

**SUPREME COURT OF THE STATE OF NEW YORK
NEW YORK COUNTY – COMMERCIAL DIVISION**

CHRISTOPHER DOEBLIN, individually and
derivatively on behalf of BOOK CULTURE ON
COLUMBUS, LLC,

Plaintiff,

- against -

JOHN R. MACARTHUR,

Defendant.

Index No.: 156356/2020

(Masley, J.)

Part 48

AMENDED COMPLAINT

(Jury Trial Demanded)

Plaintiff CHRISTOPHER DOEBLIN, individually and on behalf of his business, BOOK CULTURE ON COLUMBUS, LLC (“Doeblin” or “Plaintiff”), by and through his undersigned attorneys, as and for his Amended Complaint (“Complaint”) against defendant JOHN MACARTHUR (“MacArthur” or “Defendant”), alleges as follows:

NATURE OF ACTION

1. This is an action for defamation, breach of fiduciary duty, and interference with both existing contracts and prospective economic advantage against Defendant, Plaintiff’s partner in Book Culture on Columbus, LLC (“BCC” or the “Company”), a New York limited liability company which owned Book Culture on Columbus (“Book Culture”), a well-known bookstore on the Upper West Side of Manhattan.

2. Attempting to deal with serious and ultimately fatal financial pressures that Book Culture was experiencing in 2019, Doeblin commenced a community fundraising program partially aimed at Book Culture’s customers.

3. Approximately two months after these fundraising efforts began, and after Doeblin had raised approximately \$300,000 for Book Culture and its sister stores, MacArthur contacted the *West Side Rag*, a newspaper widely read on the Upper West Side of Manhattan, and in an interview for an article entitled “Book Culture Owners Split on Lending Program, Raising New

Questions,” accused Doeblin of perpetrating a calculated and widespread fraud on community members.¹

4. Specifically, MacArthur accused Doeblin of misrepresenting the financial health of Book Culture for the purpose of deceiving community members into participating in Book Culture’s fundraising and raising money for Book Culture’s sister stores.

5. As set forth in the Article, MacArthur accused Doeblin of “raising money on the *false premise* that Book Culture on Columbus is on the verge of failure *when it’s not.*”

6. MacArthur also accused Doeblin of material deceptions on the community, stating that his purpose in speaking to the West Side Rag was because he “want[ed] to halt the *deceptive fundraising*” in which Doeblin was allegedly engaged.

7. Seeking to further smear Doeblin, MacArthur stated: “I don’t want ordinary, neighborhood people lending money to [Doeblin] *on a false premise*. In effect they are lending money to me, and I’m not asking for it – I don’t want it!”

8. MacArthur also sought to impugn Doeblin by lying about MacArthur’s willingness to lend Book Culture money, by informing the *West Side Rag* that he was “willing to contribute the funds himself to get it back to where it was.”

9. These statements were lies, MacArthur knew them to be lies when he issued them, and they were lies maliciously calculated to harm BCC and Doeblin so that MacArthur could purchase Doeblin’s majority ownership share of BCC at a pittance.

10. As detailed herein, eighteen months of correspondence between MacArthur and Doeblin leave no question that MacArthur was on notice of BCC’s dire financial situation when

¹ Exhibit A, referred to herein as the “Article.” Unless otherwise indicated, all emphases in quotations throughout this Amended Complaint have been added and are not in the original publications or correspondence.

he contacted the *West Side Rag* in September 2019.

11. As early as April 2018, and as set forth below, Doeblin had informed MacArthur that BCC was in “*in dire need of cash*” and that if it did not receive such cash influx it “*will be in crisis soon.*”

12. More than a year later, in June 2019 (the month before Doeblin in his desperation began his crowdfunding campaign), MacArthur informed his accountants that BCC was “*going down very fast now.*”

13. This sentiment was echoed weeks later by his lawyer, who described BCC as being “*in extremis*” and informed Doeblin that he had “*no apparent alternatives*” other than to accept MacArthur’s lowball buyout offer.

14. As set forth below, is this backdrop of eighteen months of such communications concerning BCC’s distressed finances and BCC’s need for investment, as well as Doeblin’s public pleas (first to local and state government, then to the community) for help, that MacArthur took to the pages of the *West Side Rag* in September 2019 and informed the community that *Doeblin was a fraud*; that his fundraising efforts were *dishonest and deceptive*; that Book Culture’s prospects were *fine*; that BCC was *not* on the verge of failing; that BCC was *not* in need of investment; and that he, MacArthur, stood ready to provide investment in it.

15. These maliciously false statements were calculated to destroy Doeblin’s credibility and thus his crowdfunding efforts.

16. Not only did MacArthur know that BCC was in a dire financial straits when he made these statements, he also knew that for more than a year BCC had been trying to secure an investment or other financing without success.

17. Not only had MacArthur and Doeblin discussed BCC’s need for investment at length

going back to at least March 2012, but as part and parcel of MacArthur's buyout machinations, he had actively *blocked* Doeblin's attempts to secure funding for BCC.

18. In response to such tactic, Doeblin pivoted away from traditional funding and began trying to secure investment from through crowdfunding.

19. But because every dollar Doeblin raised for BCC diminished MacArthur's hopes of securing a buyout of Doeblin's shares, MacArthur, unable to secure a buyout on equitable terms, moved his buyout tactics to the media.

20. MacArthur's malicious and defamatory comments to the *West Side Rag* in September 2019 must thus be viewed in context for what they truly were: merely the next iteration of MacArthur's buyout strategy.

21. Though MacArthur issued these defamatory claims against Doeblin under the guise of trying to protect community members from Doeblin's deceptive fundraising activities, MacArthur's true intention was to smear Doeblin and cease his successful fundraising activities so he could buy out Doeblin's majority interest in BCC at a pittance.

22. This included MacArthur's lie that he was "willing to contribute the funds himself to get [BCC] back to where it was."

23. In point of fact, throughout 2018 and 2019 MacArthur *never once* offered to "invest" additional monies into BCC unless such "investment" was tied to and conditioned on his receipt of Doeblin's BCC shares.

24. This was therefore no "contribution" at all. Rather, it was an attempt to seize Doeblin's majority BCC interest.

25. Considering this, the lie that MacArthur was "willing to contribute the funds himself" was tactical, and thus malicious.

26. MacArthur no doubt understood holding himself out as a willing investor in BCC would call into question Doeblin's integrity and methods in seeking outside investment through the crowdfunding campaign.

27. Though nowhere disclosing to the *West Side Rag* that he was trying to force a sale of Doeblin's shares, MacArthur -- who, as set forth in the Article, "is perhaps more well-known for his role as the president and publisher of Harper's Magazine" -- told the *West Side Rag*: "I don't want ordinary, neighborhood people lending money to [Doeblin] on a false premise. In effect, they're lending money to me, and I'm not asking for it -- I don't want it!"

28. This is of course ridiculous. Individuals that partook in the community lending program were not "lending money" to MacArthur. They were assisting a beloved local bookstore stay afloat.

29. But this statement -- that participants of the community lending program were "lending money" to MacArthur -- was also tactical.

30. MacArthur relied on his presumed largesse (underscored by the *West Side Rag* with reference to his status as the president and publisher of *Harper's*) to support his lie that he "won't permit [the Company] to go bankrupt!", and further support his claim that Doeblin was fraudulently inducing investment in a Company that did not need it because one of its partners (MacArthur) was presumably so well-heeled.

31. This and MacArthur's other lies served twin purposes: *first*, it allowed MacArthur to present himself to the community as a BCC insider concerned with community members' well-being and *second*, it destroyed Doeblin's chances of keeping BCC in business without (MacArthur no doubt hoped) selling his shares to MacArthur.

32. This strategy worked. Having been accused of fraud by his business partner,

Doeblin's credibility among those he was directing his fundraising efforts was unsurprisingly destroyed. Almost immediately, all fundraising ceased and, with it, BCC's chances of surviving.

33. Indeed, and underscoring the absurdity of MacArthur's lie that Doeblin was "raising money on the false premise that Book Culture is on the verge of failure when it's not," in early 2020 Book Culture was *shuttered by the landlord for unpaid rent*. The store has not reopened, and Doeblin is in the process of winding down the business and paying off its significant debts, many of which he is personally liable for.

34. Adding insult to injury, rather than attempt to assist Book Culture, as he represented in the Article he would, MacArthur seized on the shuttering of Book Culture in January 2020 as an opportunity to line his own pockets and effect by backdoor means what he could not effect at the bargaining table.

35. Upon the shuttering of Book Culture in January 2020, and while Doeblin was frantically negotiating with the landlord in an attempt to reopen the store and negotiate a payment plan for back rent owed, MacArthur went behind Doeblin's back and commenced his own negotiations with the landlord in order to secure the retail space for a competing bookstore.

36. This outlandish and extraordinary behavior was done in absolute breach of his fiduciary obligations to Doeblin and BCC.

37. Thus, having effectively ensured the demise of BCC by his lies about Doeblin's fundraising efforts and intentions, including the lies that BCC was in good financial health and that that he "won't permit it to go bankrupt!", MacArthur sought to benefit from those lies by taking over, with a new company, Book Culture's storefront.

JURISDICTION & VENUE

38. This Court has jurisdiction over this matter pursuant to CPLR 301 because all activities relating to this action were conducted in the State of New York.

39. Venue is proper in New York County because it is BCC's principal place of business and the county of MacArthur's and Doeblin's residence during the relevant time period.

PARTIES

40. Doeblin was at all relevant times a Manhattan resident. He is a 45.96% percent owner of BCC.

41. MacArthur is a Manhattan resident. He is a 40% owner of BCC.

42. BCC is a New York limited liability company with a principal place of business at 536 West 112th Street, New York, New York. The bookstore that it owns and operates, Book Culture, has been closed since January 2020. The remaining approximately 14% of BCC shares are owned by non-party Annie Hendricks ("Hendricks").

FACTUAL ALLEGATIONS

BCC and the Beginning of its Financial Concerns

43. Doeblin has been in the bookstore business since 1985.

44. In addition to BCC, he is also owner and president of an entity called Book Culture, Incorporated ("BCI"), which owns three bookstores, two in Manhattan and one in Queens.

45. BCC was formed in 2014 for the purposes of owning and operating the bookstore, Book Culture, on Columbus Avenue in Manhattan.

46. On information and belief, prior to 2014, MacArthur had no experience owning or operating bookstores, or any other retail entity.

47. Though MacArthur received financial statements for BCC, he originally had no

day-to-day involvement in the operation or management of Book Culture.

48. In or around early 2018, BCC began suffering significant financial hardship.

49. This was memorialized not only in financial statements distributed to MacArthur, but in reams of correspondence between Doeblin on the one hand and MacArthur and his representatives on the other.

50. As early as March 2018, Doeblin was informing MacArthur of BCC's need "to find outside investors or lenders to assists us or *we will be in a crisis soon,*" (Exhibit B), and that BCC was "*in dire need of cash.*" Exhibit C.

51. A month later, in April 2018, MacArthur informed Doeblin that he was "shocked by the depleted stock" at the bookstore, a depletion caused by a credit hold that book publishers had on Book Culture and its sister stores. Exhibit D.

52. Three months later, in July 2018, Doeblin informed MacArthur "our credit situation is affecting our performance and we are in *dire need of funding.*" Exhibit E.

53. In response to this, MacArthur's accountant stated as follows:

Perhaps, he is starting to feel the pressure. Chris says that they are in need of funding and he is continuing to search for the necessary funding. *It seems that he will not find funding as he has exhausted all of his sources and has been looking unsuccessfully for quite a while.* It is sort of a flip of the coin as whether to open up a discussion now or *let him keep sweating.*

Id.

54. Apparently deciding BCC's "dire need of funding" made it a prime opportunity to "open up a discussion" of a buyout of Doeblin's shares, two days later, on July 20, 2018, MacArthur's lawyer proposed such a buyout to Doeblin, writing:

As I understand it, you have *run up payables* with the major publishers in the *hundreds of thousands of dollars*, and now you are *unable to maintain current inventory*. The depleted stock in the bookstore has resulted in substandard appearance, *again affecting sales*. The impact on the profitable operation at BCC

is *devastating*. You report that you are exploring different avenues of financing the shortfalls in your bookstores. Your efforts have now dragged on for months without success. We believe BCC will not survive if it remains financially intertwined with BCI.

Exhibit F.

55. To be clear, these statements by MacArthur's accountants and lawyer were made more than a year before Doeblin began his crowdfunding efforts which MacArthur characterized in the *West Side Rag* as fraudulent.

56. As MacArthur knew, BCC was unable throughout 2018 or 2019 to secure any loan or line of credit prior to Doeblin's commencement of his crowdfunding efforts.

57. This of course meant that BCC's "dire need of funding" which Doeblin warned of in March and July 2018 had only intensified by the time the crowdfunding started in July 2019.

58. Thus, when he took to the pages of the *West Side Rag* in September 2019, MacArthur knew about BCC's dire financial situation, knew BCC had "exhausted" all potential sources of investment, knew that "**BCC [would] not survive**" absent additional investment.

BCC's Financial Crisis Continues Into 2019

59. MacArthur and his agents continued to acknowledge BCC's financial crises into and throughout 2019

60. As MacArthur's accountant noted in January 2019, "*there is definitely cause for concern with this entire operation.*" Exhibit G.

61. In February 2019, Doeblin, making clear that he was "open to and trying any and every avenue available" to save Book Culture, attempted to secure \$1.5 million in financing from an entity called Burnley Capital. Exhibit H.

62. MacArthur refused to sign off on the loan. *Id.*

63. As noted *supra*, MacArthur had floated the idea of buying out Doeblin's BCC

interest as early as July 2018, and MacArthur's obvious strategy in refusing to sign off on the Burnley Capital financing was to make sure Doeblin would "keep sweating," and meaning that MacArthur could secure for himself a lower buyout number.

64. Upon learning MacArthur refused to sign off on the Burnley Capital financing, Doeblin called MacArthur out on this transparent tactic:

Let's proceed with trying to separate your client from his connections to me via BCC[.] What do you suggest? I do think *squeezing me out* by refusing to allow me every opportunity ie Burnley, will not be good citizenship. Especially in light of the utter capitulation of my own family finances to the *efforts to keep BCC alive*... Let's be correct and get [MacArthur] out of this, but let's be fair to me.

Id.

65. MacArthur having refused to sign off on the Burnley Capital financing, Doeblin spent the next two months frantically trying to secure other avenues of financing to save BCC.

66. These efforts were unsuccessful, and on April 24, 2019, Doeblin wrote MacArthur to inform him that BCC was unable to secure financing:

As of today, I have not been able to produce any decent offers for credit facilities for BCC.... It is time to examine the options open to us and decide the outcome we should aim for.... In the next 2 weeks or so, I will have to take a series of more *drastic actions* to manage our costs and *apprise our customers of the situation*.

Exhibit I.

67. That same day, Doeblin laid out the possible alternatives for BCC, making clear that the status quo could not be maintained:

We can *liquidate and close the store(s)*

We can continue to seek new equity via *a more public announcement* of our situation.

We will continue to seek out any offers at this point for credit and if anything is available I will share that information with you.

We can try to find a buyer for the company(s) in part or wholly. I could be bought out of both entities for example.

Burnley Capital will likely offer us a substantial line of credit, but only in conjunction with an equity raise.

From an operational perspective, we will very soon try to do everything possible to reduce payroll and other overhead. This is *unlikely to find us a path to solvency* on its own as it will make growth very difficult and will not improve our ability to access books and merchandise substantially enough, soon enough. But it could extend our viability long enough to find a better solution. **Very soon the evidence of our distress will require address to our customers and public.**

Id.

68. Doeblin's April 2019 e-mail having made clear that BCC's financial situation continued to worsen, MacArthur opened a new round of buyout negotiations, with MacArthur's lawyer making clear that he "is offering to take over BCC with its *negative cash flow and negative net worth.*" Exhibit J.

69. When Doeblin balked at MacArthur's lowball offer, MacArthur's lawyer stated: "[I]f you are not inclined to accept Rick's offer then it would be helpful to see projections that show how you plan to *right the ship* and even turn it into a profitable business." *Id.*

70. By mid-May 2019, MacArthur was of the belief that his attempts to squeeze Doeblin out were succeeding, as BCC's financial situation was further deteriorating. As he told his accountants: "*I don't think he can last much longer.*" Their response: "*He isn't going to survive much longer, even if he secures a high interest loan for the other stores.*" Exhibit K.

71. In mid-June 2019, and upon receipt and review of a management report showing that year-over-year sales for the prior week had plummeted 26%, MacArthur commented to his accountants: "**It's going down very fast now.**" Exhibit L.

72. In response to MacArthur's question about the cause of the 26% year-over-year drop in sales, Doelbin informed MacArthur on June 18, 2019 that BCC was "*virtually dead in the water* in terms of our capacity to purchase now." Exhibit M.

73. Such sentiment was echoed by MacArthur's lawyer later in June in an e-mail to

Doeblin, wherein he criticized Doeblin's refusal to accept MacArthur's buyout offer:

You have made clear that these businesses are *in extremis*. So it is not apparent to me why you are setting up roadblocks. ***There are no apparent alternatives available.... We are offering BCC a lifeline.***

Exhibit N.

74. As bad as BCC's finances were in June 2019, by the following month they were even worse, as made clear by MacArthur's lawyer, who remarked on MacArthur's "fear that the condition of the store's balance sheet is *deteriorating*." Exhibit O.

75. Even after Doeblin's crowdfunding efforts commenced in July 2019, MacArthur's buyout attempts continued, during which MacArthur was advised by his advisers that continued the liabilities of BCC "*far outweighs any assets that may be left*." Exhibit P.

76. Vitally, at no point from March 2018 to September 2019, when he contacted the *West Side Rag*, did MacArthur ever question, dispute, or disagree with any representation by Doeblin concerning BCC's dire and precarious financial condition.

77. Vitally, on repeated occasions from March 2018 through September 2019, MacArthur himself, his lawyer or his accountants repeatedly and emphatically made clear that they agreed with Doeblin's assessment of BCC's finances, and offered their own critiques and opinions concerning BCC's desperate financial situation.

Doeblin Commences the Crowdfunding Campaign

78. Having spent more than a year trying to securing financing for BCC, and having repeatedly been thwarted in those attempts by MacArthur or rebuffed in those attempts by potential investors, Doeblin made a last-ditch effort to save Book Culture and its sister stores by way of June 2019 open letter to Mayor DiBlasio, Governor Cuomo, and others (the "Open Letter"; Exhibit Q).

79. This letter was published in the *West Side Rag*.

80. Doeblin made clear in the Open Letter that each of his four stores were experiencing severe financial hardship: “Our 4 stores are in danger of closing soon and we need financial assistance or investment on an interim basis to help us find our footing.” *Id.*

81. The Open Letter was effectively a plea to local and state government authorities to assist BCC and BCI and their 75 employees: “If you run the city or the state or if you have the means to assist, or even if it simply means calling and emailing and writing to the local city council member where you live and the mayor and governor, please do so.” *Id.*

82. As of the date of the Open Letter, BCC owed approximately \$100,000 in back rent and \$600,000 to vendors and others.

83. The Open Letter was unsuccessful, and neither Book Culture nor its sister stores received any government assistance.

84. Considering this, Doeblin decided that his last chance to save Book Culture and its sister stores was a public crowdfunding program.

85. Doeblin’s goal was to raise \$750,000 for Book Culture and its three sister stores.

86. As Doeblin stated in a July 31, 2019 Facebook post to Book Culture customers:

A couple of weeks ago in an effort to keep our four book shops open, we began our Community Lender program. It empowers individual members of the community to lend directly to Book Culture ensure that we keep our stores in New York City open.

Exhibit R.

87. As set forth in the Facebook post, any community member who was interested could contact Doeblin and “we can send our standard Community Lender contract out for review. We have amended the basic terms to a 4% rate of interest and a 5-year term.” *Id.*

88. By mid-August 2019, Doeblin’s efforts had raised approximately \$200,000 for the

four stores, and by September 2020 he had raised approximately \$300,000, well on his way to his goal of \$750,000 for the stores, and to, *inter alia*, securing the jobs of his 75 employees.

MacArthur's Attempts to Buy Doeblin Out

89. As detailed above, since at least early spring 2018, Doeblin and MacArthur had engaged in periodic buyout discussions pursuant to which MacArthur sought to purchase Doeblin's and Hendricks' shares of BCC.

90. Doeblin and Hendricks' position, both through 2018 and 2019, was that the amount MacArthur was offering to purchase their shares was significantly deflated and did not reflect their true value.

91. Though a round of buyout talks ceased in February 2019 -- when MacArthur, specifically citing the "declining sales" of Book Culture on Columbus, informed Doeblin that he was no longer interested in a buyout -- those buyout discussions recommenced in June 2019.

92. As set forth above, in an effort to take advantage of what he knew was the distressed financial situation at BCC, it was MacArthur these buyout discussions.

93. Because -- to use MacArthur's own words -- BCC was "going down very fast now," his position was that Doeblin had "no apparent alternatives" to his buyout, and that he was "offering BCC a lifeline."

94. Rebuffing such interest, and MacArthur's low buyout offer, Doeblin informed MacArthur on June 24, 2019 that it was not a good time for such negotiations:

I think it's a question of timing. I have a very difficult financial situation to manage here now and until we are out of trouble I can't really think about anything else. If you are not going to take up consideration of the buyout until September we may be better off starting up with Mike after July.

Exhibit S.

95. As such, and as confirmed by this and other correspondence detailed herein,

MacArthur was on notice and acknowledged the distressed financial condition of BCC in the summer of 2019.

MacArthur's Libelous Statements About Doeblin

96. Though MacArthur was relying on his knowledge of BCC's "deteriorating" balance sheet and the fact that it was "going down very fast" to try and force a lowball buyout of Doeblin and Hendricks' BCC shares, neither Doeblin nor Hendricks were willing to agree to the purchase price MacArthur was offering.

97. Apparently frustrated by their refusal to acquiesce to his buyout position, and on notice that Doeblin's fundraising efforts for BCC would harm his buyout chances, MacArthur contacted the *West Side Rag* and attempted to discredit Doeblin's fundraising activities and smear Doeblin personally.

98. As MacArthur no doubt calculated, discrediting Doeblin's fundraising and Doeblin himself would serve to ramp up the financial pressure he and BCC were feeling and make MacArthur's buyout offer more attractive.

99. As set forth in the Article, MacArthur accused Doeblin of perpetrating a fraud on those individuals who had partaken in the community lending program.

100. MacArthur made the following defamatory statements (collectively, the "Defamatory Statements") about Doeblin:

- a. "Contrary to signage and social media posts, Book Culture on Columbus **is not in need of financial assistance** from the neighborhood, according to co-owner John R. MacArthur."
- b. "MacArthur believes Doeblin is **misleading potential lenders** by using the Columbus store to raise money for a separate business, and he wants to ensure that the public is aware of where lenders are sending their cash."
- c. "'Nobody seems to know that these are two separate companies,' said MacArthur during a phone interview with WSF. 'And that **he's raising**

money on the false premise that Book Culture on Columbus is on the verge of failure when it's not. I won't permit it to go bankrupt.”

- d. “I want to halt the **deceptive fundraising,**’ said MacArthur.”
- e. “I don't want ordinary, neighborhood people lending money to [Doebelin] on a **false premise.** In effect they are lending money to me, and I'm not asking for it – I don't want it!”
- f. That, according to MacArthur: “Book Culture on Columbus was until recently doing just fine – and **MacArthur is willing to contribute the funds himself to get it back to where it was.**”

101. Of course, as set forth above and confirmed by contemporaneous correspondence, MacArthur was aware that BCC was not “doing just fine” and was in dire financial straits when he made these calculated and defamatory comments about Doebelin's allegedly “deceptive” fundraising practices.

102. Since the fundraising was to support BCC, MacArthur's defamatory statements harmed both Doebelin and BCC.

103. MacArthur was no doubt aware that accusing his business partner of fraud, deceptive practices, and raising money on a “false premise” would not only bring a halt to Doebelin's fundraising efforts, but destroy Doebelin's reputation in the community.

104. Indeed, this is confirmed by correspondence from MacArthur to Doebelin on August 29, 2019, days before the Article was published, wherein MacArthur told Doebelin that, Doebelin having rebuffed MacArthur's buyout offer, “one way or the other” MacArthur was going to force him to stop his fundraising campaign.

105. And he did. Almost immediately upon publication of the Article wherein he accused Doebelin of widespread fraud, all fundraising for the Company unsurprisingly ceased, as MacArthur intended.

106. Adding insult to injury and underscoring the rank absurdity of MacArthur's

calculated falsehoods about BCC's financial viability, within five months of the Article, Book Culture was shuttered by the landlord for unpaid rent.

107. Doeblin is as of the date of this Amended Complaint in the process of winding down the business.

108. Doeblin, who was a personal guarantor on the Book Culture lease, has also been sued in Supreme Court, New York County, by the landlord for unpaid rent in a case entitled *Endicott Commercial LLC v. Christopher Doeblin*, Index No. 650393/2020, wherein Book Culture's landlord is suing Doeblin for \$140,000, plus interest from January 2020.

109. These facts of course put the lie to MacArthur's many defamatory statements concerning how Doeblin was perpetrating a fraud and misrepresenting the financial status of BCC.

110. This fact also puts the lie to MacArthur's self-aggrandizing boasts that he would not allow Book Culture to fail or go bankrupt and that he stood ready to invest money in Book Culture.

111. Indeed, rather than ensure its survival as he boasted in the Article, MacArthur guaranteed its demise.

112. During the period immediately after the landlord shuttered the bookstore in January 2020, and while Doeblin was attempting to renegotiate the lease and get the store reopened, MacArthur contacted the landlord and attempted to negotiate a new lease for a new bookstore.

113. Such self-dealing was entirely in MacArthur's self-interest and was antagonistic to BCC's interests.

114. As such, this activity was in absolute and flagrant breach of MacArthur's

fiduciary obligations to Doeblin and BCC.

115. MacArthur's self-interested meddling caused the landlord to cease negotiations with BCC and formally terminate the lease for non-payment which, as noted, led to the landlord filing suit against Doeblin.

FIRST CAUSE OF ACTION
(Defamation -
***on behalf of Doeblin*)**

116. Plaintiff hereby repeats and realleges each and every allegation set forth in the preceding paragraphs as if fully set forth herein.

117. Defendant made the Defamatory Statements in an interview with the *West Side Rag*.

118. The Defamatory Statements were of and concerning Doeblin.

119. Each and every one of the Defamatory Statements were false.

120. Defendant knew at the time he made the Defamatory Statements that they were false.

121. Defendant made the Defamatory Statements as a negotiation tactic in the hope that by ruining Doeblin's credibility with the public, his fundraising efforts would cease, and Defendant could secure for himself a buyout of Doeblin's shares of BCC.

122. Defendant was grossly irresponsible and grossly negligent in making the Defamatory Statements.

123. In the alternative, Defendant acted with actual malice in making the Defamatory Statements because they were part and parcel of his attempt to destroy Doeblin's credibility and buy out Doeblin's BCC shares.

124. The Defamatory Statements are defamatory on their face or at the very least are

reasonably susceptible of a defamatory meaning. They impugned Doeblin's integrity and exposed him to public contempt, ridicule, disgrace, shame and humiliation and induced an evil and unsavory opinion of him in the minds of the public to which they were addressed.

125. The Defamatory Statements are defamatory *per se* because they tend to disparage and injure Doeblin in his business, occupation or profession.

126. The Defamatory Statements are defamatory *per se* because by stating, *inter alia*, that Doeblin was perpetrating a fundraising fraud, Defendant charged Doeblin with a serious crime.

127. As a result of the publication of the Defamatory Statements, Doeblin has been irreparably injured in his good name and reputation and has suffered damages to his personal reputation, business reputation, business interests and prospective business opportunities, as well as significant humiliation and emotional distress.

128. As a result of the publication of the Defamatory Statements, Doeblin has suffered pecuniary or economic loss.

129. The publication of the Defamatory Statements was outrageous and done knowingly, willfully, spitefully, maliciously and with the intent to cause harm to Doeblin.

130. By reason of the foregoing, Doeblin is entitled to an award of damages, including punitive damages, in an amount to be determined at the time of trial but in no event less than \$5 million.

SECOND CAUSE OF ACTION
(Breach of Fiduciary Duty -
***on behalf of BCC and Doeblin*)**

131. Plaintiff hereby repeats and realleges each and every allegation set forth in the preceding paragraphs as if fully set forth herein.

132. By virtue of his membership in the BCC limited liability company and his 40% ownership stake in same, MacArthur was a fiduciary of BCC and Doeblin.

133. Considering that fiduciary status, MacArthur owed certain duties and obligations to BCC and Doeblin.

134. In in breach of those duties and obligations, MacArthur issued the Defamatory Statements about Doeblin.

135. MacArthur issued the Defamatory Statements in an effort to harm Doeblin and harm BCC's fundraising efforts.

136. MacArthur issued the Defamatory Statements in an effort to improve his negotiating position in his buyout discussions with Doeblin and Hendricks.

137. This abject self-dealing violated MacArthur's duty of care, duty of loyalty and duty of honesty to both BCC and Doeblin.

138. In addition, in or around January 2020 MacArthur breached his fiduciary duties to BCC and Doeblin by attempting to negotiate a new lease at the Book Culture on Columbus location on behalf of a different bookstore.

139. He did this while he was on notice that Doeblin was attempting to renegotiate a lease and work out a payment plan with the landlord concerning BCC's unpaid rent.

140. As such, MacArthur was effectively negotiating against BCC's interests by trying to secure a lease at the Book Culture location for a competing company.

141. This abject self-dealing violated MacArthur's duty of care, duty of loyalty and duty of honesty to both BCC and Doeblin.

142. As a result of MacArthur's breach of his fiduciary obligations to BCC and Doeblin, both have suffered damages in an amount to be proven at trial, including punitive

damages, and Doeblin has suffered pain and mental suffering, in an amount to be proven at trial.

THIRD CAUSE OF ACTION
**(Intentional Interference with Prospective Economic Advantage -
on behalf of BCC and Doeblin)**

143. Plaintiff hereby repeats and realleges each and every allegation set forth in the preceding paragraphs as if fully set forth herein.

144. By partaking in the conduct described herein, and making the Defamatory Statements, MacArthur's intention was to interfere with BCC and Doeblin's fundraising efforts.

145. By stating that Doeblin was engaged in deceptive fundraising, and lying about BCC's financial status, MacArthur did in fact interfere with BCC and Doeblin's fundraising efforts.

146. This interference was aimed at stopping all fundraising so he could place BCC and Doeblin in a bad enough financial situation that he could orchestrate a buyout of Doeblin's BCC shares.

147. MacArthur was on notice of the extreme financial stress BCC was suffering in the summer of 2019 when he made the Defamatory Statements and informed readers of the *West Side Rag* that BCC was in good financial shape, that he would never allow BCC to go bankrupt, and that Doeblin was lying to them about the severity of BCC's financial health.

148. MacArthur's conduct was intended to inflict harm on and damage Doeblin and BCC.

149. MacArthur employed wrongful means in seeking to achieve those goals, as set forth herein.

150. As a result of the Defendants' conduct, Doeblin and BCC have suffered harm to their pecuniary interests and are entitled to an award of damages, in an amount to be determined

at trial.

FOURTH CAUSE OF ACTION
(Tortious Interference with Contract –
***on behalf of BCC*)**

151. Plaintiff hereby repeats and realleges each and every allegation set forth in the preceding paragraphs as if fully set forth herein.

152. By partaking in the conduct described herein, and making the Defamatory Statements, MacArthur's intention was to interfere with BCC and Doeblin's fundraising efforts.

153. By stating that Doeblin was engaged in deceptive fundraising, and lying about BCC's financial status, MacArthur did in fact interfere with BCC and Doeblin's fundraising efforts.

154. This interference was aimed at stopping all fundraising so he could place BCC and Doeblin in a bad enough financial situation that he could orchestrate a buyout of Doeblin's BCC shares.

155. MacArthur was on notice of the extreme financial stress BCC was suffering in the summer of 2019 when he made the Defamatory Statements and informed readers of the *West Side Rag* that BCC was in good financial shape, that he would never allow BCC to go bankrupt, and that Doeblin was lying to them about the severity of BCC's financial health.

156. MacArthur was on notice that Doeblin had secured upwards of \$300,000 via the Community Lending Program.

157. MacArthur was on notice that Doeblin had entered into contracts in connection with the Community Lending Program.

158. MacArthur knew that his Defamatory Statements would cause individuals who had entered into Community Lending contracts with Doeblin to back out of and thus breach

those contracts.

159. Indeed, this was his intention, for the reasons set forth herein.

160. MacArthur's Defamatory Statements and lies about BCC's financial health and Doeblin's fundraising did in fact cause individuals who had entered into Community Lending contracts to back out of and thus breach those contracts.

161. MacArthur's conduct was without legal justification, was done in his self-interest, and was done in violation of his fiduciary obligations to BCC and Doeblin.

162. By reason of the foregoing, MacArthur is entitled to an award of damages, in an amount to be determined at trial.

DEMAND FOR JURY TRIAL

Plaintiff demands a trial by jury.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully request that the Court enter judgment against Defendants as follows:

- A. On the First Cause of Action, judgment in an amount to be determined at the time of trial but not less than \$5 million, plus interest;
- B. On the Second Cause of Action, judgment in an amount to be determined at the time of trial;
- C. On the Third Cause of Action, judgment in an amount to be determined at the time of trial;
- D. On the Fourth Cause of Action, judgment in an amount to be determined at the time of trial;
- G. Judgment awarding all costs and attorneys' fees incurred by Plaintiffs in the prosecution of this action;
- H. Judgment granting such other and further relief as the Court may deem just and proper.

Dated: New York, New York
October 29, 2020

**LAW OFFICES OF JOHN V.
GOLASZEWSKI, P.C.**

/s/ John V. Golaszewski
1740 Broadway, 15th Floor
New York, NY 10019
T: 646-872-3178
jvgolaszewski@gmail.com

Attorneys for Plaintiff