



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

ABRAHAM SHAFI and GENRIKH
KHACHATRYAN, individually and derivatively,
on behalf of GET TOGETHER INC., and
KRUTAL DESAI,

Plaintiffs,

v.

CHI-HUA CHIEN; SERENA DAYAL; MIKE
MAPLES, JR.; SCOTT KAUFFMAN;
GOODWATER CAPITAL, LLC; GOODWATER
CAPITAL III, L.P.; SB INVESTMENT
ADVISERS (US) INC. (aka SOFTBANK
INVESTMENT ADVISERS), and FLOODGATE
FUND V, L.P.,

Defendants,

and

GET TOGETHER INC.,

Nominal Defendant.

C.A. No. 2023-_____

VERIFIED COMPLAINT

1. On June 23, 2023, a spokesperson for social media platform IRL told the world that 95% of IRL's users were "automated or from bots." It was a stunning admission. It was also a flagrant, outrageous lie.

2. The false “admission” was the culmination of a series of moves orchestrated by the three venture capital board members at IRL:¹ defendants Chi-Hua Chien of Goodwater Capital, Serena Dayal of SoftBank, and Mike Maples of Floodgate (the “VC Directors”). The VC Directors, working with Chien’s longtime ally Scott Kauffman (whom they had improperly installed as the Company’s CEO two months earlier), used the “95% bots” lie as an excuse to shut down the company and return capital to shareholders—meaning, return capital largely to SoftBank, Goodwater, and Floodgate, who stood to recover the lion’s share of the company’s \$40 million cash on hand because they owned preferred stock. Rushing to shut down the Company on false pretenses was the last in a series of breaches of duties committed by these four individual defendants.

3. And here’s the thing: Chien, Dayal, Maples, and Kauffman *had to have known* that the “95% bots” “admission” was a lie. Why? Because they had access to extensive evidence that disproved the lie.

4. As an example, when Goodwater was courting SoftBank to invest in IRL in 2021, Goodwater commissioned an independent survey of 700 U.S. adults aged 18–30. The Goodwater survey found that 7.4% of those surveyed “actively use” IRL. It defies logic that Goodwater would have surveyed bots. In Goodwater’s

¹ IRL, which is shorthand for “in real life,” is the name of the social media platform and app owned by the company Get Together Inc. This Complaint uses the term “IRL” or the “Company” to refer to the company itself.

own words at the time, the 7.4% finding was “in line with the company’s reported 10% active rate amongst that same U.S. audience.” And the survey results equated to millions of active, human users, just in that age cohort—a number completely inconsistent with the false “95% bots” claim.

5. As another example, IRL’s then-outside counsel Faegre Drinker Biddle & Reath LLP (“Faegre”) conducted its own lengthy investigation in late 2022 and early 2023 into various bot-related allegations by former IRL employees, with Faegre commissioning an extensive analysis by the independent technology consulting firm Celerity. In January 2023, Faegre reported to the IRL Board (including the VC Directors) that, based on its investigation to date, concerns about a significant bot problem on IRL’s platform were unfounded. That was later confirmed by Celerity’s months-long analysis, which Celerity completed in or around April 2023, leading Faegre to conclude that the former employees’ concerns were unfounded.

6. IRL’s Vice President of Engineering, who had been hired recently from Snapchat, likewise confirmed to the IRL Board (including the VC Directors) in multiple meetings in late 2022 and early 2023 that the Company had invested substantial resources into successfully uncovering and removing bots from the platform and did not have a significant bot problem.

7. Finally, Google Metrics—one of the gold standards in authenticating actual human users—independently showed approximately 17 million unique sign-ins to IRL *authenticated by Google* in April 2023.

8. So, what “evidence” did the VC Directors and Kauffman have to support their “95% bots” claim? A single report hastily compiled in a few weeks (versus Faegre and Celerity’s four months) by a different consulting firm, Keystone. Even ignoring all the contrary evidence, the Keystone Report was not remotely credible.

9. For instance, Keystone based its “95% bots” conclusion in part on the fact that a huge number of users left the platform after the VC Directors removed IRL co-founder Abraham Shafi as CEO on April 28, 2023. While a huge number of users did leave the platform, Keystone ignored that they left *after IRL’s platform suffered a continuous series of extended outages throughout May 2023* (with one lasting more than 24 hours). Even worse, a preview of the results of the report to the Board included the false assertion that there were no user complaints or known problems with the IRL app after April 28 that would otherwise have explained the drop-off in users. Quite the contrary, IRL’s massive loss of users after the series of outages was further evidence *disproving* the “95% bots” lie. After all, one would have to be a human being—not a bot—to experience the kind of frustration that would lead a user to refuse to return to the platform once it was back up and running.

Bots programmed to automatically crawl the platform would presumably get right back to it once the platform’s service was restored. Yet the Keystone Report nonetheless concluded—with no explanation or acknowledgement of the outages at all—that the loss of users was “likely . . . not representative of organic human activity” on the platform.

10. Why would investors who had collectively invested nearly \$200 million into the Company over several years promote this horribly damaging lie, and use it to justify hastily shutting down a company with \$40 million cash on hand? They needed a scapegoat. Badly.

11. A few months earlier, in early April 2023, IRL co-founder (and plaintiff) Abraham Shafi was still CEO of IRL, and IRL co-founder (and plaintiff) Krutal Desai was still President of IRL. Since August 2022, the Company had been fully cooperating with an investigation by the Securities and Exchange Commission (SEC) that appears to have been started by former employees raising questions about the accuracy of IRL’s user metrics. (The lead “whistleblower” first tried to extort millions of dollars from IRL in exchange for not going to the authorities—an offer IRL, with nothing to hide, rightly rejected.) It was this SEC investigation that led the Company to hire Faegre (and Celerity), resulting in the initial January 2023 report to the Board casting doubt on the idea that there were significant bot problems on the platform and the April 2023 Celerity report further substantiating that conclusion

(as well as the VP of Engineering's similar reports to the Board). The Company was confident, including as a result of these myriad investigations, that there was no bot problem, and that the SEC would ultimately agree.

12. In April 2023, though, it was Chi-Hua Chien's and Serena Dayal's turn to be deposed by the SEC. That's when things went off the rails, quickly.

13. After they were deposed, Chien and Dayal confronted CEO Abraham Shafi about his practice of using the same credit card to charge business and personal expenses. Shafi has never hidden this practice, which dated back to when he founded the Company and was personally funding it. In fact, he had been working with the Company's recently hired CFO to set up better processes for dealing with his dual-use credit card (which *Shafi*, not the Company, was personally liable for). Chien, with Dayal's and Maples's support, demanded that Shafi immediately resign or else the Company would suspend him and put out a damaging press release about him.

14. At no time during this discussion did Chien (or Dayal or Maples) ever mention to Shafi (or to IRL President and fellow board member Desai) any supposed "bot" problem at the Company. In fact, they did not mention "bots" to Shafi or Desai until nearly two months later, when they quickly moved to dissolve the Company on the basis of the hastily concocted Keystone Report. Chien's only basis for insisting that Shafi resign immediately was the personal expense issue.

15. Shafi refused to resign because he had done nothing wrong, so the VC Directors followed through with their threat, purporting to suspend Shafi on April 28, 2023. They also kept their threat to smear Shafi, reaching out (or directing a “spokesperson” to reach out) to reporters to blame the suspension on a “pattern of misconduct”—a vague description plainly intended to link Shafi’s suspension to the bot rumors that had already been reported on. Of course, the VC Directors knew that the Company’s own internal investigations had disproved the bot rumors, and they had not yet hired Keystone to gin up a false report they could “rely” on, so they apparently were careful to avoid directly confirming the false bot rumors. At this point, they could only smear Shafi with innuendo. But their efforts succeeded, as multiple news reports linked Shafi’s suspension to the false bot rumors.

16. Immediately after suspending Shafi, the VC Directors purported to install defendant Scott Kauffman as the Company’s new CEO. They did this in violation of IRL’s bylaws, without a full Board vote. The full Board, with half the votes controlled by cofounders Shafi and Desai, would never have approved appointing Kauffman, who had zero experience in social media companies. But though Kauffman lacked the experience needed to run IRL, he had one characteristic critical to the VC Directors: he was a longtime loyal ally of Chi-Hua Chien.

17. Kauffman’s tenure as CEO was immediately a disaster. Whether it was the VC Directors’ intent at this point or not, IRL’s employees interpreted the

appointment of someone with no relevant experience other than longstanding ties to Chien as a sign that the Company's venture capital owners were moving to shut down the Company. Morale plummeted. Then, in early May 2023, IRL's platform suffered a series of technical outages, including an outage that kept the platform offline for 24 hours. Technical problems are commonplace in the tech world, especially at fast-growing startups, but up until April 2023, IRL's dedicated engineers had been motivated to work around the clock to fix any such issues before they led to lengthy outages and massive user discontent. In May 2023, though, it appeared that the VC owners who were now single-handedly calling the shots with their hand-picked CEO were steering the Company to a shutdown, so the engineers were no longer motivated to work around the clock to fix problems. Even worse, when they did finally fix the problems and get the platform back online, Kauffman made no attempt to try to convince IRL's users to return to the platform, failing to implement a strategic outreach plan proposed by IRL's senior employees. The VC Directors' hand-picked CEO left IRL for dead by mid-May 2023, just weeks into his tenure.

18. At this point, the VC Directors were looking at the very real possibility that they would be personally blamed for having run a billion-dollar company into the ground in a matter of weeks. Who else was there to blame? They had suspended Shafi and installed Kauffman, destroyed company morale in the process, suffered

the worst technical outages in company history (thanks to the de-motivated engineering team), lost the vast majority of IRL’s active users as a result (with angry messages lighting up message boards), and completely failed to implement any kind of plan to re-engage the user base. That storyline would not be good for any of their reputations in the startup or venture capital communities, and it would come at a terrible time for Chien in particular, who was trying to close a billion-dollar fundraise.

19. So the VC Directors got to work creating an alternative, false storyline. They secretly commissioned the rushed Keystone Report, and as soon as they had it in hand, they made the false public “admission” that the Company had never had a real user base. That admission falsely cast Shafi as the villain while exonerating the VC Directors from any responsibility for the disastrous collapse of the Company after they removed Shafi and installed Kauffman. After all, if the Company never had a real user base, then they could pretend there never was any real “value” that the four of them had destroyed. And they could position themselves—again, falsely—as the victims of a sophisticated fraud, rather than the venture capitalists who drove a billion-dollar company off a cliff in just a few short weeks.

20. The VC Directors were acting not to benefit the Company, but to try to protect their own personal reputations and financial interests, and those of their

employers (and co-defendants here). Never was that more clear than in the final act of their scheme.

21. The VC Directors disclosed the results of the Keystone Report to Shafi and Desai on June 20, and almost immediately called a special meeting of the Board for June 23, to put forward a resolution to dissolve the Company. Shafi and Desai both begged the VC Directors to slow down and reminded them of the results of the Faegre investigation and the multiple reports from the Company's VP of Engineering, all of which contradicted the supposed conclusions of the rushed Keystone Report. The VC Directors and Kauffman had no interest in listening; they instead summarily kicked Shafi off the Board, installed Kauffman in his place, and excluded Shafi from the June 23 board meeting, all in violation of company bylaws and their fiduciary duties. The newly reconstituted Board then promptly voted to dissolve the Company, with the VC Directors explaining to a bewildered Desai that they had to move quickly because they had heard Shafi was going to talk to the press.

22. That last admission gave away the game. Even if Shafi was preparing to talk to the press (he wasn't), it is laughable to suggest that *shutting down the Company* to "get the jump" on potential bad press could ever be good *for the Company* and all its shareholders, common and preferred. Directors and officers acting loyally and in good faith would at the very least have taken the time to try to reconcile the shocking "findings" of the rushed Keystone Report with the completely

contradictory findings of so many other sources, including Celerity’s four-month analysis, the VP of Engineering’s multiple reports, the Goodwater survey from 2021, and the Google Metrics authentication data.

23. The only people who benefited from the VC Directors’ rush to shut down the Company without any further analysis were the VC Directors. They were the ones worried about being criticized by Shafi in the press; it was their reputations, not the Company’s, that they acted to protect. After all, by shutting down the Company and putting out a press release falsely claiming the Company’s user base had been a sham, *they* were doing far more damage to the Company and its reputation than Shafi ever could (or would). But if they instead had kept the Company operating, and actually implemented the plans proposed to recover the Company’s user base, that would have proven that the “95% bots” claim was false.

24. IRL was just one of many companies in each of their funds’ portfolios, so they chose to cut their monetary losses, torch Shafi, do their best to bury the truth, and take the Company’s remaining value largely for themselves. They did this to protect what to them was a far more valuable asset than a single investment: their reputations in the venture capital and startup communities.

25. The VC Directors breached their fiduciary duties of loyalty and good faith to the Company in numerous ways throughout this sorry episode. These

breaches of duty—in many cases also constituting breaches of company bylaws—
included:

- Removing Shafi as CEO;
- Failing to make Krutal Desai, the Company’s President at the time, CEO after they removed Shafi;
- Installing Kauffman as CEO without a full board vote (predictably resulting in his disastrous tenure);
- Putting out statements falsely smearing Shafi, culminating in the false “95% bots” statement that also falsely smeared the Company;
- Removing Desai as President and replacing him with Kauffman without a full Board vote;
- Directing the removal of Shafi from the Board and the installation of Kauffman in his place; and
- Dissolving the Company on one days’ notice, without making any effort to address the enormous discrepancies between the Keystone Report and the mountain of contrary evidence, so they could make the press narrative as favorable to their personal reputations as possible under the circumstances.

26. Kauffman breached his duties of care, loyalty, and good faith to the Company and its shareholders in numerous ways, including his complete failure to

undertake any efforts to re-engage IRL’s user base after the May 2023 outages, his participation in the dissemination of statements falsely smearing Shafi and falsely “admitting” that the Company’s user base was 95% bots, and his improper removal of Shafi from the Board and appointment of himself in Shafi’s place (which Kauffman purported to do via a proxy authority that he did not have).

27. The VC Fund Defendants² are all vicariously liable for the misconduct by their agents Chien, Dayal and Maples, who were acting in the scope of their employment by the VC Fund Defendants throughout the relevant period. The VC Directors engaged in the wrongful acts described here both for their own personal reputational benefit, as well as for the benefit of their employers and principals, the VC Fund Defendants, who aided and abetted their misconduct.

28. In the end, Defendants’ misconduct cost Plaintiffs and their fellow shareholders dearly. Defendants destroyed all the value of what had been a \$1.2-billion-dollar company, as well as Abraham Shafi’s personal reputation. Plaintiffs seek to hold Defendants accountable for that destruction through an award of damages.

29. Plaintiffs partnered with Chien, Maples, and Dayal in good faith, sincerely believing that these experienced venture capitalists would not only bring

² The “VC Fund Defendants” are Goodwater Capital LLC, Goodwater Capital III, L.P., SB Investment Advisers (US) Inc., and Floodgate Fund V, L.P.

money to the table to support IRL’s growth, but also help guide the Company through whatever challenges came its way. After all, that’s how these venture capitalists promote themselves to the founders of startups they wish to invest in. Sadly, though, these venture capitalists chose instead to brazenly prioritize their own reputations and financial interests, hastily shutting down a company with years’ worth of capital left, along with a talented and dedicated group of employees and a once-loyal user base. Plaintiffs bring this suit to vindicate not only their own interests, but the interests of the family members and other early investors who believed in them, and the employees who poured blood, sweat, and tears into IRL for years, only to have the Company burned to the ground in the end by selfish, scared venture capitalists.

PARTIES

30. Plaintiffs Abraham Shafi, Krutal Desai, and Genrikh “Henry” Khachatryan co-founded IRL in 2016.

31. Plaintiff Shafi served as IRL’s Chief Executive Officer from its founding until April 2023. He was also a member of IRL’s Board of Directors from its founding until he was purportedly removed as a director by an unauthorized and improper proxy vote on June 23, 2023. Shafi is the holder of 2,668,512 shares of common stock of the Company.

32. Plaintiff Desai served as IRL's President from its founding until late May 2023, when he was purportedly (and improperly) removed from the position by the VC Directors. He has been a member of IRL's Board of Directors since its founding and remains on the Board today. Desai is the holder of 2,668,512 shares of common stock of the Company.

33. Plaintiff Genrikh "Henry" Khachatryan served as a senior engineer at IRL from its founding until June 2023. Khachatryan is the holder of 2,668,512 shares of common stock of the Company.

34. Defendant Chi-Hua Chien is a co-founder and managing partner of Goodwater Capital, LLC. Chien has been a member of IRL's Board of Directors since 2021.

35. Defendant Serena Dayal is an Investment Director at SB Investment Advisers (US) Inc., an affiliate of SoftBank Group. Dayal has been a member of IRL's Board of Directors since 2021.

36. Defendant Mike Maples, Jr. is a co-founding partner at Floodgate Fund. Maples was a member of IRL's Board of Directors at all relevant times.

37. Defendant Scott Kauffman is the putative CEO of IRL, purportedly (but improperly) appointed by certain of the Directors of IRL in April 2023.

38. Defendant SB Investment Advisers (US) Inc., also known as SoftBank Investment Advisers ("SoftBank" or "SoftBank Advisers"), is a Delaware

corporation. SoftBank Advisers was the investment manager for SoftBank Vision Fund 2 at the time of IRL's Series C fundraising and acted on behalf of SoftBank Vision Fund 2 in managing its investment in IRL. SoftBank Advisers is a subsidiary of non-party SoftBank Group Corp.

39. Defendant Goodwater Capital, LLC is a Delaware limited liability company.

40. Defendant Goodwater Capital III, L.P. (together with Goodwater Capital, LLC, "Goodwater") is a Delaware limited partnership, founded in 2018, which invested in IRL's Series C fundraising.

41. Defendant Floodgate Fund V, L.P. ("Floodgate") is a Delaware limited partnership, formed in 2014, which invested in IRL's Series C fundraising.

SUBJECT MATTER AND PERSONAL JURISDICTION

42. This Court has subject matter jurisdiction over Plaintiffs' breach of fiduciary duty claims under 10 *Del. C.* § 341. This Court has subject matter jurisdiction over Plaintiffs' other claims pursuant to the equitable clean-up doctrine.

43. This Court has personal jurisdiction over Defendants Chien, Dayal, Maples, and Kauffman because each of them is, or was during the relevant time, an officer or director of Get Together Inc., a Delaware corporation.

44. This Court has personal jurisdiction over Defendants SB Investment Advisers (US) Inc.; Goodwater Capital, LLC; Goodwater Capital III, L.P.; and Floodgate Fund V, L.P. because they are Delaware corporate entities.

FACTUAL ALLEGATIONS

A. IRL Experiences Meteoric Growth as a Social Media Phenomenon.

45. Plaintiffs Shafi, Desai, and Khachatryan co-founded IRL in 2016 with a vision of creating a social media network focused on helping members form meaningful connections and communities “in real life.” After raising seed funding in 2016 on the basis of a prototype for a predecessor application, IRL’s team spent months building out the IRL platform.

46. IRL took off following its public launch in 2018. By March 2021, IRL estimated that it had just over three million Daily Active Users (DAUs) and nearly 13 million Monthly Active Users (MAUs).

47. IRL became one of the most downloaded apps on Apple devices in the U.S., consistently ranking as among the top ten most downloaded social network apps on iOS as of 2021.

48. Other major players in the social media industry took notice of IRL’s substantial user base. For example, in 2020 IRL worked with TikTok to promote a “TikTok Live” event. Jenny Zhu, TikTok’s Head of Integrated Marketing in the U.S., vouched: “IRL has been an amazing platform for us to engage with more of

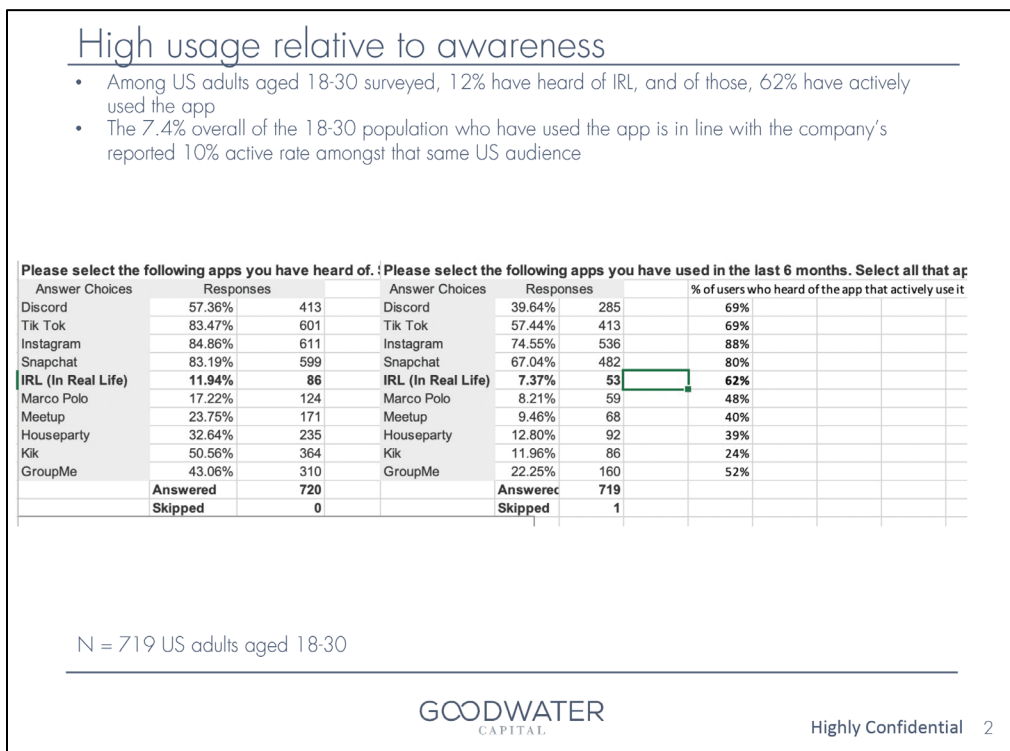
our audience and meet new potential users. The Weeknd Experience: TikTok Live was our first virtual concert experience and we added the event on IRL to grow visibility. IRL was seamless to work with and successfully helped us gauge early interest with 52K RSVPs and 1.1M followers on our profile in the week leading up to the concert. We see major traffic coming from IRL and are excited to continue our partnership!”

49. To support its early growth, IRL raised \$8 million in a Series A financing in 2018, and \$16 million in a Series B financing in 2019. Goodwater Capital, led by Chien, was the lead investor in both rounds. Floodgate likewise invested.

50. In early 2021, IRL sought to raise additional capital in a Series C round. Chien helped lead the Series C fundraising efforts, recruiting and selling SoftBank on the investment. SoftBank was the primary investor for the Series C, and its investment was led by Serena Dayal. After learning about the investment opportunity in IRL, SoftBank’s Chief Executive Officer Masayoshi Son wanted to meet within 48 hours and offered a \$500 million investment. Shafi suggested \$100 million, and Dayal compromised with \$150 million, which SoftBank subsequently invested.

51. In March 2021, as part of its efforts to help IRL raise its Series C, Goodwater Capital commissioned an independent consumer survey to validate the

size of IRL’s user base. Conducted by an external firm on a sample population of over 700 U.S. adults ranging from 18 to 30 years old, the survey showed that approximately 12% of respondents had heard of IRL and 7.4% were active users. In a presentation summarizing the survey results, Goodwater noted that “[t]he 7.4% overall of the 18-30 population who have used the app is in line with the company’s reported 10% active rate amongst that same US audience.”

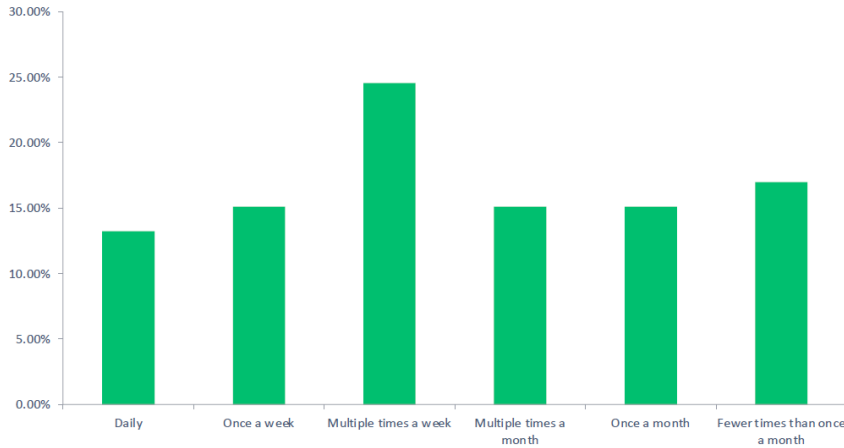


52. Of the 59 survey respondents who used IRL, 83% used the app at least monthly and nearly 90% had at least two friends who were also users of the app.

High frequency of use

- 83% use the app at least monthly
- 53% use the app at least weekly

How often do you use IRL?



N = 59 respondents who use IRL

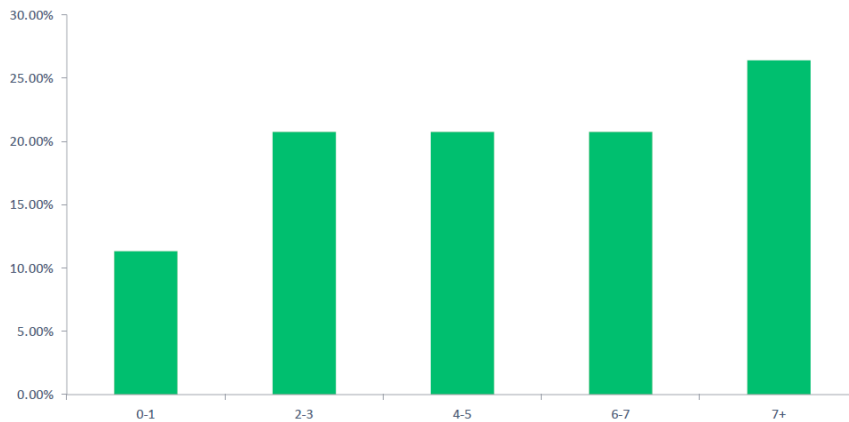
GOODWATER
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Highly Confidential 5

High friend density among existing users

- Nearly 90% of users have at least 2 friends on the app
- Over 2/3 have at least 4 friends
- Nearly half (47%) have at least 7 friends

Roughly how many friends do you use IRL with?



N = 59 respondents who use IRL

GOODWATER
CAPITAL

Highly Confidential 7

53. On April 16, 2021, the news site *The Information* reported that “[g]roup messaging app IRL is in talks to raise more than \$50 million at a \$1 billion

valuation.” The article placed the investment in line with recent trends: “The funding for IRL, which has caught on quickly in recent months among teenagers in the U.S., follows a resurgence in competitive deals for social media startups like Clubhouse and photo-sharing app Dispo.” The article also noted that “IRL’s mobile app has been downloaded more than 12 million times, according to research firm Apptopia.”

54. As part of its due diligence process, SoftBank’s investment team vetted IRL’s usage statistics. In email correspondence with Shafi, a member of SoftBank’s team noted that another third-party research firm, App Annie, showed 9 million cumulative downloads for the IRL app since its launch. In response, Shafi noted that App Annie did not track users who accessed IRL on the web (rather than by downloading the IRL app to their smartphone) and that IRL’s user base included many users under age 18, whose data may not be reliably tracked due to privacy reasons. SoftBank’s representative responded, copying Dayal, “agree with you on the data discrepancies w/ App Annie, they highlighted the issue with tracking users under 18 y/o and understand that it is their best estimate. Thanks for sharing this, makes complete sense!”

55. In May 2021, IRL closed the Series C investment round. In total, including the \$150 million investment from SoftBank, IRL raised \$170 million at a pre-money valuation of \$1 billion and post-money valuation of \$1.17 billion.

56. Following the Series C, IRL's Board of Directors had six members. Under IRL's Amended and Restated Certificate of Incorporation, three of the board seats were allocated to directors elected by the common stockholders, who were IRL's founders (including Shafi) and original early investors. The other three board seats were controlled, one apiece, by the three largest venture capital investors: SoftBank, Goodwater, and Floodgate. SoftBank appointed Dayal, Goodwater appointed Chien, and Floodgate appointed Maples. Per the Certificate of Incorporation, to ensure parity in company oversight by the common stockholders and venture capital firms, if there were ever fewer than three common stockholder directors, those common stockholder directors would nonetheless together have three votes on the Board (*i.e.*, if there were only two common stockholder directors, then each of them would have 1.5 votes). There were only two common stockholder directors following the Series C, Shafi and Desai.

57. After completing the Series C, IRL began hiring top executives with experience at other successful startups. In November 2021, IRL hired Alex Strand as its Vice President of Engineering. Strand had previously served as Director of Engineering at Snapchat, and before that had worked in software development at Amazon. IRL also hired an experienced CFO, Gabi Loeb, a Harvard Business School graduate with years of experience at Disney, among other qualifications.

58. IRL’s rapid growth continued in 2021. By September, IRL reported ongoing user growth to the Board, with approximately 3.8 million Daily Active Users and approximately 14 million Monthly Active Users.

59. IRL’s streak of cutting-edge innovation continued, as well. IRL’s engineers developed a new feature—known as “Memix”—that allowed users to quickly and easily create memes to share on social media. After originally starting as a feature within IRL, IRL’s leadership realized its potential as a standalone product.

60. In December 2022, IRL launched Memix as a standalone app on the Apple App Store. On the day of its launch, Memix became the #1 most downloaded app on the App Store in the U.S., and then remained at the top of the chart of most downloaded apps in the U.S. over the coming days.

61. Memix made headlines. On December 21, 2022, Mashable India published an article titled “This Crazy App Turns Text Into Memes; Ranks #1 On App Store.”³ The article reported that “Memix is the first new app to seriously disrupt the chat space in more than ten years and was created by the same team behind the social messaging platform IRL.” Hollywood Unlocked subsequently reported that “on Memix, a new breed of meme-making apps that uses the power of

³ Praneeth Palli, *This Crazy App Turns Text Into Memes; Ranks #1 On App Store*, MASHABLE INDIA (Dec. 12, 2022).

generative AI to create and share personalized GIF memes, this otherwise hours-long process [of making memes] takes just seconds.”⁴

62. IRL’s leadership team saw huge potential—and value—in Memix. The closest comparison was Giphy, an animated gif search engine, which Facebook had acquired in a 2020 deal reportedly worth approximately \$400 million.

B. Financial Markets Stumble in 2022, Putting Pressure on Venture Capital Firms.

63. In early 2022, the tide went out in the financial markets. After hitting an all-time high on January 3, 2022, the S&P 500 stock index dropped more than 20% to enter a bear market. So did the NASDAQ index, plummeting over 33%.

64. Many investments made at or near the peak had lost substantial value by mid-2022. After famously offering to acquire Twitter for \$54.20 per share in April 2022, Elon Musk tried to back out of the deal over the ensuing months, claiming that Twitter’s user base was dominated by bots. Musk’s highly-publicized claims that Twitter’s users statistics were inflated by fake bot activity created a playbook for investors seeking to extract themselves from social media investments they may have come to regret.

⁴ *How This App is Reinventing Pop Culture with Internet Culture*, HOLLYWOOD UNLOCKED (May 2, 2023).

65. SoftBank in particular incurred stunning losses and reputational damage in 2022. On May 12, 2022, the *New York Times* reported that “SoftBank’s Funds Post \$27 Billion Loss on Plunging Tech Investments.”⁵ The bleeding and reputational injury did not end there. In August 2022, SoftBank reported a \$23 billion loss. According to the *New York Times*, Masayoshi Son told investors that “we’ve been making big swings but couldn’t hit the ball.”⁶

66. On August 23, 2022, a Bloomberg headline proclaimed that “SoftBank’s Epic Losses Reveal Masayoshi Son’s Broken Business Model,” with a corresponding article stating that Masayoshi Son “was famous chiefly for having lost more money than anyone in history” and asserting that “[t]he bubble that the tech investor blamed for his company’s \$23 billion loss last quarter—after an additional \$19 billion earlier this year—is one that he helped create.”⁷

67. In November 2022, the sudden bankruptcy of cryptocurrency exchange FTX piled more embarrassment onto SoftBank. After investing \$100 million into FTX just ten months earlier, SoftBank reportedly lost the entirety of its investment.

⁵ Paul Mozur, *SoftBank’s Funds Post \$27 Billion Loss on Plunging Tech Investments*, THE NEW YORK TIMES (May 12, 2022).

⁶ Ben Dooley, *SoftBank Reports \$23 Billion Loss as Tech Investments Plummet*, THE NEW YORK TIMES (Aug. 8, 2022).

⁷ Max Chafkin, *SoftBank’s Losses Reveal Masayoshi Son’s Broken Business Model*, BLOOMBERG (Aug. 23, 2022).

68. The painful exposure of SoftBank’s poor investment record created a strong reputational incentive for SoftBank’s employees to avoid any further embarrassment.

C. **When Called Into Question, Multiple Investigations Confirm IRL’s User Statistics.**

69. Amidst the market turmoil in 2022, certain IRL employees made allegations that IRL’s user base disproportionately consisted of bots—including an IRL employee who threatened to take his allegations about bots to the press and authorities unless IRL paid him millions of dollars in severance. IRL refused to pay the extortion demand.

70. In May 2022, the technology news site *The Information* published an article titled “SoftBank-Backed Messaging App IRL Says It Has 20 Million Users. Some Employees Have Doubts About That.” The article reported that, “[i]n conversations with the press and IRL’s investors, CEO and co-founder Abraham Shafi said the app has 20 million or so monthly active users.” It then stated that “inside the company, some employees recently expressed concern to managers about the usage figures the company has touted.” The article further stated that “two people with direct knowledge of the situation” had “told The Information they felt the company may have used an unconventional definition to make the app appear bigger than it is.”

71. Subsequently, in August 2022, the SEC issued a subpoena to IRL seeking information concerning IRL’s user statistics.

72. IRL hired outside counsel to respond to the SEC’s inquiry. IRL initially hired counsel from Cooley LLP (“Cooley”), which had represented IRL in the Series C fundraising, and then Faegre Drinker Biddle & Reath LLP (“Faegre”) when Chien and Maples wanted to move away from Cooley. IRL also hired Jina Choi of Morrison & Foerster LLP for additional advice and guidance. Faegre, which was leading the internal investigation, in turn retained an independent technology consulting firm, Celerity, which spent approximately four months investigating and analyzing aspects of the bot allegations with the full cooperation of IRL’s engineering team. Based on its own investigative work, Faegre determined that concerns about a significant problem with bots on IRL’s app were unfounded. In January 2023, Faegre reported the initial results of its own analysis to IRL’s Board, indicating no significant problem with bots on IRL. By April 2023, Celerity’s analysis had confirmed Faegre’s initial assessment, leading Faegre to conclude that the apparent source of IRL employees’ concerns—a “bot score” promulgated by the third-party site “CloudFlare”—was misguided and highly inaccurate.

73. IRL also commissioned Strand, its Vice President of Engineering recently hired from Snapchat, to investigate the allegations. Strand gave a report to IRL’s Board in late 2022 confirming that the Company had *not* been deluged by

bots, nor was the Company sitting back and letting bots inflate its user metrics. To the contrary, as Strand explained to the Board, the Company had invested substantial resources into uncovering and kicking bots off the platform and had proactively removed approximately three million bots from IRL in 2022 as part of an effort to ensure the integrity of its user statistics.

74. Because bots commonly appear on all major websites and social media platforms, degrading the experience of actual human users, IRL had a team of employees—the Trust and Safety Team—that was specifically tasked with identifying and eradicating bots. In fact, IRL had a long record of identifying and removing bots. As early as 2019, IRL implemented third-party software to help identify and remove automated “bots” or fake users. IRL used ZeroBounce to validate email addresses upon user sign up. It used Hive to scan links, images, and videos for malicious content, such as links placed by bots. It used the “CommunitySift” product from 2Hat to scan text messages for indications of automated text created by bots. And it used SiftScience to expunge bots from the platform through pattern-recognition of automated behavior.

75. By January 2022, IRL’s engineering team had discovered approximately 800,000 fake users on its platform that had signed up with disposable email accounts. These users were eliminated, and new protections put in place to identify and prevent user sign ups with disposable email accounts.

76. In February 2023, Strand again reported to IRL’s Board that IRL did not have a significant bot problem. Strand also reassured IRL employees, including in an “all hands” meeting for members of IRL’s engineering team, that certain employees’ concerns about an outsize presence of bots on IRL were unfounded.

D. To Protect Their Reputations, the VC Directors Begin to Scapegoat Shafi.

77. Notwithstanding IRL’s thorough investigations debunking the purported “whistleblower” claims about bots, Chien, Dayal, and Maples began taking steps no later than April 2023 to distance themselves from the Company and put their own financial interests—and professional reputations—ahead of the interests of the Company and IRL stockholders. They each had strong incentives to protect their personal reputations as investors, business leaders, and valuable coaches to start-up founders.

78. Dayal had strong incentives to prevent SoftBank from facing criticism for mishandling yet another major investment after all the negative publicity it had experienced in 2022 and early 2023. Moreover, by early 2023, Dayal was making a name for herself in the venture capital industry. On February 7, 2023, *Entrepreneur* magazine ran a feature article on Dayal with the headline “This South Asian Female Investor Is Disrupting the Male-Dominated World Of Venture Capital.”⁸ The article

⁸ Ajay Choudhury, *This South Asian Female Investor Is Disrupting the Male-Dominated World Of Venture Capital*, ENTREPRENEUR (Feb. 7, 2023).

praised Dayal as “a venture capital visionary” who “sits on the board of several notable unicorn start-ups.” The article put a spotlight on Dayal’s involvement with IRL, reporting that “Serena has invested in several game changing tech innovators, including: . . . IRL (In Real Life), a rising social platform fostering connections ‘in real life’ and identifying virtual and in-person events through which like-minded people can connect.” Given her burgeoning investing career and the public scrutiny on her investment and leadership at IRL, Dayal had strong reputational incentives to distance herself from any poor publicity associated with IRL and to avoid blame for any problems with SoftBank’s investment in IRL.

79. Chien also had strong incentives to protect himself and his venture capital firm, Goodwater Capital, from criticism for any problems at IRL. In early 2023 (and possibly earlier), Chien and Goodwater Capital were actively raising a new venture capital fund. To ensure Goodwater could attract new capital from investors in a difficult funding environment, Chien was motivated to protect his and Goodwater’s reputations as savvy investors and business partners.

80. Chien, like Dayal, had publicly highlighted his deep involvement with IRL. He heavily promoted IRL on Twitter as “the next great social platform” and lauded Shafi as a “brilliant and empathetic entrepreneur.”



81. Maples similarly had a reputation to protect in the industry. As a prominent venture capital investor, publicly featured on the Forbes “Midas List” and named one of “8 Rising Stars” by FORTUNE Magazine, Maples was financially incentivized to protect his reputation as an investor and business partner from harm and criticism for mismanaging Floodgate’s investment in IRL.

82. As representatives of their venture capital firms on IRL’s Board, Chien, Dayal, and Maples were dual fiduciaries. Each of them held fiduciary duties not only to IRL, but also to their respective venture capital funds: Chien to Goodwater, Dayal to SoftBank, and Maples to Floodgate.

83. The interests of SoftBank, Goodwater, and Floodgate were not the same as the interests of IRL or its common stockholders. For one, SoftBank, Goodwater, and Floodgate held (and hold) preferred stock in IRL, which differentiates their rights from those of common stockholders with respect to the Company’s assets.

Importantly, in a liquidation event where IRL's funds would be distributed, preferred stockholders hold preferential rights, entitling them to receive proceeds before common stockholders. As such, the interests of IRL's preferred and common stockholders were not and are not aligned with respect to any decision to pursue a transaction that would result in funds being distributed to the preferred stockholders and result in lesser or no consideration for the common stockholders. In a liquidation, the preferred stockholders would recover more than \$170 million in proceeds before the common stockholders could get a penny.

84. As venture capital firms, SoftBank, Goodwater, and Floodgate also operate under a business model that causes them to seek outsized returns from a small subset of the investments they make, while expecting many of their investments to fail or generate insignificant returns. Because of the nature of this business model, venture capital firms are incentivized to liquidate even profitable ventures that fall short of their desired returns, particularly when those ventures would require extended investments of time and resources that could be devoted to more promising ventures. IRL was just one of dozens of companies that SoftBank, Goodwater, and Floodgate invested in, and it took substantial time and resources from each of them, including in the form of attending board meetings and monitoring the Company's performance.

85. On January 25, 2023, IRL’s Board appointed a Special Committee—consisting exclusively of Chien, Dayal, and Maples—to “oversee the Company’s response to the SEC investigation, to conduct any investigation into the Allegations that the Special Committee shall deem necessary, and to fulfill the Board’s oversight responsibilities with respect to the Allegations.”

86. Shafi and Desai both voted in favor of forming the Special Committee based in part on the fact that the resolution creating the Special Committee did not transfer substantial governance authority to the Special Committee—let alone the unilateral authority to remove officers, appoint new officers, or control IRL’s strategic direction. Indeed, just two weeks before the Board appointed the Special Committee, the VC Directors had reiterated their confidence in Shafi as CEO.

87. The resolution specifically limited the Special Committee to investigating allegations that the SEC might make in the future: “*should the SEC make* allegations of wrongdoing against the Company or the Company’s management.” The SEC had not made any allegations of wrongdoing, or misconduct of any kind, at IRL.

88. The Special Committee engaged Jina Choi, of Morrison & Foerster, as its counsel despite her previous representation of IRL. Having previously represented IRL in connection with the SEC investigation, Choi was conflicted when the Special Committee sought to engage her to switch to representing the Special

Committee. On information and belief, Choi sought to have IRL sign a contract purporting to waive Choi's conflict, and IRL declined given Choi's previous representation of the Company. On information and belief, Chien purported to sign the conflict waiver on behalf of IRL so that Choi could represent the Special Committee.

89. In mid- and late April 2023, both Chien and Dayal gave testimony to the SEC in response to subpoenas the SEC sent them. Following their depositions, both Chien and Dayal tried to distance themselves from the SEC investigation and any possible association with its subject matter by publicly scapegoating Shafi.

90. Two days after Chien's SEC deposition, Chien demanded that Shafi immediately resign as IRL's CEO or be suspended with a damaging press release by the Company. Chien told Shafi that he had to decide on the spot, refusing to give him time to call the lawyer who had been representing him in the SEC investigation. Chien ultimately relented, allowing Shafi only fifteen minutes to attempt to reach his lawyer. Shafi was not able to reach his lawyer in that artificially abbreviated window, but he still declined to resign, because he had done nothing wrong.

91. Chien followed through with his threat. On April 28, 2023, the Special Committee unilaterally informed Shafi that he was "suspended" from his role as IRL's CEO. The stated reason for the suspension was *not* that there was any evidence, or even reasonable suspicion, that IRL's user statistics were inflated. There

was no such evidence, and Chien did not even mention that issue to Shafi. Instead, Chien told Shafi that he was being suspended because he had improperly placed personal expenses on a credit card paid by IRL, even though Shafi had done so for years—reimbursing the Company in full—with the full knowledge of IRL’s recently hired CFO.

92. Why would Shafi use the same credit card for corporate and personal expenses? Because in the early days of the Company, Shafi was self-funding the Company’s operations, so it was all the same to him. When Shafi explained the practice to IRL’s newly-hired CFO in the summer of 2021, Gabi Loeb, Loeb did *not* tell him to stop the practice. Rather, Loeb worked with Shafi to create better processes around the practice, to ensure the expenses were properly broken out and the Company was quickly reimbursed by Shafi for his personal expenses on the card. Moreover, the credit card at issue was in Shafi’s own name, on Shafi’s credit, and was Shafi’s liability if unpaid. Indeed, when IRL left the card unpaid after IRL was dissolved, Shafi had to cover the Company’s expenses on the card from his personal funds.

93. This “suspension” of Shafi was, in all practical respects, a complete termination. The Special Committee cut off Shafi’s access to IRL email and electronic files and instructed employees to no longer engage with him as CEO.

94. The VC Directors’ true reason for suspending Shafi was not concerns over his process for reimbursing personal expenses, but rather to scapegoat Shafi and thereby insulate the VC Directors (and their employers) from any possible reputational hit or consequence from the SEC investigation.

95. This became clear when the VC Directors, on information and belief, either themselves or through an agent at the Company, immediately contacted *The Information* to publish an article about Shafi’s suspension.

96. On the *same day* that Chien informed Shafi of his suspension as CEO, April 28, 2023, *The Information* published an “exclusive” article with the headline: “IRL’s CEO Steps Down After Allegation of Inflated User Numbers.” The article reported that “Abraham Shafi has stepped down as CEO of messaging app IRL following allegations that the company used bots to inflate the users it reported publicly and to investors, according to a person with direct knowledge.”



Of course, even though Chien had pressured Shafi to “step down”—and perhaps had gone into the conversation assuming Shafi would do so—Shafi had refused. So the mysteriously planted article was plainly wrong. On information and belief, only the three VC Directors knew Chien gave Shafi the option to step down rather than be suspended.

97. Then, on April 30, 2023, *The Information* published an article with the headline “IRL Suspended CEO Shafi After Reported Pattern of Misconduct; Acting CEO Named.” The article reported: “A special committee of messaging app IRL’s board of directors suspended CEO Abraham Shafi on Friday after receiving a report from outside counsel that outlined a pattern of misconduct by Shafi, an IRL spokesperson told *The Information*.” The article’s author, Mark Matousek, posted a similar statement on Twitter:

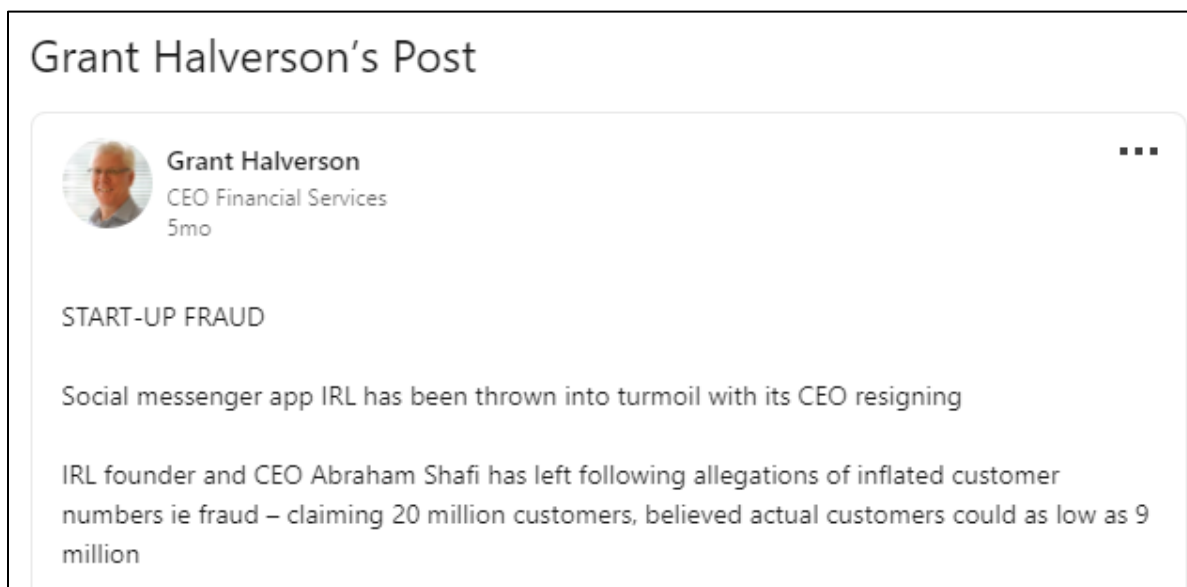


98. By publicly announcing that Shafi had been suspended for an unspecified “pattern of misconduct,” the purported “IRL spokesperson” placed Shafi in a blatantly false light. Coming out two days after the same reporter at *The Information* had published an article claiming that Shafi was stepping down due to “allegations of inflated user numbers,” the obvious insinuation of the new article’s “pattern of misconduct” assertion—that Shafi was behind a purported inflation of IRL’s user statistics—was false, as the VC Directors knew following the multiple investigations into the issue. As the VC Directors knew, the actual (and only) reason for Shafi’s suspension—as communicated to Shafi, and separately to Desai—was that Shafi had improperly placed personal expenses on an IRL credit card.

99. The VC Directors’ conspiratorial acts of suspending Shafi as CEO and publicly announcing that he had engaged in a “pattern of misconduct” had their intended effect. After *The Information* reported on Shafi’s suspension due to a “pattern of misconduct” following its earlier articles about supposedly inflated user statistics, the wider media and public proceeded to connect the dots to arrive at the false conclusion that to the extent there might have been any inflation of user statistics at IRL, it had been masterminded by Shafi without the VC Directors’ knowledge.

100. For example, on May 1, 2023, *WebProNews* published an article titled “IRL Suspends CEO Over ‘a Pattern of Misconduct.’”⁹ The article expressly linked Shafi’s suspension with the purported inflation of user statistics, reporting that “Shafi’s suspension comes after *The Information* previously reported on allegations that IRL had used bots to inflate its user numbers.”

101. Commentators on social media likewise concluded that Shafi had left the CEO role due to the purported “inflated customer numbers.” One commentator on LinkedIn posted: “IRL founder and CEO Abraham Shafi has left following allegations of inflated customer numbers ie fraud – claiming 20 million customers, believed actual customers could [be] as low as 9 million.”



⁹ *IRL Suspends CEO Over ‘a Pattern of Misconduct.’*, WEBPRONews (May 1, 2023).

E. The VC Directors Exceed Their Authority and Violate IRL’s Bylaws by Appointing Scott Kauffman as CEO.

102. In tandem with suspending Shafi from his role as IRL’s CEO, the VC Directors exceeded their authority and improperly appointed Defendant Scott Kauffman as CEO.

103. The Special Committee’s hiring of Kauffman as CEO exceeded the Special Committee’s authority. The resolution that had created the Special Committee in January only gave it authority to “oversee the Company’s response to the SEC investigation, to conduct any investigation into the Allegations that the Special Committee shall deem necessary, and to fulfill the Board’s oversight responsibilities with respect to the Allegations.”

104. IRL’s bylaws make clear that, once the Special Committee suspended Shafi as CEO, only the entire Board of Directors had the authority to replace him. Section 29(a) of IRL’s bylaws provides: “If the office of any officer becomes vacant for any reason, the vacancy may be filled **by the Board of Directors**, or by the Chief Executive Officer or other officer if so authorized by the Board of Directors.”

105. Moreover, the IRL bylaws include a mandatory provision for just this circumstance, automatically promoting the Company’s President to become CEO when the office is “vacant.” Section 29(c) of the IRL bylaws states: “If the office of Chief Executive Officer is vacant, **the President will be the chief executive officer of the corporation** (including for purposes of any reference to Chief Executive

Officer in these Bylaws) and will, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation.”

106. IRL’s President at that time, April 2023, was Krutal Desai. When the Special Committee installed Kauffman as CEO, it violated the bylaws that expressly state that, if the office of the CEO is vacant, the President will become the CEO. The Special Committee further violated the bylaw providing that the full Board is to fill any officer vacancy.

107. By exceeding their authority and violating the bylaws to install Kauffman as CEO, the VC Directors placed their own interests ahead of those of the Company. Rather than turn to an experienced co-founder of the Company for leadership (*i.e.*, Desai), or to any other option with social media experience, the VC Directors turned to an outsider who would best serve their personal and financial interests in protecting their reputations as investors. Kauffman’s principal qualification was not his fitness for running a social media startup, but his long and loyal history with Chien. Kauffman was a longtime ally of Chien, going back more than twenty years to their work together at the struggling dot com start-up Coremetrics.

108. On his first call with IRL employees, Kauffman told them he did not understand the product or the demographic. Indeed, Kauffman had zero experience

working at social media companies. His background was in advertising and more traditional media, including roles at Zinio, an online repository of traditional paper-based magazines, and MDC Partners, an advertising and marketing agency holding company.

109. IRL co-founder Krutal Desai complained to Chien about Kauffman's hiring and expressed concern about his inexperience with social media startups and his unfitness to run IRL. Chien ignored Desai's concerns.

110. In one-on-one meetings that he held with IRL employees, Kauffman made clear that he was brought in not to help IRL achieve its potential, expand its user base, or monetize its platform, but to preserve whatever investor capital he could—for the VC investors. He told individual IRL employees that he had experience winding down companies and returning value to shareholders. Because the VC Directors represented the preferred stockholders—which hold a liquidation preference entitling them to recoup the total amount of their investment plus an 8% annual dividend amount—Kauffman was acting in their narrow interests by seeking to preserve capital for distribution to the preferred investors, rather than invest the Company's capital for the good of the Company and the common stockholders.

F. Kauffman Fails to Address Site Outages That Drive Users to Abandon IRL.

111. The VC Directors' unauthorized installation of Kauffman as CEO proved disastrous for IRL.

112. Just before Shafi was removed as CEO, IRL suffered two significant technical incidents, collectively lasting from April 26 to April 28. With IRL's engineers working hard to preserve and restore service, though, the site remained up, and user activity remained relatively unchanged.

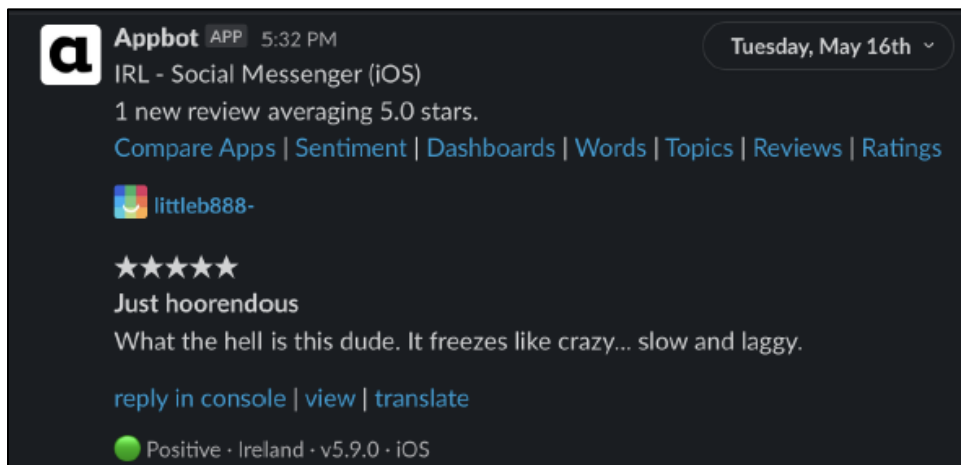
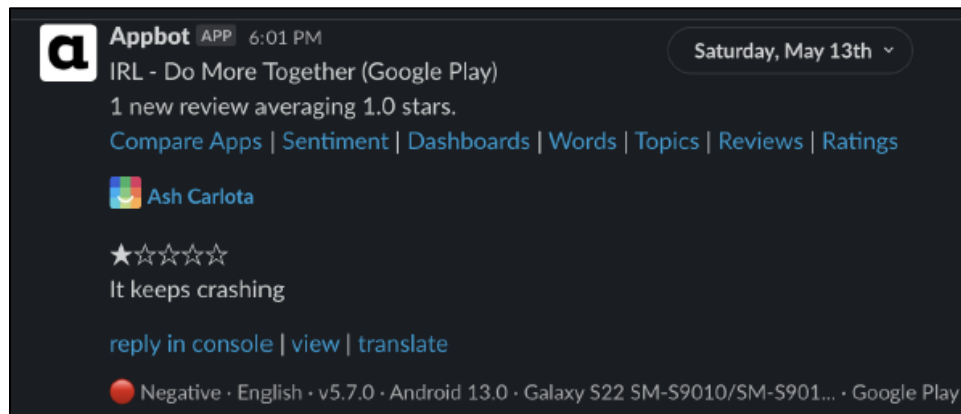
113. Shortly after Kauffman's appointment, IRL's platforms suffered new technical outages. This time, though, the now-demoralized engineering team questioned why they should work overtime for a CEO with no relevant experience, beholden to VC Directors with no apparent interest in preserving the business. Things quickly went from bad to worse.

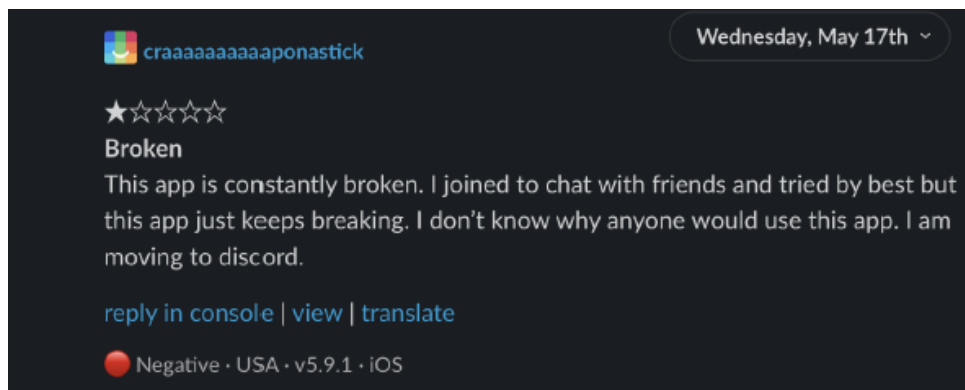
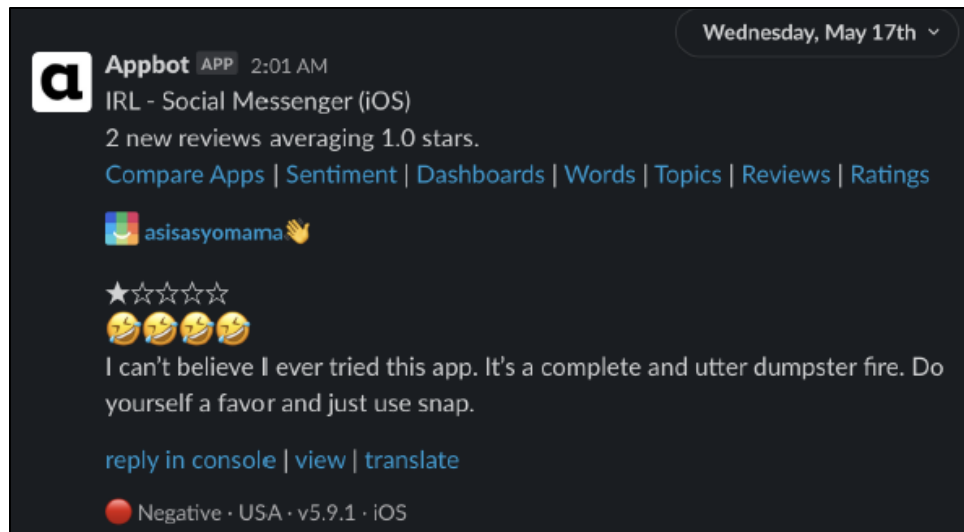
114. On May 6, a serious partial technical outage occurred and was not resolved for nearly 72 hours. Then, shortly after that issue was resolved on the morning of May 9, another outage occurred—taking IRL's entire platform offline for over 24 hours—in the early afternoon of May 9. That issue took nearly five days to be fully resolved, until early in the morning on May 14.

115. These outages had a negative effect on IRL's user population. IRL's daily active user population was over 2.18 million users as of May 5, the day before the first severe outage. By May 7, IRL's daily active user population had plummeted to 1.38 million users. The daily active user population kept dropping, until it rebounded slightly on May 11, at around 1 million users.

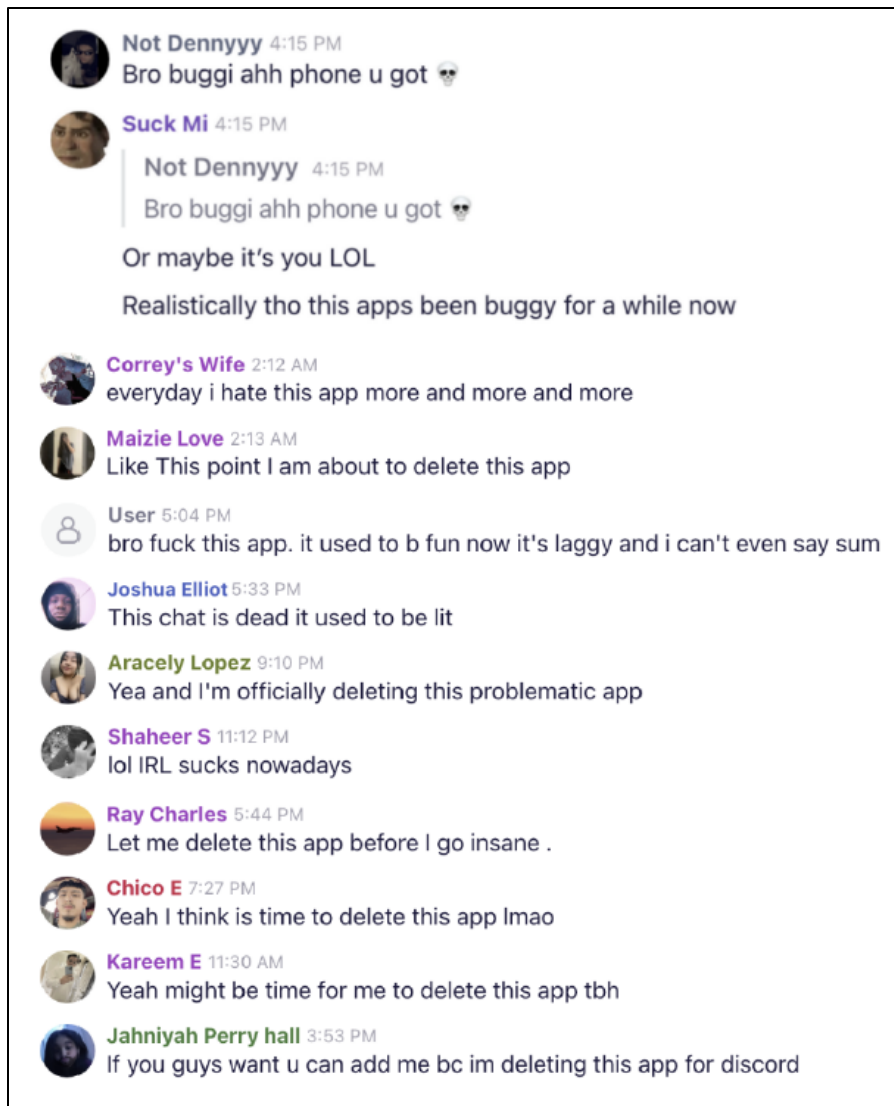
116. The site then suffered yet another severe outage incident on May 16, and then another on May 17, the second of which lasted nearly five days. Active users kept dropping throughout this period, down to under 50,000 by late May.

117. IRL users expressed frustration and anger in online reviews, commenting “[i]t keeps crashing” and “this app just keeps breaking.”





118. In IRL's public chat groups, IRL users openly expressed their frustration and resulting intent to delete the app:



119. While IRL had often experienced technical issues and outages in its history as a rapidly growing platform, its engineering team had always managed to resolve the issues quickly, usually within hours. Motivated by Shafi and the other IRL founders, IRL’s engineering team had made themselves available 24/7 to jump on technical issues with a “war room” mentality.

120. Kauffman, by contrast, showed no interest or urgency in addressing the technical outages. On information and belief, he did not even contact the leaders of

IRL's engineering team to discuss the outages or seek to have them fixed. Kauffman's attitude toward IRL's technical crises further demoralized IRL's employees and convinced them that Kauffman was not advancing IRL's best interests—that he was not even interested in keeping IRL's platform functioning.

121. Kauffman's inexperience and outsider status left IRL without an effective leader at a critical time. Kauffman had no personal relationships within IRL, and rather than motivate employees, his presence reinforced employees' concerns that the lead VC investors were abandoning ship after suspending Shafi. Indeed, the Company stopped all spending on advertising on May 11 and never restarted advertising spend or made any other efforts to bring users back.

122. The technical outages were detrimental not only because they lasted through most of a month, but also because Kauffman failed to take simple steps that could have mitigated their damage. On information and belief, the Company never sent an email, text message, or app notification to try to bring users back—or assure them the problems were being addressed.

123. The need to communicate with IRL's users during the Company's technical crisis was paramount and *obvious* to anyone attempting to satisfy consumers with a product offering. By meeting the app's total shutdown with silence, Kauffman reinforced users' doubts about the platform and created an

impression that IRL did not care about users and was not even attempting to address the technical issues.

124. Further, when IRL’s senior employees developed a strategic plan to re-engage frustrated users after the outages were finally fixed—through text message and email outreach to users who had deleted the IRL app—Kauffman failed to implement it.

125. There was no valid reason to leave IRL for dead—at least no valid reason from the Company’s perspective. IRL had approximately \$40 million of cash on hand, a team of highly talented employees, and a dedicated user base, at least some substantial portion of which could have easily been re-engaged with the app through simple outreach. Yet Kauffman caused IRL to completely unravel by failing to take any action to ensure technical outages were timely addressed or lost users were re-engaged, confirming employees’ suspicions that he was there to dismantle the Company and there was no use trying to save it.

G. Desai Tries to Get the Board to Right the Ship, But the VC Directors’ Actions Prompt IRL’s Counsel to Resign.

126. On June 1, 2023, in response to these disasters, Desai called an emergency Board meeting to try to stop the Company from going off the cliff completely. In an email to other Board members, he wrote: “I have one issue on the agenda: I would like to discuss the strategic direction of the company and the

company's best interests in light of the recent decision by the Special Committee regarding Scott Kaufman as CEO and President.”

127. Following Desai's email, the Company's counsel at Cooley resigned from further representation of IRL, citing the Directors' disputes about the scope of the Special Committee's actions and its authority to take them. A Cooley attorney wrote to the Board:

As Company counsel, we have been communicating with the members of the board, as well as the Special Committee and its counsel, regarding the issues the Special Committee has been handling, based on our understanding that the Special Committee was convened by and has been acting under the authority granted to it by the Board.

It now appears, however, that the members of the board may have disagreements regarding the Special Committee. In particular, as a result of the email that Krutal sent on Thursday, June 1, we learned that Krutal has concerns about the scope of authority of the Special Committee and the actions it has taken. When combined with Abraham's objection to his removal as CEO, **these concerns appear to reflect a level of divergence within the Board that now limits our ability to advise the Company.**

Because we represent the Company, and not the Special Committee or any individual board members, we are only able to act for the Company when there is consensus within the Board. **If the Board is not speaking with consensus, then we as Company counsel no longer have a clear authority from which to take direction.** Accordingly, until the Board is able to reach consensus regarding these issues and provide us with proper direction, we are not in a position to advise the Company.

128. Cooley's resignation following the Special Committee's usurpation of Board functions was a clear indication that IRL's corporate governance was broken.

129. Notwithstanding the stunning red flag Cooley waved, the Special Committee proceeded apace in dismantling IRL. Morrison & Foerster took over Cooley's role as Company counsel, thereby simultaneously representing both IRL and the Special Committee of the Board, and notwithstanding the inherent conflicts that had led Cooley to resign.

130. At the ensuing Board meeting, which took place over Zoom on June 8, 2023, Desai expressed his belief that IRL had real value and that Kauffman's management was threatening it. The VC Directors said they would consider the feedback. No one mentioned any problem with purported bots on IRL, nor did anyone suggest that the Company had no value.

131. By June 8, however, the VC Directors' interests diverged even more drastically from those of the Company and other stockholders. By improperly removing Shafi and improperly installing Kauffman as CEO—despite his lack of any relevant experience for managing a large social media platform—the VC Directors had badly damaged the Company. While it was not beyond repair—the Company had \$40 million of cash on hand and a talented roster of employees, in addition to two widely popular apps in IRL and Memix—it would take time and steady effort to restore IRL's growth and success.

132. Their actions having substantially harmed the Company, the VC Directors needed to find a way out that would preserve their reputations in the

venture capital and start-up world. On information and belief, shortly after the June 8 Board meeting (or possibly even earlier), the VC Directors decided to gin up a reason to shut down IRL that would allow them to focus their time and efforts on other investments, insulate themselves and their venture capital funds from any reputational hit, and get whatever cash they could out of the Company on account of their stock preference rights. They apparently decided that publicly (and falsely) declaring IRL users were almost entirely bots, and thus the Company was unsustainable (and never really had value in the first place), was their best way out.

H. The VC Directors Conduct a Biased “Investigation” to Justify Smearing Shafi and Dissolving IRL.

133. On information and belief, in May or early June 2023, shortly after Celerity completed its report further confirming there was no significant bot problem at IRL, the VC Directors secretly engaged another outside consulting firm, Keystone, to yet again investigate the purported bot issue. On information and belief, Keystone was not asked to perform a neutral analysis of the extent to which bots were present on IRL’s platform. Instead, Keystone’s assignment was explicitly biased toward a particular outcome: “to *confirm* the presence of bots” on IRL. No individual expert, analyst, or author is identified in the Keystone report, and no relevant qualifications are stated in the report. (To this day, the VC Directors have refused to share a copy of the Keystone Report with Shafi.)

134. In sharp contrast with the Celerity engagement that Faegre managed, which had unfolded over four months, Keystone’s analysis was performed on an expedited timetable set by the Special Committee. Keystone performed its analysis over a few rushed weeks. On information and belief, Keystone did not follow any established methodology for detecting bots on a social media platform, nor did it have any particular expertise in bot detection.

135. On June 12, 2023, Chien noticed another special meeting of the Board, for Friday, June 16, over Zoom, “to discuss the conclusion of the Special Committee’s investigation.” Chien then rescheduled the meeting to the following Tuesday, June 20, 2023.

136. On June 15, 2023, the VC Directors caused the formation of an entity named IRL LIQUIDATION, LLC. On information and belief, this entity—whose name indicated its intended purpose was to handle the dissolution of IRL—was formed *before* the Special Committee received the Keystone Report.

137. At the ensuing Board meeting on Tuesday, June 20, 2023, the VC Directors on the Special Committee revealed for the first time that the reason they had hired an outside consulting firm, Keystone, was to investigate the purported bot issue, and that Keystone had concluded that 95% of users on the IRL platform since mid-2022 were bots. The Special Committee disclosed that the two primary reasons for this conclusion were (1) the huge user drop following Abraham Shafi’s

suspension, and (2) Keystone's analysis of other indicia of non-human activity, such as a review of the email addresses associated with IRL users.

138. These reasons for concluding that IRL's user base consisted of 95% bots were not credible, for many reasons.

139. First, the drop-off in users following Shafi's suspension on April 28 was plainly caused by the series of severe and lengthy site outages in May 2023, exacerbated by Kauffman's failure to implement any sort of plan to re-engage users after the outages were fixed. The Special Committee's briefing at the Board meeting wrongly stated that there were no user complaints suggesting any problems with the IRL app after April 28 that would otherwise have explained the drop-off in users, ignoring both the critical failures throughout May and the large number of user complaints, as well as evidence of users deleting their accounts (something bots don't do).

140. Second, Keystone's analysis of non-human activity on IRL was completely unreliable. For one, its conclusions were inconsistent with the multiple investigations Strand and Faegre/Celerity had conducted in 2022 and 2023. Keystone's analysis had also been conducted over a much shorter period than the Faegre/Celerity investigation. And Keystone's conclusion was contrary to the 2021 Goodwater survey and the April 2023 Google Metrics authentication data, both of which independently substantiated widespread human use of IRL.

141. Third, Goodwater’s own employees knew that the Keystone report was based on faulty data. Keystone’s “95% bot” conclusion relied on an IRL database called Redshift that was both incomplete and unreliable. Goodwater’s employees *knew* that Redshift was unreliable, and expressly acknowledged as much, during their own investigation into IRL’s usage statistics with collaboration from IRL employees. The Goodwater employees acknowledged that another IRL database, Google BigQuery, was the “source of truth” as to user activity on IRL—not Redshift. When Keystone came to conclusions based on Redshift data, Goodwater employees thus knew the underlying data was unreliable.

142. On June 22, two days after the June 20 meeting, the VC Directors called another special meeting of the Board for the following day, June 23, to consider a resolution to dissolve the Company.

143. In response to the VC Directors’ notice calling a meeting for the next day to vote on dissolving the Company, Desai expressed concern about the rapid pace of the Special Committee’s decision-making. On June 22, Desai wrote to the Board:

In January 2023, Faegre as company counsel reported to the Board that there had not been a significant problem with bots on the app. Similarly, the company’s VP of Engineering twice reported to the Board, as recently as February 2023, that the app did not have a significant bot problem. That was my understanding up until Tuesday’s Board meeting, when the Special Committee reported that it has found that up to 95% of the users on the system were likely non-human/bots between June 2022 and May 2023, a finding included in the resolution that the

Board is supposed to consider tomorrow morning. I'd appreciate it if the Special Committee could help me reconcile these different conclusions. *Again, until Tuesday it was my understanding that bots were not a significant problem on the app.*

144. In the same email, Desai highlighted the rushed nature of the Special Committee's efforts to shut down the Company. Seeking to protect what he saw as substantial shareholder value, Desai asked: "Does the Special Committee have an estimation of the potential net proceeds from a sale of the company, as referenced in the proposed resolution?"

145. Shafi also promptly raised objections both to the Keystone report's conclusions and to the timing of the dissolution vote. In an email to the full Board on June 22, 2023, Shafi noted that the Special Committee's newfound claim that 95% of IRL's users were bots "contradicts significant evidence presented to the board (and the SEC) in recent months" as well as the analysis conducted by the Company's outside counsel and independent experts. In an email sent early the next day, Shafi also noted that Google Metrics independently showed approximately 17 million unique sign-ins to IRL *authenticated by Google* in April 2023—further contradicting the conclusion that 95% of IRL's were bots.

146. The Special Committee ignored Shafi's objections.

I. The VC Directors and Kauffman Improperly Remove Shafi from IRL's Board.

147. Also on June 22, a lawyer from Morrison & Foerster purporting to represent the Company emailed Desai, Shafi, and Khachatryan (along with one other Common Stockholder) to request that the four of them sign a Unanimous Written Consent removing Shafi from the Board and electing Kauffman to the Board in his place. The email gave the four Common Stockholders just 24 hours to “execute and return the attached written consent to me, or complete the DocuSign by 8:30 a.m., Pacific Time, tomorrow, Friday, June 23, 2023.”

148. Twenty-four hours later, shortly after the arbitrary deadline of 8:30 a.m. on June 23, 2023, the same lawyer from Morrison & Foerster sent a follow-up email. The email stated: “All, as the key holders have failed to comply with the request to execute the stockholder consent in accordance with the terms of the Voting Agreement within the 24 hour notice period provided for therein has not been complied with, please see the attached consent executed using the voting proxy.” Attached to the email was a Unanimous Written Consent signed by Kauffman as a purported proxy for the Common Stockholders, including Plaintiffs.

149. By purporting to vote on this matter as a proxy for Plaintiffs, Kauffman exceeded his authority and violated IRL's Voting Agreement.

150. First, under Section 4.2 of IRL’s Voting Agreement, only the President and Treasurer of the Company has proxy authority to vote a stockholder’s shares, and only under certain circumstances.

151. Section 4.2 of the Voting Agreement provides, in relevant part:

Each party to this Agreement hereby constitutes and appoints as the proxies of the party and hereby grants a power of attorney *to the President and Treasurer of the Company*, . . . with full power of substitution, with respect to the matters set forth herein, including without limitation, election of persons as members of the Board in accordance with Section 1 hereto . . . and hereby authorizes each of them to represent and to vote, **if and only if the party (i) fails to vote or (ii) attempts to vote** (whether by proxy, in person or by written consent), in a manner which is inconsistent with the terms of this Agreement, all of such party’s Shares in favor of the election of persons as members of the Board.

152. When Kauffman purported to vote Plaintiffs’ shares in favor of removing Shafi from the Board and electing *himself* to the Board in Shafi’s place, he did so on the basis of his unauthorized status as “President” of IRL. Kauffman was not a validly authorized President of IRL. While the Special Committee had purported to appoint Kauffman as President of IRL in late May 2023—making an announcement of his new status in a Slack message—it had no authority to do so. Any such appointment of Kauffman by the Special Committee to an officer position was defective because it was not approved by a majority of the Board, as required under IRL’s corporate bylaws.

153. Regardless of the fact that he was not a properly appointed President of IRL, Kauffman purported to vote Plaintiffs' shares in a manner he knew they opposed.

154. Moreover, even if Kauffman could have had proxy authority to vote Plaintiffs' shares upon a failure by them to vote, there was no valid basis or authorization for Kauffman to vote their shares so quickly. That they had not voted their shares by 8:30am Pacific Time on June 23, 2023—just *24 hours* after they had first been given notice of the request to vote—did not constitute a failure to vote sufficient to authorize a proxy to vote on their behalf under the Voting Agreement.

155. Kauffman was also personally conflicted when he voted Plaintiffs' shares in favor of removing Shafi from the Board and placing himself on the Board. By hastily using his invalid title of President to vote Plaintiffs' shares against their interests—and in favor of his own interests—Kauffman violated his fiduciary duties.

J. The VC Directors Hastily Dissolve IRL and Falsely Proclaim Its Users Were 95% Bots.

156. The purported removal of Shafi and appointment of Kauffman in his place on the Board was critical to the last part of the VC Directors' scheme. Before that occurred, Shafi and Desai collectively controlled 3 of the 6 Board votes. By installing himself in Shafi's place, Kauffman purported to take over Shafi's 1.5 board votes, meaning the VC Directors plus their hand-picked CEO now purported to control 4.5 of 6 votes of the full Board, a clear majority.

157. The newly reconstituted IRL Board—consisting of the three VC Directors, Desai, and Kauffman in place of Shafi—met on June 23, 2023, just minutes after Kauffman had voted Plaintiffs’ shares to improperly remove Shafi from the Board.

158. When Shafi attempted to join the meeting to express his concerns, the Special Committee’s counsel informed him that his “presence at the board meeting will not be required.”

159. At the meeting, the VC Directors communicated to Desai that they had to shut down and dissolve the Company right away because they had heard that Abe was going to talk to the press, and they had to beat him to the punch. The Board proceeded to vote to dissolve IRL.

160. The VC Directors and Kauffman all voted for dissolution. The only Common Stockholder on the Board, Krutal Desai, also decided to vote for dissolution because by June 23, in light of the precipitous decline in users, he saw no way for the Company to recover under the VC Directors’ and Kauffman’s control, and he feared retaliation by the VC Directors if he did not vote for dissolution. Desai made clear that he did not know enough to adopt the Special Committee’s findings about the number of bots on the platform.

161. The Special Committee (consisting of the VC Directors) also solicited votes of stockholders on the dissolution of the Company. On information and belief,

the Special Committee omitted material information that cast serious doubt on the Special Committee's conclusion that 95% of IRL's users were bots, including the results of the Faegre investigation, the Celerity Report, the Google authentication statistics, and the reports from Alex Strand's investigations.

162. As soon as the Board voted to dissolve IRL, an IRL spokesperson put out a statement to media affirmatively stating that an investigation by the Board had concluded 95% of IRL's users were bots.

163. In a letter to shareholders on June 23, 2023, Kauffman wrote that outside counsel "hired earlier in the year by the Special Committee of the Board" had "identified several areas of concern, most notably: Expert analysis showed that 95% of identified users were in fact automated or from bots, not authentic, human users."

164. Also on June 23, 2023, *The Information* published an article reporting on the IRL spokesperson's statement with the headline "Social App IRL, Which Raised \$200 Million, Shuts Down After CEO Misconduct Probe." The article stated: "Last year, the CEO of messaging app IRL repeatedly said it had 20 million monthly active users, who chatted about shared interests and planned real-world events together. Today, a spokesperson for the startup said an investigation by the board of directors concluded 95% of those users were 'automated or from bots.'" The article portrayed Shafi as a wrongdoer: "As a result of the probe, the spokesperson said the

company would shut down and return capital to shareholders, two months after it suspended the founder and CEO, Abraham Shafi, for alleged misconduct.”

165. The story quickly made headlines in numerous publications, with news outlets reporting that the Company had “admitted” that 95% of its users were fake. This reporting, coupled with the reporting of Shafi’s suspension for vague “misconduct,” cemented the false public view that Shafi had defrauded IRL’s investors while absolving the VC Directors of any responsibility for IRL’s collapse.

166. On June 25, 2023, *Fortune* ran an article headlined: “A messaging app startup that raised \$200M from SoftBank and others is shutting down because 95% of its users were fake.”

167. On June 26, 2023, *TechCrunch* proclaimed: “Unicorn social app IRL to shut down after admitting 95% of its users were fake.”

168. On June 27, 2023, *Hoodline* reported “Faux \$1.2B Unicorn Admits 95% of Userbase Are Fake Bots.” The article concluded Shafi was at fault: “Last year, IRL’s authenticity was called into question by employees who doubted CEO Abraham Shafi’s claims of 20 million monthly active users on the app—a figure that now appears to be completely misguided, if not outright fraud.”

169. On June 28, 2023, *Futurism* published an article titled “SOCIAL MEDIA APP SHUTS DOWN AFTER ADMITTING 95% OF USERS WERE BOTS.” The article stated that “[f]ollowing a series of reports by *The Information*,

which questioned the app’s advertised number of users, the company’s board of investors suspended Shafi and launched an investigation, ultimately revealing that IRL user figures were almost entirely fudged.”



170. At a virtual meeting with IRL employees informing them of IRL’s dissolution, Kauffman refused to provide basic information about the claim that 95% of IRL’s users were bots. Multiple IRL employees challenged and questioned the claim that 95% of users were bots because the conclusion was contradicted and disproved not only by all the evidence already described, but also by the employees’ own experiences as IRL engineers—attending live and virtual IRL events with human users, responding to “bug reports” from human users about technical issues

on the app, interviewing human users, chatting with human users on the app, and observing authentic activity in group messaging chats.

171. Notwithstanding the still-pending SEC investigation, IRL (still under Kauffman's and the VC Directors' control) instructed various employees who left the Company to delete all of the files on their IRL laptops before returning their laptops to the Company. The Company's instructions to former IRL software engineers to delete all files from their laptops could have destroyed relevant information, including evidence of the reliability of IRL's user statistics and the falsity of Defendants' "95% bots" claim.

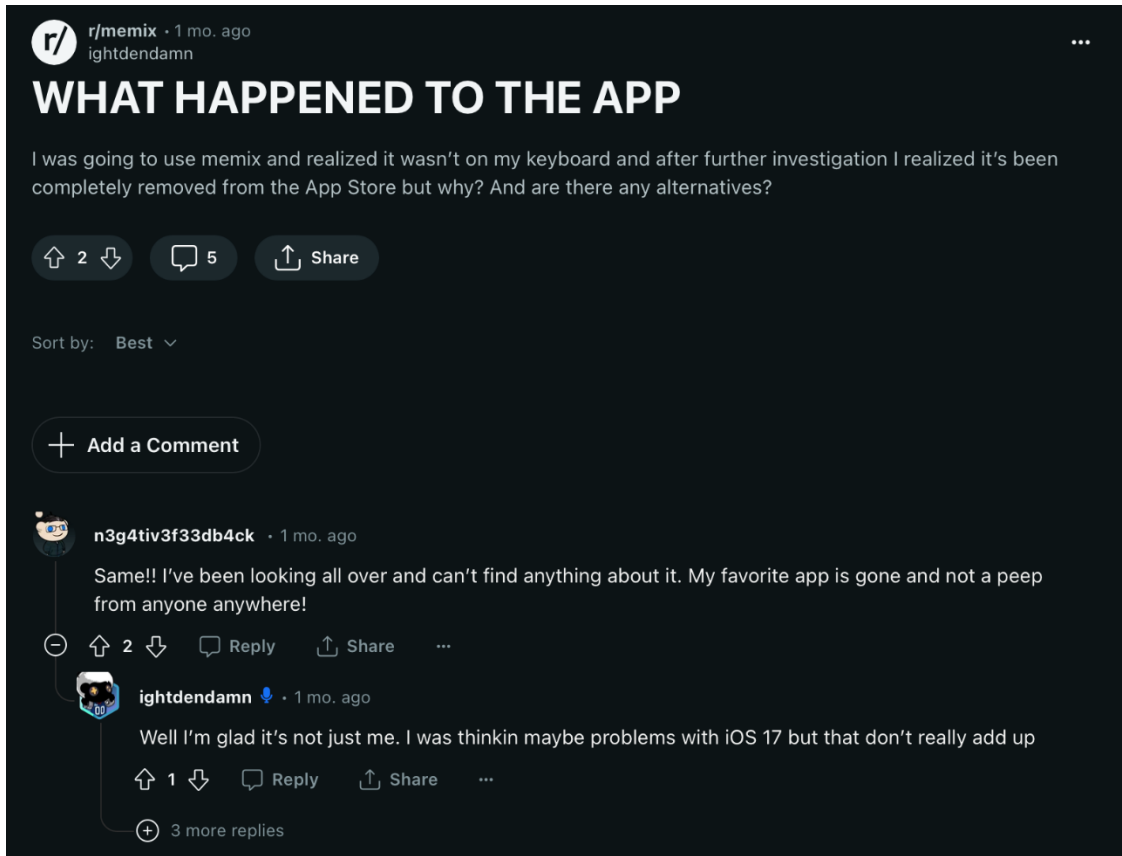
K. Goodwater Misappropriates IRL's Intellectual Property.

172. In the final weeks before IRL was dissolved, Chien and Goodwater Capital were actively collecting confidential information and proprietary work product materials from IRL. Chien and multiple other Goodwater employees solicited confidential memoranda, data, and work product from IRL employees through a private Slack channel, including information regarding the results of IRL's in-depth user research, product plans, and progress developing a cutting-edge feature for event recommendations based on machine learning from IRL's existing data sets. On information and belief, Chien and Goodwater obtained these materials on the basis of representations that they would use them to work with IRL to develop and refine a new version of the IRL app that would help resurrect IRL's user base and

bring users back to IRL. However, after IRL's personnel provided the confidential and proprietary materials to Goodwater employees, the Goodwater employees went radio silent and never communicated with IRL about them again. These confidential and proprietary IRL materials would have substantial value to other Goodwater portfolio companies, including the companies Fever and The Nudge.

173. One month after hastily dissolving IRL, on July 25, Goodwater Capital announced the closing of its most recent round of fundraising, totaling more than \$1 billion in funds raised.

174. By dissolving IRL, Kauffman and the Special Committee shut down not only the IRL platform, but also Memix. After Memix had topped the App Store's most downloaded chart just six months earlier, IRL (under the control of the VC Directors and Kauffman) pulled Memix from the market with absolutely no explanation. Former Memix users expressed public frustration with the disappearance of their "favorite app." For example, former Memix users posted the following messages online:



DEMAND FUTILITY

175. Plaintiffs have not made a pre-suit demand on the Company's Board of Directors because doing so would be futile. The futility of such a demand is evident as Chien, Dayal, Maples, and Kauffman are four out of the five directors on IRL's Board, controlling 4.5 of 6 votes.

176. Chien received a material personal benefit from his misconduct in the form of protecting his reputation, and that of Goodwater Capital, from harm. As alleged above, Chien was motivated to do this by his own personal financial interests in protecting his ability to raise and deploy venture capital funds. Moreover, Chien

was motivated to avoid reputational harm to ensure the success of Goodwater's ongoing effort to raise a new \$1 billion fund in 2023. Additionally, by dissolving IRL, Chien was able to decrease the amount of time he and Goodwater dedicate to the Company and reallocate time to other investments with a potentially shorter timeframe to a successful liquidation. Chien was also able to position Goodwater, as a preferred stockholder with a liquidation preference, to recoup millions of dollars in cash from IRL while leaving nothing to the common stockholders.

177. Dayal received a material personal benefit from her misconduct in the form of protecting her reputation, and that of SoftBank, from harm. As alleged above, Dayal was motivated to do this by her own personal financial interests in protecting her burgeoning reputation as a venture capital investor and, thus, her future ability to raise and partner as an investor with promising founders. Moreover, Dayal was motivated to avoid reputational harm for herself and SoftBank in light of the substantial negative news and press about SoftBank throughout 2022 and early 2023, as alleged above. Additionally, by dissolving IRL, Dayal was able to decrease the amount of time she and SoftBank dedicate to the Company and reallocate time to other investments with a potentially shorter timeframe to a successful liquidation. Dayal was also able to position SoftBank, as a preferred stockholder with a liquidation preference, to recoup millions of dollars in cash from IRL while leaving nothing to the common stockholders.

178. Maples received a material personal benefit from his misconduct in the form of protecting his reputation, and that of Floodgate Fund, from harm. As alleged above, Maples was motivated to do this by his own personal financial interests in protecting his reputation as a venture capital investor and, thus, his future ability to raise funds and convince founders of promising start-up companies to accept his investment and partnership. Additionally, by dissolving IRL, Maples was able to decrease the amount of time he and Floodgate dedicate to the Company and reallocate time to other investments with a potentially shorter timeframe to a successful liquidation. Maples was also able to position Floodgate, as a preferred stockholder with a liquidation preference, to recoup millions of dollars in cash from IRL while leaving nothing to the common stockholders.

179. Kauffman also received material personal benefits in the form of financial compensation he received for his role at IRL serving the wishes of the VC Directors. Kauffman is also beholden to the VC Directors. He depends on the VC Directors and other funds like theirs for employment. Taking any action contrary to their wishes and demands could negatively impact his employment at IRL and with future companies. Kauffman also benefited from promoting the “95% bots” lie as the excuse for shutting down the Company, because that false excuse exonerated him from any personal responsibility for having managed the billion-dollar company

into the ground in a few short weeks after he took over as CEO, and thus protected his reputation as an executive.

180. A demand on the Board by Plaintiffs would also have been futile because each of Chien, Dayal, Maples, and Kauffman faces a substantial likelihood of liability on Plaintiffs' claims, as alleged herein.

**COUNT I – BREACH OF FIDUCIARY DUTIES OF LOYALTY AND
GOOD FAITH TO IRL**
**(By Plaintiffs Shafi and Khachatryan, Against Defendants Chien, Dayal, and
Maples)**

181. Plaintiffs Shafi and Khachatryan repeat and reallege the allegations of the above paragraphs as if fully set forth herein.

182. As Directors of IRL, Defendants Chien, Dayal, and Maples each owed fiduciary duties to IRL and IRL stockholders, including the duties of loyalty and good faith.

183. Chien, Dayal, and Maples each breached their duties of loyalty and good faith through actions that put their own personal and financial interests ahead of those of the Company and its stockholders.

184. Chien, Dayal, and Maples intentionally acted to protect their own personal reputations and those of their venture capital firms—respectively, Goodwater, SoftBank, and Floodgate—as investors and business leaders, rather than advance the best interests of IRL.

185. Beginning no later than April 2023, and continuing as their hand-picked CEO destroyed IRL’s business prospects and user experience under their oversight, the VC Directors sought to protect their own financial interests and reputations by falsely scapegoating Shafi for purported “misconduct” at IRL. By removing Shafi as CEO, and simultaneously communicating or causing IRL to communicate to media that Shafi had been suspended for an alleged “pattern of misconduct,” the VC Directors intentionally scapegoated Shafi by connecting him to the false “bot” rumors and insulated themselves from negative public scrutiny concerning IRL.

186. Abruptly removing Shafi as CEO materially harmed IRL, as it deprived the Company of leadership and managerial experience it needed to continue its growth and maintain its operations. Falsely associating Shafi’s removal with the “bot” rumors also harmed IRL, as it gave undeserved credibility to those false rumors.

187. The VC Directors also breached their fiduciary duty of loyalty by purporting to appoint Scott Kauffman as CEO of IRL. Kauffman did not have the experience or credentials necessary to build IRL and capitalize on its potential. Rather than install Desai as CEO, as required by IRL’s bylaws, the VC Directors installed Kauffman, a complete outsider with no understanding of IRL’s business. Kauffman’s appointment advanced the personal and reputational interests of the VC Directors because his chief qualification for the job was his loyalty *to them*, as a

long-time ally and former colleague of Chien. By appointing Kauffman and apparently directing him to preserve the Company's capital for potential distribution to their employers (the VC Fund Defendants) as preferred stockholders in any liquidation event, the VC Directors again breached their fiduciary duty of loyalty by advancing their and their employers' financial self-interests rather than the best interests of the Company and common stockholders.

188. As part and parcel of their fiduciary breach, the VC Directors violated corporate bylaws in purporting to appoint Kauffman as CEO of IRL. Section 29(c) of IRL bylaws provides that if the CEO office is "vacant," then the President serves as CEO: "If the office of Chief Executive Officer is vacant, the President will be the chief executive officer of the corporation (including for purposes of any reference to Chief Executive Officer in these Bylaws) and will, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation." When the Special Committee of the Board installed Kauffman as CEO it violated the bylaws that expressly state that, if the office of the CEO is vacant, the President will be the CEO. IRL's President at that time was Krutal Desai. The VC Directors also violated Section 29(a) of the IRL bylaws, which provides that the full Board appoints officers, including the CEO.

189. By exceeding their authority and violating the bylaws to install Kauffman as CEO, the VC Directors placed their own interests ahead of those of the

Company. Rather than turn to an experienced co-founder of the Company for leadership—as required by IRL’s bylaws—or leave the decision up to a vote of the full Board where the Company’s founders had an equal say, the VC Directors turned to an outsider who would best serve their personal interests in protecting their reputations as investors and helping pin the blame for any problems at IRL on Shafi.

190. The VC Directors further breached their duties of loyalty and good faith when, on information and belief, they directed Kauffman to wrongfully purport to remove Shafi from the Board and take his place there, cementing their majority control of the Board before holding the vote on whether to dissolve the Company.

191. The VC Directors further breached their duties of loyalty and good faith by cooperating with each other and Kauffman to hastily shut down IRL’s business. Shutting down IRL on the pretense that its user base was 95% bots, even though the VC Directors knew this conclusion was contradicted by substantial evidence collected in the outside investigations by Faegre and Celerity, the 2021 survey by Goodwater, the Google Metrics authentication data, and the internal investigations by Strand, was personally beneficial to the VC Directors, who could divert their attention and resources to their other investments and still claim they were skilled investors and responsible business leaders who were defrauded by a rogue CEO. Due to their liquidation preference as preferred stockholders, they also stood to recoup funds for their firms to a greater degree than common stockholders by

liquidating the Company. But the decision to hastily shut down the Company severely harmed IRL and stockholders. Rather than promote the truth that IRL's users were not dominated by bots, and work with the Company to remove the bots that did exist on the platform so that human users could continue to use IRL and the platform could continue to grow and increase in value, the VC Directors acted to protect themselves from personal scrutiny by abruptly shutting down IRL and falsely blaming the shut-down on the "95% bots" lie.

192. The VC Directors' breaches of fiduciary duties destroyed what had been a billion-dollar-plus business, wiping out all the Company's value. Those breaches were thus a proximate cause of actual damages to IRL, and the Company is entitled to compensatory damages for this loss of value in an amount to be proven at trial.

COUNT II – BREACH OF BYLAWS
(By All Plaintiffs, Against Defendants Chien, Dayal, and Maples)

193. Plaintiffs repeat and reallege the allegations of the above paragraphs as if fully set forth herein.¹⁰

194. Defendants Chien, Dayal, and Maples violated IRL's corporate bylaws in purporting to appoint Kauffman as CEO of IRL. Section 29(c) of IRL's bylaws provides that if the CEO office is "vacant," then the President serves as CEO: "If the

¹⁰ Plaintiff Desai asserts this claim only against Defendants Chien and Maples.

office of Chief Executive Officer is vacant, the President will be the chief executive officer of the corporation (including for purposes of any reference to Chief Executive Officer in these Bylaws) and will, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation.” When Defendants Chien, Dayal, and Maples installed Kauffman as CEO rather than IRL’s President, Krutal Desai, they violated Section 29(c) of IRL’s bylaws. The VC Directors also violated Section 29(a) of the IRL bylaws, which provides that the full Board appoints officers, including the CEO. The VC Directors further violated IRL’s bylaws, including this same provision, when the Special Committee purported to appoint Kauffman as President of IRL, replacing Desai, even though both Kauffman’s appointment as President and Desai’s removal from the position of President required approval by a majority of the full Board.

195. The VC Directors’ breach of bylaws by installing Kauffman instead of Desai (or someone else agreed to by IRL’s founders) as CEO of IRL had dire consequences for the Company, demoralizing employees and communicating to them that IRL as they knew it was over and would likely be shut down and sold for parts. Had the VC Directors installed Desai as CEO, or appointed someone else agreed to by IRL’s founders, as required by the bylaws, Desai (or someone else with relevant experience and the support of the founders) could have maintained stability

at IRL and either led the Company to achieve its product goals or spearheaded the retainment of a new CEO who could have done so.

196. Plaintiffs are entitled to compensatory damages for the injury flowing from the VC Directors' breach of IRL's bylaws in an amount to be proved at trial.

**COUNT III – BREACH OF FIDUCIARY DUTIES OF CARE, LOYALTY,
AND GOOD FAITH TO IRL**

(By Plaintiffs Shafi and Khachatryan, Against Defendant Kauffman)

197. Plaintiffs Shafi and Khachatryan repeat and reallege the allegations of the above paragraphs as if fully set forth herein.

198. Although his appointment by a non-majority of the Board was invalid, when Defendant Kauffman assumed the office of CEO of IRL and took executive actions as such, he owed fiduciary duties to IRL and IRL stockholders. Kauffman's fiduciary duties included the duties of care, loyalty, and good faith.

199. Kauffman breached his fiduciary duty of care to IRL by intentionally, or with gross negligence, destroying IRL's business prospects. In meetings with IRL employees following his assumption of the CEO role, Kauffman expressed little knowledge or interest in IRL's business. When IRL experienced technical outages in May 2023, Kauffman failed to marshal the resources to adequately address the outages. On information and belief, Kauffman failed to even contact IRL's Head of Backend Engineering for days following the complete outage of IRL's platform.

When the technical outages were finally addressed, and IRL's users had largely fled, Kauffman failed to engage in reasonable efforts to re-engage IRL's users.

200. As a result of Kauffman's intentional or grossly negligent mismanagement and failure to oversee IRL's operations, IRL lost substantially all of its users and, with no efforts to re-engage them, its prospects for economic success. Kauffman's actions contributed to the destruction of the value of IRL and the value of IRL stockholders' equity interests in the Company.

201. Kauffman breached his duties of loyalty and good faith to IRL because he elevated the interests of the VC Directors over the interests of the Company and its stockholders. As alleged above, Kauffman had a decades-long relationship with Chien, who installed him as CEO at IRL to serve Chien's interests. Kauffman was beholden to Chien, and the other VC Directors, as the controllers of his employment at IRL. As alleged herein, Kauffman's actions leading to the destruction of stockholder value at IRL resulted from his allegiance to the VC Directors above the Company, and efforts to take actions in their best interests that sought to maximize short-term returns for them—as preferred shareholders with a liquidation preference—rather than for the good of the Company and its long-term value for stockholders as a whole. Kauffman's actions leading to the destruction of stockholder value at IRL also resulted from his placing his own personal reputational and financial interests above the Company's interests, as quickly shutting the

Company down and blaming its problems on bots would prevent Kauffman from personally being blamed for having mismanaged the Company so badly in just the handful of weeks after he became CEO.

202. Kauffman's actions proximately caused the destruction of what had been a billion-dollar-plus business, wiping out all the Company's value. Those breaches were thus a proximate cause of actual damages to IRL, and the Company is entitled to compensatory damages for this loss of value in an amount to be proven at trial.

COUNT IV – BREACH OF VOTING AGREEMENT
(Against Defendant Kauffman)

203. Plaintiffs repeat and reallege the allegations of the above paragraphs as if fully set forth herein.

204. Defendant Kauffman violated IRL's Amended and Restated Voting Agreement by improperly voting Shafi's, Desai's, and Khachatryan's shares as a purported proxy for them on June 23, 2023, to remove Shafi from the Board.

205. Kauffman was not a legitimate proxy for any of the Plaintiffs under the Voting Agreement. Under Section 4.2 of IRL's Voting Agreement, only the President and Treasurer of the Company has proxy authority to vote a stockholder's shares and only under certain circumstances.

206. Section 4.2 of the Voting Agreement provides, in relevant part:

Each party to this Agreement hereby constitutes and appoints as the proxies of the party and hereby grants a power of attorney *to the President and Treasurer of the Company*, . . . with full power of substitution, with respect to the matters set forth herein, including without limitation, election of persons as members of the Board in accordance with Section 1 hereto . . . and hereby authorizes each of them to represent and to vote, **if and only if the party (i) fails to vote or (ii) attempts to vote** (whether by proxy, in person or by written consent), in a manner which is inconsistent with the terms of this Agreement, all of such party's Shares in favor of the election of persons as members of the Board.

207. When Kauffman purported to vote Shafi's shares in favor of removing Shafi from the Board and electing himself to the Board in Shafi's place, he did so on the basis of his unauthorized status as "President" of IRL. Kauffman was not a validly authorized President of IRL. On information and belief, as of June 23, 2023, the Special Committee had purported to appoint Kauffman as President of IRL, but it was defective because the appointment was not approved by a majority of the Board, as required under IRL's corporate bylaws. Desai was the properly-appointed President of IRL.

208. Although he was not a properly appointed President of IRL, Kauffman purported to vote Plaintiffs' shares in a manner he knew they opposed. Moreover, even if Kauffman could have had proxy authority to vote Plaintiffs' shares upon a failure by them to vote, there was no valid basis or authorization for Kauffman to vote their shares so quickly. They had not reasonably "fail[ed] to vote" under Section 4.2 of the Voting Agreement. That they had not voted their shares by the arbitrary

deadline of 8:30am Pacific Time on June 23, 2023—just **24 hours** after they had first been given notice of the request to vote—did not constitute a failure to vote sufficient to authorize a proxy to vote on their behalf under the Voting Agreement. Moreover, Kauffman knew that at least Shafi and Desai would be present at the upcoming Board meeting on June 23, 2023—just minutes after he voted their shares by proxy based on a purported failure to vote.

209. By improperly voting Plaintiffs’ shares as a proxy, in violation of the Voting Agreement, Kauffman caused substantial damage to IRL’s business and to Plaintiffs. Kauffman’s breaches of the Voting Agreement led to Shafi’s exclusion from the Board’s meeting on June 23, 2023, and gave the VC Directors majority control over the Board at that meeting, at which the Board voted to dissolve IRL, destroying the value of IRL (and thus the value of Plaintiffs’ common stock). Plaintiffs are entitled to compensatory damages in an amount to be proved at trial.

**COUNT V – AIDING AND ABETTING BREACHES OF FIDUCIARY
DUTY TO IRL**
**(By Plaintiffs Shafi and Khachatryan, Against Defendants SoftBank Advisers,
Goodwater, and Floodgate)**

210. Plaintiffs Shafi and Khachatryan repeat and reallege the allegations of the above paragraphs as if fully set forth herein.

211. By providing Dayal with professional support, advice, guidance, and influence, SoftBank Advisers substantially aided, abetted, and/or participated with its agent, Dayal, in Dayal’s breaches of fiduciary duty to IRL, as described herein.

Moreover, on information and belief, SoftBank employees other than Dayal were actively engaged in steering and promoting the Special Committee's actions, including in-house counsel from SoftBank. On information and belief, SoftBank Advisers was intimately involved in directing and controlling Dayal's actions with respect to IRL.

212. By providing Chien with professional support, advice, guidance, and influence, Goodwater substantially aided, abetted, and/or participated with its agent, Chien, in Chien's breaches of fiduciary duty to IRL, as described herein. On information and belief, Goodwater was intimately involved in directing and controlling Chien's actions with respect to IRL. Moreover, on information and belief, Goodwater employees other than Chien were actively engaged in steering the Special Committee's actions, including Goodwater's in-house counsel. Indeed, Goodwater employees and data scientists joined a private Slack channel with IRL employees and solicited data and information directly from IRL employees after Shafi's suspension, during the same time when the VC Directors and Kauffman were planning and then executing the improper dissolution of the Company. On information and belief, these Goodwater employees were working at least in part to advance the Special Committee's agenda of shutting IRL down on the false pretense that its users were dominated by bots and/or that its user statistics were inflated by

bots, and also to ensure that other Goodwater portfolio companies could obtain the benefit of certain of IRL's confidential research and intellectual property.

213. Likewise, by providing Maples with professional support, advice, guidance, and influence, Floodgate Fund substantially aided, abetted, and/or participated with its agent, Maples, in Maples's breaches of fiduciary duty to IRL and Shafi, as described herein. On information and belief, Floodgate was intimately involved in directing and controlling Maples's actions with respect to IRL.

214. SoftBank Advisers, Goodwater, and Floodgate's actions in aiding and abetting the VC Directors' breaches of fiduciary duty to IRL were a proximate cause of actual damage to IRL. Their actions caused substantial damage to IRL's business and stockholder value and were a proximate cause of actual damages to IRL and IRL stockholders, and the Company is entitled to compensatory damages for this loss of value, in an amount to be proved at trial.

COUNT VI – VICARIOUS LIABILITY AND RESPONDEAT SUPERIOR
(ON BEHALF OF IRL)
**(By Plaintiffs Shafi and Khachatryan, Against Defendants SoftBank Advisers,
Goodwater, and Floodgate)**

215. Plaintiffs Shafi and Khachatryan repeat and reallege the allegations of the above paragraphs as if fully set forth herein.

216. Defendants SoftBank Advisers, Goodwater, and Floodgate are vicariously liable for the conduct of their employees and agents, respectively, Dayal, Chien, and Maples.

217. On information and belief, Serena Dayal is employed by SoftBank Advisers as a partner and acted as its agent at all relevant times with respect to IRL. SoftBank Advisers exercised control over Dayal's actions as an agent and employee, and at all relevant times, Dayal's actions in connection with IRL were within the scope of her employment and agency for SoftBank Advisers. As such, SoftBank Advisers is responsible for Dayal's misconduct, as alleged herein, which was a proximate cause of Plaintiffs' injuries.

218. On information and belief, Chi-Hua Chien is employed by Goodwater Capital, LLC as a managing partner and acted as its agent at all relevant times with respect to IRL. Goodwater Capital, LLC exercised control over Chien's actions as an agent and employee, and at all relevant times, Chien's actions in connection with IRL were within the scope of his employment and agency for Goodwater Capital, LLC. As such, Goodwater Capital, LLC is responsible for Chien's misconduct, as alleged herein, which was a proximate cause of Plaintiffs' injuries.

219. On information and belief, Chien is also a partner and an agent of Goodwater Capital III, L.P. Together with Goodwater Capital, LLC, Goodwater Capital III, L.P. exercised control over Chien's actions as an agent, and at all relevant times, Chien's actions in connection with IRL were within the scope of his agency. As such, Goodwater Capital, LLC is responsible for Chien's misconduct, as alleged herein, which was a proximate cause of Plaintiffs' injuries.

220. On information and belief, Mike Maples, Jr., is a partner and an agent of Floodgate Fund V, L.P. Floodgate exercised control over Maples’s actions as an agent, and at all relevant times, Maples’s actions in connection with IRL were within the scope of his agency. As such, Floodgate Fund V, L.P. is responsible for Maples’s misconduct, as alleged herein, which was a proximate cause of Plaintiffs’ injuries.

**COUNT VII – TORTIOUS INTERFERENCE WITH PROSPECTIVE
ECONOMIC EXPECTANCY**
(By All Plaintiffs, Against All Defendants)

221. Plaintiffs repeat and reallege the allegations of the above paragraphs as if fully set forth herein.¹¹

222. Defendants’ misconduct as described herein destroyed the value of stock options that Plaintiffs held in IRL. But for Defendants’ misconduct, Plaintiffs had a reasonable probability of obtaining substantial value upon the sale of their options, which held significant value at the time of Defendants’ misconduct.

223. Shafi holds 500,000 stock options in IRL, Desai holds 500,000 options, and Khachatryan holds 480,000. These options were issued to them on October 15, 2020—long before the Series C fundraising—and had a strike price of \$0.32 per share. They were therefore “in the money” if IRL had a valuation exceeding that amount, which it did at the time of the Series C transaction in 2021 and thereafter. On information and belief, the actual value of IRL’s common stock was much higher

¹¹ Plaintiff Desai does not assert this claim against Defendants Dayal or SoftBank Advisers.

than \$0.32 per share, such that these stock options were in the money and held substantial value at the time of Defendants' misconduct. As of 2022, an independent 409A valuation valued the common stock of IRL at \$4.50 per share, well above the strike price of Plaintiffs' options.

224. Before Defendants' misconduct, it was reasonably probable that Plaintiffs would have a business opportunity to realize the value of their stock options by exercising them.

225. Defendants intentionally interfered with Plaintiffs' ability to recoup the substantial value of their options by destroying IRL's value and causing IRL to be shut down as a going concern, thereby proximately causing Plaintiffs' stock options to become worthless. Plaintiffs are entitled to compensatory damages for the loss of value in their stock options in an amount to be proved at trial.

COUNT VIII – DEFAMATION *PER SE* OF ABRAHAM SHAFI
(By Plaintiff Shafi, Against Defendants Chien, Dayal, Maples, and Kauffman)

226. Plaintiff Abraham Shafi repeats and realleges the allegations of the above paragraphs as if fully set forth herein.

227. On or before April 30, 2023, Chien, Dayal, and Maples defamed Abraham Shafi by making or directing an IRL spokesperson to make a statement to a reporter at *The Information* that Shafi was suspended as CEO of IRL due to a “pattern of misconduct.”

228. At the time of this statement, *The Information* had previously published three articles reporting and suggesting that IRL may have inflated its user statistics through the use of automated bots. In an article published on May 12, 2022, *The Information* reported: “inside the company, some employees recently expressed concern to managers about the usage figures the company has touted, according to two people with direct knowledge of the situation. The issue seems to stem from Shafi’s use of a more expansive definition of active users than that of established social apps like Facebook, as well as emerging ones. These people told *The Information* they felt the company may have used an unconventional definition to make the app appear bigger than it is.”

229. Similarly, in an article published on April 27, 2023—three days before the Defendants’ statement at issue here—*The Information* reported that “A former employee of SoftBank-backed messaging app IRL alleged in a legal filing that the company has inflated its user count.”

230. Then, on April 28, 2023, *The Information* published a story erroneously stating that “Shafi ha[d] stepped down as CEO of . . . IRL following allegations that the company used bots to inflate the users it reported publicly and to investors.” On information and belief, the VC Directors either conveyed this false information to *The Information*, or directed that it be communicated to *The Information*.

231. By specifically communicating to *The Information*, on or before April 30, 2023, that Shafi had engaged in a “pattern of misconduct” warranting his suspension as CEO, the VC Directors falsely conveyed to *The Information* that Shafi had inflated IRL’s user statistics. When making this communication to *The Information*, the VC Directors knew that *The Information* would publish it and that it was substantially certain to become public.

232. *The Information* published the slanderous statement in an article on April 30, 2023, titled “IRL Suspended CEO Shafi After Reported Pattern of Misconduct; Acting CEO Named.”

233. On June 23, 2023, Chien, Dayal, Maples, and Kauffman defamed Shafi by making or directing an IRL spokesperson to make a statement to a reporter at *The Information* as well as in an IRL letter to stockholders that falsely proclaimed that “95% of identified users [of IRL] were in fact automated or from bots, not authentic, human users.” In the context of the multiple previous articles published by *The Information* suggesting that Shafi may have inflated IRL’s user statistics, this statement falsely conveyed that Shafi had done so. When making this communication to *The Information*, Defendants knew that *The Information* would publish it and that it was substantially certain to become public.

234. *The Information* published the slanderous statement in an article on June 23, 2023, titled “Social App IRL, Which Raised \$200 Million, Shuts Down

After CEO Misconduct Probe.” The article made the exact false inference—the Shafi had inflated IRL’s user numbers—that Defendants intended their statement to convey. It stated: “Last year, the CEO of messaging app IRL repeatedly said it had 20 million monthly active users, who chatted about shared interests and planned real-world events together. Today, a spokesperson for the startup said an investigation by the board of directors concluded 95% of those users were ‘automated or from bots.’”

235. As accusations of nothing less than fraud, Defendants’ false portrayals of Shafi as having inflated IRL’s user statistics would be highly offensive to a reasonable person. By imputing Shafi with a crime and maligning him in the technology start-up industry and business community as untrustworthy and deceitful, the statements made or directed by the VC Directors and Kauffman constitute defamation *per se*.

236. Defendants knew or recklessly disregarded the falsity of their portrayal of Shafi as having inflated IRL’s user statistics. As recounted herein, at the time of the statement, Defendants were aware of multiple credible reports that IRL’s user statistics were *not* substantially inflated by bot accounts (let alone 95% inflated). Defendants were also aware that Keystone’s conclusions about bots on IRL were unreliable because of the timing of the Keystone report, its biased objective, its failure to account for contradictory evidence, its rushed preparation by inexperienced

personnel, and Goodwater data scientists' own conclusion that the RedShift database that Keystone relied upon was not reliable.

237. In view of the foregoing, Shafi is entitled to actual, general, presumed, punitive, and other economic damages in an amount to be specifically determined at trial.

COUNT IX – FALSE LIGHT INVASION OF ABRAHAM SHAFI’S
PRIVACY PER SE
(By Plaintiff Shafi, Against Defendants Chien, Dayal, Maples, and Kauffman)

238. Plaintiff Abraham Shafi repeats and realleges the allegations of the above paragraphs as if fully set forth herein.

239. On or before April 30, 2023, Chien, Dayal, and Maples placed Abraham Shafi in a false light before the public by making or directing an IRL spokesperson to make a statement to a reporter at *The Information* that Shafi was suspended as CEO of IRL due to a “pattern of misconduct.”

240. At the time of this statement, *The Information* had previously published three articles reporting and suggesting that IRL may have inflated its user statistics through the use of automated bots. In an article published on May 12, 2022, *The Information* reported: “inside the company, some employees recently expressed concern to managers about the usage figures the company has touted, according to two people with direct knowledge of the situation. The issue seems to stem from Shafi’s use of a more expansive definition of active users than that of established

social apps like Facebook, as well as emerging ones. These people told The Information they felt the company may have used an unconventional definition to make the app appear bigger than it is.”

241. Similarly, in an article published on April 27, 2023—three days before the Defendants’ statement at issue here—*The Information* reported that “A former employee of SoftBank-backed messaging app IRL alleged in a legal filing that the company has inflated its user count.”

242. Then, on April 28, 2023, *The Information* published a story erroneously stating that “Shafi ha[d] stepped down as CEO of . . . IRL following allegations that the company used bots to inflate the users it reported publicly and to investors.” On information and belief, the VC Directors either conveyed this false information to *The Information*, or directed that it be communicated to *The Information*.

243. By specifically communicating to *The Information*, on or before April 30, 2023, that Shafi had engaged in a “pattern of misconduct” warranting his suspension as CEO, the VC Directors falsely conveyed to *The Information* that Shafi had inflated IRL’s user statistics. When making this communication to *The Information*, the VC Directors knew that *The Information* would publish it and that it was substantially certain to become public.

244. *The Information* published the slanderous statement in an article on April 30, 2023, titled “IRL Suspended CEO Shafi After Reported Pattern of Misconduct; Acting CEO Named.”

245. On June 23, 2023, Chien, Dayal, Maples, and Kauffman again placed Abraham Shafi in a false light by making or directing an IRL spokesperson to make a statement to a reporter at *The Information* as well as in an IRL letter to stockholders that falsely proclaimed that “95% of identified users [of IRL] were in fact automated or from bots, not authentic, human users.” In the context of the multiple previous articles published by *The Information* suggesting that Shafi may have inflated IRL’s user statistics, this statement falsely conveyed that Shafi had done so. When making this communication to *The Information*, Defendants knew that *The Information* would publish it and that it was substantially certain to become public.

246. *The Information* published the slanderous statement in an article on June 23, 2023, titled “Social App IRL, Which Raised \$200 Million, Shuts Down After CEO Misconduct Probe.” The article made the exact false inference—the Shafi had inflated IRL’s user numbers—that Defendants intended their statement to convey. It stated: “Last year, the CEO of messaging app IRL repeatedly said it had 20 million monthly active users, who chatted about shared interests and planned real-world events together. Today, a spokesperson for the startup said an investigation

by the board of directors concluded 95% of those users were ‘automated or from bots.’”

247. As accusations of nothing less than fraud, Defendants’ false portrayals of Shafi as having inflated IRL’s user statistics would be highly offensive to a reasonable person. By imputing Shafi with a crime and maligning him in the technology start-up industry and business community as untrustworthy and deceitful, the statements made or directed by the VC Directors and Kauffman exposed Shafi to contempt and ridicule, constituting slander *per se*.

248. Defendants knew or recklessly disregarded the falsity of their portrayal of Shafi as having inflated IRL’s user statistics. As recounted herein, at the time of the statement, Defendants were aware of multiple credible reports that IRL’s user statistics were *not* substantially inflated by bot accounts (let alone 95% inflated). Defendants were also aware that Keystone’s conclusions about bots on IRL were unreliable because of the timing of the Keystone report, its biased objective, its failure to account for contradictory evidence, and its rushed preparation by inexperienced personnel.

249. In view of the foregoing, Shafi is entitled to actual, general, presumed, and other economic damages in an amount to be specifically determined at trial.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully request that the Court enter an award and judgment in their favor, and against Defendants, as follows:¹²

- (a) Awarding IRL damages for lost enterprise value and other economic losses in an amount to be established at trial;
- (b) awarding Plaintiffs general compensatory damages for their direct claims in an amount to be determined at trial;
- (c) awarding Plaintiff Abraham Shafi general and special damages for Defendants' defamatory acts and false light invasion of privacy;
- (d) awarding Plaintiffs pre- and post-judgment interest;
- (e) awarding Plaintiffs all expenses and costs, including attorneys' fees; and
- (f) such other and further relief as the Court deems appropriate.

¹² Plaintiff Krutal Desai does not seek any derivative relief on behalf of IRL, and does not seek any relief at all against Defendants Serena Dayal or SB Investment Advisers (US) Inc.

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November 15, 2023