

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

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CANTOR FITZGERALD & CO.	: Index No.
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Plaintiff,	:
	:
- against -	: <u>Summons</u>
	:
PEI GLOBAL PARTNERS HOLDINGS LLC	:
	:
Defendant.	:
	:
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To the above-named Defendant:

**PEI Global Partners Holdings LLC
1001 Water Street, Ste. 620
Tampa, FL 33602**

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

The basis of venue is N.Y. C.P.L.R. 503(a), which is proper because Plaintiff resides in New York County.

Dated: March 8, 2024
New York, NY

CANTOR FITZGERALD & CO.

By: /s/ David A. Paul
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**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK**

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CANTOR FITZGERALD & CO.	:	Index No.
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Plaintiff,	:	
	:	
- against -	:	COMPLAINT
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PEI GLOBAL PARTNERS HOLDINGS LLC	:	
	:	
Defendant.	:	
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Plaintiff Cantor Fitzgerald & Co. (“Cantor,” or “Plaintiff”), as and for its Complaint against Defendant PEI Global Partners Holdings LLC (“PEI,” or “Defendant”), alleges as follows:

NATURE OF THE ACTION

1. Cantor, a New York-based investment bank, brings this action to recover millions of dollars in lost fees from client engagements that PEI stole through a calculated pattern of deceitful, rapacious, and illegal conduct.

2. PEI’s principals—managing partner Kevin Phillips, and junior partners John Bills, Schuyler Fabian, and Adil Sener (collectively, the “PEI Bankers”)—previously worked for Cantor as the four most senior bankers in the American wing of Cantor’s Power, Energy, and Infrastructure vertical (the “US Power Group”). In late summer 2021, after Cantor had invested millions of dollars in the business and just as the business was on the cusp of profitability, the PEI Bankers concocted a scheme to enrich themselves at Cantor’s expense. While still employed by Cantor and feigning interest in upholding their commitment, the PEI Bankers clandestinely laid the groundwork to start PEI, to which they planned to transfer Cantor’s pending and prospective

engagements. All four PEI Bankers then resigned from Cantor in clear violation of their term employment contracts.

3. The day after the PEI Bankers had all resigned, they formed PEI and solicited Cantor clients. At PEI's direction, each PEI Banker flagrantly disregarded the provisions in their employment agreements in which they had agreed not to solicit Cantor clients for a period following their departure and they encouraged other members of the team to do the same.

4. Indeed, the PEI Bankers acted so quickly and brazenly to steal Cantor's business that they violated more than the terms of their contracts. PEI, which was organized within days of the PEI Bankers' exit from Cantor, was an entity unlicensed by FINRA or the SEC. PEI nonetheless solicited Cantor clients through pitch decks that fraudulently represented that PEI had a FINRA-licensed affiliate (as was required by law for this type of work) before any such affiliation existed.

5. PEI induced numerous Cantor clients (including through promises of indemnification) to terminate lucrative, ongoing written or oral engagements with Cantor and to hire PEI to complete the work. Once engaged, PEI, in violation of FINRA and SEC regulations, marketed securities for clients without any active registration as the principal or representative of a licensed broker-dealer. And PEI repeatedly stole and recycled the work product Cantor had developed using its own resources to service the clients that PEI took from Cantor.

6. PEI has collected tens of millions of dollars in revenue from former Cantor clients. Most or all of these fees are from Cantor clients whom PEI pried away from Cantor through intentional, wrongful actions. Due to PEI's theft, Cantor collected little to no money on a number of multi-million dollar engagements it had won and serviced with its own resources.

7. Cantor now brings this action against PEI to recover the multi-million dollar profits PEI stole through its unlawful scheme.

THE PARTIES

8. CF&Co. is organized as a New York partnership, with its principal place of business at 110 East 59th Street, New York, NY 10022.

9. PEI is a foreign limited liability company that was incorporated in Florida and has a principal place of business located at 1001 Water Street, Ste. 620, Tampa, FL 33602, with a second office located at 601 Lexington Avenue, 55th Floor, New York, NY 10022.

JURISDICTION AND VENUE

10. This Court has subject matter jurisdiction over this action as a court of general original jurisdiction under Article VI, Section 7 of the New York Constitution.

11. PEI is subject to personal jurisdiction in this Court because PEI derives substantial revenue from interstate commerce and this action arises from PEI's commission of tortious acts that were either within the state, or that caused injury within the state, and which PEI expected or should reasonably have expected to have consequences within the state. N.Y. C.P.L.R. § 302(a)(ii). Alternatively, PEI is subject to personal jurisdiction in this Court because this action arises from PEI's persistent transaction (through its agents) of business within the state and receipt of substantial revenue from services rendered in the state. N.Y. C.P.L.R. § 302(a)(i).

12. Venue is proper in this Court pursuant to N.Y. C.P.L.R. § 503(a) because Plaintiff resides in New York County.

FACTUAL ALLEGATIONS

The PEI Bankers Make Long-Term Commitments to Cantor

13. In 2017, the PEI Bankers signed term contracts with Cantor (five years for Phillips, and four years for Bills, Fabian, and Sener) in exchange for generous compensation packages.

Cantor hired the PEI Bankers as part of a larger global team and specifically tasked them with building the US Power Group from the ground up. The PEI Bankers represented that they could build a highly profitable business and projected that within two years of being hired, their global group could generate revenues of more than \$70 million per year.

14. Cantor structured the group hire as a partnership to develop a new business and thus included in the PEI Bankers' employment agreements a bonus pool that would allow them to share in the profits of the business.

15. To protect the investment, each PEI Banker agreed in his employment agreement that he would not solicit Cantor's clients for a period following any departure from Cantor.

16. The PEI Bankers joined Cantor in Spring 2018. Cantor supported the PEI Bankers during their initial "ramp up" period, including by funding operations, hiring personnel, and providing them bonus compensation in spite of their group's unprofitability over their first two years.

17. In 2020, the global group finally turned a profit and the PEI Bankers each received large bonuses in accordance with the terms of their contracts. Cantor viewed this development as a sign that it was poised to earn a return on its investment and that its partnership with the PEI Bankers was progressing as originally envisioned.

The PEI Bankers Plot to Take Cantor's Business for Themselves

18. In early 2021, the PEI Bankers realized that, although they were already handsomely compensated, they could earn far more if they simply took the US Power Group's business for themselves and cut Cantor out of its share.

19. This scheme was designed in bad faith to undermine the business arrangement that Cantor had entered into with the PEI Bankers. The PEI Bankers took calculated actions to facilitate a wholesale theft of Cantor's US Power Group's business. They worked on several deals for

months under verbal agreements with Cantor clients, intentionally delaying the steps necessary to finalize a written agreement between the clients and Cantor. The absence of executed contracts for these matters eased the PEI Bankers' ability to convince the clients to terminate their relationship with Cantor and immediately transfer the matters to PEI after their departure.

20. The PEI Bankers omitted multiple matters on which they had verbal agreements with clients from their "pipeline" reports of pending engagements that were regularly disclosed to Cantor management, so as to hide the business opportunities that the PEI Bankers might take after they left. And, several weeks before they officially resigned, the PEI Bankers began secretly negotiating to acquire a FINRA-licensed broker-dealer so that they could transact the same type of business they conducted at Cantor and keep the proceeds for themselves.

PEI Steals Cantor's Business

21. With their secret plan to steal the business from Cantor set, the PEI Bankers resigned at the beginning of September 2021. On September 1, 2021, Phillips resigned from Cantor. Six days later, on September 7, 2021, Bills, Fabian, and Sener resigned from Cantor. The next day, on September 8, 2021, Phillips filed articles of organization for PEI—an entity unlicensed by FINRA or the SEC—in Florida.

22. PEI, as structured, was a limited liability company in which the four PEI Bankers held 100% of the equity. Phillips was the manager, and his personal LLC held the controlling interest in the firm. Bills, Fabian, and Sener held smaller ownership interests, either as individuals or via personal LLCs. PEI, through the actions of its four members, immediately took steps to wrest the US Power Group's pending deals and other business assets away from Cantor.

23. PEI induced numerous clients to terminate active contracts (whether written or oral) with Cantor, or to discontinue discussions for prospective deals with Cantor, through a series of dishonest or illegal actions.

24. *First*, PEI tortiously interfered with Cantor's relationships with its clients by encouraging the PEI Bankers to violate their contractual obligations not to solicit Cantor clients for a period following their departure.

25. PEI was aware of these contracts and induced each PEI Banker to flagrantly violate his non-solicitation obligations.

26. PEI directed the PEI Bankers to solicit Cantor clients immediately following PEI's creation, mere days after the PEI Bankers resigned, thereby depriving Cantor of its bargained-for right to protect its investment and inflicting the maximum amount of damages against Cantor.

27. *Second*, PEI induced numerous clients to leave Cantor for PEI by fraudulently misrepresenting the state of its operations and its legal ability to engage in investment banking activities such as marketing private placements of debt or equity.

28. For example, PEI sent pitch decks to present or former Cantor clients that falsely claimed that PEI had an affiliation with a FINRA-licensed affiliate (as was required to engage in the work that PEI was soliciting) before any such affiliation existed.

29. On information and belief, PEI made oral communications to clients indicating its affiliation with a FINRA-licensed entity before any such affiliation existed.

30. Even after PEI acquired an interest in TokenSoft Global Markets LLC—a formerly dormant FINRA and SEC-registered broker-dealer that PEI acquired and renamed PEI Global Partners LLC (the “PEI Broker-Dealer”)—weeks passed before the PEI Bankers obtained FINRA registrations as principals of the registered broker-dealer, which they required in order to market securities. During this time, PEI continued to pursue clients and performed investment banking work for clients it had taken from Cantor.

31. On information and belief, Bills did not obtain a FINRA registration as a registered principal until October 19, 2021, and Phillips, Sener, and Fabian did not obtain theirs until March 2022.

32. PEI either intentionally omitted its lack of registration from its pitches to clients or explicitly lied about the status of its principals' FINRA registrations. These various material misrepresentations and omissions falsely assured Cantor's clients that PEI was legally permitted to execute the necessary work in place of Cantor, thereby contributing to their decision to transfer deals from Cantor to PEI.

33. PEI contracted with ex-Cantor clients to perform work (such as soliciting investors in their client's securities) that PEI lacked the legal ability to perform at that time and did in fact perform such work without any registration with the SEC or FINRA.

34. PEI received several advantages by conducting the business it stole from Cantor through an entity not registered with FINRA or the SEC. By ignoring the regulations preventing a non-registered entity from performing this type of work, PEI was *immediately* able to engage in investment banking work and pry away numerous lucrative clients from Cantor. This unlawful structure also helped place illicit revenues in an entity that could not be brought into a FINRA arbitration, which the PEI Bankers anticipated Cantor would initiate given their misconduct and blatant breach of their contractual commitments to Cantor.

35. ***Third***, PEI induced numerous clients to leave Cantor for PEI by improperly leveraging Cantor work product and Cantor personnel for PEI's own benefit. For example, PEI copied numerous client engagement letters nearly word-for-word from Cantor's own engagement letters (which had been developed and refined by Cantor's own employees), with PEI's name replacing Cantor's as the contracting investment bank. PEI also recycled detailed slide decks the

PEI Bankers had used while at Cantor and replaced Cantor's logo with PEI's. The newly departed PEI Bankers openly discussed copying Cantor's work product to conserve their own resources.

36. In one particularly egregious case, PEI induced an associate in Cantor's US Power Group, Taylor Palumbo, to use his access to a client's data room and documents to assist *PEI* in siphoning and servicing an active Cantor deal. Unbeknownst to Cantor, Palumbo—who had given 30 days' notice of resignation and was still at Cantor—planned to join his former supervisors at PEI as soon as he exited Cantor. And, a few weeks later, the client sent a written notice terminating its contracts with Cantor that covered the very deal that PEI had been working on for weeks, with Palumbo's assistance.

37. ***Fourth***, PEI induced multiple companies to terminate or breach their contracts with Cantor in several ways including by promising to indemnify the clients against any action brought by Cantor. For example, a Cantor client waited until it had received this promise in writing from PEI, as part of PEI's proposed engagement letter, before sending a termination notice to Cantor that same day. That same client thereafter failed to pay Cantor hundreds of thousands of dollars in fees that Cantor expected to receive for previous work that is owed under provisions of their agreement that survived the termination orchestrated by PEI.

38. Furthermore, certain ex-Cantor and current PEI clients who were contractually obligated under agreements with Cantor to remit success fees for previously completed work have not paid Cantor following PEI's launch.

39. On information and belief, PEI induced these clients to violate the terms of their agreements with Cantor and withhold contractually required payments from Cantor.

Cantor Winds Up Empty-Handed

40. In the two years following its inception, PEI made tens of millions of dollars from former Cantor clients. The pending deals that PEI successfully wrested from Cantor through its

machinations included matters that Phillips had represented, only days before his exit, would net Cantor more than \$4 million before the end of 2021 for work that had already been performed, as well as engagements with clients who paid PEI well over \$10 million in 2022 alone.

41. By contrast, following PEI's launch, Cantor has received virtually nothing from its pending deals that PEI took for itself. Cantor had spent months to years servicing these matters at its own expense, with the expectation of ultimately earning millions of dollars in revenues. But, since PEI's interference began, Cantor has received barely more than \$60,000 on deals taken by PEI.

Cantor Arbitrates Against the PEI Bankers, But Not PEI

42. In November 2021, Cantor initiated FINRA arbitrations against the PEI Bankers seeking damages due to their egregious breaches of employment agreements and loan documents. Cantor also asserted equitable and tort claims against the PEI Broker-Dealer..

43. PEI is not a FINRA member, is not within FINRA's jurisdiction, and had no agreement consenting to FINRA's jurisdiction. Thus, it could not be a party to the FINRA arbitration. PEI did not participate in discovery in the FINRA arbitration.

44. In the FINRA arbitration, the PEI Bankers responded by asserting frivolous counterclaims seeking millions of dollars from Cantor based on activity that supposedly occurred while the PEI Bankers were seeking a pretext for leaving Cantor.

45. During the arbitration, the Respondents (the PEI Bankers and the PEI Broker-Dealer) repeatedly argued that non-party PEI was the entity engaged with customers and performing work after the PEI Bankers' departure from Cantor and was the only proper defendant for a tortious interference claim. Respondents' counsel argued that the PEI Broker-Dealer could not be found liable for any wrongdoing because it was a small, passive actor who did nothing more than get acquired by Defendant PEI. Respondents' counsel argued that PEI was the party to client

engagements and the party who received fees on those engagements, such that Cantor could not recover in tort against any party to the FINRA arbitration.

46. The FINRA arbitration panel denied the PEI Bankers' counterclaims in full and ordered the PEI Bankers to pay Cantor millions of dollars in damages for breach of their employment agreements and loan documents. The FINRA panel's award did not include a detailed explanation or a list of factual findings. The FINRA panel did not adjudicate any claims against PEI.

COUNT I – TORTIOUS INTERFERENCE WITH PROSPECTIVE BUSINESS RELATIONS

47. Cantor repeats and re-alleges each and every allegation contained in the preceding paragraphs as if fully set forth herein.

48. As of September 2021, Cantor had business relations with numerous third-party clients, including executed written contracts, oral contracts, and prospective engagements for investment banking work.

49. PEI interfered with these business relations by inducing Cantor's clients to terminate their contracts with Cantor or discontinue any further discussions of retaining Cantor for work on upcoming deals.

50. On information and belief, PEI used a slew of wrongful, illegal, and tortious means to interference with Cantor's relations, including, but not limited to: (a) directing and inducing its employees to breach their non-solicitation agreements with Cantor; (b) fraudulently representing to Cantor's clients that PEI had the licensing and registrations with regulators required to perform investment banking work in Cantor's place; (c) misleading clients (whether through intentional misrepresentation or material omission) into believing that PEI's principals had the FINRA registrations required to perform the necessary work in place of Cantor's bankers; (d) contracting

with clients to engage in the sale of securities and then ultimately performing such work, despite lacking any registration with the SEC or FINRA, in violation of governing securities regulations; (e) stealing Cantor's proprietary work product in order to expedite the speed (and reduce the expenses) needed to engage and service Cantor's clients; (f) inducing Cantor employees to breach their own contractual duties to Cantor in order to quickly and secretly transfer pending work from Cantor to PEI; and (g) promising indemnification to Cantor clients for any legal action brought by Cantor due to the clients' transfer of pending deals from Cantor to PEI.

51. As a result of PEI's actions and interference, Cantor suffered injury to its business relationships with its clients. Cantor lost millions of dollars in expected revenues on active, prospective, and future engagements.

52. Cantor seeks damages in an amount to be proven at trial for all losses stemming from PEI's wrongful interference with Cantor's prospective business relations with its clients.

COUNT II – TORTIOUS INTERFERENCE WITH CONTRACTUAL RELATIONS

53. Cantor repeats and re-alleges each and every allegation contained in the preceding paragraphs as if fully set forth herein.

54. Cantor had valid contracts (including written contracts and oral agreements) with third-party clients and with Cantor employees.

55. PEI had knowledge of these contracts.

56. PEI intentionally induced Cantor clients and Cantor employees to breach their contractual obligations to Cantor without justification (such as by clients terminating contracts and/or withholding success fees owed to Cantor under the terms of written agreements and by Cantor employees assisting PEI in servicing Cantor clients on active matters and/or soliciting clients).

57. As a result of PEI's actions and interference, Cantor's clients and employees breached their obligations to Cantor.

58. Cantor suffered damages as a consequence of these breaches of contract, including the loss of revenues to which it was contractually entitled and the loss of active deals to PEI.

59. Cantor seeks damages in an amount to be proven at trial for all losses stemming from the breaches of contract procured by PEI.

COUNT III – UNFAIR COMPETITION

60. Cantor repeats and re-alleges each and every allegation contained in the preceding paragraphs as if fully set forth herein.

61. PEI misappropriated the labors and expenditures of Cantor to obtain an unfair commercial advantage over Cantor. In particular, PEI misappropriated Cantor's proprietary information, which Cantor had expended significant resources to develop (including its legal precedent and its work product specific to active deals) so that PEI did not have to incur the time and expense required to generate this information on its own and could thus quickly siphon matters from Cantor to itself. Further, PEI stole Cantor's clients, personnel and know how in an effort to steal economic opportunities from Cantor to Cantor's detriment.

62. PEI's actions were conducted intentionally and in bad faith.

63. Cantor seeks damages in an amount to be proven at trial for all losses proximately caused by PEI's unfair competition.

COUNT IV – UNJUST ENRICHMENT

64. Cantor repeats and re-alleges each and every allegation contained in the preceding paragraphs as if fully set forth herein.

65. Cantor expended months to years of time, as well as significant financial resources, building the business and earning and servicing client engagements and other opportunities that ultimately were transferred to PEI.

66. PEI has been enriched at Cantor's expense because PEI collected millions of dollars in fees from these engagements—some of which were performed in part by Cantor—while Cantor received little to no revenue for its invested time and money.

67. PEI's enrichment has been unjust because its receipt of these revenues was the result of a scheme in which, PEI surreptitiously serviced Cantor's clients by leveraging the work performed at Cantor, excluded Cantor from any further work with the clients, induced the clients to terminate their contracts or discontinue any discussions with Cantor, and sought to keep the entirety of the future fees remitted by the clients for itself.

68. PEI received the benefits of the business which Cantor expended millions of dollars in assembling. Cantor spent money for years supporting and developing the PEI Bankers, only for them to leave and take Cantor's clients as soon as it was possible to turn a profit. These profits were in turn received by PEI.

69. Consequently, PEI's retention of the entirety of these benefits would be inequitable.

70. Cantor seeks restitution, in an amount to be proven at trial, for the amount by which PEI has been unjustly enriched at Cantor's expense.

PRAYER FOR JUDGMENT

WHEREFORE, Cantor respectfully requests judgment to be made and entered against PEI and in favor of Cantor as follows:

- a. Awarding compensatory damages and restitution in an amount to be proven at trial;
- b. Awarding pre-judgment and post-judgment interest;
- c. Awarding punitive damages;

d. Granting such other and further relief that the Court deems just and proper.

Dated: March 8, 2024
New York, New York

CANTOR FITZGERALD & CO.

By: /s/ David A. Paul
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