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9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
10 **COUNTY OF SANTA CLARA**

11 **Vincent McPhillip**) **UNLIMITED COMPLAINT**
12) **20CV368601**
13 **PLAINTIFF**)
14 **v.**) **COMPLAINT FOR WRONGFUL**
15) **TERMINATION**
16 **Dr. Nicolas Kokkalis**) **INTENTIONAL INFLICTION OF**
17 **Dr. Chengdiao Fan**) **EMOTIONAL DISTRESS**
18 **Pi Community Company**) **NEGLIGENT INFLICTION OF**
19 **SocialChain, Inc.**) **EMOTIONAL DISTRESS**
20 **DEFENDANTS**) **BREACH OF FIDUCIARY DUTY**
21)

22 PLAINTIFF alleges:

23 **THE PARTIES**

- 24 1. PLAINTIFF Vincent McPhillip (“PLAINTIFF”) is an individual who resides in San
25 Francisco, California.
2. PLAINTIFF is a co founder of Defendant Pi Community Company (“Pi”) and owns equity
in Pi.

1 3. DEFENDANT Dr. Nicolas Kokkalis is an individual who resides in Santa Clara County,
2 California, is a co founder of Pi and owns equity in Pi. Kokkalis is married to
3 DEFEDNANT Fan.

4 4. DEFENDANT Dr. Chengdiao Fan is an individual who resides in Santa Clara County,
5 California and is a co founder of Pi, and owns equity of Pi. Fan is married to Defendant
6 Kokkalis

7 5. Pi Community Company is a Cayman Islands entity founded by the Plaintiff, Kokkalis, and
8 Fan. Pi has conducted business in Santa Clara County, including, but not limited to,
9 holding company meetings in Santa Clara County.

10 6. SocialChain, Inc. (“Social”) is a wholly owned subsidiary of Pi with its principal place of
11 business in Santa Clara County California.
12

13 JURISDICTION AND VENUE

14 7. Jurisdiction is proper in this Court because the acts giving rise to liability occurred in Santa
15 Clara County and all of the Defendants reside their or have conducted business operations
16 there.

17 GENERAL ALLEGATIONS

18 8. At the time of the acts alleged herein, Plaintiff was employed by Social as its CEO.

19 9. As the time of the acts alleged herein, Kokkalis and Fan were likewise employed by Social.

20 10. Kokkalis and Fan suffered from marital issues.

21 11. Pi raised money from third parties selling, “SAFE” instruments. SAFE is an acronym for
22 “Simple Agreement for Future Equity.”
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24
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1 12. SAFEs are basically a prepaid warrant to purchase stock. They are prepaid because the
2 terms of the stock including its price are determined at a later date based on a sale to later
3 investors at a price and terms the later investors determine.

4 13. The reason investors like SAFEs is because the SAFES contain a maximum valuation or
5 “cap” which protects the investor against the issue being too successful and selling the next
6 investment for too high a price relative to the early purchase date.

7 14. For example, if the SAFE has a “cap” of a \$10 million valuation and a sale of securities
8 occurs triggering a conversion of the SAFE at a \$15 million valuation, the “cap” mandates
9 that despite selling the securities at a \$15 million valuation, the holder of the SAFE receives
10 their equity at a \$10 million valuation.
11

12 15. Pi sold SAFE instruments at a \$20 million valuation cap in September, 2019.

13 16. Social made significant progress.

14 17. At the time of Pi’s \$500,000 sale of SAFE instruments in September, 2019, to the best of
15 the Plaintiff’s recollection the Pi Network application had roughly 200K daily active users
16 (DAUs). By April, 2020, the number of DAUs had surpassed 2M daily active users and was
17 approaching 3M daily active users.

18 18. In April and May, 2020, Pi began to deploy advertising to its millions of daily active users.

19 19. Pi raised an additional \$300K by selling SAFE instruments at a \$20M valuation cap in
20 February, 2020, to the best of the plaintiff’s recollection.
21

22 20. Kokkalis and Fan had marital issues which manifested themselves not only in workplace
23 shouting and screaming but acts of physical aggression towards each other witnessed by
24 Plaintiff.
25

1 21. Their behavior became increasingly hostile toward Plaintiff. Plaintiff summarized that their
2 conduct:

3 “also point[ed] to an inappropriate conflation of your marital issues with the
4 operation of the company which you yourselves have acknowledged several times
5 with statements like, “You wouldn’t speak to me that way if I were not your wife
6 / husband.”

7
8 22. He concluded that their issues:

9 "have also impaired my ability to fulfill my role as CEO by forcing me to dedicate an
10 increasing share of my time to resolving interpersonal disputes and managing the resultant
11 hostile workplace."

12 23. On April 26, 2020, said he needed to get away from the hostile environment and consider
13 company issues.

14 24. During this period, Kokkalis and Fan declared that Plaintiff had “abandoned his post” and
15 “effectively resigned.”

16 25. To that end, they terminated his access to Pi/SocialChain servers and Pi’s bank account.

17 26. Prior to Kokkalis and Fan declaring the “effective resignation,” of the Plaintiff, Plaintiff
18 secured the services of a consultant for some non mission critical, intellectual property,
19 specifically logos and other marketing material.

20 27. Plaintiff had been trying to finalize compensation arrangements for the consultant but was
21 obstructed by Kokkalis and Fan.

22 28. Because of a potential new investment, the situation had become important. After Kokkalis
23 and Fan declared his resignation for him, they then asked for his help.

24 29. Kokkalis wrote Plaintiff as follows:
25

1 Hi Vince,

2 As you mentioned on Slack you're reviewing this important message we sent, so we want
3 to lay out some points to guide your review. All the matters in the "important message"
4 are important and you can take your time reviewing them. However, there is one urgent
5 matter we need to take care right away: The IP situation with Christine, due to its
6 connection with our upcoming potential investment. Our deadline for submitting the
7 SAFE docs to our investors is in a week from now. Before we ask them to sign the SAFE
8 we need to either resolve the Christine situation or disclose the situation. If we disclose
9 the situation, we expect that they will not invest if there is a cloud over our IP (see what
10 happened with John who has concerns continuing to work with us after we disclosed the
11 situation with him as we were finalizing his advisory terms). So the only thing that we
12 urgently need to address is this issue. This is an issue that you caused and also have the
13 power to fix. If we do not fix the situation then the Company will likely suffer material
14 damage to the loss of the \$500K offered investment. This will be compounded by further
15 damages to the product and the project due to the fact we are running out of cash.
16

17 Given the importance of the investment to the Company, the IP issue with
18 Christine cannot wait. As far as the documents we require from Christine, we can ask the
19 company lawyers to simplify them for her to sign. There is no need to have the heavy
20 docs we presented to her in December. So, we ask you in your role as a Director to help
21 us resolve this issue by next Thursday. Given that you previously said in your message,
22 Christine was ready to sign but it was you who was "not there yet" in resolving the
23 matter, this hopefully should not require much exertion or stress for you. As we are only
24 in this position, because you admittedly delayed paying Christine's invoice for over a
25

1 year, hopefully you can see your way to assisting in resolving this urgent matter. Please
2 respond or talk with us by this Monday on if you are going to assist in the resolution. If
3 we don't hear from you, we will assume you will not help. You do not have to
4 completely fix the situation by Monday, just to respond to this message or talk with us.

5 Alternatively, if the funding falls through we will have to consider other
6 immediate actions to assure the viability of the business. This might include the founders
7 having to put in some serious cash from our personal money to fund the business, due to
8 the difficulty in fundraising in the middle of the COVID19 pandemic and the down
9 market. Even though undesirable, it seems like this is a feasible approach, given that the
10 company has billions of shares already authorized and only 100M issued, so theoretically
11 we have much room to grow up to 1000 times if push comes to shove. But, we really
12 want to avoid putting our much needed personal funds into the company right now. In
13 this case, not only the company will have lost its \$500k investment but also the founders,
14 including you if you participate, will have lost hundreds of thousands of dollars to self-
15 fund the business.
16

17 Just to be clear: The urgent thing right now is that we need to resolve the IP
18 situation with Christine to avoid the loss of the offered \$500k next week. We need you to
19 participate as a Director in order to address this issue. Please respond by Monday if you
20 plan to participate. Thanks.
21

22 30. In fact, the important issues with the Consultant did get resolved.

23 31. However, the communication contained exaggeration and threats.

24 32. As noted, the intellectual property was not mission critical but was branding material.
25

1 33. On information and belief, disclosure to the investor might not have caused to walk away
2 but might have only caused a delay in funding.

3 34. Further, this contained an implied threat: that they would dilute the equity of the Plaintiff to
4 enhance their equity interests, a bad faith tactic sometimes attempted in founder disputes.

5 35. The implied threat was that they would offer shares only to the founders, at a particularly
6 attractive price, with full knowledge that as a result of the adversarial relationship Plaintiff
7 could not be expected to contribute.

8 36. The offer to Plaintiff was a bad faith ruse. Defendants understood that Plaintiff would not
9 participate in the offer because of the dispute between Plaintiff and Defendants. Their
10 objective was to make near valueless his equity in Pi while creating the mirage of being
11 reasonable.

12 37. In addition, such threat implied that Kokkalis and Fan would not make the same offer on the
13 same conditions to purchasers of SAFEs, that the purchase price would not reflect the
14 progress of the Defendant companies, and would not reflect that Pi had sold recently sold
15 securities at a valuation cap of \$20 million.

16 38. Attempts to resolve the situation continued.

17 39. Counsel for the parties scheduled a call to discuss the situation to see if the dispute could be
18 resolved prior to instituting litigation on the morning of Friday, June 12, 2020.

19 40. Late the afternoon/early evening of Thursday, June 11, 2020, Kokkalis indicated that he and
20 Fan intended to make good on their implied threat by sending out a notice of meeting to
21 consider an equity issuance to the founders to take place on Monday, June 15, 2020. See
22 Exhibit A attached hereto.

23 41. Plaintiff's counsel cancelled the call.
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1 42. On information and belief, Kokkalis and Fan followed through on their threat including the
2 mirage of asking Plaintiff to invest.

3 43. At that point, an investment by Plaintiff would have been in essence nothing more than
4 Plaintiff funding the defense for the Defendants of this legal action.

5 **FIRST CAUSE OF ACTION**

6 **WRONGFUL TERMINATION/CONSTRUCTIVE DISCHARGE**

7 **DEFENDANTS SOCIAL, KOKKALIS AND FAN**

8 44. PLAINTIFF realleges and incorporates by reference paragraphs 1-46 of this complaint as
9 though fully set forth herein.

10 45. PLAINTIFF was employed by Social.

11 46. That DEFENDANTS Social, Kokkalis and Fan created an intolerable work environment
12 making it impossible for him to do his job.

13 47. That these DEFENDANTS did this intentionally and knowingly.

14 48. That these working conditions were so intolerable that no reasonable person could be
15 expected to endure them.

16 49. That Plaintiff was harmed.

17 50. That the conduct of the Defendants was a substantial factor in causing the harm.

18 **SECOND CAUSE OF ACTION**

19 **NEGLIGENT INFLICTION OF EMOTIONAL DISTRESS**

20 **DEFANDANT SOCIAL**

21 51. Paragraphs 1-46 are incorporated herein by reference.

22 52. Defendant was negligent.

23 53. Plaintiff suffered serious emotional distress; and
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1 54. Negligence of the Defendants was a substantial factor in causing the serious emotional
2 distress of Plaintiff.

3 **THIRD CAUSE OF ACTION**

4 **INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS**

5 **DEFANDANTS SOCIAL, KOKKALIS AND FAN**

6 55. PLAINTIFF realleges each and every allegation set forth in Paragraphs 1-46 inclusive and
7 incorporates them by reference herein.

8 56. The conduct was outrageous;

9 57. Defendants acted with reckless disregard of the probability that Plaintiff would suffer
10 emotional distress, knowing that Plaintiff was present when the conduct occurred.

11 58. Plaintiff suffered severe emotional distress; and

12 59. Plaintiffs conduct was a substantial factor in causing the severe emotional distress of the
13 Plaintiff.

14 **FOURTH CAUSE OF ACTION**

15 **BREACH OF FIDUCIARY DUTY**

16 **DEFENDANT KOKKALIS AND FAN**

17 60. PLAINTIFF realleges each and every allegation set forth in Paragraphs 1-46 inclusive and
18 incorporates them by reference herein.

19 61. Defendants Kokkalis and Fan were the directors of Pi in which Plaintiff owned stock.

20 62. Defendants knowingly acted against interest of the Plaintiff in connection with issuing
21 shares of Pi to themselves.

22 63. Plaintiff did not give informed consent to the conduct of the Defendants;

23 64. Plaintiff was harmed; and
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1 65. The conduct of the Defendants was a substantial factor in causing harm to Plaintiff.

2 **WHEREFORE, THE PLAINTIFF PRAYS FOR THE FOLLOWING:**

3 1. With regard to all causes of action, actual damages in an amount to be proven at
4 trial believed to be in excess of the jurisdictional amount of this Court.

5 2. Punitive damages on the third cause of action.

6 3. Costs.

7 4. Such other relief to which the PLAINTIFF may be entitled by law or as the Court
8 may deem just and proper.

9 July 21, 2020

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11 My General Counsel PC,

12 *Michael Prozan*

13 _____
14 Michael Prozan
15 Counsel to Vincent McPhillip

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EXHIBIT A

Pi Community Company

Registered Company no 354341

(Company)

Notice of a meeting of the directors of the Company

Pursuant to article 30.5 of the articles of association of the Company, notice is hereby given by the director below that a meeting of the directors of the Company will be held at 520 Sacramento St., East Palo Alto, CA94303, USA on June 15, 2020 at PST 6:00pm for the purpose of considering whether to offer the following ordinary shares of par value US\$0.00001 per share (each, an **Ordinary Share**) to the following persons on the following terms:

- (a) Chengdiao Fan be invited to purchase up to 500,000,000 Ordinary Shares for the purchase price of US\$0.00005 per share;
- (b) Petros Nicolas Kokkalis be invited to purchase up to 500,000,000 Ordinary Shares for the purchase price of US\$0.00005 per share; and
- (c) Vincent McPhillip be invited to purchase up to 500,000,000 Ordinary Shares for the purchase price of US\$0.00005 per share,

each offer being made on the terms and conditions of a draft share purchase agreement (**SPA**) to be tabled to the meeting, with each SPA to be entered into by the Company as offeror and each person above as offeree, and to consider incidental business thereto.

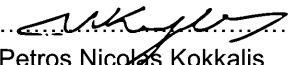
Meeting by Telephone

The participants of the meeting may participate through the medium of conference telephone or equivalent communication tool i.e. Skype. Participants wishing to attend the meeting by telephone or Skype may call the following direct line or Skype account:

Phone number: +1 (650) 283-2323

Skype account: Nicolas Kokkalis

Date: June 11, 2020

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Petros Nicolas Kokkalis
(Director)