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Superior Court of CA,  
County of Santa Clara  
24CV449128  
Reviewed By: C. Roman

**IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF SANTA CLARA**

GENE ZAWROTNY, an individual;  
  
Plaintiff,  
  
v.  
  
LINQTO, INC., a Delaware corporation;  
BILL SARRIS, an individual; and JOE  
ENDOSO, an individual;  
  
Defendants.

**CASE NO.** 24CV449128  
  
**COMPLAINT FOR DAMAGES:**  
  
**1. Retaliation in Violation of  
California Labor Code § 1102.5**  
  
**2. Fraudulent Inducement**  
  
**3. Breach of the Implied Covenant  
of Good Faith and Fair Dealing**  
  
**4. Quantum Meruit**

**JURY TRIAL DEMANDED**

1 Plaintiff Gene Zawrotny (“Zawrotny”) asserts claims against Linqto, Inc. (“Linqto”), Bill  
2 Sarris (“Sarris”), and Joe Endoso (“Endoso,” and together with Sarris, the “Individual  
3 Defendants” and, collectively with Linqto, “Defendants”) pursuant to California Labor Law  
4 Section 1102.5 and state law, and alleges as follows:

### 5 **NATURE OF THE ACTION**

6 1. This case concerns a company that hired an industry veteran for favorable publicity,  
7 then terminated him in retaliation for his complaints about its lack of compliance controls after  
8 reaping the benefits from his hiring.

9 2. Zawrotny worked at Linqto for only 107 days but made significant contributions to  
10 the company during his brief tenure. He was surprised to learn, however, that Linqto was actively  
11 engaging in serious violations of compliance laws, rules, and regulations. Zawrotny sprang into  
12 action, alerting Defendants of these issues and proposing paths to rectifying them.

13 3. Less than two months later, Linqto terminated Zawrotny in retaliation for his  
14 complaints. Linqto’s decision was made easier by the fact that it had already finalized at least one  
15 major deal due to Zawrotny’s efforts and the publicity that greeted his arrival, and therefore no  
16 longer wanted to pay Zawrotny his salary or incur substantial equity dilution upon the vesting of  
17 Zawrotny’s stock options. Linqto’s retaliatory termination and breaches of its promises to  
18 Zawrotny have harmed and continue to harm him.

19 4. Zawrotny now seeks legal redress against Defendants pursuant to California Labor  
20 Law Section 1102.5 and state law for the harm he has suffered and continues to suffer as a result  
21 of Defendants’ retaliatory termination.

### 22 **PARTIES**

23 5. Plaintiff Zawrotny is an individual residing in Novato, California.

24 6. Defendant Linqto is a Delaware corporation with its principal place of business in  
25 San Jose, California.

26 7. Defendant Sarris is an individual residing in Monterey County, California. At all  
27 relevant times, Sarris was Linqto’s co-founder, Chief Executive Officer, and Executive Chairman.

1           8. Defendant Endoso is an individual residing in Ross, California. At all relevant  
2 times, Endoso was Linqto's Chief Operating Officer, and was the head of Linqto Capital, LLC  
3 from January through February, 2024.

4                                   **JURISDICTION AND VENUE**

5           9. This Court has personal jurisdiction over Defendants because the Individual  
6 Defendants reside and conduct business in California, and Linqto has its principal place of  
7 business in California.

8           10. Venue is proper in Santa Clara County because the Individual Defendants conduct  
9 business in, and Linqto is located in, the county, and because the injury and damage to Plaintiff  
10 occurred and took place within Santa Clara County.

11                                   **FACTS**

12           **A. Zawrotny Begins Working at Linqto to Great Fanfare.**

13           11. Zawrotny is a private securities expert with over two decades of experience in  
14 public, private, crypto, and NFT investment asset classes. He has extensive knowledge in equity  
15 sales, trading, management, data analysis, portfolio management, and deal sourcing. Linqto is a  
16 San Francisco Bay Area-based investment platform that allows accredited investors to invest in  
17 private-market startups and pre-IPO companies.

18           12. Zawrotny accepted a position as Linqto's Chief Revenue Officer ("CRO") on  
19 December 27, 2023. Zawrotny's CRO position included a significant annual salary, a signing  
20 bonus, and 500,000 stock options that would not begin to vest until 12 months after his first day  
21 of employment. Defendants represented to Zawrotny that his salary would be the second highest  
22 in the company, and that Linqto had never paid a signing bonus before this.

23           13. To entice Zawrotny to accept his position, Linqto represented that the company's  
24 valuation was around \$300 million, but that Linqto was growing and its valuation would likely  
25 rise to nearly \$1 billion within a year. Such a jump in valuation would have tripled the value of  
26 Zawrotny's stock options.

14. Zawrotny began work at Linqto on January 2, 2024. Linqto greeted Zawrotny's hiring with great publicity, hiring a public relations agency, 5WPR, to ensure that his arrival would be widely covered in the industry.

15. The many articles that Linqto and 5WPR published consistently noted that Zawrotny brought “more than two decades of experience to Linqto with expertise across industry sectors, including public equities, alternative investments, cryptocurrency, and special situation investments.” Chief Operating Officer Endoso proclaimed that Zawrotny “will be a game-changing addition to our team,” adding that he “brings industry-leading experience, and [that] we look forward to having him support us in finding new efficiencies across the company, and to spur growth, expansion, and much more in the future.” *Id.* Among other media outlets, similar articles appeared that same day on Yahoo Finance, SalesTech Star, Crypto Reporter, and CrowdFund Insider.

16. It is no surprise that Linqto was so excited to have Zawrotny join the team. As Linqto’s publicity campaign enthusiastically announced, “Zawrotny previously served as Principal, Institutional Private Markets, at Forge Global, where he played a crucial role in the growth of the company from an early startup to its IPO. Over the course of his 11 years at the company, Zawrotny helped grow the company from 10 to 350 employees and increased its valuation to \$2 billion.”

**B. Zawrotny Exceeds Lingto's Expectations and Calls Attention to the Company's Compliance Issues.**

17. Zawrotny hit the ground not just running, but at a full sprint. Within a month, he developed a new revenue stream accessing some of the top names in the private market, including SpaceX and Anthropic. Those two companies alone generated approximately half of Linqto's revenue for the first quarter and were doubtless a significant reason why, a few months later, Blockchain Coinvesters Acquisition ("BCA"), an alternative investment management firm, decided to proceed with a SPAC merger, which valued the merged company at \$700 million.

1           18.     Zawrotny learned of the SPAC merger at a quarterly Linqto leadership meeting that  
2     BCA investors attended. Those at the meeting discussed completing the SPAC by the end of the  
3     year, as investors' money would have to be returned should the SPAC not be consummated in a  
4     timely fashion.

5           19.     In what would later prove his downfall, Zawrotny began to notice, and repeatedly  
6     call to the attention of Linqto's leadership, significant compliance issues within the company.  
7     Among those were the following:

8                   **1. Unaccredited Investors.**

9           20.     Linqto advertised that it had "over 750,000 users worldwide." As Zawrotny  
10    learned, however, there were actually only around 10,000 customers who had used the app to buy  
11    anything. Of those, approximately 30% were unaccredited, despite the fact that Linqto's  
12    offerings were supposed to be available only to accredited investors.

13          21.     Zawrotny strongly advised executive management that Linqto should return all  
14    unaccredited investors' money and not permit them to invest in the future until they could verify  
15    their accreditation. Zawrotny specifically discussed this problem with those in attendance at  
16    weekly compliance meetings he convened, who agreed with him. This discussion occurred in the  
17    context of the February 2024 launching of the Financially Sophisticated test for unaccredited  
18    investors under the SEC's rules; several hundred users took the test and only about half of them  
19    passed. Those who passed were allowed to continue investing, even though they still would not  
20    be considered "accredited" by FINRA's standards. Moreover, Linqto artificially created "new"  
21    funds – that are identical in all but name – to circumvent the SEC's Rule 506(b) of the Regulation  
22    D "safe harbor," and routinely violated the 30-day relationship requirement thereunder.

23          22.     Zawrotny discussed these additional violations during the weekly compliance  
24    meetings, and its attendees again agreed with him. Nevertheless, nothing was done to correct  
25    these issues.

26                   **2. Misleading Customers.**

27          23.     Linqto did not disclose that it "made" the market in the securities it offered; as a  
28

1 result, customers were not informed that the “price” on the app was whatever Linqto wanted it to  
2 be. Moreover, Linqto used “FOMO” (“fear of missing out”) marketing techniques to create a  
3 sense of urgency among its users, such as falsely claiming that shares were about to “sell out,” or  
4 referring to “pre-IPO” shares, even when there was no basis to believe that an IPO was  
5 contemplated, let alone imminent.

6 24. Moreover, customers were not informed that what they were buying on the app  
7 were not the actual securities they thought they were purchasing (*e.g.*, shares in SpaceX), but  
8 rather Linqto special purpose vehicle units. Zawrotny recommended that Linqto’s marketing stop  
9 referring to “shares” and instead refer to “units” that represent shares on a 1:1 ratio. This  
10 recommendation was disregarded, as was Zawrotny’s warning that marketing those units under  
11 Linqto, and not the broker-dealer, was not a lawful workaround.

### 12 **3. Unconscionably High (and Undisclosed) Markups.**

13 25. Linqto marked up the prices of the securities it offered well above FINRA  
14 recommendations and requirements, sometimes exceeding 150%, and those markups were not  
15 disclosed to purchasers. Moreover, Linqto’s algorithm was set to automatically increase the price  
16 each time a unit was purchased, with the markups starting at 30-35% and going up from there.

17 26. Zawrotny recommended that those markups, and the attendant pricing volatility, be  
18 reduced, and suggested that Linqto could make up for any lost profits by incorporating a carried  
19 interest model. This suggestion was not well-received, however, because Linqto’s executives did  
20 not want to defer the company’s profits until the underlying investment had exited, assuming it  
21 ever did, especially not when Linqto was in the process of trying to go public and wanted to show  
22 BCA that it was generating high revenue.

### 23 **4. Unregistered Investment Advisor.**

24 27. Linqto’s customer solicitations, including the “FOMO” techniques described  
25 above, almost certainly crossed the line into investment advice. Linqto was, and is, not registered  
26 as an investment advisor with the SEC, a concern Zawrotny raised almost immediately after  
27

1 joining the company and continued to press throughout his tenure.

2 **5. Insider Trading/Front Running.**

3 28. Linqto insiders were able to take advantage of the company's pricing algorithm to  
4 purchase shares ahead of Linqto's customers, knowing that their own purchases would increase  
5 the price for the next buyer. One insider asked customer service to expedite the onboarding of his  
6 friends' accounts so they could take advantage of the same automatic-increase function in  
7 Linqto's pricing algorithm. While Zawrotny raised these issues with executives at Linqto, it went  
8 unaddressed.

9 **6. Operating in Countries Without Compliance Vetting.**

10 29. Linqto had clients in approximately 130 countries, yet it made little to no effort to  
11 verify that customers in those countries were allowed to invest, or what the country-by-country  
12 rules governing those investments might have been. Zawrotny recommended hiring a compliance  
13 officer specifically to focus on this area and was working with Oliver Nguyen, Linqto's Human  
14 Resources Director, to create a job listing with a candidate in mind. The posting went live a few  
15 days before Zawrotny was terminated.

16 **7. Unlicensed Brokers.**

17 30. Several of Linqto's brokers had been operating for years without proper licenses  
18 and were paid commissions through approximately the end of the third quarter of 2023.  
19 Zawrotny recommended that all brokers become Series 7 and Series 63 licensed and offered them  
20 the opportunity to take the Series 24 examination as well, suggesting that they do so.

21 31. The above are only some of the most egregious violations that Zawrotny observed.  
22 Zawrotny was sufficiently concerned about these and other violations that, beginning in  
23 approximately mid-February 2024, he convened a weekly "Risk Meeting," held each Wednesday  
24 morning, to discuss all the compliance issues that he raised. The invitees were Endoso, Jack  
25 Drogin (General Counsel and Chief Regulatory Officer), and Brian Moran (Chief Compliance  
26 Officer). Endoso attended only the first meeting. Zawrotny also held a "pre-meeting" with  
27

1 Drogin and Katie Snead, Director of Client Success. At these meetings, Snead (now Tejada)  
2 shared complaints that she was hearing from Linqto's customers.

3 C. **Linqto Terminates Zawrotny in Retaliation for Voicing His Concerns About the**  
4 **Company's Lack of Compliance and to Deprive Him of His Salary and Equity.**

5 36. On April 18, 2024, only a month and a half after Zawrotny began convening these  
6 meetings and only 107 days after he started at Linqto, the company decided to part ways with  
7 Zawrotny, the "game-changing" addition to its executive leadership team whose performance had  
8 exceeded Linqto's sky-high expectations. In addition to Zawrotny's continued insistence that  
9 Linqto rectify its many compliance issues, Linqto apparently decided, after spending three  
10 months leveraging Zawrotny's public profile and taking advantage of his ideas to grow the  
11 company's market share, to eliminate his salary obligation as soon as the SPAC deal was  
12 announced. More importantly, Linqto wished to ensure that Zawrotny's promised stock options  
13 would never vest.

14 37. Interestingly, Linqto continued to leverage Zawrotny's name and considerable  
15 industry reputation even *after* terminating him: on April 18, 2024, *Business Wire* reported that  
16 Linqto had surpassed "\$350M in Investments Across 60+ Companies, Serving Over 750,000  
17 Users Worldwide," in an article that read, in part, "[t]his user milestone emphasizes Linqto's  
18 status, and follows recent announcements including the appointment of . . . Zawrotny, as Chief  
19 Revenue Officer (CRO). . ." In a LinkedIn post on April 22, 2024, four days after Zawrotny's  
20 termination, he was highlighted as part of Linqto's "Leadership Expansion."

21 **FIRST CAUSE OF ACTION**

22 **Retaliation in Violation of California Labor Code § 1102.5**  
23 **(All Defendants)**

24 38. Plaintiff repeats and re-alleges the allegations contained in the preceding  
25 paragraphs as though fully set forth here.

26 39. Under California Labor Code Section 1102.5(c)(d), it is illegal to retaliate against  
27 an employee for complaining about his employer's violations of relevant federal or state laws,  
28 rules, or regulations and/or disclosing information to a government or law enforcement agency.



40. At all relevant times, California Labor Code Section 1102.5 was in full force and effect and was binding on Defendant Linqto as an employer covered by the law.

41. Moreover, the Equal Pay and Anti-Retaliation Protection Act creates a presumption of retaliation if an employer takes adverse employment action within 90 days of an employee's engaging in conduct protected by section 1102.5 of the California Labor Code.

42. At all relevant times, Defendant Linqto was Plaintiff's employer, and the Individual Defendants were persons acting on behalf of Linqto, whether with or without authority to do so.

43. Plaintiff engaged in protected activity when he voiced his concerns that Defendants were engaging in conduct that amounted to statutory violations.

44. Defendants retaliated against Plaintiff for highlighting Defendants' compliance issues by terminating his employment after a period of exemplary and diligent performance and within 90 days of his complaints.

45. Defendants' conduct, as described herein, including without limitation the termination of Plaintiff, was, and is, a violation of California Labor Code Section 1102.5.

46. As a sole, direct, and proximate result of the foregoing, Plaintiff has been damaged in an amount to be determined at trial.

47. Defendants' conduct was done maliciously, fraudulently, and oppressively, with the wrongful intent to injure Plaintiff, from an improper motive amounting to a conscious disregard of Plaintiff's rights. The acts complained of were known to, authorized, and ratified by Defendants. Plaintiff is therefore entitled to recover all forms of general and special damages, including punitive damages, from Defendants in amounts according to proof at trial.

**SECOND CAUSE OF ACTION**  
**Fraudulent Inducement**  
**(All Defendants)**

48. Plaintiff repeats and re-alleges the allegations contained in paragraphs 1-37 as though fully set forth here.

49. Defendants represented, and Zawrotny reasonably understood, that he had been offered an executive position at Linqto and that he would receive a significant annual salary, a signing bonus, and 500,000 stock options that were anticipated to sharply increase in value.

50. Defendants made material misrepresentations or omissions of fact regarding their intent to employ Zawrotny for any reasonable period. Specifically, Linqto represented that the company's valuation was around \$300 million, but that Linqto was growing and its valuation would likely rise to nearly \$1 billion within a year. Such a jump in valuation would have tripled the value of Zawrotny's stock options, which were to vest around the same time as the increase in Linqto's valuation.

51. Those statements were false because, in fact, Defendants had no present intent to retain Zawrotny as a Linqto employee. Only 107 days after he started at Linqto, the company decided to part ways with Zawrotny, after spending three months leveraging his public profile and taking advantage of his ideas to grow the company's market share. Defendants terminated Zawrotny to eliminate his salary obligation as soon as the SPAC deal was announced and ensure that his promised stock options would never vest.

52. Defendants knew or were reckless in not knowing that those representations were false when they made them.

53. Defendants made these representations with an intent to induce Zawrotny to join Linqto and take advantage of his expertise and the publicity surrounding his arrival.

54. Zawrotny reasonably relied on Defendants' misrepresentations and omissions in joining Linqto.

55. Zawrotny was damaged as a result of Defendants' fraudulent statements in an amount to be proven at trial.

**THIRD CAUSE OF ACTION**  
**Breach of the Implied Covenant of Good Faith and Fair Dealing**  
**(Defendant Linqto)**

53. Plaintiff repeats and re-alleges the allegations contained in paragraphs 1-37 as though fully set forth here.

54. As a result of the employment relationship between Plaintiff and Defendant Linqto, the express and implied promises made in connection with that relationship, and the acts, conduct, and communications resulting in those promises, Defendant Linqto promised to act in good faith toward and to deal fairly with Plaintiff which requires, among other things, that:

- Each party in the relationship must act with good faith toward the other concerning all matters relating to employment;
- Each party in the relationship must act with fairness toward the other concerning all matters relating to employment; and
- neither party shall take any action to unfairly prevent the other from obtaining the benefits of the employment relationship.

55. Defendant Linqto's treatment of Plaintiff was wrongful, in bad faith, and unfair, and therefore a violation of Defendant Linqto's legal duties.

56. As a sole, direct, and proximate result of Defendant Lingto's breach of the implied covenant of good faith and fair dealing, Plaintiff has suffered and continues to suffer substantial losses in earnings, bonuses, and job benefits in an amount to be determined at trial.

#### FOURTH CAUSE OF ACTION

**Quantum Meruit  
(All Defendants)**

57. Plaintiff repeats and re-alleges the allegations contained in paragraphs 1-37 as though fully set forth here.

58. Defendants requested Plaintiff perform services for the benefit of Defendants as CRO.

59. Plaintiff performed the services of CRO as requested.

60. Defendants paid for a portion of the services, but a large portion of the services performed by Plaintiff as CRO have not yet been compensated, based on Linqto's deliberate and cynical attempt to pump him, then dump him, as soon as a SPAC deal was announced.

61. As a direct and proximate result of Defendants' failure to pay Plaintiff for his services performed and costs incurred, Plaintiff has suffered damages in an amount to be proven at trial.

## PRAYER FOR RELIEF

**WHEREFORE**, Plaintiff prays for relief as follows against Defendants:

1. General damages as alleged herein;
2. Special damages as alleged herein and as according to proof;
3. Punitive damages as to the First Cause of Action;
4. Injunctive relief, as appropriate, to prevent further loss and damage;
5. Cost of suit, including attorney's fees; and
6. Such other and further relief as the Court deems just and proper.

**JURY DEMAND**

Plaintiff demands a trial by jury for all issues so triable.

DATED: October 7, 2024      GLENN AGRE BERGMAN & FUENTES LLP

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