

ANGELA SINGLETON, individually,
15408 Bounds Avenue
Laurel, MD 20707

Plaintiff

v.

DUANE MORRIS, LLP, a Delaware limited
liability partnership, JAY COHEN, ESQ.,
individually, and GEORGE NEMPHOS,
ESQ., individually,
111 S. Calvert Street, Suite 2000
Baltimore, MD 21202

Defendants.

* * * * *

COMPLAINT

Plaintiff, ANGELA SINGLETON sues Defendants DUANE MORRIS, LLP, JAY
COHEN, ESQ. and GEORGE NEMPHOS, ESQ. and for her Complaint alleges:

PARTIES, JURISDICTION AND VENUE

1. This is an action for damages within the jurisdiction of this Court.
2. Plaintiff Angela Singleton ("Singleton") is a resident of Laurel, Maryland and is sui juris.
3. Defendant Duane Morris, LLP is a Delaware limited liability partnership. It is a full service law firm with offices in Baltimore, Maryland; Atlanta, Georgia; Boca Raton, Florida; Boston, Massachusetts; Cherry Hill, New Jersey; Chicago, Illinois; Houston, Texas; Lake Tahoe, Nevada; Las Vegas, Nevada; Los Angeles, California; Miami, Florida; New York, New York; Philadelphia, Pennsylvania; Pittsburgh, Pennsylvania; San Diego, California; San Francisco, California; Washington, D.C. and Wilmington, Delaware in the United States. It also maintains

IN THE CIRCUIT COURT
FOR BALTIMORE CITY,
MARYLAND

Case No.:

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offices in Hanoi, Vietnam; Ho Chi Minh City, Vietnam and London, England, among other places.

4. At all times material to this action, Defendant Duane Morris: a) transacted business in this State; b) maintained an office in Baltimore, Maryland; c) caused tortious injury to the Plaintiff through its negligence in this State; d) regularly conducted business in this State; and e) derived substantial revenue from services provided in this State. This Court has personal jurisdiction over Duane Morris pursuant to Md. Code Ann., Cts. & Jud. Proc. §6-103.

5. Duane Morris has purposely and continuously at all times material hereto availed itself of the privilege of conducting activities in this State. Duane Morris is registered to do business in Maryland and maintains a registered agent in this State. Duane Morris engaged in substantial and not isolated activity within this State and the exercise of personal jurisdiction over Duane Morris in this case is reasonable and consistent with the requirements of the Constitution of the United States of America.

6. At all times material to this action, Defendant Jay Cohen, Esq. ("Cohen") was an attorney licensed to practice law in the state of Maryland. At all times material hereto, Defendant Cohen has been a partner of Defendant Duane Morris and has practiced law from the Baltimore office of Duane Morris. Defendant Cohen is a resident of Owing Mills, Maryland.

7. At all times material to this action, Defendant George Nemphos, Esq. ("Nemphos") was an attorney licensed to practice law in the state of Maryland. At all times material hereto, Defendant Nemphos has been a partner of Defendant Duane Morris and has practiced law from the Baltimore office of Duane Morris. Defendant Nemphos is a resident of the State of Maryland.

8. Venue is proper in this jurisdiction as: 1) the Defendants reside in and/or maintain an office in this jurisdiction 2) the causes of action accrued in this jurisdiction and are related to

legal services provided from this jurisdiction and 3) the tortious acts described herein were committed in Maryland and elsewhere.

GENERAL ALLEGATIONS

9. Plaintiff Singleton was accepted to Yale to be an MBA candidate. She used that opportunity to develop a business plan for her vocation and that business plan became her roadmap for embarking upon an entrepreneurial venture that she would dedicate the next ten years of her life bringing to fruition.

10. Singleton developed two inventions for use in women's high heel shoes which relieve pressure to the foot and make the shoes much more comfortable to wear. The devices were designed to be built into the high heel shoes.

11. Singleton secured worldwide rights for three patents related to her inventions, including registrations with the United States Patent and Trademark Office.¹

12. In June 2004, Singleton formed a company, Pique, Inc., a Delaware corporation, as a vehicle to develop and market her device. Singleton was the sole stockholder and officer of Pique.

13. In February 2007, Singleton entered into an agreement with the Baltimore Development Corporation which is an entity contracted by the City of Baltimore to provide economic development services. Singleton was admitted to the Baltimore Development Corporation's prestigious incubator program at the Emerging Technology Centers ("ETC") based in the Canton neighborhood of Baltimore. The ETC is a nonprofit business incubator program providing early stage technology companies with business, technical and networking connections with a goal of moving a product from concept to profitability. The ETC provides its members with office space and shared support services as well as referrals to various business

¹ The Plaintiff obtained 1 design patent and 1 utility patent regarding the device. A second utility patent is currently pending.

leaders and professional service providers in Baltimore.

14. As part of its program, the ETC regularly provided legal clinics at their facilities in partnership with Defendant Duane Morris. Duane Morris provided one on one mentoring services to ETC companies for up to one hour at no cost.

15. On or about December 2, 2008, as part of her free mentoring session during an ETC legal clinic, Singleton met with Defendant Jay Cohen of Duane Morris. Singleton provided Cohen with an overview of Pique's business and the product and confided in Defendant Cohen regarding his experience in raising funding for the business.

16. Thereafter, Defendants Cohen and Duane Morris undertook to provide legal advice and business counsel to Singleton and Singleton reposed her trust and confidence in Cohen and Duane Morris.

17. In January 2009, Singleton's company, Pique, retained Duane Morris pursuant to a written retainer agreement. Cohen advised Singleton at that time that she could "hold off" on paying Duane Morris' legal bills, which would accrue until she had obtained financing for the company.

18. Thereafter, Duane Morris and Cohen expanded their engagement to include Singleton individually. Defendants were made aware of two License Agreements dated February 12, 2009 wherein Singleton licensed both the patent and trademark rights which she held in her own name to Pique. The Defendants advised Singleton to continue to retain all rights to the intellectual property.

19. In late 2009, Singleton recruited three executives to join Pique. However, disagreements immediately arose between Singleton and these new executives. When this dispute arose in or about February 2010, Singleton consulted with Defendants Cohen and George Nemphos. Defendants provided personal advice to Singleton regarding license agreements she

had provided to Pique permitting Pique to use Singleton's various patents and trademarks. Defendants sought to protect Singleton's individual right to control Pique. Defendants advised Singleton to cancel the License Agreements with Pique and to terminate the new executives.

20. In February 2010, Defendant Cohen drafted a letter for Singleton's signature which was adverse to Pique advising the company that Singleton was terminating Pique's License Agreements for non-payment and demanding that Pique cease and desist from using Singleton's patents and trademarks. The letter also declared Pique in default for failing to pay Singleton the monies due under the Licensing Agreements.

21. This led the Plaintiff to believe that she was the real client of Defendant Duane Morris regardless of corporate formalities and that the Defendants were acting on her behalf as her counsel and were protecting her rights.

22. During 2009 and 2010, Singleton attended various social events with Cohen, Nemphos and other partners at Duane Morris which were used to further entice Singleton to place her trust and confidence in Cohen and Nemphos, both as counsel and as business advisors. These events included attendance at professional football games and attendance at events which included Cohen's family members.

The Funding Transaction

23. In late 2009, Cohen and Nemphos were providing business advice to Singleton and actively searching for individuals and entities to fund Singleton's business. Cohen contacted Jaemin Park, an attorney who was both Cohen's long-time colleague and a client of both Cohen and Duane Morris. Ms. Park had worked with Cohen at various law firms for a total of 12 years before Cohen moved to Duane Morris. Park had retired as a lawyer and was focused solely on pursuing various business ventures and investments.

24. In November 2009, Cohen suggested that he contact Park to solicit her investment

in Pique. Cohen spoke with Park about investing. Cohen advised Singleton that Park could potentially raise \$450,000 in funding and that Park knew individuals in Korea, including Duk Hoon Lee. Cohen identified Lee as "one of our friends" and a potential investor whom Park could contact. He also advised Singleton that Nemphos "strongly believed" that David Freschman should be allowed to invest \$250,000 to \$500,000 and encouraged Singleton to follow Nemphos' business recommendation.

25. By February 2010, through Cohen, the negotiations with Park had reached a more advanced stage. Park had arranged for \$900,000 to be contributed to the company through herself and other investors. Singleton had exhausted her own investment capacity having expended \$100,000 of her own funds and approximately \$125,000 loaned by her friends and family.

26. During this time period, with Cohen's participation and consent, Park solicited another Duane Morris client to invest in Pique, Zeid Masri, who owned a private equity company, Silverhaze Partners. Park and Cohen convinced Masri that Silverhaze should invest \$200,000 in Pique.

27. Cohen disclosed to Singleton that he had a long standing relationship with Park and disclosed that Masri and Silverhaze Partners were current clients of Duane Morris. However, he failed to advise and fully disclose to Singleton the conflicts of interests, and potential adverse consequences from those conflicts, which arose as a result of Defendants seeking to simultaneously represent Singleton, Pique, Park and Masri with regard to the proposed funding. Cohen failed to advise Singleton to retain her own counsel or to even consider retaining her own counsel given his conflicted role. Cohen failed to confirm any alleged disclosure and informed consent from Singleton regarding his conflicts of interests in a written waiver because he never counseled or advised Singleton regarding his conflict of

interests of its possible adverse consequences.

28. To the contrary, Cohen misleadingly advised Singleton that his simultaneous representation of all parties would work to her benefit because all parties relied upon and trusted Cohen and he would look out for everyone's interests.

29. Singleton relied upon Cohen to represent her with regard to the various documents to be negotiated and executed in connection with Park and Masri's investment in Pique. Singleton advised Cohen that it was essential that she maintain control regarding the major decisions of Pique. She consistently advised Cohen that it was critical to ensure that the company could not make any major business decisions without her approval, that the transaction documents protect her.

30. Singleton reminded Cohen on multiple occasions during the negotiations that Park and Masri were far more sophisticated than her in business transactions and that she was relying on both Cohen's business advice and legal advice to protect her. Singleton advised Cohen not to send her preliminary drafts of the various transaction related documents, including the proposed employment agreement for Park, the Operating Agreement for Pique Founders Corp. and the Convertible Note Agreement, before Cohen sent them to Park and Masri for comment because of their level of sophistication.

31. Cohen consistently advised Singleton that the transaction agreements adequately protected her and the company and that his simultaneous representation of all parties further benefited her. Defendant Cohen concealed the possible adverse consequences of Defendants representing all parties to the funding transaction. In an email dated March 27, 2010 to Singleton, Cohen stated "I don't see any problems with any of the agreements. Zeid [Masri] relies on me for all of his transactions and he knows I'll keep an eye out for him and you. Same with Jaemin [Park]."

32. Singleton continued to rely on Cohen for both legal and business advice. Cohen encouraged Singleton to accept Park and Masri as partners. Although Cohen was representing Singleton and Pique, his representation was compromised by his conflict of interest and prior relationships with Park and Masri.

33. During the negotiations regarding terms of the escrow agreement regarding Park and Masri's investment in Pique, despite being company counsel for Pique, Cohen advised Masri on February 19, 2010 that he reviewed the escrow agreement "more to protect Jaemin [Park] and her investors than Pique." On March 4, 2010, confirming his blatant conflict of interest and compromised loyalties, Cohen advised Masri "I have reviewed the [Escrow] agreement for Jaemin [Park] and now for you as your legal counsel."

34. On March 29, 2010, in connection with the investment of the Park group and of Masri, at Duane Morris' direction, Pique, Inc. was converted from a Delaware corporation to a Delaware limited liability company. Cohen failed to advise Singleton regarding the consequences of such a conversion, including that her right to control the company would be governed solely by Pique LLC's Operating Agreement, which Cohen was drafting for all parties despite the conflicts of interest, and that Singleton would no longer be afforded the statutory protections governing corporations.

35. In connection with the funding transaction, Defendant Cohen formed a corporation known as Pique Founders Co., LLC, a Maryland limited liability company, which would acquire ownership of Singleton's intellectual property. Singleton, Park and Masri would each own 1/3 of Pique Founders Co., subject to dilution to 30% in order to make room for one additional member in the future who would not own more than 10% of the company.

36. Cohen advised Singleton to transfer her 100% ownership of the intellectual property to this entity without advising her to obtain separate counsel. Cohen failed to advise

Singleton regarding the possible adverse consequences of her transferring ownership of the intellectual property and failed to provide protections for Singleton including mechanisms for the ownership of the intellectual property to revert to Singleton if certain conditions were not met. Cohen failed to advise Singleton regarding the protections she should obtain regarding control over the company before giving up her complete ownership of the intellectual property. As part of the transaction documents ultimately executed, Pique Founders Co. licensed the intellectual property to Pique LLC.

37. In addition to forming Pique Founders Co. and converting Pique from a corporation to a limited liability company, in connection with the transaction Defendant Cohen: a) drafted an Operating Agreement governing Pique; b) prepared a Convertible Note regarding the funding; c) amended Singleton's Employment Agreement and her Non-Compete and Non-Solicitation Agreement, which agreements Cohen had originally drafted the previous year and d) drafted an Employment Agreement and Non-Compete and Non-Solicitation agreement for Park.

38. In the negotiations and discussions leading up to execution of the transaction documents, Defendant Cohen pledged to take an active role in managing the relationships among his clients Singleton, Park and Masri. On April 15, 2010, Cohen advised Masri in an email that "unless I get hit by a bus, I am going to be heavily involved to make certain that the relationships between everyone go well."

39. Defendant Cohen revealed his willingness to disregard loyalty to his clients, caused by the conflicts of interest. On April 15, 2010, Cohen attempted to assure Singleton that the transaction would be consummated. Cohen advised Singleton by email that he would provide her with the attorney-client privileged communications between Cohen and Masri but that Singleton was to keep Cohen's violation of his ethical duties a secret, advising Singleton that she had to "take this email to the grave with you."

40. Singleton continually advised Cohen during the negotiations regarding the funding transaction that it was critical that Pique be precluded from going forward with any major decisions without her approval. On March 22, 2010, Cohen advised Singleton in an email describing the convertible note, that he would draft the note to provide that any actions of Pique which required the company to spend money or incur debt would be subject to Singleton's approval, as well as Park's approval. Cohen advised that if Masri agreed to invest, any such obligations by the company would be subject to his approval as well.

41. Leading up to the drafting of the subject documents, and with regard to prior transactions throughout Cohen and Singleton's relationship, Cohen would provide Singleton with red-lined drafts of the agreements and documents he was drafting for Singleton and Pique in order to highlight any important changes to the documents.

42. On March 29, 2010, Cohen provided Singleton with the first draft of the Convertible Note Purchase Agreement. Section 7.5 of the draft contained a provision entitled "Negative Covenant" which stated that the company would not take any action defined as a "Major Action" under the terms of the Pique Operating Agreement without the prior consent of Park and Masri and did not mention Singleton or provide her with such consent rights. This provision in the Convertible Note conflicted with a provision in the first draft of the Operating Agreement dated March 31, 2010, which stated in Section 5.7 that the company could not take any "Major Action" without consent of the entire Board of Directors, which was comprised of Park, Masri and Singleton.

43. Singleton communicated her concerns to Cohen. She advised him that her goal was to be treated as an equal partner with Park in Pique and that it was imperative that Singleton maintain the right to approve any Major Action by the company. While the Operating Agreement reflected the necessity of Singleton's approval for any Major Action, Section 7.5 of

the Note did not require Singleton's consent for Major Actions. Cohen advised Singleton that he would remedy her concern.

44. Singleton also advised Cohen that his prior draft of the agreements was not acceptable because Park would own a greater percentage in Pique than Singleton upon exercising her conversion rights under the Note.

45. On April 14, 2010, Cohen provided Singleton with a redlined version of the Convertible Note highlighting his revisions. In Section 7.5 of the revised draft, as indicated by the red lined change, any Major Action required Singleton's consent.

46. A few hours later, on April 14, 2010, Cohen provided Singleton with a revised draft of the Operating Agreement. Cohen advised Singleton in a cover email that he had revised the membership structure so that Singleton and Park would have the same percentage interest. Cohen noted that in this draft of the Operating Agreement, Cohen provided Singleton with one convertible preferred unit that converted into the same number of Series A convertible preferred units into which Park's note would convert.

47. However, the draft Operating Agreement Cohen provided to Singleton was not redlined as was his custom in his previous interactions with Singleton. The Operating Agreement contained an important change to Section 5.7 which Cohen failed to redline thus representing no change had been made when a change was made. Cohen had added a qualification to the revised Section 5.7, which indicated that no Major Actions could occur without unanimous board approval, including Singleton. The revised Section 5.7 stated:

At such time that any of the Notes is outstanding, the Company shall not be entitled to take any of the following actions ("**Major Actions**") without approval of the entire Board:

(underline and italics added).

48. The "Notes" identified in Section 5.7 referenced the Convertible Notes being

executed by Park and Masri. Under this revised version, upon repayment, maturity or forgiveness of the subject Notes, the prohibition against Major Actions without unanimous consent of the Board would end and Singleton would therefore lose her right to control Major Actions of the company.

49. Cohen failed to advise Singleton regarding this important change. He never discussed the potential consequences of the revision as it pertained to Singleton or the company. Singleton did not see the change because Cohen did not redline it and he never alerted her that any such revision had been made. Further, Singleton could not have reasonably anticipated that Section 5.7 of the Operating Agreement would be changed in such a way to conflict with the revision she had requested Cohen to make, and which Cohen made to Section 7.5 of the Note requiring Singleton's consent for any Major Action.

50. Cohen made the change to Section 5.7 of the Operating Agreement, which favored and protected Park and Masri, and concealed it from and did not discuss it with Singleton, as a result of his conflict of interest and his loyalty to Park and Masri. Cohen made this revision without properly counseling and informing Singleton, his client, as to the nature of the change and its consequences.

51. In or about late April 2010, the Operating Agreement was executed with an effective date of March 31, 2010. Pursuant to the terms of the agreement, as a result of Park and Masri's investment, Singleton's ownership interest was reduced to 41.14%. Park became an equal 41.14% equity owner of Pique and Masri obtained a 13.72% equity ownership interest, thus providing Park and Masri a combined majority of Pique's membership interest. Pursuant to the terms of the Operating Agreement, Masri was provided with the opportunity to invest additional funds up to an amount permitting him to hold an equity interest in Pique equal to that of Singleton and Park.

52. Cohen also drafted and negotiated the terms of Singleton and Park's employment agreements. Although he purported to act as company counsel for Pique, he recommended to Singleton to accept numerous onerous provisions in Park's employment agreement which were unfavorable to both Pique and Singleton. He further failed to properly counsel Singleton regarding the amendment to Singleton's employment agreement including the risks and consequences of its terms. Cohen failed to include proper protections in the agreement including provisions to protect Singleton's seat on the Board of Directors in the event she was terminated as an employee.

**Legal Fees Paid to Duane Morris and a Separate Company Owned
By Cohen and Nemphos**

53. In January 2009, Cohen advised Singleton that Duane Morris would defer payment of its legal fees until Pique had received funding. Thereafter, Duane Morris did not remit any bills to Singleton for its services. During the negotiations with Park and Masri, on March 11, 2010, Cohen advised Singleton that Pique's legal expenses were approximately \$154,000 through October 2009. He also stated that from November 2009 through the "financial closing" she could expect an additional \$120,000-\$150,000 to be billed. Cohen indicated that the post-October 2009 bills could be paid partially in December 2010 and the remainder in 2011.

54. On March 23, 2010, Duane Morris sent Singleton a bill for the first time. The outstanding bill was \$157,450 and included services through October 2009. When the bill was provided, Cohen advised Singleton that Duane Morris had already "written down" the bill by approximately \$30,000.

55. Accordingly, the Defendants had an interest in closing the funding transaction in order to obtain payment of the legal fees owed to the firm. The Defendants were motivated to close the transaction to fund payment of their bill, regardless of the ultimate consequences to Singleton.

56. Singleton raised concern to Cohen regarding Duane Morris' substantial legal fees and the bill currently due. On March 28, 2010, Singleton reached an agreement with Cohen that: a) Pique would pay \$125,000 towards the legal bill of \$157,450 for services through October 2009 upon closing of the funding transaction; b) the outstanding balance of the bill through October 2009 would be discounted from \$22,000 to \$11,000; c) the legal services Duane Morris had provided since November 1, 2009 would be capped at \$180,000; and d) going forward, Cohen and Nemphos would be provided with a monthly retainer of \$6,000 to \$6,500 per month with the exception of litigation and intellectual property services.

57. With regard to the monthly retainer, Cohen and Nemphos advised Singleton to cease paying Duane Morris and instead pay the fees to an entity known as Smeyne Ross, LLC, a Maryland limited liability company owned by Cohen and Nemphos. Upon information and belief, Smeyne and Ross are the maiden names of Cohen and Nemphos' spouses.

58. Accordingly, Pique commenced making monthly payments of \$6,500 directly to Smeyne Ross, LLC in May 2010. Plaintiff is unaware if Duane Morris had knowledge of or approved these payments. At the time Cohen and Nemphos directed her to make these payments directly to Smeyne Ross, LLC, Singleton assumed it was with the knowledge and permission of Duane Morris. Cohen led Singleton to believe that Smeyne Ross LLC was now representing her and the company because Duane Morris was not interested in the representation going forward because the monthly fees were too small. At Cohen and Nemphos' direction, Pique sent payments from its bank account at Eagle Bank to a Smeyne Ross LLC P.O. Box address in Baltimore. In order to conceal this arrangement, Cohen and Nemphos did not provide Singleton or Pique with a written retainer agreement regarding Smeyne Ross and Smeyne Ross never issued any bills.

59. Commencing with payments in March 2011 Cohen and Nemphos advised

Singleton to split the monthly retainer fee between Smeyne Ross and Duane Morris. Pique thereafter made monthly payments to Duane Morris for \$3,000 and to Smeyne Ross for \$3,500, regardless of the amount of time expended by Cohen and Nemphos on company matters.

Cohen and Nemphos Obtain an Equity Interest in Pique

60. After Cohen contacted Park to discuss her investment in Pique, in or about January 2010, Cohen and Nemphos were offered to obtain an equity interest in Pique. Singleton is not aware if this proposed gift was disclosed by Cohen or Nemphos to Duane Morris.

61. In April 2010, when the funding transaction ultimately closed, Cohen and Nemphos, through Smeyne Ross LLC, their entity, acquired a 3% equity interest in Pique for no consideration. In contravention of the Maryland Rules of Professional Responsibility, Cohen and Nemphos:

- a) Did not advise Singleton that the gifting of the interest in Pique was not on terms fair and reasonable to the client;
- b) Did not fully disclose and transmit the terms in writing in a manner that could be reasonably understood;
- c) Did not advise Singleton in writing of the desirability of seeking independent legal counsel regarding the transaction and did not give her a reasonable opportunity to seek the advice of independent legal counsel; and
- d) Did not obtain Singleton's informed consent, in writing, signed by her, to the essential terms of the transaction, and Cohen and Nemphos' role in the transaction, including whether they were representing her and/or the company in connection with their acquisition of the 3% equity interest.

62. In further violation of the Maryland Rules of Professional Responsibility, Cohen and Nemphos prepared the documents conveying this equity interest in Pique to their company, Smeyne Ross, LLC which is prohibited.

Singleton Loses the Right to Control Major Decisions of the Company

63. In January 2012, Tongyang International, a Korean company solicited by Park, purchased a 10% equity interest in Pique for \$1,000,000. By that date, Pique had hired a chief

operating officer and salesman, Sebastian Marzaro and a footwear designer, George Mang. Marzaro and Mang spend a considerable amount of time in China in 2011 developing industry relationships with a goal of successfully launching Pique's product. However, Pique encountered several problems with the launch of its product.

64. In early 2012 discord arose between Park and Singleton. Disagreements arose regarding Marzaro's performance and whether he had engaged in self-dealing and had acted adversely to Pique. Both Singleton and Masri wanted to terminate Marzaro but Park refused. She believed that Marzaro was critical to the relationship with Tongyang. Park began to make negative comments to Tongyang regarding Singleton and falsely advised Tongyang that Singleton had become "hostile" towards it. Subsequently, Park scheduled a trip to Korea to meet with Tongyang in an effort to exclude Singleton from the business.

65. Cohen failed to protect Singleton's rights while this occurred and refused to intervene. On March 9, 2012, Cohen admitted to Singleton that Park had "undermined you with Sebastian [Marzaro] and Tongyang."

66. Tongyang became dissatisfied with its investment and the manner in which Pique was being operated. Despite Park and Marzaro's best efforts to curry Tongyang's favor, Tongyang expressed displeasure regarding both Park and Singleton. Sensing trouble, on March 18, 2012, Masri resigned from the Pique board, leaving only Park and Singleton as remaining directors.

67. On March 21, 2012, Tongyang threatened to unwind its investment in Pique. The following day, Tongyang requested that Pique freeze its bank accounts and prepare an audit regarding the company for its review. On March 26, 2012, Cohen prepared a memorandum to the Pique board advising that there was no legal requirement for Pique to voluntarily freeze its own bank account, but that if successful, Tongyang could unwind its investment and seek return

of its \$1,000,000. On March 30, 2012, Alice Hyun, the daughter of the Chairman of Tongyang, resigned her position as Vice President of Pique.

68. On April 2, 2012, Marzaro advised Singleton that Pique had lost its China based production factory because Tongyang declined to obtain a letter of credit to support a minimum order of 5,000 shoes. On that same day, Tongyang advised that it had engaged an attorney to file litigation against Pique. In response, later that day, Park resigned as both an officer and director of Pique, leaving Singleton as the company's sole remaining officer and director to defend the company against Tongyang's threatened attack. Subsequently, Singleton, the sole remaining officer and director transferred the funds in the Pique bank account at Eagle Bank to a new account at Citibank to protect them from unwarranted seizure by Tongyang.

69. Tongyang did not hire litigation counsel as it had represented. Instead, it entered into negotiations with Singleton to restructure the company. These negotiations concluded without a resolution.

70. With the threat of imminent litigation by Tongyang removed, on April 23, 2012, Park and Masri entered into a "Less than Unanimous Consent of Members of the Company" whereby they reelected themselves as directors of Pique. Through their counsel from the Venable law firm, Park and Masri advised that the outstanding convertible notes had matured on April 21, 2012 and therefore the requirement for unanimous consent for certain Major Actions was no longer applicable. Therefore, majority vote governed the company and their reelection was proper. They demanded that they be provided with signature power to the Citibank account.

71. Park and Masri successfully removed Singleton from access to the company's Eagle Bank account. However, Citibank refused to allow them access to that account.

72. Accordingly, Park and Masri filed a lawsuit in the United States District Court for the District of Maryland in the case styled, *Jaemin Park and Zied Masri v. Angela Singleton*,

Case No: JFM-12-1438 (the “Litigation”). Park and Masri sought a declaration that the Pique Board of Directors was governed by majority vote and sought injunctive relief requiring Singleton to return the fund in the Citibank account to Pique’s Eagle Bank account. The Litigation turned on the Court’s interpretation of Section 5.7 of the Operating Agreement.

73. The Court interpreted the language of Section 5.7 of the Operating Agreement in Park and Masri’s favor. On June 29, 2012, the Court granted summary judgment in favor of Park and Masri. The Court held that because the subject Notes had matured, and Park had waived repayment on other notes, no notes were outstanding and the unanimity provisions of Section 5.7 did not apply. The Court held that Pique was now governed by majority vote of the Board of Directors.

74. As a result of Cohen’s revision to the Operating Agreement, which he made despite his knowledge that Singleton’s primary objective was to foreclose Major Actions by the company without her consent, and which he concealed from Singleton and made without her knowledge, and which he failed to counsel and advise Singleton regarding, Singleton lost her consent rights and control over Pique. She was terminated as an officer and a director and was effectively frozen out of the business from June 29, 2012 forward.

75. Without any other protections in the Operating Agreement or her Employment Agreement. Singleton was powerless regarding the company’s actions going forward. By the end of 2012, her ownership interest was diluted from 41.14% to 2.73% and the company, without her ability to control decisions, spiraled downward. On November 17, 2014, the company LLC filed for bankruptcy in United States Bankruptcy Court in New York.²

² On December 21, 2012, the company merged with an entity known as “Ask Alice, LLC” with Pique, LLC being the surviving entity. Pique, LLC, as the surviving entity, changed its name to Ask Alice, LLC. In November 17, 2014, Ask Alice, LLC filed for bankruptcy in United States Bankruptcy Court in New York.

76. Without Singleton's input and right to approve Major Actions, or participate in running the business or development of its product, the company failed.

77. As a direct and proximate result of Defendants' negligence, and Singleton's loss of a decade's worth of work in developing the subject technology through the company's demise and her exclusion from the company, Singleton suffered tremendous emotional distress. Singleton began to manifest physical injury through symptoms of exhaustion and extreme fatigue. Singleton was ultimately diagnosed with Paroxysmal Nocturnal Hemoglobinuria ("PNH"), a rare blood disorder. Singleton's condition first emerged during the stress she suffered commencing in 2012 during the Litigation. This stress was the central causal factor in the emergence of her condition at that time and but for Defendants' negligence, her condition would likely not have emerged at that time, and might have never have emerged. In order to treat her illness, Singleton requires, and will require for her lifetime, regular blood transfusions and bi-weekly treatments with Soliris, a drug which helps to slow the rate blood is lost to hemolysis. Singleton's treatments, medical care and prescription drugs to fight PNH and related complications cost approximately \$550,000 annually.

78. As a result of Singleton's condition, she is no longer able to work at her former capacity. Singleton now holds part time employment and, pursuant to doctor's orders, must reduce work activities and must limit her exposure to stress, thus severely limiting her range of employment and future career path.

79. All conditions precedent to maintaining this action have occurred, been performed or been waived.

PROFESSIONAL NEGLIGENCE

80. Plaintiff realleges the allegations contained in paragraphs 1 through 79 of this Complaint.

81. As more fully described herein, at all times material hereto, the Defendants served as the Plaintiff's attorneys. Accordingly, the Defendants owed the Plaintiff a duty of reasonable care of a reasonable, prudent lawyer in a similar situation. In addition, Defendants Cohen and Nemphos, who provided business advice to Singleton and ultimately became an equity owner in her company, owed her a fiduciary duty.

82. Defendant breached their duty of care to the Plaintiff, by, among other things, the negligence and intentional misconduct set forth above in detail including:

a) Failing to protect the necessity for Singleton's consent over major business decisions regarding Pique;

b) Failing to inform Singleton of the revisions Cohen made to the Operating Agreement which effected unanimity of consent of the Board of Directors for major business decisions;

c) Failing to properly and adequately inform, advise and counsel the Plaintiff prior to her execution of the Operating Agreement regarding the provisions that had a bearing on the requirement of Singleton's consent to major business decisions of the company including Section 5.7;

d) Negligently advising Plaintiff that the agreements required the company to obtain Singleton's consent for major business decisions;

e) Failing to properly and adequately explain and advise the Plaintiff regarding the terms of the complex and interrelated agreements regarding the funding transaction before they were executed;

f) Failing to properly and adequately advise the Plaintiff regarding the business risks of the funding transaction as set forth in the agreements that were reasonably apparent to Defendants given their level of expertise;

g) Failing to properly and adequately counsel the Plaintiff as to funding transaction given Plaintiff's objectives regarding requiring her consent to major business decisions;

h) Failing to provide Plaintiff with undivided loyalty in her representation because of Defendants' relationship with Park and Masri;

i) Permitting Defendants' representation of Plaintiff to be compromised and impaired by Defendants' interest in closing the funding transaction in order to obtain payment of their fees;

j) Agreeing to represent Singleton, Masri, Park and Pique simultaneously regarding the funding transaction when Defendants had an unwaivable conflict given the direct nature of the conflicts;

k) Failing to obtain informed consent from the Plaintiff in compliance with Maryland Rules of Professional Conduct and the standard of care in Maryland regarding Defendants' simultaneous representation of Singleton, Park, Masri and Pique regarding the funding transaction for Pique;

l) Failing to fully advise Plaintiff regarding the consequences of the Defendants acting as counsel for Pique, Masri and Park while also representing Singleton with regard to the funding transaction for Pique;

m) Failing to recommend to the Plaintiff to obtain independent legal counsel regarding the funding transaction and/or failing to advise Plaintiff to consider obtaining independent legal counsel regarding the funding transaction;

n) Failing to advise Singleton that the provision of a 3% equity interest in Pique to Nemphos and Cohen was not on terms fair and reasonable to her or to Pique;

o) Failing to fully disclose and transmit the terms in writing of the provision of a 3% equity interest in Pique to Nemphos and Cohen in a manner that could be reasonably understood;

p) Failing to advise Singleton in writing of the desirability of seeking independent legal counsel regarding the provision of a 3% equity interest in Pique to Nemphos and Cohen and failing to give her a reasonable opportunity to seek the advice of independent legal counsel;

q) Failing to obtain Singleton's informed consent, in writing, signed by her, to the essential terms of the transaction providing a 3% equity interest in Pique to Nemphos and Cohen, and Cohen and Nemphos' role in the transaction, including whether they were representing her and/or the company in connection with their acquisition of the 3% equity interest;

r) Preparing the documents conveying the 3% equity interest in Pique to Nemphos and Cohen's company, Smeyne Ross, LLC.

s) Failing to properly counsel and advise Singleton regarding the amendment to her employment agreement with Pique LLC.

t) Advising Singleton to accept numerous onerous provisions in Park's employment agreement which Cohen prepared which were unfavorable to both Pique and Singleton;

u) Advising Singleton to transfer her 100% ownership of the intellectual property to Pique Founders Co. without advising her to obtain separate counsel given his conflicts of interest;

v) Failing to properly advise Singleton about the possible negative consequences of transferring 100% ownership of the intellectual property or to obtain protections including a mechanism for the ownership of the intellectual property to revert to Singleton if certain conditions were not met;

w). Failing to advise Singleton regarding protections she should obtain regarding control over the company before giving up her complete ownership of the intellectual property.

x) otherwise failing to act in accordance with the applicable standard of care in the legal community.

83. As a direct and proximate result of the Defendants' negligence, the Plaintiff has been damaged. These damages include damages for emotional distress caused by Defendants' negligence which was foreseeable and resulted in Plaintiff's current medical condition.

WHEREFORE, Plaintiff Singleton demands judgment against Defendants Duane Morris Cohen and Nemphos for compensatory damages in excess of \$75,000 (estimated to exceed \$10,000,000 at this time), interest, costs, attorney's fees and such other relief as this Court deems just and proper.

COUNT II – BREACH OF FIDUCIARY DUTY

84. Plaintiff realleges the allegations contained in paragraphs 1 through 79 of this Complaint.

85. In the alternative, in the event the Court determines that the Defendants did not serve as Singleton's counsel for some or all of the events set forth above, at all times material to this action, Defendant Cohen served as an officer of Pique, was a member of Pique, through his interest in Smeyne Ross and provided business advice to Singleton while serving as counsel for Pique. As a result of this relationship, Singleton reposed her trust and confidence in the Defendants Cohen and Duane Morris and these Defendants owed the Plaintiff the heightened duty of care of a fiduciary.

86. Defendants Cohen and Duane Morris breached their fiduciary duty to the Plaintiff by, among other things:

a) Providing Singleton with the impression that they were protecting her interests, when in fact, their loyalty was to Park and Masri;

b) Providing Singleton with the impression that they were protecting her interests, when in fact, they were acting in their own self-interest;

c) Persuading Singleton to agree to grant a 3% equity interest in Pique to Cohen and Nemphos' company, Smeyne Ross LLC without advising her of the consequences of such action and failing to advise her to obtain independent legal counsel;

d) Advising Singleton to go forward with the Park and Masri investments in Pique when Defendants knew that Park and Masri sought control of the company and/or inclusion of Park and Masri as set forth by the funding transaction documents was not in Singleton's best interests;

e) Misleading Singleton that Defendants were protecting the requirement of Singleton's consent over major business decisions regarding Pique in the funding transaction documents;

f) Concealing Cohen's revisions to the Operating Agreement which compromised Singleton's ability to control major decisions of the company and effected unanimity of consent of the Board of Directors for major business decisions;

g) Advising Plaintiff that the funding transaction agreements required the company to obtain Singleton's consent for major business decisions;

h) Failing to properly and adequately advise the Plaintiff regarding the business risks of the funding transaction as set forth in the agreements that were reasonably apparent to Defendants given their level of expertise;

i) Failing to properly and adequately advise the Plaintiff as to funding transaction given Plaintiff's objectives regarding requiring her consent to major business decisions;

j) Encouraging Singleton to the consent to the funding transaction as structured when they knew it was not in her best interest in order to close the funding transaction to obtain payment of their fees;

k) Providing advice to Singleton without fully informing her of their conflict of interests created by their representation as counsel to Masri, Park and Pique simultaneously regarding the funding transaction;

l) Failing to recommend to the Plaintiff to obtain independent legal counsel regarding the funding transaction and/or failing to advise Plaintiff to consider obtaining independent legal counsel regarding the funding transaction;

m) Failing to advise Singleton in writing of the desirability of seeking independent legal counsel regarding the provision of a 3% equity interest in Pique to Nemphos and Cohen and failing to give her a reasonable opportunity to seek the advice of independent legal counsel;

n) Advising Singleton to accept numerous onerous provisions in Park's employment agreement which Cohen prepared which were unfavorable to both Pique and Singleton;

o) Advising Singleton to transfer her 100% ownership of the intellectual property to Pique Founders Co. without advising her to obtain separate counsel given their conflicts of interest and with knowledge that it was not in her best interest;

o). Failing to advise Singleton regarding protections she should obtain regarding control over the company before giving up her complete ownership of the intellectual property; and

p). otherwise breaching their fiduciary duty.

83. As a direct and proximate result of the Defendants' breaches of fiduciary duty, the Plaintiff has been damaged. These damages include damages for emotional distress caused by Defendants' negligence which was foreseeable and resulted in Plaintiff's current medical condition.

WHEREFORE, Plaintiff Singleton demands judgment against Defendants Duane Morris Cohen and Nemphos for compensatory damages in excess of \$75,000, interest, costs, attorney's fees and such other relief as this Court deems just and proper.

DEMAND FOR JURY TRIAL

Plaintiff demands trial by jury in this matter.

Dated: March 3, 2015.

Respectfully submitted,

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