduciary duties owed by Vast Ventures LLC to Vast VI by and through the conduct alleged above and herein, including:

- a. knowingly, intentionally and fraudulently omitting, concealing and failing to disclose to Vast VI the above-alleged material facts concerning the availability of an investment opportunity in Ripple;
- b. causing and/or assisting Vast Ventures LLC to divert an investment opportunity in Ripple to Vast V; and
- c. failing and refusing to cause or assist Vast Ventures LLC to pursue and secure an investment in Ripple for Vast VI in or around November and/or December 2013, despite knowing about the existence and availability of said opportunity and having specifically approved it for Vast VI.

154. This conduct was undertaken in bad faith.

155. Vast Ventures GP knowingly participated in the breach of the fiduciary duties owed by Vast Ventures LLC to Vast VI by and through the conduct alleged above and herein, including, without limitation, (a) assisting Vast Ventures LLC and Chertok to divert the investment opportunity in Ripple to Vast V and (b) taking the investment opportunity in Ripple

for Vast V despite knowledge of Vast VI's interest and tangible expectancy in such investment opportunity.

156. Vast V knowingly participated in the breach of the fiduciary duties owed by Vast Ventures LLC to Vast VI by and through the conduct alleged above and herein, including, without limitation, knowingly taking the investment opportunity in Ripple despite knowledge of Vast VI's interest and tangible expectancy in such investment opportunity.

157. By reason of the foregoing, Chertok, Vast V and Vast Ventures GP aided and abetted a breach of fiduciary duty by Vast Ventures LLC to Vast VI.

158. By reason of the foregoing, a constructive trust should be imposed, for the benefit of Vast VI, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which Chertok, Vast V and/or Vast Ventures GP were and/or are otherwise entitled, sufficient to make Vast VI whole for its lost investment opportunity in Ripple.

159. By reason of the foregoing, Vast VI has sustained damages in an amount to be determined at trial but believed to exceed tens of millions of dollars.

**AS AND FOR A FIFTH CAUSE OF ACTION  
BY DANIEL SHATZ INDIVIDUALLY**

**(Against Douglas Chertok, Vast Ventures V LP, and Vast Ventures GP LLC  
for Aiding and Abetting Breach of Fiduciary Duties)**

160. Plaintiff repeats and realleges each of the allegations contained in Paragraphs "1" through "159" as if fully set forth at length herein.

161. Defendant Vast Ventures LLC, as managing member of Vast VI, owed a fiduciary duty to Shatz.

162. Chertok, as the sole member and/or managing member of Vast Ventures LLC, knew that Vast Ventures LLC owed a fiduciary duty to Shatz.

163. Chertok's actual knowledge that, among other things, (a) Vast Ventures LLC owed fiduciary duties to Shatz and (b) Shatz, through his fifty-percent interest in Vast VI, had an interest and tangible expectancy in an investment opportunity in Ripple in late 2013, is imputed to Vast V and Vast Ventures GP, and constitutes actual knowledge by Vast V and Vast Ventures GP of such matters.

164. Chertok knowingly induced and participated in the breach of fiduciary duties owed by Vast Ventures LLC to Shatz by, without limitation:

- a. knowingly, intentionally and fraudulently omitting, concealing and failing to disclose to Shatz the above-alleged material facts concerning the availability of an investment opportunity in Ripple;
- b. causing and/or assisting Vast Ventures LLC to divert an investment opportunity in Ripple to Vast V; and
- c. failing and refusing to cause or assist Vast Ventures LLC to pursue and secure an investment in Ripple for Vast VI in or around November and/or December 2013, despite knowing about the existence and availability of said opportunity and having specifically approved it for Vast VI.

165. This conduct was undertaken in bad faith.

166. Vast Ventures GP knowingly induced and participated in the breach of fiduciary duties owed by Vast Ventures LLC to Shatz by and through the conduct alleged above and herein, including, without limitation, (a) assisting Vast Ventures LLC and Chertok to divert the investment opportunity in Ripple to Vast V and (b) taking the investment opportunity in Ripple for Vast V, despite its knowledge that Shatz, through his fifty-percent interest in Vast VI, had an interest and tangible expectancy in such investment opportunity.

167. Vast V knowingly participated in the breach of the fiduciary duty owed by Vast Ventures LLC to Shatz by and through the conduct alleged above and herein, including, without limitation, knowingly taking the investment opportunity in Ripple despite its knowledge that

Shatz, through his fifty-percent interest in Vast VI, had an interest and tangible expectancy in such investment opportunity.

168. By reason of the foregoing, Chertok, Vast V and Vast Ventures GP aided and abetted a breach of fiduciary duty by Vast Ventures LLC to Shatz.

169. By reason of the foregoing, a constructive trust should be imposed, for the benefit of Shatz, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which Chertok, Vast V and/or Vast Ventures GP were and/or are otherwise entitled, sufficient to make Shatz whole for his interests in a lost investment opportunity of Vast VI in Ripple.

170. By reason of the foregoing, Shatz has sustained damages in an amount to be determined at trial but believed to exceed tens of millions of dollars.

**AS AND FOR A SIXTH CAUSE OF ACTION  
BY DANIEL SHATZ INDIVIDUALLY**

**(Against Douglas Chertok for Aiding and Abetting Breach of Fiduciary Duties)**

171. Plaintiff repeats and realleges each of the allegations contained in Paragraphs “1” through “170” as if fully set forth at length herein.

172. Chertok knowingly induced and participated in the breach of fiduciary duties owed by Vast Ventures LLC to Shatz by knowingly, intentionally and fraudulently omitting, concealing and failing to disclose to Shatz the above-alleged material facts concerning the availability of an investment opportunity in Ripple. This conduct was undertaken in bad faith.

173. Had Vast Ventures LLC and Chertok disclosed to Shatz in late 2013 the fact that the investment opportunity in Ripple was available again and had nevertheless wrongfully and faithlessly failed or refused to cause Vast VI to make an investment in Ripple, Shatz would have

made an individual investment directly in Ripple at that time and a follow-on investment directly in Ripple in 2015 and further follow-on investments directly in Ripple thereafter.

174. By reason of the foregoing, Chertok aided and abetted a breach of fiduciary duties by Vast Ventures LLC to Shatz.

175. By reason of the foregoing, a constructive trust should be imposed, for the benefit of Shatz, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by Defendants, to which Chertok was and/or is otherwise entitled, sufficient to make Shatz whole for his lost investment opportunity in Ripple.

176. By reason of the foregoing, Shatz has sustained damages in an amount to be determined at trial but believed to exceed tens of millions of dollars.

**AS AND FOR A SEVENTH CAUSE OF ACTION  
BY DANIEL SHATZ DERIVATIVELY ON BEHALF OF  
VAST VENTURES VI LLC**

**(Against Vast Ventures LLC and Douglas Chertok for Fraudulent Omission, Fraudulent Concealment and Fraudulent Failure to Disclose)**

177. Plaintiff repeats and realleges each of the allegations contained in Paragraphs “1” through “176” as if fully set forth at length herein.

178. As a consequence of their fiduciary duty to Vast VI, Vast Ventures LLC and Chertok had a duty to disclose to Vast VI the material facts that (a) an investment opportunity in Ripple was becoming and had become available again in or about November or December 2013 and (b) Chertok was causing Vast V to make an investment in Ripple.

179. Vast Ventures LLC and Chertok had knowledge of these material facts.

180. Vast Ventures LLC and Chertok knowingly and intentionally omitted, concealed and failed to disclose these material facts to Vast VI when Shatz asked Chertok for an update on

OpenCoin/Ripple in late October 2013 and at all relevant times thereafter, including before and when Chertok caused Vast V to make an investment in Ripple in or about November or December 2013.

181. In doing so, and in diverting the investment opportunity in Ripple to Vast V, Vast Ventures LLC and Chertok totally abandoned Vast VI's interests in an investment opportunity in Ripple.

182. In reliance upon this omission, concealment and failure to disclose these material facts, Vast VI did not secure or make an investment in Ripple in late 2013.

183. By reason of the foregoing, Vast Ventures LLC and Chertok are liable to Vast VI for fraudulent omission, fraudulent concealment and fraudulent failure to disclose material facts.

184. By reason of the foregoing, Vast VI has sustained damages in an amount to be determined at trial but believed to exceed tens of millions of dollars.

**AS AND FOR AN EIGHTH CAUSE OF ACTION  
BY DANIEL SHATZ INDIVIDUALLY**

**(Against Vast Ventures LLC and Douglas Chertok for Fraudulent Omission, Fraudulent  
Concealment and Fraudulent Failure to Disclose)**

185. Plaintiff repeats and realleges each of the allegations contained in Paragraphs "1" through "184" as if fully set forth at length herein.

186. As a consequence of their fiduciary duty to Shatz, Vast Ventures LLC and Chertok had a duty to disclose to Shatz the material facts that (a) an investment opportunity in Ripple was becoming and had become available again in or about November or December 2013 and (b) Chertok was causing Vast V to make an investment in Ripple.

187. Vast Ventures LLC and Chertok had knowledge of these material facts.

188. Vast Ventures LLC and Chertok knowingly and intentionally omitted, concealed and failed to disclose these material facts to Shatz when Shatz asked Chertok for an update on

OpenCoin/Ripple in late October 2013 and at all relevant times thereafter, including before and when Chertok caused Vast V to make an investment in Ripple in or about November or December 2013.

189. Had Vast Ventures LLC and Chertok disclosed to Shatz in late 2013 the fact that the investment opportunity in Ripple was available again and had nevertheless wrongfully and faithlessly failed or refused to cause Vast VI to make an investment in Ripple, Shatz would have made an individual investment directly in Ripple at that time and a follow-on investment directly in Ripple in 2015 and further follow-on investments directly in Ripple thereafter.

190. In reliance upon the omission, concealment and failure to disclose the material facts alleged above, Shatz did not secure or make an investment in Ripple in late 2013.

191. By reason of the foregoing, Vast Ventures LLC and Chertok are liable to Shatz for fraudulent omission, fraudulent concealment and fraudulent failure to disclose material facts.

192. By reason of the foregoing, Shatz has sustained damages in an amount to be determined at trial but believed to exceed tens of millions of dollars.

**AS AND FOR A NINTH CAUSE OF ACTION  
BY DANIEL SHATZ DERIVATIVELY ON BEHALF OF  
VAST VENTURES VI LLC**

**(Against Vast Ventures LLC and Douglas Chertok for Constructive Fraud)**

193. Plaintiff repeats and realleges each of the allegations contained in Paragraphs “1” through “192” as if fully set forth at length herein.

194. Vast Ventures LLC and Chertok owed fiduciary duties to Vast VI to disclose to Vast VI the material facts that (a) an investment opportunity in Ripple was becoming and had become available again in or about November or December 2013 and (b) Chertok was causing Vast V to make an investment in Ripple.

195. Vast Ventures LLC and Chertok knowingly concealed these material facts from, and failed to disclose them to, Vast VI.

196. In doing so, and in diverting the investment opportunity in Ripple to Vast V, Vast Ventures LLC and Chertok totally abandoned Vast VI's interests in an investment opportunity in Ripple.

197. In reliance upon this concealment and failure to disclose the material facts alleged above, Vast VI did not secure or make an investment in Ripple in late 2013.

198. By reason of the foregoing, Vast Ventures LLC and Chertok are liable to Vast VI for constructive fraud.

199. By reason of the foregoing, Vast VI has sustained damages in an amount to be determined at trial but believed to exceed tens of millions of dollars.

**AS AND FOR A TENTH CAUSE OF ACTION  
BY DANIEL SHATZ INDIVIDUALLY**

**(Against Vast Ventures LLC and Douglas Chertok for Constructive Fraud)**

200. Plaintiff repeats and realleges each of the allegations contained in Paragraphs "1" through "199" as if fully set forth at length herein.

201. Vast Ventures LLC and Chertok owed fiduciary duties to Shatz to disclose to him the material facts that (a) an investment opportunity in Ripple was becoming and had become available again in or about November or December 2013 and (b) Chertok was causing Vast V to make an investment in Ripple.

202. Vast Ventures LLC and Chertok knowingly concealed these material facts from, and failed to disclose them to, Shatz.

203. Had Vast Ventures LLC and Chertok disclosed to Shatz in late 2013 the fact that the investment opportunity in Ripple was available again and had nevertheless wrongfully and

faithlessly failed or refused to cause Vast VI to make an investment in Ripple, Shatz would have made an individual investment directly in Ripple at that time and a follow-on investment directly in Ripple in 2015 and further follow-on investments directly in Ripple thereafter.

204. In reliance upon the concealment and failure to disclose the material facts alleged above, Shatz did not secure or make an investment in Ripple in late 2013.

205. By reason of the foregoing, Vast Ventures LLC and Chertok are liable to Shatz for constructive fraud.

206. By reason of the foregoing, Shatz has sustained damages in an amount to be determined at trial but believed to exceed tens of millions of dollars.

**AS AND FOR AN ELEVENTH CAUSE OF ACTION  
BY DANIEL SHATZ DERIVATIVELY ON BEHALF OF  
VAST VENTURES VI LLC**

**(Against All Defendants for Unjust Enrichment)**

207. Plaintiff repeats and realleges each of the allegations contained in Paragraphs “1” through “206” as if fully set forth at length herein.

208. Defendants Chertok, Vast Ventures LLC, Vast V and Vast Ventures GP benefited by the opportunity (a) to make an investment, directly or indirectly, in Ripple, and/or (b) to receive, directly or indirectly, proceeds, profits and distributions from such investment, all at the expense of Vast VI.

209. Equity and good conscience demands that Vast VI receive restitution and/or be compensated for its loss.

210. By reason of the foregoing, a constructive trust should be imposed, for the benefit of Vast VI, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the

Defendants, to which said Defendants were and/or are otherwise entitled, sufficient to make Vast VI whole for its lost investment opportunity in Ripple.

211. By reason of the foregoing, Defendants have been unjustly enriched in an amount to be determined at trial but believed to exceed tens of millions of dollars.

**AS AND FOR A TWELFTH CAUSE OF ACTION  
BY DANIEL SHATZ INDIVIDUALLY**

**(Against All Defendants for Unjust Enrichment)**

212. Plaintiff repeats and realleges each of the allegations contained in Paragraphs “1” through “211” as if fully set forth at length herein.

213. Defendants Chertok, Vast Ventures LLC, Vast V and Vast Ventures GP benefited by the opportunity (a) to make an investment, directly or indirectly, in Ripple, and/or (b) to receive, directly or indirectly, proceeds, profits and distributions from such investment, at the expense of Shatz’s interests in an investment by Vast VI in Ripple.

214. Equity and good conscience demands that Shatz receive restitution and/or be compensated for his loss.

215. By reason of the foregoing, a constructive trust should be imposed, for the benefit of Shatz, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which said Defendants were and/or are otherwise entitled, sufficient to make Shatz whole for his interests in a lost investment opportunity of Vast VI in Ripple.

216. By reason of the foregoing, Defendants have been unjustly enriched in an amount to be determined at trial but believed to exceed tens of millions of dollars.

**AS AND FOR A THIRTEENTH CAUSE OF ACTION  
BY DANIEL SHATZ INDIVIDUALLY**

**(Against All Defendants for Unjust Enrichment)**

217. Plaintiff repeats and realleges each of the allegations contained in Paragraphs “1” through “216” as if fully set forth at length herein.

218. Had Vast Ventures LLC and Chertok disclosed to Shatz in late 2013 the fact that the investment opportunity in Ripple was available again and had nevertheless wrongfully and faithlessly failed or refused to cause Vast VI to make an investment in Ripple, Shatz would have made an individual investment directly in Ripple at that time and a follow-on investment directly in Ripple in 2015 and further follow-on investments directly in Ripple thereafter.

219. Defendants Chertok, Vast Ventures LLC, Vast V and Vast Ventures GP benefited by the opportunity (a) to make an investment, directly or indirectly, in Ripple, and/or (b) to receive, directly or indirectly, proceeds, profits and distributions from such investment, at the expense of Shatz.

220. Equity and good conscience demands that Shatz receive restitution and/or be compensated for his loss.

221. By reason of the foregoing, a constructive trust should be imposed, for the benefit of Shatz, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which said Defendants were and/or are otherwise entitled, sufficient to make Shatz whole for his lost investment opportunity in Ripple.

222. By reason of the foregoing, Defendants have been unjustly enriched in an amount to be determined at trial but believed to exceed tens of millions of dollars.

**AS AND FOR A FOURTEENTH CAUSE OF ACTION  
BY DANIEL SHATZ SUING DERIVATIVELY ON BEHALF OF  
VAST VENTURES VI LLC**

**(Against All Defendants – Constructive Trust)**

223. Plaintiff repeats and realleges each of the allegations contained in Paragraphs “1” through “222” as if fully set forth at length herein.

224. By reason of the foregoing, including, without limitation, Vast Ventures LLC’s and Chertok’s breaches of fiduciary duties owed to Vast VI and diversion of a corporate opportunity belonging to Vast VI, Defendants’ aiding and abetting breaches of fiduciary duties owed to Vast VI and Defendants’ unjust enrichment at the expense of Vast VI, a constructive trust should be imposed, for the benefit of Vast VI, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which said Defendants were and/or are otherwise entitled, sufficient to make Vast VI whole for its lost investment opportunity in Ripple.

**AS AND FOR A FIFTEENTH CAUSE OF ACTION  
BY DANIEL SHATZ INDIVIDUALLY**

**(Against All Defendants – Constructive Trust)**

225. Plaintiff repeats and realleges each of the allegations contained in Paragraphs “1” through “224” as if fully set forth at length herein.

226. By reason of the foregoing, including, without limitation, Vast Ventures LLC’s and Chertok’s breaches of fiduciary duties owed to Shatz, Defendants’ aiding and abetting breaches of fiduciary duties owed to Shatz and Defendants’ unjust enrichment at the expense of Shatz, a constructive trust should be imposed, for the benefit of Shatz, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which said Defendants were and/or

are otherwise entitled, sufficient to make Shatz whole for his interests in a lost investment opportunity of Vast VI in Ripple.

**AS AND FOR A SIXTEENTH CAUSE OF ACTION  
BY DANIEL SHATZ INDIVIDUALLY**

**(Against All Defendants – Constructive Trust)**

227. Plaintiff repeats and realleges each of the allegations contained in Paragraphs “1” through “226” as if fully set forth at length herein.

228. Had Vast Ventures LLC and Chertok disclosed to Shatz in late 2013 the fact that the investment opportunity in Ripple was available again and had nevertheless wrongfully and faithlessly failed or refused to cause Vast VI to make an investment in Ripple, Shatz would have made an individual investment directly in Ripple at that time and a follow-on investment directly in Ripple in 2015 and further follow-on investments directly in Ripple thereafter.

229. By reason of the foregoing, including, without limitation, Vast Ventures LLC’s and Chertok’s breaches of fiduciary duties owed to Shatz, Defendants’ aiding and abetting breaches of fiduciary duties owed to Shatz and Defendants’ unjust enrichment at the expense of Shatz, a constructive trust should be imposed, for the benefit of Shatz, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which said Defendants were and/or are otherwise entitled, sufficient to make Shatz whole for his lost investment opportunity in Ripple.

**AS AND FOR A SEVENTEENTH CAUSE OF ACTION  
BY DANIEL SHATZ SUING DERIVATIVELY ON BEHALF OF  
VAST VENTURES VI LLC**

**(Against Chertok and Vast Ventures LLC – Accounting)**

230. Plaintiff repeats and realleges each of the allegations contained in Paragraphs “1” through “229” as if fully set forth at length herein.

231. Chertok and Vast Ventures LLC acknowledged, through counsel, that Vast V made an investment in Ripple in late 2013 and in 2015, but failed to identify the amounts of the investments and denied that Vast Ventures LLC or Chertok had any fiduciary obligation to Vast VI with respect to the Ripple investment opportunity.

232. Accordingly, it would be futile for Vast VI to demand an accounting from Chertok and Vast Ventures LLC prior to bringing this cause of action.

233. Vast VI has no adequate remedy at law to account for the amount that Vast V invested in Ripple and the amount of profits derived therefrom, including profits that were received, directly or indirectly, by Chertok and/or Vast Ventures LLC resulting from such investment, which amounts should belong, in equity and good conscience, to Vast VI.

234. By reason of the foregoing, Vast VI is entitled to an accounting by Chertok and Vast Ventures LLC of (a) the amounts of the investments made by Vast V in Ripple, (b) the shares, proceeds, profits and distributions received by Vast V from its investments in Ripple, and (c) the shares, proceeds, profits and distributions received by Vast Ventures LLC and Chertok, directly or indirectly through Vast Ventures GP, Vast V or any other Vast Ventures-affiliated entity, for their interests in Vast V’s investments in Ripple.

**AS AND FOR AN EIGHTEENTH CAUSE OF ACTION  
BY DANIEL SHATZ INDIVIDUALLY**

**(Against Vast Ventures LLC and Chertok – Accounting)**

235. Plaintiff repeats and realleges each of the allegations contained in Paragraphs “1” through “234” as if fully set forth at length herein.

236. Chertok and Vast Ventures LLC acknowledged, through counsel, that Vast V made an investment in Ripple in late 2013 and in 2015, but failed to identify the amounts of the investments and denied that Vast Ventures LLC or Chertok had any fiduciary obligation to Shatz with respect to the Ripple investment opportunity.

237. Accordingly, it would be futile for Shatz to demand an accounting from Chertok and Vast Ventures LLC prior to bringing this cause of action.

238. Shatz has no adequate remedy at law to account for the amount that Vast V invested in Ripple and the amount of profits derived therefrom, including profits that were received, directly or indirectly, by Chertok and/or Vast Ventures LLC resulting from such investment, which amounts should belong, in equity and good conscience, to Vast VI and/or Shatz.

239. By reason of the foregoing, Shatz is entitled to an accounting by Chertok and Vast Ventures LLC of (a) the amounts of the investments made by Vast V in Ripple, (b) the shares, proceeds, profits and distributions received by Vast V from its investments in Ripple, and (c) the shares, proceeds, profits and distributions received by Vast Ventures LLC and Chertok, directly or indirectly through Vast Ventures GP, Vast V or any other Vast Ventures-affiliated entity, for their interests in Vast V’s investments in Ripple.

**AS AND FOR A NINETEENTH CAUSE OF ACTION  
BY DANIEL SHATZ INDIVIDUALLY**

**(Against Vast Ventures LLC – Breach of the Covenant of Good Faith and Fair Dealing)**

240. Plaintiff repeats and realleges each of the allegations contained in Paragraphs “1” through “239” as if fully set forth at length herein.

241. Vast Ventures LLC and Shatz are parties to the Vast VI Operating Agreement.

242. The Vast VI Operating Agreement contains an implied covenant of good faith and fair dealing.

243. Vast Ventures LLC breached its implied covenant of good faith and fair dealing under the Vast VI Operating Agreement by, among other things, (a) failing to disclose to Shatz when the Ripple investment opportunity became available again in late 2013 and (b) failing to pursue and acquire an investment in Ripple for Vast VI in late 2013.

244. By reason of the foregoing, Shatz has sustained damages in an amount to be determined at trial but believed to exceed tens of millions of dollars.

**WHEREFORE**, Plaintiff Daniel Shatz, suing individually and derivatively on behalf of Vast Ventures VI LLC, respectfully requests that the Court enter judgment as follows:

- A. on the First Cause of Action by Daniel Shatz, suing derivatively on behalf of Vast Ventures VI LLC, against Vast Ventures LLC and Douglas Chertok for breach of fiduciary duties to Vast Ventures VI LLC, (1) imposing a constructive trust, for the benefit of Vast Ventures VI LLC, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which Vast Ventures LLC and Chertok were and/or are otherwise entitled, sufficient to make Vast VI whole for its lost investment opportunity in Ripple, to the fullest extent possible; and (2) awarding compensatory damages to Vast Ventures VI LLC in an amount to be

- determined at trial but believed to exceed tens of millions of dollars, less the value of any shares or amounts received by Vast Ventures VI LLC through a constructive trust, plus punitive damages in an amount to be determined at trial;
- B. on the Second Cause of Action by Daniel Shatz, suing individually, against Vast Ventures LLC and Douglas Chertok for breach of fiduciary duties to Daniel Shatz, (1) imposing a constructive trust, for the benefit of Daniel Shatz, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which Vast Ventures LLC and Chertok were and/or are otherwise entitled, sufficient to make Daniel Shatz whole for his interests in the lost investment opportunity of Vast VI in Ripple, to the fullest extent possible; and (2) awarding compensatory damages to Daniel Shatz in an amount to be determined at trial but believed to exceed tens of millions of dollars, less the value of any shares or amounts received by Daniel Shatz through a constructive trust, plus punitive damages in an amount to be determined at trial;
- C. on the Third Cause of Action by Daniel Shatz, suing individually, against Vast Ventures LLC and Douglas Chertok for breach of fiduciary duties to Daniel Shatz, (1) imposing a constructive trust, for the benefit of Daniel Shatz, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which Vast Ventures LLC and Chertok were and/or are otherwise entitled, sufficient to make Daniel Shatz whole for his lost investment opportunity in Ripple, to the fullest extent possible; and (2) awarding compensatory damages to Daniel Shatz in an amount to be determined at trial but believed to exceed tens of millions of dollars, less the value of any shares or amounts received by Daniel Shatz through a constructive trust, plus punitive damages in an amount to be determined at trial;

- D. on the Fourth Cause of Action, by Daniel Shatz, suing derivatively on behalf of Vast Ventures VI LLC, against Douglas Chertok, Vast Ventures V LP and Vast Ventures GP LLC for aiding and abetting breach of fiduciary duties to Vast Ventures VI LLC, (1) imposing a constructive trust, for the benefit of Vast Ventures VI LLC, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which said Defendants Douglas Chertok, Vast Ventures V LP and Vast Ventures GP were and/or are otherwise entitled, sufficient to make Vast VI whole for its lost investment opportunity in Ripple, to the fullest extent possible; and (2) awarding compensatory damages to Vast Ventures VI LLC in an amount to be determined at trial but believed to exceed tens of millions of dollars, less the value of any shares or amounts received by Vast Ventures VI LLC through a constructive trust, plus punitive damages in an amount to be determined at trial;
- E. on the Fifth Cause of Action by Daniel Shatz, suing individually, against Douglas Chertok, Vast Ventures V LP and Vast Ventures GP LLC for aiding and abetting breach of fiduciary duties to Vast Ventures VI LLC, (1) imposing a constructive trust, for the benefit of Daniel Shatz, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which said Defendants Douglas Chertok, Vast Ventures V LP and Vast Ventures GP were and/or are otherwise entitled, sufficient to make Daniel Shatz whole for his interests in the lost investment opportunity of Vast VI in Ripple, to the fullest extent possible; and (2) awarding compensatory damages to Daniel Shatz in an amount to be determined at trial but believed to exceed tens of millions of dollars, less the value of any shares or amounts received by Daniel Shatz through a constructive trust, plus punitive damages in an amount to be determined at trial;

- F. on the Sixth Cause of Action by Daniel Shatz, suing individually, against Douglas Chertok, for aiding and abetting breach of fiduciary duties to Vast Ventures VI LLC, (1) imposing a constructive trust, for the benefit of Daniel Shatz, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by Defendants, to which said Defendant Douglas Chertok was and/or is otherwise entitled, sufficient to make Daniel Shatz whole for his interests in the lost investment opportunity of Vast VI in Ripple, to the fullest extent possible; and (2) awarding compensatory damages to Daniel Shatz in an amount to be determined at trial but believed to exceed tens of millions of dollars, less the value of any shares or amounts received by Daniel Shatz through a constructive trust, plus punitive damages in an amount to be determined at trial;
- G. On the Seventh Cause of Action by Daniel Shatz, suing derivatively on behalf of Vast Ventures VI LLC, against Vast Ventures LLC and Douglas Chertok for fraudulent omission, fraudulent concealment and fraudulent failure to disclose, awarding compensatory damages to Vast Ventures VI LLC in an amount to be determined at trial but believed to exceed tens of millions of dollars, plus punitive damages in an amount to be determined at trial;
- H. on the Eighth Cause of Action by Daniel Shatz, suing individually, against Vast Ventures LLC and Douglas Chertok for fraudulent omission, fraudulent concealment and fraudulent failure to disclose, awarding compensatory damages to Daniel Shatz in an amount to be determined at trial but believed to exceed tens of millions of dollars, plus punitive damages in an amount to be determined at trial;
- I. on the Ninth Cause of Action by Daniel Shatz, suing derivatively on behalf of Vast Ventures VI LLC, for constructive fraud, awarding compensatory damages to Vast

- Ventures VI LLC in an amount to be determined at trial but believed to exceed tens of millions of dollars, plus punitive damages in an amount to be determined at trial;
- J. on the Tenth Cause of Action by Daniel Shatz, suing individually, for constructive fraud, awarding compensatory damages to Daniel Shatz in an amount to be determined at trial but believed to exceed tens of millions of dollars, plus punitive damages in an amount to be determined at trial;
- K. on the Eleventh Cause of Action by Daniel Shatz, suing derivatively on behalf of Vast Ventures VI LLC, against all Defendants for unjust enrichment, (1) ordering restitution and imposing a constructive trust, for the benefit of Vast Ventures VI LLC, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which said Defendants were and/or are otherwise entitled, sufficient to make Vast VI whole for its lost investment opportunity in Ripple, to the fullest extent possible; and (2) awarding compensatory damages to Vast Ventures VI LLC in an amount to be determined at trial but believed to exceed tens of millions of dollars, less the value of any shares or amounts received by Vast Ventures VI LLC through a constructive trust;
- L. on the Twelfth Cause of Action by Daniel Shatz, suing individually, against all Defendants for unjust enrichment, (1) ordering restitution and imposing a constructive trust, for the benefit of Daniel Shatz, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which said Defendants were and/or are otherwise entitled, sufficient to make Shatz whole for his interests in the lost investment opportunity of Vast VI in Ripple, to the fullest extent possible; and (2) awarding compensatory damages to Daniel Shatz in an amount to be

- determined at trial but believed to exceed tens of millions of dollars, less the value of any shares or amounts received by Daniel Shatz through a constructive trust;
- M. on the Thirteenth Cause of Action by Daniel Shatz, suing individually, against all Defendants for unjust enrichment, (1) imposing a constructive trust, for the benefit of Daniel Shatz, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which said Defendants were and/or are otherwise entitled, sufficient to make Shatz whole for his lost investment opportunity in Ripple, to the fullest extent possible; and (2) awarding compensatory damages to Daniel Shatz in an amount to be determined at trial but believed to exceed tens of millions of dollars, less the value of any shares or amounts received by Daniel Shatz through a constructive trust;
- N. on the Fourteenth Cause of Action by Daniel Shatz, suing derivatively on behalf of Vast Ventures VI LLC, against all Defendants for a constructive trust, imposing a constructive trust, for the benefit of Vast Ventures VI LLC, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which said Defendants were and/or are otherwise entitled, sufficient to make Vast VI whole for its lost investment opportunity in Ripple, to the fullest extent possible;
- O. on the Fifteenth Cause of Action by Daniel Shatz, suing individually, against all Defendants for a constructive trust, imposing a constructive trust, for the benefit of Daniel Shatz, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which said Defendants were and/or are otherwise entitled, sufficient to make Shatz whole for his interests in the lost investment opportunity of Vast VI in Ripple;

- P. on the Sixteenth Cause of Action by Daniel Shatz, suing individually, against all Defendants for a constructive trust, imposing a constructive trust, for the benefit of Daniel Shatz, over all shares of Ripple, and all rights in all proceeds, profits and distributions derived, directly or indirectly, from shares of Ripple, that were acquired by any of the Defendants, to which said Defendants were and/or are otherwise entitled, sufficient to make Shatz whole for his lost investment opportunity in Ripple;
- Q. on the Seventeenth Cause of Action by Daniel Shatz, suing derivatively on behalf of Vast Ventures VI LLC, against Defendants Douglas Chertok and Vast Ventures LLC, directing them to account for (a) the amounts of the investments made by Vast Ventures V LP in Ripple, (b) the shares, proceeds, profits and distributions received by Vast Ventures V LP from its investments in Ripple, and (c) all of the shares, proceeds, profits and distributions received by Douglas Chertok and Vast Ventures LLC, directly or indirectly through Vast Ventures GP LLC, for their interests in the investments made by Vast Ventures V LP in Ripple;
- R. on the Eighteenth Cause of Action by Daniel Shatz, suing individually, against Defendants Douglas Chertok and Vast Ventures LLC, directing them to account for (a) the amounts of the investments made by Vast Ventures V LP in Ripple, (b) the shares, proceeds, profits and distributions received by Vast Ventures V LP from its investments in Ripple, and (c) all of the shares, proceeds, profits and distributions received by Douglas Chertok and Vast Ventures LLC, directly or indirectly through Vast Ventures GP LLC, for their interests in the investments made by Vast Ventures V LP in Ripple;
- S. on the Nineteenth Cause of Action by Daniel Shatz, individually, against Vast Ventures LLC for breach of the covenant of good faith and fair dealing, awarding compensatory damages to Daniel Shatz in an amount to be determined at trial but believed to exceed tens of millions of dollars;

- T. awarding Plaintiff Daniel Shatz reasonable attorneys' fees and the costs and disbursements of this action;
- U. awarding Plaintiff Daniel Shatz pre-judgment and all other applicable interest; and
- V. granting Plaintiff Daniel Shatz such other, further and different relief as the Court may deem just and proper.

Dated: New York, NY  
November 7, 2018

**GIBBONS P.C.**

By: /s Daniel S. Weinberger  
Daniel S. Weinberger, Esq.  
Jeffrey L. Nagel, Esq.

One Pennsylvania Plaza, 37<sup>th</sup> Floor  
New York, New York 10019-3701  
Tel: (212) 613-2000  
Fax: (212) 290-2018  
[dweinberger@gibbonslaw.com](mailto:dweinberger@gibbonslaw.com)  
[jnagel@gibbonslaw.com](mailto:jnagel@gibbonslaw.com)

*Attorneys for Plaintiff Daniel Shatz, suing  
individually and derivatively on behalf of  
Vast Ventures VI LLC*

**VERIFICATION**

STATE OF NEW YORK            )  
  ) ss:  
COUNTY OF NEW YORK        )

DANIEL A. SHATZ, being duly sworn, deposes and says:

1. I am the plaintiff herein and am one of the members of Vast Ventures VI LLC.
2. I have read the foregoing Verified Complaint, know the contents thereof, and the same are true to my knowledge, except as those matters which are stated on information and belief, and as to those matters, I believe them to be true.




---

Daniel A. Shatz

Sworn to before me this 7<sup>th</sup> day of November 2018.




---

Notary Public

