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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES -WEST

CARLING O'BRIEN, an individual,

Plaintiff,

v.

EMERALD LAKE CAPITAL
MANAGEMENT, L.P., a Delaware limited
partnership; EMERALD LAKE CAPITAL
MANAGEMENT UGP, LLC, a Delaware
limited liability company; DANIEL LUKAS,
an individual; JAMES HIBBERD, an
individual; RUSS HAMMOND, an
individual; EMERALD LAKE GRIZZLY
ACQUISITION I, L.P., a Delaware limited
partnership; EMERALD LAKE PD
ACQUISITION, L.P., a Delaware limited
partnership; EMERALD LAKE
PACKAGING ACQUISITION I, L.P., a
Delaware limited partnership; EMERALD
LAKE EDISON ACQUISITION, L.P., a
Delaware limited partnership; EMERALD
LAKE EDISON ACQUISITION-A, L.P., a
Delaware limited partnership; EMERALD
LAKE PEARL ACQUISITION, L.P., a

Case No. **21SMCV01776**

COMPLAINT FOR

- (1) BREACH OF CONTRACT**
- (2) BREACH OF DUTY OF GOOD FAITH AND FAIR DEALING**
- (3) BREACH OF FIDUCIARY DUTIES**
- (4) AIDING AND ABETTING BREACH OF FIDUCIARY DUTIES**
- (5) TORTIOUS INTERFERENCE WITH CONTRACT**
- (6) UNJUST ENRICHMENT**
- (7) DEFAMATION**
- (8) FALSE LIGHT**
- (9) RETALIATION**
- (10) WRONGFUL TERMINATION**
- (11) DECLARATORY JUDGMENT**

DEMAND FOR JURY TRIAL

1 Delaware limited partnership; EMERALD
2 LAKE PEARL ACQUISITION-A, L.P., a
3 Delaware limited partnership; and
4 EMERALD LAKE PEARL HOLDINGS,
5 LLC; a Delaware limited liability company;
6 and DOES 1-50, inclusive,

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Defendants.

1 Plaintiff Carling O'Brien, by and through her attorneys, files this Complaint, and alleges
2 as follows:

3 **NATURE OF THE ACTION**

4 1. This is a case about one partner's brazen and bad-faith scheme to steal his other
5 partner's equity stakes in the successful private equity firm they built together, and the false and
6 defamatory smear campaign he used to try to cover up the heist.

7 2. Carling O'Brien ("**O'Brien**") and Daniel Lukas ("**Lukas**") co-founded Emerald
8 Lake Capital Management, L.P. ("**Emerald Lake**"), a middle-market private equity firm that
9 manages approximately \$700 million of capital, with its main office in Los Angeles. Emerald
10 Lake closed five funds over its first three years in operation, a direct result of O'Brien's and
11 Lukas's tireless work building the firm as its two co-founders and partners.

12 3. O'Brien joined forces with Lukas to launch Emerald Lake in mid-2018—at a time
13 when the firm had no employees, no offices, no investor commitments, and no signed letters of
14 intent to acquire any portfolio companies. O'Brien and Lukas initially marketed Emerald Lake
15 to over 50 prospective investors as a team of two investment professionals with a shared
16 background from a prior firm and with complementary investment philosophies. This was
17 important because investors were reluctant to commit their capital to a firm with a sole investment
18 professional, Lukas, who had a questionable history of attracting other investment partners.
19 During the first eight months of their collaboration, Lukas and O'Brien raised nearly \$300 million
20 in investor commitments, a major accomplishment for a nascent private equity firm.

21 4. Following O'Brien's significant contribution to launching and co-founding
22 Emerald Lake, and with the successful close of Emerald Lake's first fund in early 2019, Lukas
23 promised to admit O'Brien as a formal partner in Emerald Lake and committed to making
24 substantive progress on the agreements that would formalize O'Brien's minority ownership of
25 the firm. Lukas further promised to grant O'Brien significant economic interests in Emerald
26 Lake's funds.

27 5. Over the course of six months in 2019—and while O'Brien deferred her monthly
28 income and worked on developing Emerald Lake's second, third, and fourth investments and

1 funds simultaneously—Lukas and O’Brien negotiated and finalized an Emerald Lake partnership
2 agreement to memorialize O’Brien’s position and economic interests. Lukas and his counsel sent
3 O’Brien the execution version of the final agreement in late November 2019, which O’Brien
4 signed, with an effective date of February 2019.

5 6. But instead of promptly countersigning the agreement, Lukas made a last-ditch
6 attempt to renege on their partnership. Lukas realized that formally admitting O’Brien as an
7 Emerald Lake partner would have significant ramifications for him, especially given his insatiable
8 desire to maintain complete and total control over Emerald Lake’s affairs and money, without
9 oversight.

10 7. On less than a day’s notice, Lukas flew across the country and summoned O’Brien
11 to a 7:30 a.m. in-person meeting. The night before the meeting, Lukas threatened O’Brien, telling
12 her that “[i]f you want to be part of this firm, meet me tomorrow.” He added: “I know you are
13 in town.” O’Brien was already scheduled to fly to Ohio to meet investors and sought more
14 information about the meeting, but Lukas refused to disclose the agenda, and directed O’Brien
15 not to bring her attorney.

16 8. The next day at the meeting, Lukas used an out-of-context and innocuous message
17 exchange from months earlier, in which O’Brien and Emerald Lake’s placement agent, UBS
18 Securities LLC (“UBS”), discussed Emerald Lake’s fundraising strategy, as a fabricated
19 justification for his desire to abandon the partnership with O’Brien. Following the meeting, Lukas
20 messaged O’Brien that he was considering “*whether a going-forward relationship [was]*
21 *salvageable.*”

22 9. O’Brien was shaken. She had spent nearly eighteen months building Emerald
23 Lake alongside Lukas while foregoing significant earnings, based on representations from Lukas
24 that she would ultimately be rewarded with a partnership interest in Emerald Lake and a
25 significant share of its management company profits and carried interest distributed by Emerald
26 Lake’s future funds.

27 10. At the time, Emerald Lake was in the middle of multiple ongoing fundraises and
28 full-fledged deal processes, on which O’Brien was working around the clock. Notwithstanding

1 his apparent change of heart, Lukas also recognized that he still needed O'Brien at the firm to
2 help secure investor commitments and to close these transactions.

3 11. Lukas therefore came up with a plot to get around the terms of the partnership
4 agreement, while continuing to use O'Brien to build up the firm. The partnership agreement
5 permitted Lukas to terminate O'Brien's partnership interest at any time *without cause*. In that
6 scenario, though, 100% of O'Brien's management company partnership interest and pre-
7 determined grants of carried interests in each of Emerald Lake's pre-committed funds and its first
8 three blind-pool funds—today worth over \$40 million—would immediately vest. If, however,
9 Lukas terminated O'Brien *for cause*, then O'Brien would immediately forfeit all vested and
10 unvested interests. If O'Brien resigned voluntarily, then she would forfeit all unvested interests.

11 12. Superficially, these provisions simulated the retention and protection provisions
12 typical for a founding partner, which would deter O'Brien from resigning or committing serious
13 misconduct. But Lukas believed he could later use them as a cudgel to rid himself of O'Brien
14 altogether, regardless of O'Brien's significant contributions to building the firm: O'Brien could
15 have her partnership interest and equity stakes on paper, but Lukas could later deprive her of those
16 economics in bad faith—so long as he could manufacture a for-cause termination event.

17 13. Lukas invited O'Brien to a meeting in Los Angeles in early December 2019. At
18 the meeting, Lukas explained that he was now prepared to move forward with O'Brien as his
19 partner, but he asked to broaden the partnership agreement's definition of a "for cause"
20 termination. O'Brien agreed. She had no intention of acting in any way that would give rise to a
21 termination for cause and at no point did O'Brien ever act in any way that would justify such a
22 termination.

23 14. Lukas and O'Brien signed the revised agreement, thereby documenting O'Brien's
24 status as a partner in Emerald Lake, effective February 2019. Lukas shook O'Brien's hand and
25 said "Welcome, Partner." Emerald Lake thereafter successfully closed four funds as it prepared
26 to commence its more lucrative blind-pool fundraising.

27 15. But the tranquility proved to be short-lived. Once Lukas and O'Brien brought in
28 enough revenue to pay additional team members, Lukas set out to recapture the significant

1 economic upside O'Brien obtained through the partnership interest, and to surround himself with
2 yes-men. In advance of starting blind-pool fundraising, Lukas began a bad-faith campaign to
3 force O'Brien to resign from the partnership and forfeit her significant economic interests.

4 16. First, Lukas refused to be transparent about Emerald Lake's accounting and use of
5 investor funds, and then retaliated against O'Brien when she requested information to which she
6 was entitled, and which was necessary to protect investors. For example, O'Brien confronted
7 Lukas about Emerald Lake's apparent overpayment of investor funds to UBS and about whether
8 Emerald Lake was improperly using investor funds to pay for legal services performed for
9 Emerald Lake's management company instead of for Emerald Lake's funds. O'Brien also
10 requested to review expenses, including those that had already been charged to investors or to the
11 firm, and questioned whether Lukas was using Emerald Lake funds to pay for personal expenses,
12 such as a lakeside vacation rental home. After O'Brien raised her concerns, Lukas retaliated
13 against her and eventually cut off O'Brien's access to Emerald Lake's entire electronic-file
14 system.

15 17. Second, Lukas effectively demoted O'Brien from her leadership role at Emerald
16 Lake. From mid-2018 until late 2020, O'Brien was involved in all aspects of Emerald Lake's
17 operations, including developing and executing on investment opportunities, serving on the
18 boards of directors of Emerald Lake portfolio companies, pitching ideas and strategies to
19 prospective investors, communicating with Emerald Lake's existing investors, and recruiting
20 high-profile executive advisors and full-time staff.

21 18. But in late 2020, Lukas brought in a new executive, Russ Hammond
22 ("**Hammond**"), and started to move Hammond into O'Brien's role, while at the same time
23 stepping up his efforts to exclude O'Brien from important meetings with investors. Discussions
24 that Lukas and O'Brien historically had about significant Emerald Lake decisions became
25 discussions between only Lukas and Hammond. When O'Brien asked to be included—as she
26 always had—Lukas accused her of "personal lobbying" and of "sowing discord" among the ranks
27 of Emerald Lake.

1 19. At the same time, Lukas and UBS edited Emerald Lake’s marketing materials to
2 make it look like Lukas, Hammond, and operating executive James Hibberd (“**Hibberd**”)
3 together ran Emerald Lake. Whereas earlier Emerald Lake marketing materials prominently
4 referred to O’Brien as Lukas’s co-founder and displayed O’Brien’s photograph and biography
5 alongside Lukas’s, the revised materials made it look like O’Brien was now suddenly a junior
6 member of the team, supervised by three men, two of whom were not even partners in Emerald
7 Lake. Lukas also removed start dates from team biographies to mislead external parties into
8 thinking that he started Emerald Lake with Hammond, who had only recently joined, rather than
9 O’Brien. And Lukas and UBS removed O’Brien’s name from portions of Emerald Lake’s key
10 track record file for investor due diligence in order to diminish her contribution to the firm.

11 20. Third, Lukas attempted to strong-arm O’Brien into signing fund-level agreements
12 that would have circumvented important terms of their partnership agreement, including by
13 permitting Lukas to disproportionately withhold valuable carried interest distributions to which
14 O’Brien was otherwise entitled. After O’Brien raised concerns about the agreements, Lukas
15 threatened to sideline her career and demanded that she waive any claims against him or the firm.

16 21. Despite Lukas’s coercive tactics, O’Brien did not take the bait and did not resign.
17 Instead, she tried to continue growing the firm in which she was a partner and co-founder.
18 O’Brien staked her career on Emerald Lake’s success, and on Lukas as her partner. O’Brien
19 hoped that Lukas would eventually stop his antics when he realized she was not going to abandon
20 the venture or forfeit her economic interests in the firm.

21 22. By the spring of 2021, and with O’Brien showing no indication that she was
22 planning to surrender her valuable stakes willingly, Lukas decided to simply invent a reason to
23 take them.

24 23. As the controlling partner of Emerald Lake, Lukas had the power to terminate
25 O’Brien’s partnership interest *without cause* at any time, for any reason. But a without cause
26 termination would allow O’Brien to keep her hard-earned economic interests. Notwithstanding
27 that his interests in Emerald Lake were worth more than five times O’Brien’s, Lukas wanted to
28 confiscate her minority interests for himself and for Hammond and Hibberd. And he wanted to

1 punish O'Brien for her willingness to stand up for herself (and Emerald Lake) and to challenge
2 Lukas's actions in the spirit of a true partnership.

3 24. Lukas, in concert with Hammond and Hibberd, therefore invented a pretextual
4 justification for terminating O'Brien *for cause*. On March 29, 2021, Lukas sent O'Brien a formal
5 letter noticing a for-cause termination because she had truthfully and accurately referred to herself
6 as an Emerald Lake "partner" and "co-founder."

7 25. Lukas's claims were frivolous and unhinged—and were nothing more than a
8 pretextual scheme to deprive O'Brien of her valuable interests. O'Brien *was* a partner in Emerald
9 Lake. She held an ownership interest in Emerald Lake, a partnership, and was a party to a
10 partnership agreement that referred to her as a "partner" throughout. Indeed, Emerald Lake's
11 annual Form ADV—publicly filed only *two days after* the purported termination letter—
12 confirmed O'Brien's status as a partner and co-owner of Emerald Lake. Similarly, Emerald Lake
13 and Lukas expressly permitted O'Brien to refer to herself as a co-founder, a term that Emerald
14 Lake's own marketing materials repeatedly used to describe O'Brien.

15 26. O'Brien responded to Lukas's letter and requested that he stop playing games.
16 Although Lukas did not continue directly pursuing his frivolous theory, he remained undeterred.
17 Together with Hammond and Hibberd, Lukas invented a new pretextual justification for
18 terminating O'Brien for cause.

19 27. On May 4, 2021—Lukas's 50th birthday—O'Brien and Lukas were scheduled to
20 participate in a partners' videoconference to discuss Emerald Lake's books and records. When
21 O'Brien joined the videoconference, Lukas smirked and told O'Brien to "check your email."

22 28. O'Brien opened her inbox, where she found a new message attaching another
23 formal letter from Lukas. In the letter, Lukas stated that O'Brien was being terminated for cause
24 because she committed a material breach of Emerald Lake's newly revised, 200-page compliance
25 program, to which Lukas had recently introduced suspect revisions in late April 2021 and mere
26 weeks after his first frivolous attempt at terminating O'Brien for cause. The material breach,
27 according to Lukas, was not any actual impropriety. Rather, the purported material breach was
28 O'Brien's failure to sign a form within two business days of Lukas's arbitrary deadline that

1 confirmed in writing her willingness to abide by the 200-page, revised program (that was chock-
2 full of provisions that were targeted at O’Brien).

3 29. The claim was both circular and wrong. O’Brien had not materially breached the
4 revised compliance program, which Lukas unilaterally imposed on April 18, 2021, *just weeks*
5 *after his frivolous first attempt* to remove O’Brien for cause. Instead, O’Brien told Lukas on
6 April 30, 2021, that she was continuing to review the major changes to the program, including
7 those that appeared to be specifically designed to target her.

8 30. In other words, O’Brien had correctly recognized that the revisions were part of a
9 plot by Lukas and his cronies to create a pre-baked justification for their pre-meditated plan to
10 throw O’Brien overboard and capture her valuable economic interests for themselves, even if
11 “cause” did not otherwise exist.

12 31. After O’Brien received Lukas’s letter, Emerald Lake’s longtime outside counsel,
13 Kirkland & Ellis LLP (“**Kirkland**”), immediately called O’Brien’s outside counsel. Kirkland,
14 which was loyal to Lukas, communicated a veiled threat that Emerald Lake would shortly inform
15 its investors of O’Brien’s purported “compliance” issues—which would falsely create the illusion
16 of serious financial misdeeds and thus damage to O’Brien’s reputation and career—and further
17 claimed that O’Brien would not have the resources to fight back against Lukas and Emerald Lake.

18 32. In addition—and notwithstanding their purported basis for terminating O’Brien
19 for cause—Lukas and Emerald Lake immediately suggested that O’Brien instead resign pursuant
20 to a pre-drafted separation agreement, which offered a small fraction of what O’Brien was
21 otherwise entitled to, *but only if* O’Brien agreed to release all claims against Emerald Lake and
22 Lukas individually, within three days, and sign fund-level agreements that severely undermined
23 her economic rights. O’Brien did not agree to Lukas’s illusory offer of a so-called “amicable
24 resolution.”

25 33. O’Brien’s refusal enraged Lukas, who began spreading lies to Emerald Lake’s
26 investors and outside professionals about O’Brien’s background and claimed that he was “forced
27 to” terminate O’Brien for “compliance-related reasons.” Lukas did not explain the true
28 circumstances of O’Brien’s termination, or the fact that, only one month prior, he tried to

1 terminate O'Brien for cause because she truthfully referred to herself as Lukas's partner and co-
2 founder.

3 34. But internally at Emerald Lake, Lukas, Hammond, and Hibberd told a far different
4 tale. Instead, they repeatedly admitted that O'Brien was terminated because "*she wanted too*
5 *much,*" or "*she wanted [to earn] more money,*" and because "*she just wasn't a cultural fit.*"
6 Even if true, none of these reasons justifies a for-cause termination and the punitive forfeiture of
7 O'Brien's valuable economic interests. Regardless of their fictional (and disparaging) nature, the
8 statements make clear that Lukas's "official" reference to O'Brien's purported material breach of
9 the compliance program was an unabashedly pretextual cover story for his brazen and bad-faith
10 scheme.

11 35. Hibberd even celebrated the removal of O'Brien. During a team meeting in May
12 2021, Hibberd held up a framed photograph of Lukas, O'Brien, and himself at an off-site
13 gathering that O'Brien gave to Hibberd as a gift. Hibberd then asked Lukas, while grinning in
14 front of the team, "*So can I finally cut a hole in the middle of this?*" (*i.e.*, remove O'Brien from
15 the photograph).

16 36. Later, during an Emerald Lake team dinner in September 2021, Emerald Lake's
17 staff discussed the circumstances of O'Brien's departure. Hammond admitted to the group that
18 O'Brien was terminated because "*it just wasn't a cultural fit.*"

19 37. Recognizing that Hammond's statement did not comport with Emerald Lake's
20 pretextual reason for O'Brien's termination for cause, Lukas responded: "We should stop talking
21 about this. It's really important that *if you ever get deposed*, the reason why we had to part ways
22 is because our firm's compliance policy wasn't met. *Technically, that is what happened.*"

23 38. At the same time, Lukas took steps to shield his own assets and interest in Emerald
24 Lake from O'Brien. For example, upon information and belief, in June 2021, Lukas transferred
25 his control interest in Emerald Lake's general partner to a newly formed trust.

26 39. Now, through this action, O'Brien seeks to hold Defendants accountable for their
27 scheme to deprive her of her valuable partnership interest in Emerald Lake and carried interest
28 grants, and for their lies, deceptions, and unlawful retaliation.

PARTIES

40. Plaintiff Carling O’Brien is an individual who resides in New York, New York.

41. Defendant Emerald Lake Capital Management, L.P. is a Delaware limited partnership with its principal office in Los Angeles County, California. Emerald Lake serves as the firm’s management company. O’Brien and Lukas are Emerald Lake’s two partners.

42. Defendant Emerald Lake Capital Management UGP, LLC (“**Emerald Lake UGP**”) is a Delaware limited liability company. Emerald Lake UGP operates from Emerald Lake’s Los Angeles office. Emerald Lake UGP is the general partner of Emerald Lake.

43. At all relevant times, Lukas was the sole and managing member of Emerald Lake UGP. By virtue of his status as the managing member of Emerald Lake UGP, Lukas possessed complete control over Emerald Lake (the management company) and each of its affiliates. According to Emerald Lake’s most recent, revised Form ADV, publicly filed in October 2021, the managing member and owner of Emerald Lake UGP is now a domestic trust called Emerald Lake Trust. According to the revised Form ADV, Emerald Lake Trust was formed in or around June 2021, after O’Brien’s termination. The revised Form ADV lists Emerald Lake Trust as the managing member and owner of Emerald Lake UGP (whereas prior versions of the Form ADV accurately listed Lukas as the managing member and owner of Emerald Lake UGP). Upon information and belief, Lukas transferred his membership interest and control over Emerald Lake UGP to the Emerald Lake Trust, which according to the revised Form ADV, now indirectly owns and controls Emerald Lake. The revised Form ADV conspicuously omits any mention of the trustee or beneficiaries of the Emerald Lake Trust, but upon information and belief, Lukas controls the Emerald Lake Trust and/or is the beneficiary of the Emerald Lake Trust.

44. Defendant Daniel Lukas is an individual who resides in Los Angeles County, California.

45. Defendant James Hibberd is an individual who, upon information and belief, resides in Contra Costa County, California. Hibberd serves as an “operating executive” of Emerald Lake with a significant focus on Emerald Lake’s fourth portfolio company, which is based in Los Angeles County. Hibberd formally joined Emerald Lake in January 2019. Emerald

1 Lake’s website currently refers to Hibberd as an “operating partner,” but upon information and
2 belief, Hibberd is not a partner in Emerald Lake.

3 46. Defendant Russ Hammond is an individual who, upon information and belief,
4 resides in Ontario, Canada. Hammond joined Emerald Lake in late 2020. Emerald Lake’s
5 website claims that Hammond is a “Partner” of Emerald Lake who “provides services to Emerald
6 Lake through his personal corporate entity.” Upon information and belief, Hammond is not a
7 partner in Emerald Lake.

8 47. Defendant Emerald Lake Grizzly Acquisition I, L.P. (the “**First Fund**”) is a
9 Delaware limited partnership. Lukas is the managing member of the ultimate general partner of
10 the First Fund. Lukas controls the First Fund. O’Brien is a limited partner in the First Fund and
11 entitled to a share of deemed commitments and the carried interest distributed by the First Fund.
12 The First Fund operates from Emerald Lake’s Los Angeles office.

13 48. Defendant Emerald Lake PD Acquisition, L.P. (the “**Second Fund**”) is a Delaware
14 limited partnership. Lukas is the managing member of the ultimate general partner of the Second
15 Fund. Lukas controls the Second Fund. O’Brien is a limited partner in the Second Fund and
16 entitled to a share of deemed commitments and the carried interest distributed by the Second
17 Fund. The Second Fund operates from Emerald Lake’s Los Angeles office.

18 49. Defendant Emerald Lake Packaging Acquisition I, L.P. (the “**Third Fund**”) is a
19 Delaware limited partnership. Lukas is the managing member of the ultimate general partner of
20 the Third Fund. Lukas controls the Third Fund. O’Brien is a limited partner in the Third Fund
21 and entitled to a share of deemed commitments and the carried interest distributed by the Third
22 Fund. The Third Fund operates from Emerald Lake’s Los Angeles office.

23 50. Defendant Emerald Lake Edison Acquisition, L.P. and its parallel entity Emerald
24 Lake Edison Acquisition-A L.P. (together, the “**Fourth Fund**”) are Delaware limited partnerships
25 that together serve as the Fourth Fund investment vehicles. Lukas is the managing member of
26 the ultimate general partner of the Fourth Fund. Lukas controls the Fourth Fund. O’Brien is a
27 limited partner in the Fourth Fund and entitled to a share of deemed commitments and the carried
28

1 interest distributed by the Fourth Fund. The Fourth Fund operates from Emerald Lake’s Los
2 Angeles office.

3 51. Defendant Emerald Lake Pearl Acquisition, L.P. and its related entities Emerald
4 Lake Pearl Acquisition-A, L.P. and Emerald Lake Pearl Holdings, LLC (together, the “**Fifth**
5 **Fund**”) are Delaware limited partnerships and a Delaware limited liability company, respectively,
6 that together serve as the Fifth Fund investment vehicles. Lukas is the managing member of the
7 ultimate general partner of the Fifth Fund partnerships. Lukas controls the Fifth Fund. O’Brien
8 is a limited partner in the Fifth Fund and entitled to a share of the deemed commitments and the
9 carried interest distributed by the Fifth Fund. The Fifth Fund operates from Emerald Lake’s Los
10 Angeles office.

11 **JURISDICTION AND VENUE**

12 52. This Court has personal jurisdiction over each Defendant pursuant to section
13 410.10 of the California Code of Civil Procedure and the Due Process Clause of the United States
14 Constitution. All causes of action arise out of conduct taking place in California and at the behest
15 of agents of Emerald Lake, a limited partnership with its principal place of business in Los
16 Angeles County, California.

17 53. This Court has subject matter jurisdiction over this dispute because O’Brien seeks
18 damages in excess of \$25,000.

19 54. Venue is appropriate in this Court because one or more Defendants does business,
20 resides in, or has its principal place of business in this county and it is where the cause of action
21 arose.

22 **FACTUAL BACKGROUND**

23 **A. O’Brien and Lukas build Emerald Lake from the ground up.**

24 55. O’Brien is the co-founder of Emerald Lake. She is a distinguished private equity
25 professional whose career—until the recent tortious actions by Defendants—was on an
26 impressive rise.

1 56. O'Brien holds a Bachelor of Science degree in Engineering, *cum laude*, from
2 Princeton University, and a Master's in Business Administration, with distinction, from the
3 London Business School.

4 57. O'Brien began her career in private equity at Investcorp International, where she
5 served as the sole female investment professional in the North American private equity group
6 during her tenure. Before Investcorp, O'Brien worked in the investment banking department of
7 Barclays Capital (legacy Lehman Brothers), where she advised private equity firms and their
8 portfolio companies on leveraged buyouts, recapitalizations, and IPOs.

9 58. After Investcorp, O'Brien joined Ares Management ("Ares") as a member of the
10 private equity investment team, where she worked with Lukas and others on the investment team.
11 After leaving Ares on good terms in 2014, O'Brien worked for an overseas investment fund for
12 less than three months before attending London Business School from 2015 to 2017.

13 59. In early 2018, O'Brien contacted Lukas, who was exploring whether to pursue
14 joining other established private equity firms or to form his own firm after his non-amicable
15 departure from Ares. To that point, Lukas's efforts to launch his own firm and find funding had
16 been unsuccessful, in large part because investors and placement agents questioned whether
17 Lukas could effectively lead a new firm on his own given the circumstances of his departure from
18 Ares and the fact that he had not immediately joined forces with any other investment partners or
19 started hiring a back-office team.

20 60. After some communications in the spring of 2018, Lukas invited O'Brien to meet
21 in New York City in June 2018 to discuss joining forces with him at Emerald Lake. Lukas by
22 this time had formed Emerald Lake as an entity, but had not secured any investor capital or teamed
23 with any other investment partners.

24 61. The meeting in New York went well. Lukas and O'Brien continued their
25 discussions during follow-up meetings in July 2018 in Los Angeles.

26 62. O'Brien understood that joining forces with Lukas at Emerald Lake would be
27 riskier than joining an established private equity firm, and would be a new direction for her career.
28 But she also understood that other investment professionals successfully founded private equity

1 firms early in their careers, and that if the venture with Lukas succeeded in raising funds and
2 investing them prudently, Emerald Lake could be significantly more lucrative for her in the long-
3 term. Building Emerald Lake from the ground-up with Lukas was an opportunity to start a private
4 equity fund with an individual with whom she previously worked at Ares and who possessed a
5 complementary skillset. O'Brien's interest in the venture was hugely validating for Lukas, given
6 the circumstances of his departure from Ares and his struggle to find a partner and funding.

7 63. O'Brien was concerned about Emerald Lake's skeletal staff and lack of back-
8 office support. But Lukas represented to O'Brien that immediately after closing its first deal,
9 Emerald Lake's plan was to hire a significantly larger team of investment professionals and staff
10 and to begin blind-pool fundraising.

11 64. Lukas also recognized that O'Brien was taking a risk by joining and launching
12 Emerald Lake before it had any committed capital. For starters, due to Lukas's limited investment
13 in the venture's working capital, O'Brien would be sacrificing market-rate cash compensation in
14 exchange for upside in the form of future management fees and carried interest, largely to be
15 earned years down the road.

16 65. For Lukas, it was critical that he join forces with another credentialed investment
17 professional who he had worked with at Ares. When sophisticated investors decide whether to
18 invest in a nascent private equity firm, they typically seek assurances that the firm's investment
19 decisions will be subject to rigorous discussion and testing and that the firm's principal investors
20 have shared training or background, rather than placing their capital with a single person not
21 subject to any checks or balances. O'Brien joining Emerald Lake allowed Lukas to pitch to
22 investors that he was partnering with another Ares alum and that the new firm was a team with a
23 shared mission—a partnership bigger than just one man. Investors ultimately were attracted to
24 Emerald Lake due to Lukas and O'Brien's "team continuity" and the "conviction" shown by an
25 Ares alum like O'Brien in joining forces with Lukas. Investors were also impressed by the level
26 of debate between the two, which Lukas presented as part of Emerald Lake's investment process.

27 66. When O'Brien joined Emerald Lake in July 2018, the firm had no employees, no
28 revenue, no portfolio companies, and not even a single signed letter of intent to acquire any

1 portfolio companies. Nor did Emerald Lake have an office. Instead, it operated out of the pool
2 house of Lukas’s Brentwood residence.

3 67. O’Brien started working full-time on the launch of Emerald Lake, the raising of
4 its First Fund and establishment as an SEC Registered Investment Advisor (“**RIA**”), and the
5 acquisition of its first portfolio company target.

6 **B. As a result of O’Brien’s and Lukas’s work, Emerald Lake experiences major**
7 **early success, raising nearly \$300 million within eight months.**

8 68. Shortly after O’Brien joined Emerald Lake, she and Lukas developed an
9 investment thesis and fundraising strategy in order to pursue Emerald Lake’s first portfolio
10 company target.

11 69. To secure the acquisition, Emerald Lake needed to quickly establish itself, recruit
12 respected third-party professionals, and find willing investors. At Lukas’s direction, Emerald
13 Lake engaged UBS to serve as its exclusive placement agent and advisor in connection with
14 Emerald Lake’s funds. In the private equity industry, nascent firms often use placement agents
15 to identify and connect with prospective investors. Placement agents also substantially aid in
16 preparing official marketing materials and in the initial closing of offers and sales of securities.
17 Due to their fee model, firms can avoid or delay investing their own working capital on an in-
18 house investor relations department by engaging a placement agent. Placement agent fees, which
19 can total millions of dollars per fund, are typically borne by fund investors for deal-by-deal funds.

20 70. On UBS’s recommendation, and following pitch meetings with both Lukas and
21 O’Brien in Los Angeles and New York, Emerald Lake engaged Kirkland to serve as its outside
22 counsel (but upon information and belief, not to serve as Lukas’s personal counsel). Kirkland
23 and UBS have a mutually beneficial relationship for private equity clients, and often refer work
24 to one another. Upon its retention, Kirkland confirmed in its engagement letter with Emerald
25 Lake that its representation was “*solely* of [Emerald Lake] and that no direct or indirect parent,
26 subsidiary, affiliate, or other entity or person related to you has or will have the status of a client
27 for any purpose as a result of this engagement.”
28

1 71. In the summer and fall of 2018, O'Brien and Lukas traveled across the country
2 and held meetings with over 50 prospective investors. O'Brien and Lukas jointly pitched the First
3 Fund opportunity and strategy to investors. Investors with whom O'Brien and Lukas met valued
4 that Lukas had teamed up with O'Brien. This gave investors confidence that they were
5 committing their capital to a private equity firm with accountability and longevity, and not just a
6 single person wanting to make a quick profit. In meetings with investors, Lukas would often
7 specifically tout "joining forces" with O'Brien and refer to O'Brien as a fellow Ares alum who
8 was "part of the origins of the firm."

9 72. Through these initial meetings, Lukas and O'Brien became the face of Emerald
10 Lake. Their efforts culminated in Emerald Lake obtaining investor support letters amounting to
11 over \$300 million by December 2018.

12 73. O'Brien spent the first two-and-a-half months of 2019 living in Southern
13 California, away from her family. There, she worked around the clock at the offices of the First
14 Fund portfolio company, so that she could meet with investors, collaborate with the management
15 team, host third-party advisors and conduct due diligence, interact and negotiate with
16 counterparties, and travel to and evaluate several of the portfolio company's building sites across
17 California.

18 74. Ultimately, Emerald Lake closed the acquisition and its First Fund in February
19 2019 with \$280 million in equity commitments. Emerald Lake also became an RIA effective
20 February 15, 2019.

21 75. Although Lukas originally told O'Brien in mid-2018 that Emerald Lake would
22 focus on building its infrastructure and team and would pursue blind-pool fundraising following
23 the close of the First Fund, he opposed hiring a chief financial officer or chief compliance officer,
24 even though those roles are important early hires at newly established private equity firms.
25 Despite not following through on his promise to build a larger team, however, Lukas again
26 represented to O'Brien that Emerald Lake would commence blind-pool fundraising.

27 76. Unlike in a deal-by-deal fund, where a dedicated vehicle (like Emerald Lake's
28 First Fund) is created for purposes of making an investment in a single platform or set of targets,

1 a blind-pool fund grants broad discretion to an RIA on making investments and acquiring target
2 companies. Blind-pool funds are typically larger vehicles than deal-by-deal funds and feature
3 management fees and performance fees that are far more lucrative for RIAs and their principals.

4 77. However, rather than embarking on building a larger team and launching blind-
5 pool fundraising, Lukas pushed additional deal-by-deal funds for portfolio company target
6 opportunities that Lukas and O'Brien were in the process of developing in the spring of 2019.
7 Thus, instead of using the successful close of the First Fund to solidify and broaden Emerald
8 Lake's foundation—as Lukas previously represented to O'Brien—Lukas steered Emerald Lake
9 to pursue deal-by-deal fundraising, and refused to include the identified opportunities in a formal
10 blind-pool fundraise.

11 78. During the remainder of 2019 and early 2020, Emerald Lake raised an additional
12 \$210 million across three more deal-by-deal funds. (a) Emerald Lake PD Acquisition, L.P. (the
13 Second Fund), which closed in January 2020; (b) Emerald Lake Packaging Acquisition I, L.P.
14 (the Third Fund), which closed in March 2020; and (c) Emerald Lake Edison Acquisition, L.P.
15 (the Fourth Fund), which closed in May 2020.

16 79. Across its first four funds, and only two years after its launch, Emerald Lake now
17 managed nearly \$500 million in investor funds. More remarkably, Emerald Lake secured this
18 funding through the hard work of a small team led by Lukas and O'Brien. With their shared track
19 record of four platform investments together, Emerald Lake was well-poised for further growth.

20 80. O'Brien played a leading and instrumental role in Emerald Lake's fast-paced rise.
21 Among other things, she contributed to the strategy, development, deliberation, fundraising, and
22 execution of each investment platform. She also served on multiple portfolio company boards of
23 directors, recruited portfolio company executives and operating advisors, and worked closely with
24 third-party professionals and service-providers.

25 81. For example, in the fall of 2019, O'Brien led the Third Fund's investment
26 roadshow for Emerald Lake, while Lukas continued Emerald Lake's second fundraise and took
27 paternity leave. During this time, O'Brien generated strong investor interest in Emerald Lake's
28

1 Third Fund and convinced several investors to visit the target portfolio company in Ohio before
2 they made final equity commitments.

3 82. Other than Lukas and O'Brien, the only other person who was at Emerald Lake in
4 its early days was Hibberd, an operating executive (and not an investment professional). Hibberd,
5 though, remained on another private equity firm's payroll until 2019, and was not involved in
6 closing Emerald Lake's first three funds. Lukas never fully explained to O'Brien how Hibberd
7 could be affiliated with both another private equity firm and Emerald Lake simultaneously. It
8 was not until July 2019—after Lukas and O'Brien were already developing the next three
9 investment opportunities—that Emerald Lake hired an additional investment professional to help
10 Lukas and O'Brien execute on transactions.

11 83. Kirkland, as company counsel, represented both Emerald Lake and Emerald
12 Lake's largest funds. But Kirkland's partners also made multi-million-dollar investments in
13 Emerald Lake's funds through a special purpose vehicle that Kirkland's partners controlled. Most
14 of the Kirkland partners' commitments were designated, including through side letters with
15 Emerald Lake, as having "affiliated partner status," which meant that Kirkland partners would
16 invest on significantly more favorable terms than other investors. Emerald Lake also sometimes
17 referred to Kirkland internally as a "related party" that could "influence" the firm's decision-
18 making.

19 **C. Lukas and Emerald Lake continue to use O'Brien to raise funds and close**
20 **investments, while at the same time slow-playing her admission as a formal**
21 **partner.**

22 84. O'Brien's first eight months launching Emerald Lake were a whirlwind,
23 culminating in the close of the First Fund in February 2019. By that time, however, O'Brien
24 started to harbor doubts about Lukas, and whether he would follow through on his commitment
25 to solidify Emerald Lake's foundation and build out the infrastructure required for a leading RIA.

26 85. When she first joined forces with Lukas at Emerald Lake, O'Brien understood,
27 based on Lukas's representations, that the team would quickly grow. But throughout 2018 and
28

1 early 2019, it became clear that O'Brien played a key leadership role at Emerald Lake, and that
2 Lukas was opposed to hiring a larger team.

3 86. More importantly, Emerald Lake had succeeded in its fundraising by specifically
4 marketing Lukas and O'Brien as the face of the firm.

5 87. By the spring of 2019, Lukas had yet to formalize O'Brien's status at the firm on
6 paper, despite his promises to make progress on the paperwork to memorialize her ownership
7 interest in Emerald Lake. O'Brien remained committed to Emerald Lake, but Lukas's intentions
8 going forward remained unclear, despite his earlier representations.

9 88. O'Brien explained that she could not continue to build Emerald Lake absent
10 entering into formal agreements to govern her role at the firm and her equity in the venture.

11 89. Lukas sent O'Brien a draft employment agreement (the "**Employment**
12 **Agreement**") effective February 18, 2019, which was preceded by a signed term sheet dated
13 February 1, 2019. The Employment Agreement made clear that O'Brien would report to Lukas,
14 who "control[led] the Company."

15 90. Under the terms of the Employment Agreement, Emerald Lake agreed to pay
16 O'Brien an annual salary and a discretionary bonus. However, as a show of her dedication to the
17 firm, O'Brien deferred her base compensation until September 2019, when Emerald Lake started
18 to receive its first management fees.

19 91. Lukas and O'Brien did not ultimately execute the Employment Agreement
20 because it did not allow them to properly memorialize the terms governing O'Brien's position
21 and ownership interest in Emerald Lake. Instead, they decided to start negotiating the terms of
22 O'Brien's formal admission as a partner in Emerald Lake.

23 92. In the spring of 2019, Lukas and O'Brien recruited operating executives to advise
24 Emerald Lake on the Second and Third Funds, and began developing three investment
25 opportunities, including one that would later become Emerald Lake's fourth portfolio company.
26 While O'Brien continued her work to build Emerald Lake, Lukas dragged his feet on finalizing
27 the partnership agreement, even though he claimed that Kirkland was in the process of drafting
28

1 it. Meanwhile, O'Brien still was not receiving any monthly income, as she had deferred her base
2 compensation under the Employment Agreement.

3 93. By mid-May 2019, Lukas still had not provided an initial draft partnership
4 agreement to O'Brien. O'Brien told Lukas that she was uncomfortable continuing to work on
5 multiple Emerald Lake acquisitions and fundraises without an executed partnership agreement.

6 94. At the end of May 2019, Lukas finally provided a draft partnership agreement and
7 an accompanying draft subscriber interest letter to O'Brien. The interest letter would supplement
8 or modify certain otherwise applicable terms of the partnership agreement.

9 95. Kirkland, as "company counsel," drafted the agreements. Kirkland noted in an
10 email attaching the drafts that it was representing "[Emerald Lake] with the formation of their
11 firm," notwithstanding that by May 2019, O'Brien and Lukas had been working together for
12 almost one year and already closed Emerald Lake's First Fund.

13 96. In June 2019, O'Brien and Lukas discussed structural issues with the initial draft
14 agreements, as well as protections afforded to Emerald Lake's two co-founders.

15 97. O'Brien made clear during these discussions that she wanted to avoid being
16 excluded in the future "from a de facto inner circle at a firm" that she co-founded and built from
17 the ground up. O'Brien understood that Emerald Lake was likely to grow, and she wanted to
18 ensure that the operative documents protected her important and central role at the firm.

19 98. At the end of June 2019, O'Brien again relayed to Lukas that she was
20 uncomfortable meeting with investors and acquisition targets "representing a firm of two with a
21 working partnership . . . without a [signed] contract where I can't be pushed out by people who
22 come in later" Lukas was representing to investors that O'Brien was part of the firm's
23 management company and had promised her that the partnership agreement would reflect Lukas's
24 understanding that O'Brien's equity would be protected in a similar fashion to his. O'Brien
25 reiterated "I need to be secured in the boat that I have helped build."

26 99. While they simultaneously led fundraises and diligence for Emerald Lake's
27 Second and Third Funds, for over six months, O'Brien deferred her monthly income. Lukas and
28 O'Brien continued to negotiate the draft documents throughout the summer and into September

1 2019. Emerald Lake also hired one investment professional in July 2019 to help execute on
2 closing investments.

3 100. By mid-November 2019, as the deal processes for the Second Fund and Third
4 Fund intensified—and with O’Brien working around the clock on the transactions—Lukas and
5 O’Brien finally resolved all outstanding issues on the two agreements. Through Kirkland, Lukas
6 sent execution copies to O’Brien.

7 101. O’Brien executed the documents and sent signed copies of the partnership
8 agreement and interest letter to Lukas by email on November 17, 2019, copying Kirkland.

9 102. But Lukas did not immediately return counter-signed agreements. Instead, he did
10 another about-face and suddenly informed O’Brien that he “*might not [counter]-sign*” the
11 finalized agreements and refused to provide any assurance to O’Brien that he was prepared to
12 move forward with her as a partner of Emerald Lake.

13 **D. Lukas threatens to abandon his partnership with O’Brien and renegotiates**
14 **a key term of the partnership agreement.**

15 103. Rather than executing the documents that he and Kirkland had finalized, Lukas
16 backtracked. On the evening of November 20, 2019 (only three days after O’Brien sent signature
17 pages to Lukas), Lukas wrote O’Brien a vague message that “[s]omething has come up which we
18 should talk about, but need to do it in person. Let’s do McGuire Woods [Emerald Lake’s counsel]
19 at 7:30 [a.m.]. Taking off now.” The request for an in-person meeting in New York was odd:
20 O’Brien was already scheduled to meet Lukas later that day in Ohio for Third Fund investor
21 meetings and due diligence, and Lukas had previously planned to fly to Ohio from his home in
22 California.

23 104. O’Brien asked for details on the topic of the meeting, but Lukas did not respond,
24 as he was flying from California to New York. Late that night, Lukas responded, refused to share
25 an agenda for the meeting, and again claimed that “[t]his topic we have to do in person.” Lukas
26 demanded that O’Brien meet with him in-person at 7:30 a.m. the next morning, adding: “It
27 shouldn’t be that hard. *If you want to be part of this firm, meet me tomorrow at 7:30. . . . I*
28 *know you are in town. Not going to discuss it further tonight.*”

1 105. O'Brien responded: "After working hard for the past 18 months, I don't appreciate
2 being threatened. Do I need my attorney present?" O'Brien also noted that Lukas still had not
3 counter-signed the partnership agreement or interest letter.

4 106. Early the next morning, O'Brien again expressed concerns about the meeting,
5 especially since Lukas refused to disclose the agenda. Lukas responded: "Carling, I am here now.
6 Please come here. I know you are here and this is something important that we have to discuss
7 in person. We are not doing this by phone. I am serious about the importance of this. Refusing
8 to meet with me when I am asking to speak with you about something is very unhelpful."

9 107. O'Brien tried to reach Lukas by phone, but he did not pick up (even though he was
10 sending her text messages). O'Brien messaged Lukas that she felt threatened by his actions.

11 108. O'Brien was scheduled to fly to Ohio that afternoon for meetings with prospective
12 Emerald Lake investors and a target company. Lukas demanded that O'Brien first meet him at
13 11:30 a.m. in midtown, adding: "***Do not go to Ohio.*** We have to speak in person."

14 109. O'Brien again asked Lukas about whether to bring an attorney. Lukas responded:
15 "***No lawyer.*** We just need to talk."

16 110. As Lukas demanded, O'Brien appeared in midtown for an 11:30 a.m. in-person
17 meeting. Lukas explained that he was no longer prepared to move forward with O'Brien as an
18 Emerald Lake partner, notwithstanding that Lukas and O'Brien spent the better part of a year
19 negotiating and finalizing the Emerald Lake partnership agreement and O'Brien's interest letter,
20 and notwithstanding that O'Brien signed the execution copies of the agreements.

21 111. As justification, Lukas referenced a message exchange that O'Brien had with a
22 UBS placement agent on August 30, 2019, in conjunction with an internal call with the UBS
23 placement team. Lukas claimed that UBS placement agents had recently approached him with
24 information about O'Brien and referenced the message exchange.

25 112. Upon information and belief, however, this was a cover story. Rather, Lukas was
26 in discussions for some time with UBS concerning how to oust O'Brien from Emerald Lake, and
27 requested that UBS send him information about O'Brien that he could use to make a mountain
28

1 out of a molehill. In fact, the entire purpose of Lukas's trip to New York was to intimidate
2 O'Brien into abandoning her co-founder role at Emerald Lake.

3 113. In the message exchange from August 2019, O'Brien and the UBS placement
4 agent privately shared commentary in real-time about Emerald Lake's ongoing internal discussion
5 with the UBS team, as was typical during and in between internal fundraising discussions. UBS
6 and Emerald Lake were re-engaging in an ongoing discussion of whether Emerald Lake's pre-
7 fund deal flow could be rolled into a traditional blind-pool fundraise. Blind-pool commitments
8 would be more valuable long-term to Emerald Lake as it tried to grow beyond deal-by-deal
9 fundraising and into traditional blind-pool funds. Blind-pool funds, however, also required a
10 greater personal financial commitment by Lukas, as the ultimate general partner of Emerald Lake.
11 When it was pointed out that deal-by-deal funds required less accountability (due to the lack of
12 comingled performance hurdles and lower required personal commitment from Emerald Lake)
13 and that the investors (not Emerald Lake) paid the placement fees on deal-by-deal fundraises, and
14 knowing that Lukas could greatly benefit from deal-by-deal funds in the near-term at the expense
15 of the Emerald Lake team's future, O'Brien messaged that blind-pool "[f]und commitments are
16 WAY more valuable [to Emerald Lake]. Dan is being greedy on this."

17 114. In other words, O'Brien had expressed her view that Emerald Lake could benefit
18 from the strategy that many other emerging private equity firms have employed by incorporating
19 initial investments in a blind-pool fund. Lukas, though, continued to push for additional deal-by-
20 deal funds, since he did not want to step up and provide the larger personal financial commitment
21 required to raise a blind-pool fund. Instead, Lukas wanted to keep earning more modest fees from
22 deal-by-deal funds, without making the investment in hiring a larger team. Under the deal-by-
23 deal model, Lukas also would not need to share as much of the upside with others, even if the
24 total pie was more limited (thus ultimately shortchanging both his partner and the firm's long-
25 term trajectory).

26 115. The message was inconsequential. It was a single message in a lengthy exchange
27 between O'Brien and the UBS placement agent that spanned over a year. And it was sent
28

1 privately to Emerald Lake’s own placement agent, and not to investors. Emerald Lake went on
2 to close four more deal-by-deal funds following the message.

3 116. And, as noted above, O’Brien sent the message in August 2019. Upon information
4 and belief, Lukas knew about the message for weeks or months, but chose to first bring it up in
5 late November 2019, after O’Brien signed the finalized partnership agreement and interest letter,
6 in order to bully O’Brien.

7 117. Lukas also questioned whether O’Brien had shared with UBS that Lukas was
8 planning to terminate the employment of one of Emerald Lake’s recently added investment
9 professionals. Lukas had suggested to O’Brien five months into the employee’s tenure at Emerald
10 Lake that he was not performing well in his role. O’Brien voiced concern over employee turnover
11 during a blind-pool fundraiser.

12 118. Lukas continued to fish for an admission by O’Brien that she had done something
13 wrong. At one point, Lukas pointedly asked O’Brien whether she thought her conduct constituted
14 “cause,” a proposition that O’Brien emphatically rejected.

15 119. O’Brien was rattled by the meeting. She had spent almost eighteen months
16 working around the clock with Lukas to launch and build Emerald Lake, only to have Lukas
17 threaten her and falsely accuse her of misconduct on the eve of finally signing a formal partnership
18 agreement. Worse, Lukas scheduled the meeting in a highly deceptive and intimidating manner,
19 and refused to reiterate his commitment to building Emerald Lake with O’Brien.

20 120. O’Brien convinced Lukas to let her travel to Ohio following the meeting because
21 investors were expecting to see O’Brien there after having met with her during the Third Fund
22 roadshow. But Lukas insisted that he and O’Brien travel separately to the airport, rather than
23 share a car (presumably so that Lukas could privately update Kirkland and/or UBS by phone
24 about his meeting with O’Brien). Lukas ended up missing the flight and a dinner in Ohio with a
25 prospective investor that O’Brien attended.

26 121. O’Brien requested that she and Lukas continue the discussion that evening or the
27 next day, but Lukas initially refused. Lukas, though, asked O’Brien to continue working on the
28

1 Third Fund deal and fundraise, and continued to market O'Brien as his co-founder during another
2 ongoing fundraise.

3 122. The next day, O'Brien and Lukas shared a car to the Columbus, Ohio airport.
4 O'Brien asked Lukas whether he thought he might have overreacted and tried to convince Lukas
5 not to torpedo the firm they worked hard to build together, in the middle of two fundraises, over
6 a single message, taken out of context.

7 123. O'Brien followed-up by sending a more formal letter to Lukas on November 27,
8 2019, laying out the case for executing the agreements and describing the sacrifices she made to
9 help build Emerald Lake into a successful partnership.

10 124. Lukas responded on November 29, 2019. He explained that he was evaluating
11 *"whether a going-forward relationship is salvageable"* and "whether there's a way forward."
12 This was just a few days before additional investor meetings were scheduled in Ohio, where
13 investors were expecting to see O'Brien after meeting her at the Third Fund roadshow.

14 125. In early December 2019, Lukas and O'Brien again traveled to Ohio for investor
15 meetings. Upon arrival, a UBS placement agent seemed surprised that O'Brien was in attendance.
16 During one meeting, Lukas exchanged messages about O'Brien with UBS's lead placement
17 agent, who was not attending the meeting in-person.

18 126. O'Brien and Lukas met again on December 6, 2019, in Los Angeles. Lukas
19 explained that he was prepared to move forward with executing the agreements, but that he
20 required one change to the documents.

21 127. Specifically, Lukas sought to broaden the definition of the term "cause" in the
22 interest letter for purposes of the potential termination of O'Brien. As drafted, "cause" already
23 included, among other things, "any grossly negligent or willful act of omission that causes
24 material detriment to the Partnership . . ." and "a material breach of the Partnership Agreement"
25 if not cured within 60 days of notice of the breach.

26 128. But Lukas was already looking for additional ways that he could eventually
27 terminate O'Brien for cause following the execution of the agreement. Lukas therefore proposed
28 additional circumstances for the definition, including, among other things, "the willful failure or

1 refusal, or the substantial and repeated failure . . . to perform reasonable duties as directed by
2 [Emerald Lake].”

3 129. O’Brien had no intention of engaging in any conduct that could lead to a
4 termination for cause, so she agreed to some of Lukas’s additions. More importantly, it had been
5 almost one year since the close of Emerald Lake’s First Fund, and over eighteen months since
6 she and Lukas first joined forces. O’Brien was ready to move on and to continue building
7 Emerald Lake as Lukas’s now-formally named partner.

8 130. Following the meeting, a Kirkland attorney specializing in employment
9 litigation—who upon information and belief was not previously involved in the representation of
10 Emerald Lake—revised the interest letter and provided a new version for O’Brien’s execution,
11 along with a final version of the partnership agreement.

12 **E. Lukas and Emerald Lake execute the Partnership Agreement, cementing**
13 **O’Brien’s rights as a partner.**

14 131. O’Brien executed the final amended and restated agreement of limited partnership
15 of Emerald Lake (the “**Partnership Agreement**”) and interest letter (the “**Interest Letter**”) on
16 December 6, 2019. Lukas then counter-executed the documents on behalf of Emerald Lake,
17 Emerald Lake UGP, and himself. After signing, Lukas shook O’Brien’s hand and said,
18 “Welcome, Partner.” Lukas’s cover email to O’Brien in the email attaching the signed partnership
19 documents stated that Lukas was “*excited to build a great firm together.*”

20 132. Following the execution of the Partnership Agreement, Lukas and O’Brien became
21 formal partners in Emerald Lake. Emerald Lake UGP retained control of Emerald Lake, with
22 Lukas still serving as its sole and managing member. In other words, although Lukas remained
23 the controlling partner of the Emerald Lake management company, he also formally admitted
24 O’Brien as a partner and co-owner of the firm.

25 133. The Partnership Agreement governs the affairs of the partnership. The Interest
26 Letter modifies certain terms of the Partnership Agreement and governs the terms of O’Brien’s
27 partnership interest. In addition, the Interest Letter entitles O’Brien to pre-determined
28

1 percentages of up to 15% of each carried interest pool for (a) all Emerald Lake pre-committed
2 deal-by-deal funds, and (b) Emerald Lake’s first three blind-pool funds.

3 134. The Interest Letter also describes O’Brien’s economic rights as a partner in
4 Emerald Lake, including entitlement to a portion of the management company’s cash profits,
5 management fee waiver interests, and minimum guaranteed monthly payments.

6 135. In entering into the agreements, it was O’Brien’s and Lukas’s expectation that
7 Emerald Lake’s blind-pool funds would generate greater carried interest and management fees
8 than pre-committed deal-by-deal funds. It was also O’Brien’s and Lukas’s expectation that
9 Emerald Lake would raise and invest Emerald Lake’s funds over the course of a decade or more.

10 136. As Lukas and O’Brien long contemplated, the entitlement to future carried interest
11 grants rewarded O’Brien for her years of hard work launching and growing Emerald Lake as its
12 co-founder, as well as the fact that she forfeited or deferred significant cash compensation in
13 exchange for the upside of carried interest.

14 137. O’Brien’s carried interest percentages in the various funds would be fully vested
15 by four or ten years after each fund’s first closing date, depending on the type of fund. As the
16 most significant compensation opportunities would occur later (carried interest payments can
17 typically occur between three to seven years after initial funds are invested), O’Brien’s
18 compensation under the Interest Letter was back-end loaded such that she would sacrifice up-
19 front compensation for significantly greater rewards down the road.

20 138. Although the Partnership Agreement permits O’Brien to be terminated as an active
21 partner “with or without Cause” by Emerald Lake UGP at any time, in order to replicate a more
22 permanent and protected position typical for a co-founder of a private equity firm, Lukas agreed
23 in the Interest Letter to accelerate the vesting of more than a decade of equity stakes, specifically
24 100% of O’Brien’s partnership interest and carried interests to which she was entitled under her
25 Interest Letter, upon her termination by Lukas *without cause* or upon O’Brien’s resignation with
26 good reason (each as defined by the Interest Letter).

27 139. If, however, O’Brien committed an act that constituted “*cause*” (as defined by the
28 Interest Letter), then she would immediately “forfeit all vested (and unvested) Carried Interest.”

1 140. In other words, Lukas and O'Brien agreed that Lukas, as the managing member of
2 Emerald Lake UGP, had the power to terminate O'Brien at any time *without cause*. In that
3 scenario, 100% of O'Brien's interests *would immediately vest*. But if Lukas terminated O'Brien
4 for cause, then she would forfeit her partnership interest and all of her entitlement to carried
5 interests.

6 141. "Cause" was defined in the Interest Letter as:

7 (i) being convicted of a felony (including by plea of guilty or *nolo contendere*), (ii) any
8 grossly negligent or willful act or omission that causes material detriment to the
9 Partnership, the General Partner, any Fund General Partner, any Fund or any of their
10 respective affiliates (by reason, without limitation, of financial exposure or loss, damage
11 to reputation or goodwill, or exposure to civil damages or criminal penalties or other
12 prosecutorial action) as determined through binding arbitration in accordance with Section
13 11.11(a) of the Partnership Agreement, (iii) a material breach of the Partnership
14 Agreement, this Interest Letter, or any other agreement with the Partnership, the General
15 Partner, any Fund General Partner, any Fund or any other respective affiliate to which
16 such Subscriber is subject, which breach is not cured within sixty (60) days after receipt
17 of written notice from the General Partner that contains sufficient specificity so that
18 Subscriber can ascertain the nature of such breach (it being understood that Subscriber
19 shall only be afforded one cure period for any such breach), (iv) a material breach of the
20 Partnership's or an affiliate's compliance policy adopted in accordance with Rule 206(4)-
21 7 under the U.S. Investment Advisers Act of 1940, as amended, and the rules and
22 regulations promulgated thereunder, or (v) any act or omission involving dishonesty,
23 fraud, or breach of any fiduciary duty with respect to the Partnership, the General Partner,
24 any Fund General Partner, any Fund or any of their respective affiliates or otherwise that
25 causes material harm which act or omission is not cured, if curable, within sixty (60) days
26 after receipt of written notice from the General Partner.

18 142. "Good Reason" was defined in the Interest Letter as:

19 the occurrence, without the express written consent of Subscriber, of any of the following
20 events, unless such event is substantially corrected within the Partnership's sixty (60) day
21 cure period following written notification by Subscriber to the Partnership that she intends
22 to resign as an Active Limited Partner because of such event (it being understood that the
23 Partnership shall only be afforded one cure period for any such event): (i) a reduction in
24 Subscriber's annual Guaranteed Payment set forth in Schedule 3 herein or failure to grant
25 or a material delay in payment of the Carried Interest that the applicable Fund General
26 Partner determines to distribute, (ii) a breach of any material obligation to Subscriber
27 under the Partnership Agreement or in any other agreement to which Subscriber is subject
28 (including this Interest Letter), (iii) a material and adverse reduction in Subscriber's duties
and responsibilities taken as a whole, (iv) Subscriber no longer reports to Mr. Lukas, or
an individual other than Mr. Lukas exercises management authority over Subscriber;
provided that Subscriber understands that she will work collaboratively on investments
and/or other firm activities with other Partners and/or employees of the Partnership and
such activities shall not be deemed to constitute "management authority" for purposes of
this definition, (v) Mr. Lukas no longer is an Active Emerald Lake Person, or (vi) failure
to comply with the Most Favored Nations provision set forth in Section 10(a)(iii) of this
Interest Letter.

1 143. Together, these definitions were key. They purposefully meant to cover only the
2 most serious of circumstances, so that Lukas and O’Brien, as Emerald Lake’s co-founders and
3 partners, could focus on building the firm, speaking candidly, and deliberating together over
4 investment decisions, without Lukas having the ability to intimidate or exert undue influence over
5 O’Brien.

6 144. These provisions also meant that if Lukas decided to oust O’Brien *without cause*
7 (as was his right), or if O’Brien resigned from the partnership with sufficient justification, then
8 O’Brien could still reap the financial rewards derived from her role in co-founding and building
9 Emerald Lake. If, however, O’Brien engaged in serious misconduct qualifying as cause, then a
10 punitive provision would kick-in, pursuant to which O’Brien would forfeit her entire vested and
11 unvested equity interests.

12 145. This framework did not apply to Lukas as the other Emerald Lake co-founder.
13 Rather, Lukas granted himself an exception in the Partnership Agreement providing that Lukas
14 “may not be terminated . . . *under any circumstances.*” In fact, during a March 2019 portfolio
15 company board meeting lunch, Lukas joked that he “could commit a felony and still not be
16 removed” from Emerald Lake by the First Fund’s investors and thus would not forfeit his
17 entitlement to receive carried interest.

18 146. Pursuant to the terms of the Interest Letter, any carried interest earned by O’Brien
19 from the funds would be distributed to her by “[t]he applicable Fund General Partner,” “no later
20 than the date that the applicable Fund General Partner makes a Carried Interest distribution to any
21 other carry participant, including Mr. Lukas.” In other words, if Lukas received carried interest
22 distributions generated by the funds, so would O’Brien.

23 147. The Interest Letter also included a books-and-records provision that granted
24 O’Brien “the right to inspect . . . on a quarterly basis, *full and unredacted* books of accounts of
25 the Partnership and the calculation *and supporting documentation* for Management Company
26 Cash Profits.”

27 148. In the Interest Letter’s non-circumvention provision, Lukas and Emerald Lake
28 UGP specifically agreed that they would not “intentionally circumvent the provisions of this

1 Interest Letter and the rights granted to [O'Brien] hereunder, including through the establishment
2 of separate legal entities to conduct the business of the Partnership without requiring such entities,
3 where applicable, to comply with the terms and conditions hereof.”

4 149. The Interest Letter’s co-founder provision expressly authorized O’Brien to refer
5 to herself as a “Co-Founder of the Partnership in her biography.” The Partnership Agreement
6 referred to O’Brien and Lukas as Partners throughout.

7
8 **F. Lukas regrets executing the Partnership Agreement, surrounds himself with**
9 **willing male subordinates and cronies, and tries to torpedo O’Brien’s role at**
10 **the firm.**

11 150. Following the execution of the Partnership Agreement, Lukas and O’Brien
12 continued working together on Emerald Lake’s Second, Third, and Fourth Fund, which all closed
13 in 2020.

14 151. By mid-2020, after Emerald Lake closed its fourth deal-by-deal fund and with
15 nearly \$500 million of equity commitments, O’Brien expressed concerns about whether Lukas
16 actually intended to raise a traditional blind-pool fund, as he had promised. O’Brien and others
17 wanted Emerald Lake to operate more like a standard private equity firm, with established
18 systems and controls, even if Lukas continued to ultimately control the venture through his status
19 as the sole member of Emerald Lake UGP. O’Brien also believed that if Emerald Lake wanted
20 to graduate from deal-by-deal funds, then it would need to continue to emphasize to investors that
21 it was a partnership (and not a one-man family office). After all, Lukas and O’Brien now had a
22 shared track record at Emerald Lake and were well-poised to launch a blind-pool fundraise,
23 assuming they could show investors they were accelerating on hiring a larger team.

24 152. O’Brien sought to maintain her role in hiring and investment decisions and in
25 serving alongside Lukas as the face of the firm. She worked to recruit and hire additional
26 investment professionals and spearheaded the preparation of blind-pool marketing materials.

27 153. Lukas, though, decided he no longer wanted to share the upside with O’Brien.
28 When O’Brien joined Lukas in summer 2018, he was desperate for her partnership. O’Brien was
just what he needed: a highly driven and accomplished investment professional who knew how

1 to fundraise and roll-up her sleeves and who could help Lukas develop an overarching strategy
2 for Emerald Lake.

3 154. But by late 2020, and in light of Emerald Lake’s success, Lukas sought to surround
4 himself with male subordinates and cronies who, unlike O’Brien, did not hold any partnership
5 interest in Emerald Lake and who, unlike O’Brien, would not push back against Lukas.

6 155. Lukas also regretted that O’Brien obtained significant economic benefits through
7 the Partnership Agreement and Interest Letter, worth tens of millions of dollars. Lukas realized
8 that if he could force O’Brien to leave Emerald Lake, then he could regain those benefits, and
9 either pocket them for himself or dole them out to Hammond and Hibberd.

10 156. So, Lukas began a campaign to make life miserable for O’Brien. And the more
11 O’Brien questioned Lukas’s treatment of her or sought information about the firm that they co-
12 owned, the more Lukas retaliated against her.

13 **1. Lukas refuses to provide accounting transparency and retaliates**
14 **against O’Brien when she raises concerns.**

15
16 157. O’Brien was one of two partners in Emerald Lake. But when O’Brien requested
17 basic information from Lukas about Emerald Lake’s finances, affairs, and relationships with
18 third-parties, Lukas became defensive and stonewalled, going so far as to restrict O’Brien’s access
19 to Emerald Lake’s entire electronic-file system. Lukas’s actions only re-enforced O’Brien’s
20 suspicions.

21 158. O’Brien was entitled to inspect Emerald Lake’s books and records every quarter.
22 This specifically included “*full and unredacted* books of accounts of the Partnership and the
23 calculation and *supporting documentation* for Management Company Cash Profits” (O’Brien
24 earned a percentage of such profits generated from the Funds’ management fees, making the
25 books-and-records provisions particularly significant).

26 159. Beginning in early 2020, however, Lukas refused to allow O’Brien to inspect full
27 and unredacted books of account and supporting documentation. Lukas instead took the position
28 that O’Brien was only entitled to high-level summaries and inflows/outflows.

1 160. At the same time, Lukas refused to share information about Emerald Lake’s
2 relationships with its key third-party professionals, Kirkland and UBS. For example, O’Brien
3 questioned whether Emerald Lake paid Kirkland for prior years’ legal work that Kirkland
4 performed directly for the management company entity. O’Brien was concerned that investor
5 funds were used to pay for Kirkland’s services for Emerald Lake. Lukas refused to provide
6 straight answers to O’Brien’s questions, which only exacerbated O’Brien’s concerns.

7 161. O’Brien also requested back-up for expenses, including those which Emerald Lake
8 had already passed through to investors. Lukas refused to provide the materials to O’Brien, even
9 after O’Brien suspected that Lukas was improperly using Emerald Lake funds to pay for his
10 family’s lakeside vacation rental.

11 162. O’Brien’s concerns about Lukas’s personal expenses were warranted. As a
12 nascent private equity firm, Emerald Lake lacked many of the formal accounting policies and
13 processes followed by larger, established firms. In addition, Lukas continued to operate Emerald
14 Lake as an extension of himself, including by using his personal accountant to perform accounting
15 services for Emerald Lake and maintaining Emerald Lake’s bank accounts at his personal bank.
16 Lukas also refused to implement proper controls at Emerald Lake, insisting that Lukas himself
17 should have sole authority, including over distributions out of Emerald Lake’s bank account with
18 limited or no oversight or governance.

19 163. O’Brien’s requests were also consistent with Emerald Lake’s disclosures to
20 investors. For example, Emerald Lake’s initial Form ADV 2B, which Kirkland drafted in
21 February 2019 and which Emerald Lake approved and shared with prospective investors during
22 fundraising, specifically represented that “O’Brien . . . supervises the actions of Mr. Lukas with
23 respect to compliance with [Emerald Lake’s] compliance policies and procedures.” Emerald
24 Lake included this language to assure prospective investors that Lukas’s actions would be subject
25 to appropriate checks and balances.

26 164. In July 2020, O’Brien questioned Lukas about Emerald Lake’s payments to UBS
27 in connection with its work as the placement agent for the Fourth Fund. Placement-agent fees are
28 heavily scrutinized by investors (and in the case of the Fourth Fund, borne by investors), and

1 O'Brien wanted to ensure that the flow of funds was correct. O'Brien alerted Lukas that the funds
2 that Emerald Lake was preparing to transfer to UBS exceeded the amounts set forth in Emerald
3 Lake's engagement letter with UBS.

4 165. Lukas did not meaningfully address O'Brien's concerns and authorized (or had
5 already authorized) the payment. Then, he revoked O'Brien's access to Emerald Lake's
6 electronic-file system, including files related to the close of the Fourth Fund. At the same time,
7 Lukas directed Emerald Lakes's outside funds administrator to exclude O'Brien from accessing
8 any of their work related to the Fourth Fund. Lukas also re-assigned all Fourth Fund matters to
9 an Emerald Lake employee, and excluded O'Brien from meeting with investors with whom she
10 had developed relationships on prior fundraises.

11 **2. Lukas effectively demotes O'Brien.**

12 166. Lukas's next method was to effectively demote O'Brien from her role as a co-
13 founder of the firm involved in all aspects of the partnership.

14 167. In early 2020, Emerald Lake engaged in discussions with Hammond about joining
15 the firm. Lukas and Hammond had never worked together at the same firm, but Hammond had
16 served as a reference for Emerald Lake since he co-invested approximately seven years ago
17 alongside Ares on behalf of his prior firm in an investment in which Lukas had been involved.

18 168. O'Brien participated in limited discussions with Lukas and Hammond about
19 Hammond's interest in joining the firm. O'Brien understood from Lukas that Hammond would
20 be joining as a fellow senior member of the investment team.

21 169. But Lukas decided upon hiring Hammond that he would be superior to O'Brien.
22 Lukas claimed that this was purely based on Hammond's seniority. But unlike O'Brien,
23 Hammond did not co-found Emerald Lake alongside Lukas. Nor had he spent years developing
24 relationships with Emerald Lake's investors or building Emerald Lake's successful track record
25 alongside Lukas. Lukas and O'Brien had already closed four platform investments together.

26 170. Hammond did not end up formally joining Emerald Lake until November 2020 for
27 various reasons, including because Lukas was also considering other potential new hires who
28 could be more complementary to both Lukas and O'Brien.

1 171. As soon as Hammond officially started, Lukas began delegating tasks to him that
2 O'Brien previously performed. For example, prior to Hammond's arrival, O'Brien participated
3 in all investment decisions with Lukas, including for Emerald Lake's first four funds. But in
4 December 2020, Lukas informed O'Brien that *only* he and Hammond would serve on the Emerald
5 Lake investment committee going forward. O'Brien explained to Lukas that she did not object
6 to Hammond's involvement in investment decisions, alongside she and Lukas. But Lukas refused
7 to include O'Brien. Later, in April 2021, Lukas announced that O'Brien would also be excluded
8 from Emerald Lake's valuation committee, which would now be comprised of only Lukas and
9 Hammond.

10 172. Lukas also began excluding O'Brien from meetings with existing and prospective
11 Emerald Lake investors and with UBS. This was a major change, as O'Brien historically
12 participated in most major meetings with investors and UBS.

13 173. Lukas, in concert with UBS, highlighted Hammond's arrival at Emerald Lake by
14 listing him prominently on Emerald Lake marketing materials, alongside Lukas and as a superior
15 to O'Brien. From O'Brien's early days at the firm, Emerald Lake's marketing materials displayed
16 O'Brien's headshot and biography directly next to Lukas's. And after O'Brien entered into the
17 Partnership Agreement and Interest Letter, these materials also referred to O'Brien as a co-
18 founder of the firm.

19 174. In late 2020 and early 2021, Emerald Lake was in the process of raising funds for
20 the Fifth Fund and preparing blind-pool marketing materials. In marketing materials and a draft
21 update to Emerald Lake's website, Lukas intentionally displayed headshots and biographies of
22 Hammond and Hibberd directly alongside Lukas's and directly above O'Brien's. The materials
23 also referred to Hammond as a "Partner" and to Hibberd as an "Operating Partner," even though
24 neither was actually a partner in Emerald Lake.

25 175. Prior Emerald Lake marketing materials listed the year in which each Emerald
26 Lake employee joined the firm. To create the false impression that Hammond had been at the
27 firm from the beginning, Lukas and UBS also removed start dates from the Fifth Fund and blind-
28 pool marketing materials.

1 176. Together, these changes effectively made it look like O'Brien was no longer a co-
2 founder or senior member of the firm, and that she was supervised by three older men, two of
3 whom were not actually partners in Emerald Lake.

4 177. Indeed, in a further effort to diminish O'Brien and mislead third parties, Lukas
5 repeatedly led external parties during the Fifth Fund fundraise in early 2021 to believe that he and
6 Hammond started Emerald Lake together, completely ignoring O'Brien's role co-founding the
7 firm.

8 178. Lukas took similar steps with respect to Hibberd. In December 2020, Lukas
9 suddenly started referring to Hibberd as an Emerald Lake "co-founder." And, whereas prior
10 Emerald Lake marketing materials listed Hibberd in a separate area designated for "operating
11 professionals," updated materials prominently listed Hibberd alongside Lukas and Hammond,
12 and superior to O'Brien. Lukas knew that private equity firms typically do not list operating
13 professionals like Hibberd alongside the investment team. But he moved Hibberd's biography to
14 create the impression that Emerald Lake was led by a team of three: Lukas, Hibberd, and
15 Hammond.

16 179. At the same time, Lukas blocked efforts by O'Brien to market the firm. For
17 example, in June 2020, a writer from McGuire Woods (one of Emerald Lake's outside law firms)
18 contacted O'Brien about being featured in a publication profiling and interviewing "Women to
19 Know in Private Equity and Finance." Lukas endorsed the idea, adding that it "[w]ould be great
20 exposure."

21 180. O'Brien sent a final draft of the profile to Lukas in December 2020. Lukas
22 approved the substance of the article, which aimed to encourage women to consider private equity
23 careers and sought to market Emerald Lake. But Lukas refused to authorize its publication unless
24 O'Brien immediately represented to him in writing that she did "not have any claims against
25 [him], the firm or any related person or entity based on anything that has happened up to today";
26 that she did not have "Good Reason" (as defined by the Interest Letter) to resign; and that she
27 was not planning to resign.

1 187. Lukas and the Emerald Lake team also denigrated O’Brien’s ethnicity (they were
2 aware of O’Brien’s Hispanic heritage) and her commitment to increasing diversity and
3 inclusiveness in the private equity industry. For example, on March 12, 2021, Emerald Lake’s
4 newly engaged Environmental, Social, and Governance consultant asked whether Emerald Lake
5 had implemented diversity and inclusion initiatives and who was responsible for them. Hammond
6 shrugged and responded sarcastically, “I mean, *we only have one*,” referring to O’Brien.

7
8 **4. Lukas seeks to circumvent O’Brien’s future carried interest**
9 **distributions through fund-level agreements.**

10 188. Lukas first provided a draft fund-level limited partnership agreement to O’Brien
11 in January 2020. Lukas and O’Brien referred to the agreements for each of the Emerald Lake
12 funds as the “GP Agreements,” since they governed the affairs of the general partners of each
13 fund. Although the First Fund closed in February 2019, Lukas and O’Brien had yet to formally
14 execute the First Fund’s GP Agreement.

15 189. Pursuant to O’Brien’s Interest Letter, any carried interest earned by O’Brien would
16 be distributed to her by “[t]he applicable Fund General Partner,” “no later than the date that the
17 applicable Fund General Partner makes a Carried Interest distribution to any other carry
18 participant, including Mr. Lukas.”

19 190. But the draft GP Agreement, which was supposed to effectuate Emerald Lake’s
20 grant of carried interests to O’Brien, contained traps and introduced new concepts designed to
21 undermine O’Brien and get around her right to receive the carried interest distributions to which
22 she was entitled under the Interest Letter. For example, the draft GP Agreement delegated
23 complete discretion to Lukas to invest any carried interest earned from a fund rather than to
24 distribute it to O’Brien. The draft GP Agreement also delegated total discretion to Lukas to place
25 carried interest funds into escrow or reserve accounts, rather than distributing them to O’Brien,
26 or even to use loans of carried interest to enrich himself.

27 191. Even more troubling were provisions of the draft GP Agreement that appeared to
28 grant Lukas the ability to treat O’Brien differently than other partners if she became a terminated

1 partner. For example, the GP Agreement provided that if Lukas deposited carried interest into a
2 reserve account, he could then use his “sole discretion” to determine whether or when to make
3 any distributions from the reserve account to terminated partners.

4 192. O’Brien objected to these provisions, rightfully fearing that Lukas would use them
5 to subvert her rights under the Interest Letter. This infuriated Lukas.

6 **G. Lukas attempts to terminate O’Brien for truthfully referring to herself as a**
7 **partner and co-founder of Emerald Lake.**

8 193. Ultimately, O’Brien’s willingness to call out Lukas for his lack of transparency
9 and demotion of O’Brien’s responsibilities—and to advocate for herself and the firm as a partner
10 and co-founder of Emerald Lake—became too much for Lukas. In or around March 2021,
11 Lukas—in concert with Hammond and Hibberd—decided that it was time for O’Brien to go, no
12 matter the justification.

13 194. At the time, Emerald Lake was finally moving toward blind-pool fundraising.
14 Notwithstanding that marketing a well-performing private equity firm with a female co-founder
15 with strong qualifications and a shared track record with Lukas could have improved their chances
16 of success in blind-pool fundraising, Lukas wanted to make any changes prior to the formal launch
17 of Emerald Lake’s blind-pool fundraising. Lukas simply no longer wanted to share the upside
18 (or track record) with O’Brien. And he wanted to punish O’Brien for her willingness to speak up
19 for herself and advocate for Emerald Lake. But terminating O’Brien *without cause* would allow
20 her to keep her valuable carried interest grants. If, however, Lukas could find a way to terminate
21 O’Brien *for cause*, he could pocket the forfeited carried interest grants, or dole them out to
22 Hammond and Hibberd. Plus, Lukas would then have carte blanche over how to spend Emerald
23 Lake’s management fees because he would no longer have any oversight.

24 195. Without any actual basis to terminate O’Brien for cause, Lukas, Hibberd, and
25 Hammond decided to fabricate one.

26 196. At the same time, knowing that the departure of a firm co-founder would be
27 material, Lukas and his cronies laid the groundwork to cover their tracks and make O’Brien’s
28 departure appear inconsequential.

1 197. On March 29, 2021, Lukas and Emerald Lake sent O’Brien a formal letter (the
2 “**First Cause Notice**”) identifying purported bases for terminating O’Brien for cause. Lukas
3 signed the First Cause Notice letter on behalf of Emerald Lake and Emerald Lake UGP.

4 198. In the letter, Lukas listed two justifications for invoking “cause” under the Interest
5 Letter. First, Lukas claimed that O’Brien “materially breached the Partnership Agreement by
6 publicly referring to [herself] as a ‘Partner’ of the Partnership.” According to Lukas, the
7 Partnership Agreement required O’Brien to keep confidential her status as a partner in Emerald
8 Lake, since her partnership status was somehow “data relating to the Partnership . . . not generally
9 known to or available by the public”—even though this information had previously been
10 disclosed to the public multiple times via SEC filings.

11 199. Second, Lukas claimed that O’Brien was in breach of the Interest Letter by
12 claiming to be a “co-founder” of Emerald Lake in her LinkedIn description or biography.

13 200. Lukas added that O’Brien’s alleged breaches of the Partnership Agreement and
14 Interest Letter were “especially troubling because of the *discord you are sowing among the ranks*
15 of other people at Emerald Lake.” According to Lukas, the “discord” sown by O’Brien was tied
16 to her “misguided attempt” at seeking greater compensation from Emerald Lake.

17 201. Lukas’s claims were frivolous, offensive, and made in bad faith. O’Brien *was* a
18 partner in Emerald Lake. She and Lukas were the only two partners in Emerald Lake, and O’Brien
19 was a signatory to the Emerald Lake Partnership Agreement. There was nothing untruthful about
20 O’Brien publicly referring to herself as a partner in Emerald Lake, and nothing in the Partnership
21 Agreement or Interest Letter barred O’Brien from truthfully stating that she was a partner.

22 202. In fact, the Partnership Agreement specifically refers to O’Brien and Lukas
23 throughout as “Partners.” And the first paragraph of the Partnership Agreement expressly sets
24 forth that “[t]he General Partner and the Limited Partners are sometimes referred to herein
25 individually as a ‘*Partner*’ and collectively as the ‘*Partners*.’”

26 203. Indeed, Emerald Lake’s Form ADV—a document publicly filed with the SEC
27 multiple times—reflected that O’Brien owned between 5% and 10% of the firm’s management
28

1 company. By definition, someone who holds a partnership interest in a limited partnership is a
2 partner.

3 204. Lukas himself repeated the public statement that O'Brien was a partner in Emerald
4 Lake when he authorized the firm to publicly file its annual updated Form ADV on March 31,
5 2021—*only two days after the First Cause Notice*.

6 205. Similarly, Emerald Lake has regularly issued tax forms (Form K-1) to O'Brien
7 that are titled "*Partner's* share of Income, Deductions, Credits, etc." The field of the form with
8 O'Brien's name and contact information is titled "Information About the *Partner*." Only partners
9 receive Form K-1s.

10 206. Lukas repeatedly referred to O'Brien as his "partner" in numerous conversations
11 and diligence meetings with external parties. And Lukas did not object when O'Brien repeatedly
12 introduced Lukas as her "partner" during meetings with external parties.

13 207. Thus, contrary to Lukas's first pretextual justification, O'Brien's status as a partner
14 was accurate and was known to the public, even if, as Lukas claimed, her partner status could
15 somehow even qualify as "data relating to the Partnership" within the scope of the Partnership
16 Agreement's confidentiality clause.

17 208. To add insult to injury, other Emerald Lake employees continued to publicly (and
18 inaccurately) refer to themselves as "partners" in the firm, even after O'Brien was purportedly
19 terminated for cause for using such a description. To this day, Emerald Lake's website (which is
20 controlled by Lukas) describes Hammond as a "Partner" at Emerald Lake, even though he holds
21 no partnership interest in Emerald Lake and is not a party to the Partnership Agreement. (If he
22 does hold a partnership interest in Emerald Lake, Lukas has never disclosed his entry into the
23 Emerald Lake Partnership Agreement to O'Brien or in any SEC filings).

24 209. Similarly, O'Brien *is* a co-founder of Emerald Lake, and her description of herself
25 as a co-founder was both truthful and consistent with the Interest Letter, which expressly
26 authorized O'Brien to describe herself that way. It was also consistent with repeated historical
27 statements by Lukas that O'Brien was a co-founder of Emerald Lake, as well as her biography
28 posted to the Emerald Lake website and used in Emerald Lake marketing materials.

1 210. Kirkland, as company counsel—and as one of Emerald Lake’s investors—assisted
2 Lukas in drafting the First Cause Notice. Indeed, a Kirkland attorney reviewed O’Brien’s
3 LinkedIn profile just days before she received the First Cause Notice.

4 211. The lead placement agent at UBS also viewed O’Brien’s LinkedIn profile shortly
5 before Lukas issued the First Cause Notice. In fact, UBS and Lukas together edited Emerald
6 Lake’s official “track record file” in the days leading up to the First Cause Notice, deleting
7 O’Brien’s name from two of Emerald Lake’s four acquisitions.

8 212. O’Brien responded to the First Cause Notice on April 5, 2021, explaining that she
9 was acting in accordance with the terms of the Partnership Agreement and Interest Letter, and
10 that she was both a partner and co-founder of Emerald Lake.

11 213. Recognizing the ridiculousness of terminating a partner and co-founder of the firm
12 for truthfully referring to herself as a partner and co-founder, Lukas backed down and did not
13 follow through on the termination for cause. Or so O’Brien thought.

14 **H. Lukas uses a one-sided amendment of the Emerald Lake compliance**
15 **program to concoct a new pretextual justification for terminating O’Brien**
16 **for cause.**

17 214. Having utterly failed to justify a for-cause termination in the First Cause Notice,
18 and still enraged that his efforts to force O’Brien to resign were unsuccessful, Lukas quickly
19 decided to invent a new basis to justify a second purported for-cause termination.

20 215. Under the terms of O’Brien’s Interest Letter, many of the bases for a termination
21 for cause include either a cure period following notice of termination or a predicate neutral
22 determination of whether there was sufficient basis to justify a termination for cause. This made
23 sense, since a for-cause termination resulted in the punitive forfeiture of all of O’Brien’s vested
24 and unvested carried interest grants, worth tens of millions of dollars.

25 216. For example, O’Brien could be terminated for cause for a material breach of the
26 Partnership Agreement, but only after a 60-day period to cure any breach. Similarly, O’Brien
27 could be terminated for cause for any grossly negligent act causing material detriment to Emerald
28 Lake, but only as determined through binding arbitration, and not simply Lukas’s say-so as
general partner.

1 217. One basis that did not require any cure period and that could be invoked at any
2 time by Lukas was a “material breach of the Partnership’s or an affiliate’s compliance policy
3 adopted in accordance with Rule 206(4)-7 under the U.S. Investment Advisers Act of 1940
4 [(“IAA”)], as amended, and the rules and regulations promulgated thereunder.” Lukas realized
5 that this provision effectively meant that O’Brien could be immediately terminated for any
6 material breach of Emerald Lake’s compliance program. All Lukas had to do was find a
7 pretextual reason to pull the trigger.

8 218. Years prior, in June 2019, Kirkland created a draft compliance program to
9 establish a framework that would govern Emerald Lake personnel’s regulatory conduct.

10 219. The draft compliance program designated Lukas as Emerald Lake’s chief
11 compliance officer (“CCO”). It is highly unusual in private equity firms, and certainly not best
12 industry practice, especially for RIAs that manage hundreds of millions of dollars of investor
13 money, for a controlling individual like Lukas also to serve as the entity’s CCO. Such a structure
14 lacks checks and balances and can encourage abuses of power.

15 220. From the outset, O’Brien expressed concerns that the CCO function was vested
16 solely in Lukas, who also controlled Emerald Lake. Lukas, too, understood that investors would
17 share these concerns. Indeed, as noted above, Emerald Lake’s initial Form ADV 2B specifically
18 represented that “O’Brien . . . supervises the actions of Mr. Lukas with respect to compliance with
19 [Emerald Lake’s] compliance policies and procedures.” Emerald Lake included this language to
20 give investors comfort that at least one other person was supervising and reviewing Lukas’s
21 actions through the lens of compliance.

22 221. In June 2019, Lukas proposed that the compliance program require that he pre-
23 approve all contacts with prospective investors with whom O’Brien did not have a prior
24 relationship. This was inconsistent with O’Brien’s past practice at Emerald Lake and her role as
25 a co-founder of the firm who communicated frequently with prospective investors. O’Brien
26 confirmed with Kirkland that such a pre-approval restriction was not required by SEC rules.
27 Lukas removed the provision from subsequent drafts of the compliance program.
28

1 222. O’Brien also confirmed with Kirkland that, as is customary, Exchange Traded
2 Funds (“ETFs”) were not “reportable securities” and therefore were not subject to the personal
3 broker statement reporting requirements included in the compliance program.

4 223. O’Brien informed Lukas that, given that the pre-approval requirement for
5 soliciting prospective investors was excised from the program, she was not opposed to Emerald
6 Lake adopting the June 2019 compliance program.

7 224. From June 2019 to December 2020—a period of eighteen months—Lukas did not
8 further address Emerald Lake’s compliance program. Upon information and belief, at no time
9 during that period did Emerald Lake perform a mandatory “annual review” of its compliance
10 program, as required by IAA regulations.

11 225. In December 2020, Lukas proposed an updated version of the compliance
12 program. Lukas’s proposed changes were largely cosmetic and non-substantive at that time.

13 226. But following O’Brien’s April 5, 2021, response to the First Cause Notice, Lukas
14 hatched a new strategy to oust O’Brien: this time making changes to the compliance program as
15 a pretext for terminating O’Brien for cause.

16 227. Lukas and Kirkland accordingly revised the December 2020 compliance program,
17 lacing it with non-standard provisions specifically designed to target O’Brien and provide a
18 superficial basis for terminating O’Brien’s partnership for cause.

19 228. Lukas sent the revised compliance program and its appendices to O’Brien and
20 other Emerald Lake team members on April 18, 2021. Lukas explained in the email attaching the
21 program that “[w]e updated the Compliance Program in advance of our blind pool fund launch
22 based on recent regulatory guidance and in connection with our annual compliance review.”

23 229. O’Brien had no way of verifying whether the updates were, in fact, based on
24 regulatory guidance and/or in connection with Emerald Lake’s annual compliance review, since
25 Lukas excluded her from communications with Kirkland or others about changes to the program.

26 230. At the end of the email, Lukas imposed an arbitrary deadline of April 30, 2021,
27 for each team member to formally acknowledge receipt of the revised policy and sign an
28 agreement to be bound by the terms of the program.

1 231. To make it harder for O’Brien to understand the changes to the compliance
2 program, Lukas did not provide a redline comparing the new program to the June 2019 or
3 December 2020 versions. Nor did Lukas provide a copy of the revised program to O’Brien in
4 advance of circulating it to the entire Emerald Lake team, notwithstanding O’Brien’s status as co-
5 founder of the firm.

6 232. The compliance program also included as an appendix an entirely new employee
7 handbook. As a partner in the firm, it was not clear to O’Brien whether some or all of the terms
8 of the employee handbook applied to her.

9 233. One change that Lukas made to the revised compliance program was designed to
10 resurrect his prior attempt to terminate O’Brien for cause for accurately referring to herself as an
11 Emerald Lake partner on her LinkedIn page.

12 234. Lukas sought to trap O’Brien by unilaterally modifying the compliance program
13 to now prohibit Emerald Lake staff, including O’Brien, from referring to themselves in social
14 media, including on LinkedIn, in any manner other than as a title “*listed as that designated by*
15 *Emerald Lake [i.e., Lukas],*” irrespective of whether the title used was accurate. Further, for
16 emphasis, Lukas warned that “[t]he CCO [i.e., Lukas] will periodically review the personal social
17 media pages/accounts of Emerald Lake Supervised Personnel to ensure compliance herewith.”

18 235. Only three weeks prior, Lukas purported to terminate O’Brien for cause based
19 solely on the way she described her role at Emerald Lake on LinkedIn. O’Brien was naturally
20 concerned that Lukas’s changes to the compliance program were part of a continued crusade to
21 force her out of Emerald Lake and re-capture her valuable interests.

22 236. Other changes in the revised compliance program also directly affected O’Brien
23 and put her at potential and unnecessary risk of breaching the compliance program. These
24 included:

- 25 i. Replacing the requirement of merely providing to Lukas a list of prospective investors
26 whom O’Brien had no prior personal contact and desired to contact, with now
27 requiring Lukas’s pre-approval before O’Brien could contact any new prospective
28 investor;

- 1 ii. Adding a provision allowing Lukas to make changes to the compliance program at his
2 whim and requiring that each Emerald Lake Supervised Person certify in writing their
3 acknowledgment and agreement to the changes within ten business days;
- 4 iii. Requiring all Emerald Lake Supervised Persons, including O’Brien as the only
5 Emerald Lake partner other than Lukas, to certify in writing their compliance with all
6 provisions of a new 42-page Employee Handbook, despite the fact that the handbook
7 contained numerous provisions that were inapplicable on their face to O’Brien as a
8 partner; and
- 9 iv. Adding a parallel provision permitting Lukas to change any Employee Handbook
10 provision at any time at his discretion and without any notice.

11 237. Lukas also removed a provision from the prior compliance program that required
12 disclosure of changes in personnel to investors when marketing Emerald Lake’s track record,
13 since, according to the prior policy, “[i]t may be misleading to quote past performance when a
14 material portion of the record was achieved by personnel who have left Emerald Lake without
15 disclosure of the change in investment personnel.” In other words, under the prior program, if
16 O’Brien left the firm, Lukas could not list Emerald Lake’s track record—to which O’Brien
17 materially contributed—without also disclosing O’Brien’s departure from the firm. With blind-
18 pool fundraising commencing, Lukas was seeking ways to avoid the compliance program’s
19 requirement that he list O’Brien’s contributions to the firm and its track record in marketing
20 materials.

21 238. On Lukas’s arbitrary deadline of Friday, April 30, 2021, O’Brien explained to
22 Lukas that she needed additional time to review the revised program, and noted her (valid)
23 concerns that Lukas was using changes to the compliance program to undermine her rights under
24 the Partnership Agreement and Interest Letter.

25 239. Lukas responded the same day that Emerald Lake could only extend the deadline
26 to May 3, 2021, and that “the Compliance Policy was developed by Kirkland . . . and it is not
27 something that we are going to negotiate.” Lukas did not explain why the matter was so urgent.
28

1 240. Lukas separately contacted O'Brien by email on April 30, 2021, to discuss her
2 Emerald Lake biography. Notwithstanding that Lukas and Kirkland had approved four official
3 private placement memoranda with her existing biography, Lukas claimed that "[a]s part of the
4 compliance program review and updates with Kirkland, we have come to the conclusion that your
5 current bio we are using is problematic under the policy because it says 'Prior to co-founding
6 Emerald Lake, O'Brien worked in the Private Equity Group at Ares Management,' which creates
7 the false impression that you came directly from Ares to Emerald Lake. . . ." Lukas demanded
8 that O'Brien update her biography and LinkedIn page to include a role she held for less than three
9 months while she lived abroad before attending business school.

10 241. Lukas and Kirkland ignored that with Lukas's full knowledge, Emerald Lake had
11 always described O'Brien's biography this way, since O'Brien attended London Business School
12 between her positions at Ares and Emerald Lake. In marketing Emerald Lake, Lukas and O'Brien
13 together decided that her three-month position while living abroad in 2014 was not material
14 enough to include in Emerald Lake's approved marketing materials, five or more years later.

15 242. And Lukas was applying a double standard. Whereas Lukas was demanding that
16 O'Brien include her immaterial position held for less than three months while living abroad in
17 2014 as a part of her professional biography, Lukas was not listing his own most recent position
18 or title at Ares, or requiring Hammond to update his profile to include all prior positions or formal
19 titles.

20 243. On Sunday, May 2, 2021, and without any explanation or justification, Lukas
21 again removed O'Brien's access to (or deleted) a set of Emerald Lake electronic folders
22 containing years of investor-related files and records.

23 244. As of Lukas's arbitrary deadline of Monday, May 3, 2021, O'Brien was continuing
24 to actively review the revised compliance program and the ways that the changes impacted her
25 rights or could be used to force her out.

26 **I. Lukas pretextually terminates O'Brien for cause.**

27 245. Tuesday, May 4, 2021, was Lukas's 50th birthday. O'Brien and Lukas joined a
28 previously scheduled videoconference to discuss Emerald Lake's books and records.

1 246. When O’Brien joined the videoconference, Lukas was smirking. Rather than
2 starting a review of books and records, Lukas told O’Brien to “check your email, we’re
3 terminating you for cause.” O’Brien checked her email and then signed-off of the
4 videoconference.

5 247. As the videoconference started, Lukas had sent O’Brien a formal letter (the
6 “**Second Cause Notice**”) dated May 4, 2021, purporting to immediately terminate O’Brien for
7 cause.

8 248. In the notice, Lukas and Emerald Lake made the Kafkaesque claim that O’Brien
9 materially breached the April 18, 2021, compliance program by “refusing to timely execute,
10 acknowledge and certify that you have complied with and agree to abide by, the Compliance
11 Policy.” Lukas and Emerald Lake further claimed that O’Brien materially breached the
12 compliance program by failing to submit brokerage statements for herself and her spouse or
13 certifying that O’Brien and her spouse had no reportable securities.

14 249. The Second Cause Notice did not explain why either of these purported
15 justifications were *material* breaches of the compliance program. Nor did the Second Cause
16 Notice acknowledge that O’Brien informed Lukas on April 30, 2021, that she had concerns about
17 the program and that she was continuing to review the changes he unilaterally imposed.

18 250. The Second Cause Notice also claimed that O’Brien was “the only individual
19 Emerald Lake Supervised Person . . . who has flagrantly ignored” the request to certify acceptance
20 of the revised compliance program.

21 251. That claim was patently false. When Lukas sent the Second Cause Notice to
22 O’Brien, multiple Emerald Lake investment professionals (including O’Brien) had not yet
23 returned a signed form certifying compliance with the compliance program. And O’Brien did not
24 flagrantly ignore Lukas’s request, but instead directly noted her concerns and that her review of
25 the revised program was actively ongoing.

26 252. After Lukas sent the Second Cause Notice to O’Brien, he tried to cover his tracks.
27 He coerced another investment professional to return his executed certification form by
28 threatening to withhold a promotion unless the employee immediately signed it. At the same

1 time, Lukas told the employee that Emerald Lake had no intention of enforcing certain of the
2 provisions of the compliance program against him.

3 253. As with the First Cause Notice, Kirkland, as company counsel (and an investor in
4 Emerald Lake), assisted Lukas in drafting the Second Cause Notice.

5 254. Lukas sent the Second Cause Notice to O'Brien's Emerald Lake email account
6 and to two personal email accounts. He included the personal accounts because after sending the
7 Second Cause Notice, Lukas quickly cut off O'Brien's access to her Emerald Lake email account
8 and her access to Emerald Lake's electronic files.

9 255. O'Brien did not commit a material breach of the compliance program. Lukas and
10 Emerald Lake accordingly had no basis to terminate her for cause.

11 **J. Lukas's ensuing actions reveal his true motives.**

12 256. That Lukas sent the Second Cause Notice only one month after utterly failing in
13 his first attempt to terminate O'Brien for cause is on its own an admission that Lukas was
14 determined to oust O'Brien, no matter the justification.

15 257. But Lukas's actions and admissions after sending the Second Cause Notice show
16 with even more clarity that his reference in the Second Cause Notice to O'Brien's alleged material
17 breach of the compliance program was purely pretextual.

18 **1. Lukas attempts to coerce O'Brien to resign her partnership and**
19 **release her claims.**

20 258. Immediately after O'Brien received the Second Cause Notice, Lukas directed
21 Kirkland to call O'Brien's counsel. During the phone call, Kirkland claimed that Lukas had not
22 yet notified Emerald Lake's employees or investors of O'Brien's termination—or communicated
23 that it was for "compliance-related reasons"—but that investors would soon be informed of the
24 purported issue *unless* O'Brien agreed to sign a separation agreement by the end of the week.
25 Kirkland also noted its and Lukas's belief that O'Brien lacked the financial means and
26 wherewithal to challenge the actions by Emerald Lake and Lukas.

27 259. Kirkland and Lukas had already drafted a proposed separation agreement (the
28 "**Draft Separation Agreement**"), which Kirkland sent to O'Brien's counsel "for settlement
purposes only" following the telephone call. In the Draft Separation Agreement, Emerald Lake

1 suggested that O'Brien instead resign from Emerald Lake effective May 7, 2021. In exchange,
2 Emerald Lake would provide a small fraction of what she was entitled to under her Interest Letter,
3 subject to O'Brien also executing the GP Agreements and a broad release of claims. The Draft
4 Separation Agreement effectively proposed a without-cause departure by O'Brien from Emerald
5 Lake, but without any of the benefits to which O'Brien was entitled for a without-cause
6 termination, including walking away from over \$40 million in vested and unvested interests that
7 she had earned.

8 260. The Draft Separation Agreement proposed a broad release by O'Brien of any
9 claims against Emerald Lake and against Lukas personally, including tort, employment, and
10 whistleblower claims. The parallel, narrow release by Emerald Lake did not include any release
11 by Lukas of claims against O'Brien.

12 261. The Draft Separation Agreement also included a proposed false statement
13 describing O'Brien's departure from Emerald Lake: "I have decided to leave the Company to
14 pursue other opportunities [because the Company and I could not come to an agreement on
15 building out a New York office and I did not want to relocate to California]. I remain a significant
16 investor with Emerald Lake and have reached an agreement that includes providing assistance
17 with transition matters." The statement was plainly false and also had nothing to do with Emerald
18 Lake's purported compliance-related reasons for terminating O'Brien.

19 262. Under the terms of the Draft Separation Agreement, O'Brien only had until May
20 7, 2021—*three days*—to accept the terms of the agreement. Otherwise, according to Kirkland,
21 Lukas was going to inform investors of O'Brien's purported compliance-related issues.

22 263. The Draft Separation Agreement did not reference either the First Cause Notice or
23 Second Cause Notice, or the fact that Lukas and Emerald Lake accused O'Brien of a material
24 breach of the company's compliance program. Nor did the Draft Separation Agreement
25 acknowledge that under the terms of the Interest Letter, Lukas held the undisputed power to
26 terminate O'Brien's partnership interest without cause at any time and for any reason.

27 264. O'Brien did not agree to Lukas's terms.

28 **2. Lukas, Hammond, Hibberd, and Emerald Lake mislead investors
 about the circumstances of O'Brien's termination.**

1 265. O'Brien declining to sign the Draft Separation Agreement emboldened Lukas,
2 who commenced a campaign to disparage O'Brien and ruin her career and reputation.

3 266. Initially, as Emerald Lake was closing the Fifth Fund, Lukas did not properly
4 disclose or highlight O'Brien's termination. When one prospective investor (who had met
5 O'Brien on several occasions) asked Lukas why O'Brien was no longer part of the team, Lukas
6 spread lies about her background, called her inexperienced, and claimed that Hibberd (and not
7 O'Brien) was the firm's co-founder. Lukas further claimed that he "had to make the change" and
8 that he would share additional details later. He also told the prospective investor that he "hoped
9 to settle things amicably."

10 267. Lukas then spread a new lie to those outside Emerald Lake: that O'Brien was
11 terminated for "compliance-related reasons," without any disclosure of the actual circumstances
12 of her termination.

13 268. In the highly regulated private equity industry, especially for RIAs like Emerald
14 Lake, the mere suggestion that a firm co-founder and partner was terminated for compliance-
15 related reasons is sufficient to torpedo a career.

16 269. Among other things, the statement denotes that the person engaged in some sort
17 of serious financial or accounting misconduct.

18 270. But Lukas and Emerald Lake had not even accused O'Brien of any such
19 misconduct; rather, they purported to terminate O'Brien for her failure to agree to a substantively
20 revised compliance program on less than two-weeks' notice, during a period in which Lukas was
21 already seeking to push her out of Emerald Lake.

22 271. Lukas also worked with Hibberd, Hammond (and likely Kirkland and UBS) to
23 develop consistent, external messaging about O'Brien's departure from the firm (even though the
24 internal story was that O'Brien departed because she "wanted too much" and "was not a good
25 cultural fit").

26 272. This was particularly important to Lukas because, at the time of O'Brien's
27 termination, Emerald Lake was on the cusp of closing its Fifth Fund and its acquisition of US
28

1 Salt, a transaction that later closed in July 2021. Emerald Lake’s more lucrative blind-pool
2 fundraising was also recently underway.

3 273. External parties were keenly interested in the circumstances of O’Brien’s
4 departure from Emerald Lake. To assuage their concerns without sparking more questions, Lukas
5 and Emerald Lake repeatedly represented that O’Brien’s departure was for “compliance-related
6 reasons” and that “we had to do it.” UBS and Kirkland also repeated these statements, although
7 they very likely knew that Lukas’s justification for O’Brien’s termination was purely pretextual.

8 274. At no time did Lukas or Emerald Lake explain to investors that the compliance
9 justification was pretextual; that they had tried to terminate O’Brien for truthfully referring to
10 herself as a partner and co-founder; or that their internal narrative was that they fired O’Brien
11 because she “wanted too much” and was no longer a “cultural fit.”

12 275. Nor did they explain to investors that notwithstanding O’Brien’s purported
13 material breach of the compliance program justifying a for-cause termination, Emerald Lake
14 actually asked O’Brien to resign under a separation agreement containing a full release of her
15 claims.

16 **3. Lukas, Hammond, and Hibberd admit with impunity that their**
17 **justifications were blatantly pretextual.**

18 276. Internally at Emerald Lake, Lukas and his loyalists told a far different tale,
19 demonstrating that O’Brien’s purported material breach of the compliance program was only a
20 pretext for Lukas’s decision to terminate O’Brien.

21 277. For example, Hammond claimed to others at Emerald Lake that O’Brien was
22 terminated because she “*wanted to be co-managing partner.*” Lukas claimed that it was because
23 O’Brien “*wanted more money*” and because of “*team cohesion issues.*” Even if true, none of
24 these reasons justifies a termination for cause and the punitive forfeiture of O’Brien’s carried
25 interest grants. But regardless of their fictional (and disparaging) nature, the statements make
26 clear that Lukas’s “official” reference to O’Brien’s purported material breach of the compliance
27 program was an unabashedly pretextual cover story.

1 278. Hammond also openly admitted to others at Emerald Lake the reason for the
2 termination, explaining: “***We had to do it, she wanted too much.***”

3 279. Hibberd went so far as to celebrate the removal of O’Brien. During a team meeting
4 in May 2021, Hibberd held up a framed photograph of Lukas, O’Brien, and himself at an off-site
5 gathering that O’Brien gave to Hibberd as a gift. Hibberd then asked Lukas, while grinning in
6 front of the team, “***So can I finally cut a hole in the middle of this?***” (*i.e.*, remove O’Brien from
7 the photograph). Other participants of the meeting laughed.

8 280. Lukas shamelessly sought to make certain that others at Emerald Lake bought into
9 the pretextual justification for O’Brien’s termination. For example, Emerald Lake held a team
10 off-site dinner with its full staff on September 22, 2021. During the dinner, the group discussed
11 the circumstances of O’Brien’s departure.

12 281. Hammond stated to the group that O’Brien departed because “***it just wasn’t a***
13 ***cultural fit.***” Recognizing that Hammond’s statement did not comport with Emerald Lake’s
14 official, pretextual position that O’Brien was terminated for cause for compliance-related reasons,
15 Lukas responded: “We should stop talking about this. ***It’s really important that if you ever get***
16 ***deposed***, the reason why we had to part ways is because our firm’s compliance policy wasn’t met.
17 ***Technically, that is what happened.***”

18 282. At the same time, Lukas took steps to entrench his allies at Emerald Lake and to
19 erase O’Brien’s contribution to the firm as one of its two co-founders. Among other things,
20 Emerald Lake updated Hibberd’s biography on the firm website to now claim that Hibberd “co-
21 found[ed] Emerald Lake,” even though, for years, Emerald Lake held out Lukas and O’Brien as
22 the firm’s only two co-founders. Hibberd also updated his title on LinkedIn to falsely claim that
23 he is a Co-Founder of Emerald Lake.

24 283. Similarly, Emerald Lake posted Hammond’s biography on the firm website, listing
25 his title as “Partner.” Hammond also posted the “Partner” title on his LinkedIn profile and
26 intentionally omitted the position he held for the immediate two years before joining Emerald
27 Lake. In other words, whereas Lukas tried to terminate O’Brien’s actual partnership interest for
28 cause because she publicly (and truthfully) referred to herself as a partner in Emerald Lake, Lukas

1 was now publicly (and untruthfully) representing that Hammond and Hibberd were partners in
2 the firm and that Hibberd was a co-founder.

3 284. And, as noted above, Lukas, in concert with UBS, took steps to erase O'Brien's
4 contributions to the firm's track record, including by deleting her name from at least two of
5 Emerald Lake's acquisitions, and by marketing the track record without specifically noting her
6 departure.

7 **4. Lukas tries to shield his personal assets and his interest in Emerald
8 Lake.**

9 285. As noted above, Lukas is the ultimate general partner of Emerald Lake and
10 controls Emerald Lake.

11 286. From the time of its initial registration as an RIA, Emerald Lake's annual Form
12 ADV accurately reflected Lukas's control. The Form ADV—including one filed on March 31,
13 2021 (only days after Lukas sent the First Cause Notice)—listed Lukas as the managing member
14 of Emerald Lake UGP, and Emerald Lake UGP as the general partner of Emerald Lake. The
15 Form ADV also reflected that O'Brien directly owned between 5% and 10% of Emerald Lake,
16 and that Lukas, a control person, held no direct ownership (instead, Lukas was sole and managing
17 member of Emerald Lake UGP, which owned more than 75% of Emerald Lake).

18 287. On October 21, 2021, Emerald Lake filed a revised Form ADV, the firm's first-
19 ever filing beyond the required annual update. The revised Form ADV reflects that Lukas *now*
20 *holds* between 5% and 10% ownership of Emerald Lake. In other words, *Lukas has pocketed*
21 *for himself* the partnership interest in Emerald Lake that he wrongly caused O'Brien to forfeit.

22 288. The revised Form ADV also lists a new entity—Emerald Lake Trust—as the
23 managing member of Emerald Lake UGP and indirect owner of more than 75% of Emerald Lake
24 (whereas prior versions of the Form ADV accurately listed Lukas as the managing member of
25 Emerald Lake UGP).

26 289. According to the revised Form ADV, Lukas transferred his individual membership
27 interest in (and control of) Emerald Lake UGP to Emerald Lake Trust in June 2021, directly after
28 O'Brien's purported termination. But the revised Form ADV intentionally and conspicuously
omits *any mention of the trustee or beneficiaries* of the Emerald Lake Trust—even though the

1 Form ADV instructions appear to *require disclosure of such indirect owners*.

2 290. Upon information and belief, Lukas controls the Emerald Lake Trust and/or is the
3 beneficiary of the Emerald Lake Trust, but intentionally withheld that information from the
4 revised Form ADV in order to obscure his unfettered ultimate control over Emerald Lake
5 following O'Brien's ouster.

6 291. Now, through this action, O'Brien seeks to hold Defendants accountable for their
7 brazen scheme to deprive her of her valuable interests in Emerald Lake and its funds, and for their
8 lies, deceptions, and unlawful retaliation.

9 **COUNT I**
10 **BREACH OF CONTRACT**
11 **(Against Emerald Lake, Emerald Lake UGP, and Lukas)**

12 292. O'Brien repeats and realleges each and every allegation above as if set forth fully
13 herein.

14 293. The Partnership Agreement and Interest Letter are valid and enforceable contracts
15 between O'Brien and each of Emerald Lake UGP, Emerald Lake, and Lukas individually.

16 294. O'Brien has performed all of the material conditions, covenants, and promises
17 required to be performed by her under the Partnership Agreement and Interest Letter.

18 295. Section 7 of the Interest Letter grants a pre-determined carried interest split to
19 O'Brien relative to Lukas for each of Emerald Lake's pre-committed deal-by-deal funds (the First,
20 Second, Third, Fourth, and Fifth Funds and future pre-committed deal-by-deal funds), as well as
21 for Emerald Lake's first, second, and third blind-pool funds (together, the "**Carried Interest**
22 **Grants**").

23 296. O'Brien's partnership interest and Carried Interest Grants vest over time. Pursuant
24 to Sections 3(a) and 7(d) of the Interest Letter, the partnership interest and Carried Interest Grants
25 are deemed 100% vested if O'Brien is terminated as an active limited partner without cause.
26 Section 5.6(c)(i) of the Partnership Agreement and Section 7(f) of the Interest Letter provide that
27 if O'Brien commits an act that constitutes cause (as defined by Section 10(a)(i) of the Interest
28 Letter), then she forfeits her entitlement to any management company cash profits and all Carried
Interest Grants.

1 297. On May 4, 2021, Lukas, Emerald Lake, and Emerald Lake UGP purported to
2 terminate O'Brien for cause (as defined by Section 10(a)(i) of the Interest Letter), citing alleged
3 material breaches of the Emerald Lake compliance program.

4 298. The justification for terminating O'Brien was pretextual. O'Brien did not
5 materially breach the Emerald Lake compliance program.

6 299. No cause existed to terminate O'Brien. Lukas, Emerald Lake, and Emerald Lake
7 UGP therefore breached the Partnership Agreement and Interest Letter by terminating O'Brien
8 for cause without any such basis and causing the immediate forfeiture of O'Brien's entitlements
9 to management company cash profits and Carried Interest Grants.

10 300. Pursuant to Section 9(d) of the Interest Letter, Emerald Lake, Emerald Lake UGP,
11 and Lukas agreed not to disparage O'Brien, including to not make any written or oral derogatory
12 statement about O'Brien, or any statement or communication about O'Brien that could reasonably
13 be viewed as derogatory.

14 301. Emerald Lake, Emerald Lake UGP, and Lukas disparaged O'Brien, by, among
15 other things, telling current and prospective investors that she was terminated for "compliance-
16 related" reasons; and by telling Emerald Lake personnel that O'Brien was terminated because she
17 wanted to be co-managing partner of the firm, because she was inexperienced, because she wanted
18 more money, and because she was not a cultural fit.

19 302. Section 10(c) of the Interest Letter provided O'Brien with "the right to inspect . .
20 . on a quarterly basis, full and unredacted books of accounts of the Partnership and the calculation
21 and supporting documentation for Management Company Cash Profits."

22 303. Emerald Lake, Emerald Lake UGP, and Lukas breached Section 10(c) by
23 repeatedly refusing to provide sufficient supporting documentation for Emerald Lake cash profits
24 and by refusing to permit O'Brien to inspect full and unredacted books of account of Emerald
25 Lake.

26 304. As a direct and proximate result of the breaches of the Partnership Agreement and
27 Interest Letter by Lukas, Emerald Lake, and Emerald Lake UGP, O'Brien has suffered and will
28 continue to suffer substantial damages, including the loss of her share of management company

1 cash profits and her Carried Interest Grants. O'Brien seeks compensatory damages in an amount
2 to be proven at trial.

3 **COUNT II**
4 **BREACH OF DUTY OF GOOD FAITH AND FAIR DEALING**
5 **(Against Emerald Lake, Emerald Lake UGP, and Lukas)**

6 305. O'Brien repeats and realleges each and every allegation above as if set forth fully
7 herein.

8 306. There is implied in the Partnership Agreement and Interest Letter a covenant of
9 good faith and fair dealing under which Emerald Lake, Emerald Lake UGP, and Lukas are
10 required to refrain from arbitrary and unreasonable conduct that would prevent the other party
11 from receiving the benefit of their bargain.

12 307. Emerald Lake, Emerald Lake UGP, and Lukas breached the implied covenant of
13 good faith and fair dealing by purporting to terminate O'Brien for cause, thereby triggering the
14 punitive forfeiture of O'Brien's entitlement to management company cash profits and Carried
15 Interest Grants. Among other things, Emerald Lake, Emerald Lake UGP, and Lukas engaged in
16 a scheme to terminate O'Brien for cause no matter the justification, and cited pretextual
17 justifications in both the abandoned First Cause Notice and the later Second Cause Notice.

18 308. As a direct and proximate result of the breach of the Partnership Agreement and
19 Interest Letter by Lukas, Emerald Lake, and Emerald Lake UGP, O'Brien has suffered and will
20 continue to suffer substantial damages, including the loss of her Carried Interest Grants. O'Brien
21 seeks compensatory damages in an amount to be proven at trial.

22 **COUNT III**
23 **BREACH OF FIDUCIARY DUTIES**
24 **(Against Emerald Lake UGP and Lukas)**

25 309. O'Brien repeats and realleges each and every allegation above as if set forth fully
26 herein.

27 310. As partners in Emerald Lake, Lukas and Emerald Lake UGP owed O'Brien
28 fiduciary duties, including the duties of care, loyalty, and candor.

1 311. Emerald Lake UGP and Lukas breached their fiduciary duties by acting adversely
2 to O'Brien's interests, engaging in self-dealing, obtaining an improper advantage at O'Brien's
3 expense, and failing to fully disclose all material facts to O'Brien, including by:

- 4 a. Engaging in a scheme to terminate O'Brien for cause no matter the justification,
5 and then citing pretextual justifications in both the abandoned First Cause
6 Notice and the later Second Cause Notice;
- 7 b. Attempting to terminate O'Brien for cause by pretextually claiming O'Brien
8 breached the Partnership Agreement and Interest Letter by accurately referring
9 to herself as an Emerald Lake partner and co-founder;
- 10 c. Unilaterally revising the Emerald Lake compliance program and then
11 terminating O'Brien for cause by pretextually claiming that O'Brien materially
12 breached the Emerald Lake compliance program;
- 13 d. Refusing to candidly disclose to O'Brien the true basis for her termination;
- 14 e. Diminishing O'Brien's role at Emerald Lake and attempting to force her to
15 resign or abandon her partnership interest;
- 16 f. Attempting to circumvent O'Brien's rights under the Interest Letter through the
17 imposition of draconian and one-sided terms in the GP Agreements; and
- 18 g. Defaming and disparaging O'Brien to Emerald Lake personnel, investors, and
19 other third parties;
- 20 other third parties;
- 21 other third parties;
- 22 other third parties;

23 312. In taking these actions, Emerald Lake UGP and Lukas did not act in good faith
24 and did not rely in good faith on the terms of the Partnership Agreement and Interest Letter.

25 313. As a direct and proximate result of Emerald Lake UGP's and Lukas's breaches of
26 their fiduciary duties, O'Brien has suffered and will continue to suffer substantial damages,
27 including the loss of her entitlement to management company cash profits and Carried Interest
28 Grants. O'Brien seeks compensatory damages in an amount to be proven at trial.

314. O'Brien has no adequate remedy at law.

COUNT VII
DEFAMATION

(Against Lukas, Hibberd, and Hammond)

1
2
3 331. O'Brien repeats and realleges each and every allegation above as if set forth fully
4 herein.

5 332. Following O'Brien's departure from Emerald Lake, Lukas, Hibberd, and
6 Hammond intentionally published false statements of fact about her that were unprivileged and
7 had a natural tendency to injure or cause special damages to O'Brien.

8 333. *Inter alia*, Lukas, Hibberd, and Hammond defamed O'Brien by:

- 9
10 a. Denigrating O'Brien's experience and accomplishments to Emerald Lake's
11 current and prospective investors, Emerald Lake personnel, personnel at
12 Emerald Lake's portfolio companies, personnel at UBS, and others;
- 13 b. Falsely communicating to Emerald Lake's personnel that O'Brien was
14 terminated because she wanted to be co-managing partner with Lukas, that she
15 was inexperienced, and that she "wanted too much"; and
- 16 c. Falsely communicating to Emerald Lake's current and prospective investors,
17 UBS, Kirkland, and others that Emerald Lake was "forced to" terminate
18 O'Brien for "compliance-related reasons."

19 334. Lukas, Hibberd, and Hammond made these false, defamatory statements with
20 knowledge that any compliance-related issues were a pretext and that all of the statements were
21 false.

22 335. Indeed, Hammond and Lukas admitted as much during an Emerald Lake team
23 dinner on September 22, 2021. Specifically, Hammond told a group of Emerald Lake employees
24 that O'Brien was terminated because "it just wasn't a cultural fit." Similarly, Lukas responded:
25 "We should stop talking about this. It's really important that if you ever get deposed, the reason
26 why we had to part ways is because our firm's compliance policy wasn't met. Technically, that
27 is what happened."

28 336. Lukas, Hibberd, and Hammond made their defamatory statements without
privilege or justification.

COUNT IX
RETALIATION (LAB. CODE § 1102.5)
(Against Emerald Lake)

1
2
3 344. O'Brien repeats and realleges each and every allegation above as if set forth fully
4 herein.

5 345. At all times relevant to this Complaint, Labor Code § 1102.5(b) was in full force
6 and effect and binding on Emerald Lake.

7 346. Pursuant to Labor Code § 1102.5(b), it is unlawful for an employer to retaliate
8 against any employee who discloses information to a person with authority over the employee, or
9 to another employee who has authority to investigate, discover, or correct the violation or
10 noncompliance, if the employee has reasonable cause to believe that the information discloses a
11 violation of state or federal law, or a violation or noncompliance with a state or federal rule or
12 regulation.

13 347. As described more fully above, O'Brien complained to Lukas on numerous
14 occasions regarding Emerald Lake's accounting practices and policies, including its use of
15 investor funds and use of Emerald Lake funds for non-business activities. O'Brien reasonably
16 believed that Emerald Lake's actions potentially violated SEC rules and regulations governing
17 RIAs, or at the very least required additional independent investigation.

18 348. In retaliation for reporting these accounting practices and policies to Lukas,
19 Emerald Lake terminated O'Brien's employment and caused the forfeiture of her share of
20 management company cash profits and Carried Interest Grants.

21 349. As a direct and proximate result of Emerald Lake's wrongful conduct, O'Brien has
22 suffered damages including, but not limited to, the loss of income, management company cash
23 profits, and the Carried Interest Grants.

1 Dated: November 8, 2021

Respectfully submitted,

2 /s/ Ethan J. Brown

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17 **DEMAND FOR JURY TRIAL**

18 Plaintiff hereby demands a trial by jury.

19 Dated: November 8, 2021

Respectfully submitted,

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