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

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IN RE RENREN, INC. DERIVATIVE LITIGATION	**:**	**Index No. 653564/2018**
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	:	**AMENDED AND SUPPLEMENTAL**
	:	**CONSOLIDATED STOCKHOLDER DERIVATIVE COMPLAINT**
		Hon. Andrew Borrok IAS Part 53
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Plaintiffs Heng Ren Silk Road Investments LLC, Oasis Investments II Master Fund Ltd., and Jodi Arama ("Plaintiffs"), derivatively on behalf of Renren, Inc. ("Renren" or the "Company"), bring this action against (1) Renren's Chairman and Chief Executive Officer Joseph Chen ("Chen") and former director David K. Chao ("Chao," and together with Chen, the "Director Defendants") for breaches of fiduciary duty, (2) certain investment funds controlled by Chao (the "DCM Defendants," defined below) and Duff & Phelps, LLC ("Duff & Phelps"), financial advisor to a special committee of Renren's board of directors, for aiding and abetting breaches of fiduciary duty and dishonest assistance, (3) Oak Pacific Investment ("OPI") for knowing receipt, (4) Social Finance, Inc. ("SoFi") and SoftBank Group Capital Limited ("SoftBank GCL") (collectively, the "Fraudulent Conveyance Recipient Defendants") for avoidance and recovery of a fraudulent conveyances, (5) SoftBank GCL, SoftBank Group Corp. ("SoftBank Group"), and SB Pan Pacific Corp. ("SoftBank PPC") (collectively, the "SoftBank Defendants" or "SoftBank") for aiding and abetting breaches of fiduciary duty and dishonest assistance, and (6) Renren SF Holdings, Inc. ("Renren SF") and Renren Lianhe Holdings ("Renren Lianhe") for reverse veil piercing as the alter egos of OPI.

NATURE OF ACTION

1. This is a derivative action arising out of a sham spin-off transaction through which Renren was stripped of all value by its controlling stockholders: the Director Defendants, Renren COO and director James Jian Liu ("Liu"), the DCM Defendants, and Softbank Group[1] ((together with SoftBank PPC, the Director Defendants, Liu and the DCM Defendants, the "Controlling Stockholders").

[1] Softbank Group Corp. is the parent company of Softbank GCL and SoftBank PPC, which was Renren's largest shareholder by number of shares. SoftBank Group holds 100% of voting rights and 100% of ownership rights in both SoftBank GCL and SoftBank PPC.

2. Chen bought a college student social networking site in 2006. After the Chinese government banned the real Facebook in 2009, Chen rebranded the business "Renren" (meaning "everyone") in an effort to hype the knockoff as the "Facebook of China." Although the business itself was a train wreck, Chen's rebranding effort worked with Western investors. Chen took the Company public in 2011, tapping into the American capital markets by listing American depositary shares ("ADSs") on the New York Stock Exchange ("NYSE") under the ticker symbol "RENN."[2] Renren raised over $777 million in its IPO, placing its market capitalization at nearly $8 billion. Renren's social media business, however, quickly foundered, and Renren's stock tumbled nearly 80% within months of its IPO.

3. As Renren's social media business collapsed, Chen steered Renren in a new direction. With Softbank's and Chao's blessing, Chen used the IPO proceeds to transform Renren into a *de facto* venture capital fund. In 2012, Renren began to invest what would eventually total $240 million in SoFi, which was then a financial technology startup. At that time, Chen already had invested in SoFi and served on SoFi's board. DCM Ventures, a firm controlled by Chao, and Softbank likewise acquired substantial stakes in SoFi and secured seats on SoFi's board. Despite the conflict of interest inherent in using Renren funds to backstop the Director Defendants' personal investments and SoftBank's[3] investment in unrelated companies, SoFi was a runaway success.

4. Chen used Renren's IPO proceeds to make scores of other investments as well. From 2012 through 2014, Renren made over $320 million in long-term investments in various

[2] Each ADS represents fifteen underlying Class A ordinary shares of Renren. For simplicity, this Complaint refers to all holders of Renren's equity securities as "stockholders."

[3] "SoftBank" refers to SoftBank Group Corp. and/or its affiliates, SB Pan Pacific Corporation and/or SoftBank Group Capital Limited, as applicable.

start-up entities and investment funds. In 2015, Renren made over $538 million in additional investments, using IPO proceeds or returns from earlier investments of IPO proceeds. By the end of 2015, Renren's balance sheet reported nearly $811 million of long-term investments in 55 unconsolidated portfolio companies and investment funds, all of which had little to do with building Renren's social networking business into China's Facebook. Because of Renren's consistent negative operating cash flows, none of those investments would have been possible absent the IPO.

5. By late 2014, investors and financial analysts largely assessed Renren as a venture capital play rather than as a viable social media company. Although the "Facebook of China" had turned into a flop derided by media outlets as the Chinese version of the defunct MySpace, Renren's investment portfolio had significant potential upside. But because Renren's stockholders lacked access to information about Renren's investments in private companies and the Company's operating business was posting mounting losses, Renren's ADSs traded at a steep discount to the value of the underlying investments.

6. Renren's depressed trading price presented a significant opportunity for Defendant Chen to take advantage of Renren's minority stockholders. Unlike Renren's public investors, Chen was privy to details about Renren's private company investments through his positions at Renren and on the boards of many of Renren's portfolio companies. In addition to SoFi's board, on which both Director Defendants and SoftBank nominees served, Chen was a director of six of Renren's other most promising portfolio companies.

7. In June 2015, attempting to capitalize on that inside information, Chen tried to take Renren private by making a low-ball offer for all outstanding Renren shares and ADSs. Chen's offer enraged stockholders. Open letters to Renren's board of directors characterized the offer as

"offensive and ludicrous," "appalling," and a "low ball," and accused Chen of attempting to "enrich" himself. CNBC picked up the story in an August 2015 article, which quoted an angry investor e-mail characterizing Chen's offer as "an outrageous injustice" that "reflects the greed and almost immoral disposition of Chen." In the face of such widespread criticism, Chen's June 2015 buy-out offer was thwarted.

8. After the buy-out fell flat, Chen hatched another plan to take Renren's valuable investment portfolio private. Rather than buy out Renren's minority stockholders or purchase Renren's investment portfolio outright, Chen accomplished the same objective—aided and abetted by the DCM Defendants (defined below), Duff & Phelps, and the SoftBank Defendants—through the guise of a purported spin-off transaction that significantly differed from an ordinary spin-off. Chen's new plan ultimately allowed the Controlling Stockholders to strip Renren of its lucrative investment portfolio and its dissenting public stockholders of the ability to stop the transaction. Moreover, Chen's plan enabled the Controlling Stockholders to take OPI private without actually needing to pay for it.

9. To accomplish this transaction, Chen formed OPI as a holding company and wholly-owned subsidiary of Renren. Next, Chen transferred Renren's investment portfolio (including Renren's stake in SoFi) to OPI. With Renren's most lucrative investments siloed in OPI, Chen and the Controlling Stockholders then stripped Renren of those investments by having Renren surrender its entire interest in OPI (the "Separation").

10. Unlike a normal spin-off, the Controlling Stockholders did not distribute OPI's shares to all Renren stockholders. Instead, the Controlling Stockholders presented Renren's minority stockholders with a Hobson's choice. Pursuant to an Offering Circular dated April 30, 2018, as amended May 14, 2018 (the "Offering Circular"), Renren stockholders could either (1)

accept their share of a cash dividend (the "Cash Dividend") formulaically calculated on the basis of a manipulated value attributed to OPI (the "OPI Value") by loyalists that Chen hand-selected for that purpose, or (2) opt out of the Cash Dividend and receive shares in OPI by participating in a private placement of OPI shares (the "Private Placement") (which would continue on as a ***private company*** controlled by the Controlling Stockholders). The Offering Circular expressly stated that the "Private Placement is part of an integrated series of transactions involving the Separation …, the Cash Dividend and the Private Placement which Renren and OPI are conducting contemporaneously," defined as the "Transaction."[4] The Controlling Stockholders had pre-committed to opting out of the dividend and choosing ongoing ownership in OPI by participating in the Private Placement, so they had a powerful incentive (which they acted on) to make the Cash Dividend as low as possible to deprive Renren's hapless minority stockholders of the fruit of their investment.

11. Because OPI would be a private company after the Separation, only a small subset of Renren stockholders that qualified as both "accredited investors" and "qualified purchasers"—*i.e.*, investors who had a net worth of at least $1,000,000 (excluding their primary residences) ***and*** at least $5,000,000 in investments—could choose to participate in the Private Placement and accept OPI shares. For those stockholders that qualified, the Controlling Stockholders made the Transaction so disadvantageous that few (if any) would consider participating in the private offering. To accept the OPI shares, Renren's minority stockholders would be forced to exchange a ***liquid*** investment in Renren NYSE-listed ADSs for an ***illiquid*** investment in a private offshore company in which they would have no say. The Offering Circular made this clear, warning Renren's minority stockholders that they would "have no power to change the composition of the

[4] The term "Transaction" used herein has the meaning ascribed to that term in the Offering Circular.

board of directors" and that Chen and Softbank could unilaterally "revise [OPI's] articles of association" without a stockholder vote. Adding insult to injury, a participating stockholder's economic interest in OPI would "experience immediate and substantial dilution" through the issuance of over 136 million options and 6 million restricted shares to Chen and other insiders, as well as through the issuance of new priority distribution rights and management fees granted to Chen, the DCM Defendants, and SoftBank. So although the Offering Circular advertised a one-for-one share exchange for qualified Renren stockholders, the actual exchange offered was far from an equal exchange in economic terms.

12. For many more Renren stockholders, however, the Offering Circular presented no "choice" at all because they could not qualify as "accredited investors" or "qualified purchasers." For those stockholders, and those that chose not to participate in the disastrous terms of the private offering, the alternative (*i.e.*, the Cash Dividend) was patently unfair. According to the Offering Circular, the Controlling Stockholders artificially pegged the OPI Value at $500 million—the exact figure that Chen (with the backing of the SoftBank Defendants) had proposed years earlier—which, in turn, reduced the amount payable as the Cash Dividend and rendered it grossly inadequate to compensate stockholders for the lost value of their investment.

13. The OPI Value was fundamentally flawed in at least two significant respects. First, the OPI Value undervalued Renren's investment portfolio by several hundred million dollars. In fact, Renren's interest in ***SoFi alone*** was worth at least $560 million. Only a year before, Renren sold part of its SoFi holdings for gross proceeds equating to $16.30 per share. At that price, the rest of Renren's SoFi holdings were worth more than $566 million. Similarly, in SoFi's March 2017 financing round, it raised $500 million at a price of $17.18 per share, implying a $596.6 million value for Renren's SoFi holdings. Notably, the Director Defendants, through an OPI

subsidiary, agreed with SoftBank GCL to use this very price ($17.18) in an agreement they executed in connection with the Transaction to help fund the Cash Dividend.

14. The OPI Value, by contrast, valued Renren's SoFi investment at between $7.75 and $9.45 per share (or between $269 million and $328 million) despite: (1) evidence of a much higher market value based on actual transactions in SoFi stock and financing rounds that SoFi had completed; and (2) the fact that the Controlling Stockholders that would most benefit from the Transaction used those same market values in agreements amongst themselves. The OPI Value similarly ignored or improperly discounted market-based evidence of the value of Renren's other investment holdings. In the aggregate, Renren's long-term investment holdings were worth at least $1 billion—twice the so-called "OPI Value" misleadingly utilized to characterize what Renren had given up.

15. Second, the OPI Value was "intended to reflect the value of OPI's assets and liabilities" after giving effect to the Transaction. In other words, the OPI Value was based on OPI's hypothetical value *after* the Transaction occurred. It allowed the Controlling Stockholders to use financial obligations that they imposed on OPI in connection with the Transaction—***which would not have existed had Renren still held its investment portfolio***—as offsetting liabilities. Moreover, those financial obligations could not possibly (or were extremely unlikely to) benefit the stockholders that were being frozen out in the Transaction. Instead, such accounting tricks allowed the Controlling Stockholders to understate the value stripped from Renren and force its frozen-out stockholders to bear those costs for the benefit of the Controlling Stockholders. For example, one such offsetting liability was a sham note that the Controlling Stockholders stood on both sides of and would benefit from if it were ever repaid.

16. As disastrous as the Transaction was for Renren's minority stockholders, it was even more disastrous for Renren itself. If his failed buy-out bid had gone through, Chen and his cohorts would have needed to come up with sufficient funds to purchase the shares held by Renren's minority stockholders. But by structuring the transaction as a spin-off, Chen and the Controlling Stockholders never had to pay a dime. Instead, the transaction was structured so that Renren itself, primarily using cash on hand, paid the Cash Dividend. The Controlling Stockholders, meanwhile, secured control over OPI—and Renren's billion-dollar investment portfolio—by merely waiving their right to receive a proportionate share of the Cash Dividend and committing to participate in the Private Placement.

17. Moreover, Renren received little consideration in exchange for its billion-dollar investment portfolio. In fact, the only consideration given to Renren in connection with the Separation was: (1) $25 million in cash provided by OPI, which was ear-marked to fund part of the Cash Dividend (and which OPI had obtained in a loan from SoftBank GCL for that exact purpose); and (2) a double-subordinated $90 million note from OPI (the "Renren Note") worth a small fraction of its face value. Gutted of its investment portfolio and its cash reserves, Renren was left undercapitalized with nothing more than a money-losing social media business and a string of financially distressed used car dealerships.

18. The Controlling Stockholders' outrageous scheme to take Renren's stake in SoFi and its other investments for themselves garnered press attention. For example, an October 2017 *Forbes* article titled "Joe Chen's Sneaky SoFi Share Snatch," noted:

- "Chen is cooking up a deal" that would allow Chen, SoftBank, and DCM to "increase their SoFi" holdings, while "[m]ost of the shareholders owning the remaining 20% of Renren would lose their exposure to SoFi given that they appear to largely be individual retail investors," leaving those investors stuck "with a yet-to-be determined dividend, and a holding in a declining, money-losing Chinese internet company;"

- "'I've seen numerous spin-offs through the years, but ***never one like this one***,' says Robert Willens, an expert on spinoffs and their tax consequences, who advises large investors. '***Its unusual terms and the potential for valuation mismatches bothers me***;'"

- "***Spinoff expert Willens is skeptical***" of the pretextual reason given for the transaction, and "[w]orse yet, there are ***major valuation and tax risks*** for ordinary investors;" and

- "Despite presiding over a stock market debacle, Chen doesn't seem to feel the need to explain himself. He has long stopped holding conference calls for Renren's shareholders. Renren did not respond to several calls and emails. DCM and Softbank declined to comment."

(Emphasis added.)

19. Thereafter, just two days before the integrated series of transactions involving the Separation, Private Placement, and Cash Dividend were completed, the Controlling Stockholders' brazen self-dealing again drew media scrutiny, this time in a June 19, 2018 *Forbes* article, titled "SoftBank Finally Finds a Bargain." The *Forbes* article observed:

- "[O]n Friday, [SoftBank] participated in what may be ***the most opportunistic acquisition of valuable startup stakes in recent memory***;"

- "In a related party deal, ***SoftBank and a group of other investors plucked sizable stakes*** in nearly 50 startups out of…Renren," including SoFi and other notable investments;

- "With its IPO proceeds," Renren "began seeding promising startups such as SoFi….Some of those investments, most notably the $240 million it plowed into SoFi proved to be savvy;"

- "Renren's ***CEO Chen and backers SoftBank and DCM*** worked hard to either take Renren private or carve out its valuable VC stakes. ***Ultimately, Renren's board decided to pursue the carveout, a nonstandard transaction*** that *Forbes* examined closely in October. Now the deal's set to be completed."

- "After raising north of $800 million from public investors in its 2011 IPO, Renren will have returned a small fraction of those proceeds to the public. But provided IPO proceeds were invested wisely in the likes of SoFi, LendingHome, Domeyard and Fundrise, ***backers like SoftBank that have wrested the deals from Renren*** may find the exercise to be worthwhile.

(Emphasis added.)

20. Unlike his previous bid to take Renren's investments private, however, this time Chen was undeterred by negative press scrutiny. The interrelated, integrated series of transactions closed on June 21, 2018.

21. The Director Defendants utterly failed to act *bona fide* in Renren's best interests in connection with the Transaction, as their fiduciary duties required. Instead, after using Renren's IPO proceeds to build a portfolio of valuable investments, the Director Defendants used their control over Renren to enrich themselves and the rest of the Controlling Stockholders at Renren's (and ultimately its minority stockholders') expense. Renren ignored demands from stockholders to address the Director Defendants' misconduct and the grossly inadequate Cash Dividend, and consequently, Plaintiffs brought this derivative action in their capacity as Renren stockholders to remedy the harm the Controlling Stockholders and their conspirators have caused to Renren.

22. Moreover, since Plaintiffs filed this derivative action, Chen and the Controlling Stockholders—in particular, the SoftBank Defendants—have engaged in further misconduct designed to frustrate this action and Renren's ability to recover the valuable assets that were stripped away in the Transaction. Beginning in March 2019, as Plaintiffs recently learned, the OPI subsidiaries that held the SoFi shares following the Separation effectively transferred more than 17 million shares to SoFi and SoftBank GCL through call options that provided little to no consideration to OPI or its subsidiaries. The exercise price for the call options was just $8.80 per share, which was significantly lower than the actual value of the SoFi shares at the time the call options were granted. Moreover, both transferees are closely affiliated with Renren and OPI: Chen serves on SoFi's board of directors, and Softbank is a longstanding investor in Renren, OPI, and SoFi. Softbank's agents also serve or have served as directors on Renren's, OPI's, and SoFi's boards. Thus, SoFi and Softbank had knowledge that this action was pending at the time of the

transfers and that Plaintiffs, on nominal defendant Renren's behalf, sought to avoid the transfer of those very shares to OPI and its subsidiaries. These shares represented the most likely and valuable source of recovery for Renren, especially now that SoFi is set to become a public company through a merger with a Special Purpose Acquisition Company (SPAC). Accordingly, Plaintiffs seek to recover those fraudulent conveyances and to enjoin OPI, its subsidiaries, and the Softbank Defendants from further stripping from OPI assets that rightfully belong to Renren and are at the heart of this case.

PARTIES

23. Plaintiff Heng Ren Silk Road Investments LLC ("Heng Ren") is a limited liability company that maintains its principal office in Boston, Massachusetts. Heng Ren's members are citizens of California, Oklahoma, Massachusetts, New York, and Texas. Heng Ren is a registered holder of shares in Renren and held such shares or a beneficial interest in such shares through Renren's ADSs at the time of the transaction complained of herein.

24. Plaintiff Oasis Investments II Master Fund Ltd. ("Oasis") is an exempted company incorporated under the laws of the Cayman Islands. Oasis carries out its investment management activities through two primary investment advisors, one based in Hong Kong and one based in Austin, Texas. Oasis is a registered holder of shares in Renren and held such shares or a beneficial interest in such shares through Renren's ADSs at the time of the transaction complained of herein.

25. Plaintiff Jodi Arama is a registered holder of shares in Renren and held such shares or a beneficial interest in such shares through Renren's ADSs at the time of the transaction complained of herein.

26. Nominal Defendant Renren, Inc. is an exempted company incorporated under the laws of the Cayman Islands. Renren's registered address in the Cayman Islands is PO Box 309,

Ugland House, Grand Cayman KY1-1104, and its executive offices are located in Beijing, People's Republic of China. Renren ADSs, each of which represents 15 Class A ordinary shares of Renren, currently trade on the NYSE. Following the completion of the Transaction, Renren continued to operate floundering social networking, used automobile, trucking software, and Software-as-a-Service (SaaS) businesses. On or around November 13, 2018, Renren agreed to sell all tangible and intangible assets of its social networking business to Beijing Infinities Interactive Media Co. Ltd. ("Infinities")—a company in which Oak Pacific Holdings, controlled by Defendant Chen, holds a minority stake—for $20 million in cash and a purported $40 million equity stake in Infinities' parent company. At the time of the sale, media outlets noted that the social media platform had fallen "out of fashion" and become a digital "ghost town." Renren is named as a defendant only nominally and is not included in references herein to the "Defendants."

27. Defendant Joseph Chen is the founder, chairman, and CEO of Renren. Chen owns 32.1% of Renren's stock and controls 48.9% of its voting power.[5] Prior to and following the Transaction, Chen was and continues to be the Chief Executive Officer and a director of OPI and an officer and director of OPI's wholly-owned subsidiary, Defendant Renren Lianhe. Chen has a bachelor's degree in physics from the University of Delaware, a master's degree in engineering from the Massachusetts Institute of Technology, and an M.B.A. from Stanford University. Chen is a United States citizen.

28. Defendant David Chao was a director of the Company from March 2006 until July 26, 2018. Chao is a co-founder and general partner of DCM Ventures, an early-stage technology

[5] Renren has two classes of stock: (1) Class A ordinary shares, which carry one vote per share; and (2) Class B ordinary shares, which carry ten votes per share. Thus, the percent of ***Renren's vote*** that a stockholder controls can exceed the percent of ***Renren's shares*** that the same stockholder owns.

venture capital firm and an affiliate of the DCM Defendants (defined, *infra*). Chao and the DCM Defendants together beneficially own or control 8.8% of Renren's outstanding shares and 2.4% of its voting power. Chao has a bachelor's degree in economics and anthropology from Brown University and an M.B.A. from Stanford University. Defendant Chao maintains a residence at72 Ralston Road, Atherton, California.

29. Defendants DCM III, L.P.; DCM III-A, L.P.; and DCM Affiliates Fund III, L.P. (collectively, the "DCM Funds") are Delaware limited partnerships and stockholders of the Company. Collectively, the DCM Funds hold 8.5% of the Company's shares and control 2.3% of its voting power. The principal office of the DCM Funds is located at 2420 Sandhill Road, Suite 200, Menlo Park, California.

30. Defendant DCM Investment Management III, LLC ("DCM Management") (together with the DCM Funds, the "DCM Defendants") is the general partner of each of the DCM Funds. Defendant Chao is a managing member of DCM Management. Defendant Chao, thus, controls the DCM Defendants. DCM Ventures, the umbrella organization for the DCM Defendants that is also controlled by Chao, had a stake in SoFi at the time of the Transaction. DCM Management is headquartered at 2420 Sandhill Road, Suite 200, Menlo Park, California.

31. Defendant Oak Pacific Investment ("OPI") is an exempted company incorporated under the laws of the Cayman Islands. OPI's registered office in the Cayman Islands is Maples Corporate Services Ltd., PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. Upon information and belief, OPI's executive offices are located in Beijing, People's Republic of China.

32. Defendant Duff & Phelps, LLC ("Duff & Phelps") is a Delaware limited liability company that is headquartered in New York at 55 East 52nd Street, New York, New York. Duff

& Phelps acted as financial advisor to a special committee of the Company's directors (the "Special Committee") that was formed to evaluate an initial proposal the Controlling Stockholders made to take OPI private, and subsequently, the Transaction. Among other things, Duff & Phelps presented valuation analysis of OPI to the Special Committee that drastically and intentionally underestimated OPI's true value. Utilizing Duff & Phelps' flimsy valuation analysis, the Special Committee—following scant deliberation—rubber-stamped the Transaction, allowing the Controlling Stockholders to gain control of Renren's valuable assets in exchange for a payment of patently inadequate consideration to Renren and its minority stockholders.

33. Defendant Social Finance, Inc. ("SoFi") is a Delaware corporation with its principal place of business in California. SoFi received an actual fraudulent conveyance of its own securities from OPI during the pendency of this litigation.

34. Defendant SoftBank Group Capital Limited ("SoftBank GCL") is a limited liability company incorporated under the laws of England and Wales with its principal place of business in London and is a wholly-owned subsidiary of SoftBank Group. SoftBank GCL received an actual fraudulent conveyance of SoFi securities from OPI during the pendency of this litigation. SoftBank GCL also directly facilitated the integrated series of transactions involving the Cash Dividend, Separation, and Private Placement by loaning money to fund a portion of the Cash Dividend, and, along with SoftBank Group and Softbank PPC, agreeing for SoftBank affiliates to waive the Cash Dividend and participate in the Private Placement instead.

35. Defendant SoftBank Group Corp. ("SoftBank Group") is a Japanese corporation with its principal place of business in Japan. SoftBank Group holds 100% ownership and 100% of the voting rights in both SoftBank GCL and SoftBank PPC. SoftBank Group held certain consent rights related to Renren's entry into the integrated series of transactions involving the

Separation, Private Placement, and Cash Dividend. Affiliates of SoftBank Group, including SoftBank GCL, in the aggregate are SoFi's largest shareholder.

36. Defendant SB Pan Pacific Corporation ("SoftBank PPC") is a corporation organized under the laws of the Federated States of Micronesia. SoftBank PPC was an early Renren backer, Renren's largest shareholder by number of shares, and participant in the Private Placement. SoftBank PPC has been Renren's largest stockholder since April of 2008, when it made an approximately $100 million investment in Renren.

37. Defendant Renren Lianhe Holdings ("Renren Lianhe") is a Cayman entity and a direct wholly-owned subsidiary of OPI. Renren Lianhe was a holding entity used to move Renren's investments to OPI in connection with the Separation. Renren Lianhe is managed by Chen and James Jian Liu, who was Renren's chief operating officer and a director at all relevant times.

38. Defendant Renren SF Holdings Inc. ("Renren SF") is a Cayman entity and a direct wholly-owned subsidiary of Renren Lianhe Holdings, which is a direct wholly-owned subsidiary of OPI. As discussed further below, Renren SF was created to serve as the holding vehicle for the SoFi interest due to New York regulations pertaining to SoFi, and the "SF" in Renren SF's name presumably stands for SoFi or Social Finance.

RELEVANT NON-PARTIES

39. Non-party James Jian Liu ("Liu") is Renren's chief operating officer and a member of the Company's board of directors. Liu resides in the People's Republic of China.

40. Non-party Stephen Tappin ("Tappin") was appointed as a director of the Company in December 2016 and resigned from the board on June 16, 2020. Tappin is a CEO coach and the host of CEO Guru on BBC World News. He is also the co-founder, chairman, and CEO of Xinfu,

a CEO consultancy business. Tappin was one of the three members of the Special Committee that approved the Separation. Tappin resides in the United Kingdom.

41. Non-party Hui Huang ("Huang") has been a director of the Company since January 2015. From March 2010 to December 2014, Huang was the Company's CFO. Huang was one of the three members of the Special Committee that approved the Separation. Huang resides in the People's Republic of China.

42. Non-party Tianruo "Robert" Pu ("Pu") has been a director of the Company since December 2016. Pu is the CFO of Zhaopin Limited and a director of Wowo Limited and 3SBio Inc. Pu was one of three members of the Special Committee that approved the Separation. Pu resides in the People's Republic of China. Tappin, Huang, and Pu are collectively referred to herein as the ("Special Committee.")

JURISDICTION AND VENUE

43. This Court has subject-matter jurisdiction over this action because Plaintiffs seek relief exceeding $500 million, which is in excess of this Court's jurisdictional minimum.

44. This Court has personal jurisdiction over Duff & Phelps pursuant to CPLR § 301, and over the other Defendants pursuant to CPLR § 302.

45. Defendant Duff & Phelps is headquartered in New York and is thus subject to the general personal jurisdiction of this Court.

46. Renren, the Director Defendants, the DCM Defendants, and OPI directly or indirectly transacted business in New York, which gave rise to Plaintiff's causes of action. Defendants Chen and Chao, by virtue of serving as a director and/or officer of a corporation whose ADSs trade on the NYSE, have sufficient minimum contacts with New York that requiring them

to defend against a lawsuit relating to their breaches of fiduciary duty to that corporation comports with traditional notions of fair play and substantial justice.

47. Further, the Separation engineered by the Director Defendants has a substantial nexus to New York and, in fact, was only able to be consummated upon approval by the New York Department of Financial Services, giving this Court jurisdiction over Renren and OPI. Moreover, as primary actors that knew about, consented to, exercised control over, and benefitted from Renren's and OPI's repeated transactions in New York, as discussed below, the Director Defendants are subject to this Court's jurisdiction.

48. The Transaction has a multifaceted nexus with New York. First, the Separation Agreement between Renren and OPI is governed by New York law.[6] That substantial issues of New York law were involved in negotiating and effecting the Separation is made clear by the fact that the Special Committee retained United States counsel—O'Melveny & Myers, which has offices at 7 Times Square in New York—to assist it in evaluating the transactions. Further, Renren received an opinion from Skadden Arps—which has offices at One Manhattan West in New York and has represented Renren in various transactions on issues related to U.S. securities laws and New York law—that the transfer of OPI shares pursuant to the Private Placement would qualify as a tax-free distribution under Section 355 of the Internal Revenue Code.

[6] *See* Separation and Distribution Agreement By and Between Renren Inc. and Oak Pacific Investment, dated as of April 27, 2018 (the "Separation Agreement") at Section 10.4, Governing Law ("This Agreement, and unless provided therein, each Ancillary Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of New York, irrespective of the choice of law principles of the State of New York"). *See also* Services Agreement between Renren Inc. and Oak Pacific Investment, dated as of April 27, 2018, at Section 5.11, Governing Law ("This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York . . . ."). The Separation Agreement and Services Agreement are appended to the Offering Circular, which was attached as Exhibit 99.4 to Renren's Form 6-K filed with the SEC on May 14, 2018.

49. Second, the Offering Circular pursuant to which the "choice" between the OPI shares and the Cash Dividend was offered to Renren stockholders required that Renren stockholders (including Liu and Defendants Chen, Chao, the DCM Defendants, and the Softbank Defendants) send their election notices to New York. As set forth in the Separation Agreement, the election forms appended to the Offering Circular were to be sent to New York—a shareholder or ADS holder that wanted to participate in the Private Placement was required to send one form accepting the offer of OPI shares and electing to receive those shares to "Oak Pacific Investment, c/o Skadden, Arps, Slate, Meagher & Flom LLP, 4 Times Square, New York, New York 10036," and a second form to "waive" the Cash Dividend to "Renren Inc.," care of Skadden Arps at the same New York address. Those "choosing" the Cash Dividend were also required to pay a Depositary fee of "US$0.05 per ADS held as of the Record Date" by wire transfer to a Citibank account in New York.

50. Third, the Separation could not proceed without the approval of New York state governmental authorities. As discussed herein, Renren's stake in SoFi is one of the principal assets at issue in this action. Because SoFi holds a New York mortgage banker license, the New York Department of Financial Services was required to approve any change in control transaction concerning SoFi. Renren's substantial equity stake in SoFi (14.97%) meant that Renren and OPI were required to—and did—seek approval from the New York Department of Financial Services under New York Banking Law §594-b prior to effectuating the Separation.

51. The Offering Circular makes clear that the approval of the New York Department of Financial Services was the *sine qua non* of the Separation. In fact, in the fall of 2017, the Director Defendants were forced to delay the Transaction solely because this critical action had not yet occurred. Given the critical importance of obtaining approval from a New York regulator,

Renren and OPI made obtaining regulatory approval "from the relevant New York State Governmental Authorities for the transfer of SoFi Shares" a ***condition precedent*** of the Separation Agreement. In March 2018, Renren and OPI obtained approval from the New York Department of Financial Services to proceed with the Separation. Only after this approval was obtained from a New York regulator was the Separation able to proceed.

52. Fourth, the distribution of the Cash Dividend is governed by, among other things, a Deposit Agreement between Renren, Citibank N.A. as Depositary Agent ("Citibank"), and Renren's ADS holders (the "Deposit Agreement"). Under the Deposit Agreement—which is governed by New York law and includes a New York forum-selection clause—Renren provided advance notice of the Cash Dividend and record date to Citibank at its New York office. Citibank's New York office then notified the NYSE of the dividend and record date on Renren's behalf by sending a Depositary Notice to the NYSE (as required by Rule 10b-17 under the Exchange Act and Section 204 of the NYSE's Listed Company Manual) at its New York address.

53. Section 2.7 of the Deposit Agreement further provides that "any cash dividends or cash distributions" are to be delivered at "the Principal Office of the Depositary"—here, Citibank's offices located at 388 Greenwich Street, New York, New York. Thus, any payments made to Renren stockholders who elected the Cash Dividend option would have been funneled through Citibank in New York.[7]

[7] The Deposit Agreement includes other substantial connections between Renren and New York. Under the Deposit Agreement, Renren identified "Law Debenture Corporate Services, located at 400 Madison Avenue, New York, New York" as its agent for service of process. Under the Deposit Agreement, Renren identified "Law Debenture Corporate Services, located at 400 Madison Avenue, New York, New York" as its agent for service of process. Finally, section 2.2(c) of the Deposit Agreement provides that title to the Company's securities is a matter of the securities transfer laws of the State of New York. Thus, there is a substantial nexus between the state of New York and the Company's ADSs.

54. Finally, as alleged herein, the Separation is the culmination of a multi-year scheme through which the Director Defendants and other Controlling Shareholders used funds obtained through public U.S. capital markets—specifically, Renren's IPO on the NYSE—to turn Renren into a *de facto* venture capital fund. Under the terms of the underwriting agreement that Renren executed in connection with its IPO ("Underwriting Agreement")—which also was governed by New York law and included a New York forum-selection clause—the proceeds from the IPO were paid to Renren in "funds immediately available in New York City" by underwriters based in New York, among others.[8] Notably, Renren promised its underwriters that it would not use any of the proceeds in a way that would bring the Company within the purview of the Investment Company Act, which, as a general matter, regulates companies "that engage primarily in investing, reinvesting, and trading in securities, and whose own securities are offered to the investing public." Nevertheless, under the Director Defendants' direction, the majority of the IPO proceeds were used to obtain minority interests in various venture capital type investments that the Director Defendants usurped for their personal benefit and at the expense of Renren's minority stockholders.

55. For many of the same reasons, the SoftBank Defendants are subject to specific personal jurisdiction under CPLR 302(a)(1). SoftBank PPC participated in the Private Placement, which required sending an "Amended and Restated Offer Acceptance Form" to Skadden's New York office. The offer acceptance form itself made clear that OPI was offering shares in the Private Placement "as part of an integrated series of transactions to be conducted contemporaneously with the Private Placement." The Private Placement also required SoftBank to submit an executed

[8] Chen also executed the Underwriting Agreement in his personal capacity and personally sold over 13 million shares in the IPO, making tens of millions of dollars.

"Amended and Restated Cash Dividend Waiver Election Form" to Skadden's New York office. Thus, the only way that SoftBank Group, through its wholly owned subsidiary SoftBank PPC, could participate in the Private Placement is if SoftBank PPC took volitional action to return the required forms to a New York law office, and agreed to waive the Cash Dividend that was to be paid out of New York financial institutions and bank accounts. Waiver of the Cash Dividend by delivering the appropriate notice to Skadden's New York office was the only accepted consideration for participation in the Private Placement. Thus, the SoftBank Defendants never could have obtained the myriad of benefits they obtained through the Private Placement and interrelated transactions had they not volitionally delivered waiver notice and acceptance forms in New York.

56. In connection with the Private Placement, SoftBank GCL agreed to the terms of a proposed OPI Shareholders Agreement to govern OPI once the New York-centered integrated series of transactions involving the Separation, Private Placement, and Cash Dividend was completed. In addition, SoftBank GCL provided $60 million to OPI and/or its wholly owned alter ego subsidiaries, including Renren Lianhe, to help fund the Cash Dividend to be paid out of New York bank accounts at New York financial institutions.

57. SoftBank GCL knew and intended that $25 million of loan proceeds it provided were to be used by Renren to fund the Cash Dividend through DTC and CitiBank in New York, as contemplated in the Separation Agreement. Section 2 of the Secured Promissiory Note given by Renren Lianhe to SoftBank GCL, titled "use of proceeds," required that the loan proceeds would be used (in part) "to pay consideration payable to Renren pursuant to the Separation and Distribution Agreement."

58. Moreover, the Offering Circular, known to SoftBank GCL, specifically defined the "SoftBank Loan" as "[t]he loan from SoftBank to Renren Lianhe in connection with the Transaction," while defining "Transaction" as "[t][he Separation, the Private Placement and the Cash Dividend, and any ancillary actions, taken as a whole." The Offering Circular further provided that:

- $25 million of the proceeds of the SoftBank Loan were "to be paid by OPI to Renren in connection with the Separation to help fund the Cash Dividend,"
- "Renren will fund the Cash Dividend primarily from cash on hand, as well as from US$25 million in cash which OPI will transfer to Renren upoin its receipt of the SoftBank Loan,"
- OPI transferring $25 million of SoftBank Loan proceeds to Renren was "in order to ensure that Renren has sufficient funds to pay the Cash Dividend,"
- "the Committed Shareholders (including SoftBank, whose consent is required to effect the Transaction) have approved or implemented a number of arrangements with respect to the governance and management of OPI that will take effect on the Share Distribution Date," including "SoftBank loaning US$60 million to OPI pursuant to the SoftBank Loan, with OPI in turn paying US$25 million to Renren in conjunction with the asset transfer. The cash to be paid by OPI to Renren will fund part of the Cash Dividend."

Thus, SoftBank GCL made the SoftBank Loan "in connection with" the integrated series of transactions involving the Separation, Private Placement, and Cash Dividend while knowing and intending that a $25 million portion of the loan proceeds would be used to fund a Cash Dividend through New York financial institutions and New York bank accounts. In exchange for doing so, SoftBank GCL received favorable and unusual loan terms that gave it security over SoFi shares and contractual rights to partake in any appreciation of SoFi shares, as alleged herein.

59. SoftBank PPC and SoftBank GCL were jurisdictional agents of SoftBank Group with respect to those transactions of business in New York. SoftBank Group exercised some control over both SoftBank PPC and SoftBank GCL with respect to the Private Placement and Cash Dividend (and related transactions), as SoftBank Group exercises complete ownership and

control over both SoftBank PPC and SoftBank GCL and controlled those entities with respect to those transactions. Moreover, SoftBank Group benefitted and consented to the Private Placement, Cash Dividend, and related integrated transactions. SoftBank Group gave its consent to those transactions as a Renren shareholder, as required under Renren's articles of association and by the Sepaation Agreement itself, and as the controller of both SoftBank PPC and SoftBank GC. And SoftBank Group benefitted by obtaining special distribution rights to receive SoFi stock from OPI for itself or its wholly owned subsidiaries, through favorable loan terms for its wholly owned subsiary (SoftBank GCL), by increasing its relative indirect ownership percentage in SoFi and the other investment assets, and by significantly improving its oversight and managerial control over OPI (relative to what SoftBank Group had enjoyed as a Renren shareholder).

60. Finally, OPI itself was a jurisidictional agent of the SoftBank Defendants. OPI's Private Placement was centered on New York, as it was targeted at holders of Renren's ADSs traded on the NYSE, required acceptance through delivery of acceptance forms and delivery waiver forms to New York law offices, required ADS holders to pay fees to New York financial institutions regardless of whether or not those ADS holders accepted the offer of OPI shares, and required waiver of a Cash Dividend to be paid out by New York financial institutions out of New York bank accounts as the only acceptable form of consideration. Moreover, OPI agreed to those requirements through the Separation Agreement, which was conditioned on New York regulatory approval and governed by New York law.

61. The SoftBank Defendants exercised some control over OPI's transaction of business in New York in the Private Placement and the interrelated, integrated series of transactions also involving the Separation and Cash Dividend. Before those transactions were implemented, the SoftBank Defendants agreed to amended articles of association and a

shareholders agreement to govern OPI's affairs, organizational documents that gave the SoftBank Defendants pervasive control over OPI. Moreover, the SoftBank Defendants reviewed and approved the substance of the Offering Circular, and the Offering Circular contained an express disclaimer that SoftBank was not making any recommendations regarding offerees' waiver of the Cash Dividend or acquisition of OPI's shares. The SoftBank Defendants consented to and benefitted from the integrated series of transactions involving the Private Placement, Separation, and Cash Dividend as alleged herein.

62. The Fraudulent Conveyance Recipient Defendants are subject to specific personal jurisdiction pursuant to CPLR 302(a)(3). As alleged herein, SoFi and SoftBank GCL were the initial and subsequent transferees of fraudulent conveyances made by OPI with the actual intent to hinder, delay, or defraud contingent judgment creditor Renren. SoFi and SoftBank GCL engaged in tortious activity outside of New York through their receipt of actual fraudulent conveyances from OPI, and the fraudulent conveyances caused injury within New York by frustrating Renren's ability to collect a judgment in this New York proceeding against OPI. Moreover, the Call Option and Right of First Refusal Agreement—under which the call option rights were fraudulently conveyed—expressly provides that those rights are governed by New York law.

63. Moreover, both SoFi and SoftBank GCL were positioned such that they expected, or it was reasonably foreseeable to them, that accepting a fraudulent conveyance from OPI could have consequences in this New York proceeding by frustrating Renren's ability to collect a judgment. Among other things, because Chen, Chao, and the DCM Defendants all variously held positions of control or substantial interests within SoFi, SoFi expected or reasonably should have expected that receiving any fraudulent conveyances would render Renren unable to recover any judgment from OPI. Similarly, SoftBank GCL, whose affiliates are long-standing, substantial

investors in and/or board members of Renren, OPI, and SoFi, expected or reasonably should have expected that receiving the fraudulent conveyances would render Plaintiffs unable to recover any judgment from OPI in this action. Additionally, SoFi, as a large personal finance company, and SoftBank GCL, as a foreign holding company, derive substantial revenue from interstate or international commerce. Indeed, much of the conduct at issue in this dispute involves such commerce, including SoftBank's early investments in Renren and SoFi and participation in the Transaction.

64. Defendants Renren Lianhe and Renren SF are subject to this Court's jurisdiction as instrumentalities utilized by Renren and OPI in the Transaction, a transaction of business in New York, and as OPI's alter egos.

65. Renren Lianhe is a direct wholly-owned subsidiary of OPI, and Renren SF is a direct wholly-owned subsidiary of Renren Lianhe. Renren Lianhe's and Renren SF's sole purpose is to hold for OPI the assets and investments that were transferred out of Renren in the Transaction, meaning that all three entities are intertwined and financially dependent on one another. In fact, according to the shareholder agreements attached to the Offering Circular, OPI and Renren Lianhe share the same "Business." The OPI shareholders agreement states that its "Business" is to "operat[e] the ZenZone Business" and "the holding of securities in SoFi, Renren Lianhe and Portfolio Companies as identified in Schedule 2." And Renren Lianhe's sole "Business" according to its shareholders agreement is to "operat[e] the ZenZone Business" and "the holding of securities in SoFi and the Portfolio Companies identified in Schedule 2." Similarly, Renren SF's sole purpose is to hold the SoFi securities that were transferred to OPI through the Separation.

66. Underscoring the fact that Renren Lianhe and Renren SF are merely OPI instrumentalities, the Separation Agreement defined "OPI Assets" to include not just OPI's

ownership interests in its subsidiaries, but also "all capital stock or other ownership interest" in the "Portfolio Investments as listed on Schedule 2," including SoFi and the other investments technically held by Renren Lianhe and/or Renren SF. In fact, the Offering Circular made clear that OPI ultimately controlled all such investments held by Renren Lianhe and Renren SF, noting for example that "OPI will distribute any remaining SoFi shares or the cash proceeds from the sale thereof" and that "OPI intends to manage its holdings of SoFi shares with a view to monetizing them as soon as possible." And OPI's shareholders agreement itself required that OPI "complete the SoFi Exit, including the monetization of the SoFi Shares, as soon as possible," notwithstanding the fact Renren SF technically owned such shares.

67. Further demonstrating their financial entanglement, OPI used Renren Lianhe and Renren SF to finance the Transaction. Prior to the Transaction, Renren Lianhe obtained a commitment from Softbank GCL for a $60 million loan, $25 million of which, as discussed above was earmarked to be used by OPI to pay the Cash Dividend. The remainder of the funds, according to the Offering Circular, would be used for "working capital purposes or for a loan or loans *approved by the board of directors of OPI*." Similarly, OPI caused Renren SF to pledge SoFi shares as security for the Renren Note issued by OPI as debtor. The Transaction was structured and designed to benefit the Director Defendants, and not to serve any separate interests of Renren Lianhe or Renren SF.

68. OPI, Renren Lianhe, and Renren SF also share the same management, directors, and executive offices. The articles of association and shareholders agreement for OPI and Renren Lianhe both identify Chen and Liu as "Management." Moreover, the shareholder agreement for OPI and Renren Lianhe provide Chen and Softbank with the right to appoint directors to both company's boards, with Chen serving as his director appointee. (Liu also had a right to select a

director of OPI for as long as he remained an OPI officer.) And the Annexes to the Offering Circular identified the same address in Beijing for all three entities, and upon information and belief, Renren Lianhe and Renren SF do not maintain their own email servers; instead, these entities use OPI email addresses. As a result, Renren Lianhe and Renren SF are OPI's alter egos for jurisdictional purposes.

69. Renren SF is also subject to this Court's jurisdiction by virtue of its contacts with New York through the Separation. Among other things, in connection with the Separation Agreement, Renren transferred its SoFi holdings to Renren SF, as OPI's wholly-owned subsidiary, pursuant to a stock transfer agreement between Renren, Renren SF, and SoFi. Thus, as noted above, the transfer of SoFi stock from Renren to Renren SF required, and eventually received, the approval of the New York Department of Financial Services, which was a condition precedent to the Separation Agreement's effectiveness.

70. Finally, Renren SF's recent fraudulent conveyances are also contacts with the state subjecting it to personal jurisdiction in New York. Renren SF made fraudulent conveyances of SoFi stock with the actual intent to hinder, delay, or defraud contingent judgment creditor Renren in collecting a potential judgment in this New York proceeding. Renren SF engaged in tortious activity outside of New York through its fraudulent conveyances of SoFi stock. The fraudulent conveyances caused injury within New York by frustrating Renren's ability to collect a judgment in this New York proceeding against OPI, Renren SF's parent company and the entity for which Renren SF held the SoFi stock. Renren SF was positioned such that it expected—or it was reasonably foreseeable to it—that its fraudulent conveyances could have consequences in this New York proceeding by frustrating Renren's ability to collect a judgment.

71. Venue is proper in this Court under CPLR 503 and 509 because one of the parties, Defendant Duff & Phelps, resided in New York County when this action was commenced and because a substantial part of the events or omissions giving rise to Plaintiffs' claims occurred in New York County.

FACTUAL BACKGROUND

A. Renren's Beginnings as the "Facebook of China" and Successful IPO

72. In 2006, Defendant Chen formed Oak Pacific Interactive, a Cayman Islands company, to acquire a Chinese social media business used almost exclusively by students called Xiaonei.com.[9] Oak Pacific Interactive was later renamed Renren. Since the Company's founding, Chen has served as its chairman, CEO, and largest stockholder by vote. Defendant Chao, together with his venture capital firm DCM Ventures, was an early investor in Renren, and Chao served as director from March 2006 until shortly after the Transaction. In April 2008, SoftBank Group (through its SoftBank PPC subsidiary) invested $100 million in Renren; it has held the largest number of Renren shares ever since.

73. Renren's social media platform enabled users to connect and communicate with each other, share content, play online video games, listen to music, and enjoy similar social media services. From the beginning, Renren was a copycat of American social media companies like Facebook and MySpace.

74. In 2009, the Chinese government blocked Facebook (which had recently launched a Chinese-language version of its website and registered www.facebook.cn) from operating on the Chinese internet. Chen capitalized on Facebook's misfortune and rebranded Xiaonei (Chinese for "on campus") to Renren (Chinese for "everyone") in August 2009 as part of a ploy to pitch the

[9] Although formed in the Cayman Islands, Oak Pacific Interactive's shareholder rights agreement was governed by New York law and included a New York forum-selection clause.

company as "China's Facebook." Renren's website was an unapologetic knockoff of Facebook, copying the color scheme and website structure to such an extent that it was described as a "pixel-to-pixel" clone.

75. The Chinese government's ban on Facebook and trend-chasing college students enabled Renren to grow its reported user base from 33 million as of December 2008, to 100 million as of December 2010. By March 31, 2011, Renren purportedly had approximately 117 million active users, making Renren one of the leading social media sites in China—at least on paper. In reality, Renren's user growth was a mirage, as its reach never extended beyond college students and it was never able to monetize its user base.

76. Chen's rebranding effort, however, proved far more successful in appealing to Western investors. In early 2011, the real Facebook had not yet gone public. Renren's positioning itself as the "Facebook of China," the significant investor appetite for social media companies at the time, and the opportunity to be one of the first social networking sites to go public created the perfect environment for an IPO. Renren filed its initial F-1 and its F-6 registration statement for its ADSs to be traded on the NYSE in April 2011, and the SEC declared the registration statements effective on May 4, 2011. Renren filed its Rule 424(b)(4) prospectus on May 5, 2011 (the "Prospectus"). At the time, Renren had a six member board that included Chen, Liu, Chao, and Katsumasa Niki, a director of SoftBank PPC.

77. Renren's IPO was a huge success. Renren obtained approximately $777 million in proceeds from its IPO in May 2011. Combined with proceeds from an exercise of series D warrants by a preferred stockholder, the IPO enabled Renren to raise over $950 million during 2011. Renren's balance sheet, as of December 31, 2011, reflected nearly $985 million in cash and cash equivalents and term deposits, as reported in its Form 20-F annual report and audited financial

statements. Unbeknownst to the investors, however, Chen had no intention of investing those funds in Renren's core social media business, which was already showing cracks against competitors like Sina's Weibo and Tencent's WeChat, which emerged in 2011.

B. Renren's Dismal Transition into the "MySpace" of China

78. Following its IPO, Renren's social media business floundered as its trend-chasing student users left in droves. According to Renren's Form 20-F annual report for the year ended December 31, 2014, Renren suffered a "significant drop" in unique user log-ins "from approximately 56 million in December 2012 to approximately 45 million in December 2013." Renren's operating losses skyrocketed as a result. Reported losses from operations worsened from $5.4 million in 2011, to $48.0 million in 2012, $99.4 million in 2013, and $159.4 million in 2014. During that same timeframe, Renren's gross profit margins plummeted from 77.6% in 2011, to 67.8% in 2012, to 63.3% in 2013, to less than 42.2% in 2014.

79. By late 2014, the demise of Renren's legacy social media business was well-chronicled. On October 28, 2014, Bloomberg ran an article titled "The Facebook of China Suddenly has a Myspace Feel to It," with the abstract "Renren Inc. was touted as the Facebook Inc. of China when it debuted in New York in 2011. Today it's looking more like online flameout Myspace." As further alleged herein, investors viewed Renren's social media business as essentially dead by the end of 2014 and focused instead on the potential upside associated with Renren's significant long-term investment holdings.

C. Defendants Chen and Chao Transform Renren Into a De Facto Venture Capital Firm

80. As the Company's prospects for success as a social media company dwindled following its IPO, Chen found another way to turn the IPO proceeds into a successful business. With the approval and assistance of Defendant Chao, the DCM Defendants, and SoftBank, Chen

transformed Renren into a *de facto* venture capital firm by investing nearly one billion dollars into various start-up ventures (dubbed "portfolio companies") and half a dozen funds, including funds managed by noted hedge fund manager Kyle Bass.

81. A significant portion of Renren's investments were funded directly with the proceeds that Renren received from its IPO. According to Renren's Form 20-F annual report for the year ended December 31, 2015, Renren only used $3.2 million of the IPO proceeds in operating activities during 2011, $11.1 million in 2012, and $92.2 million in 2013. The remainder of the funds were used for share repurchases ($240 million), to fund investments and acquisitions, and for similar investing activities.

82. According to the FY 2015 Annual Report, proceeds from the IPO were used for the following:

- "US$79.8 million in the acquisition of 56.com"
- "US$118.4 million for an equity investment in Social Finance, Inc.;"
- "US$26.6 million for a long-term investment in Mapbar Technology Limited;"
- "US$80.0 million for a long-term investment in Japan Macro Opportunities Offshore Partners, LP;"
- "US$32.1 million for a property purchased in Shanghai;"
- "US$35.0 million for an investment in shares and warrants issued by Snowball Finance Inc.;"
- "US$17.2 million and US$10.0 million for equity investment in Rise Companies Corp. and Fundrise, L.P. respectively;"
- "US$18.1 million for an investment in Eall Technology Limited;" and
- "US$12.4 million for an equity investment in Koolray Vision Inc."

Returns from these investments and other short-term investments that had been initially made with IPO proceeds were also used for other long-term investment activities, meaning that the vast

majority of Renren's long-term investments are traceable back to the $777 million Renren received from investors in its IPO.

83. Renren's investment activity increased significantly as it became increasingly clear that its historical social media business was in a tail-spin. According to its Form 20-F annual report, Renren had $647.0 million in cash and cash equivalents and term deposits as of December 31, 2013, much of which had originated in connection with the IPO. Renren used those funds and other funds to make over $244.7 million of long-term investments in 2014 and another $538.1 million in long-term investments in 2015.

84. According to cash flow statements set forth in its audited financial statements filed with the SEC, Renren made the following investments from 2012 through 2015:[10]

Long-Term Investments Per Cash Flow Statement

	Fiscal Year Ended			
(amounts in $ thousands)	12/31/2012	12/31/2013	12/31/2014	12/31/2015
Purchase of equity method investments	$55,155	$20,000	$161,271	$225,885
Purchase of cost method investments	$0	$116	$26,969	$179,252
Purchase of long-term available-for-sale investments	$0	$0	$56,492	$132,957
Total	$55,155	$20,116	$244,732	$538,094

These investments were made with proceeds directly obtained through the IPO or involved funds that Renren never would have had at its disposal absent the IPO. As such, the IPO provided the means through which the Director Defendants were able to transform a floundering social media firm into a promising venture capital play.

[10] The figures presented for the year ended December 31, 2014, materially differ between the 2014 audited financial statements and the 2015 audited financial statements. The figures for the year ended December 31, 2014 as set forth above were derived from the 2014 audited financial statements.

85. Renren's investment activity was so prolific that the marketplace and financial media took notice. Several articles noted the juxtaposition between Renren's utter failure as a social media company and the promise of its investments. For example:

- On November 5, 2014, the tech financial website technode.com posted an article titled "Renren: The Failed 'Facebook of China'." The article noted that Renren's "advertising revenues from a limited user base were not significant" and that "Renren had no hope" when Sina Weibo took off, before concluding: "Joseph Chen is now better known as a famous investor. . . . To Chen, Renren may be just an investment through which he (and his venture capital backer Softbank) had gained hugely through the IPO";

- On May 11, 2015, the financial website Benzinga chronicled Renren, noting the demise of its social media business and transformation into a de facto venture capital firm and expressly evaluating whether Renren "is a venture capital play as opposed to a social media play?" The article profiled Renren's investments in SoFi and other online lending companies as an effort to "fight off the gloomy fates of doomed, less dynamic sites such as Myspace"; and

- A *Wall Street Journal* article posted on June 10, 2015, profiling Renren stated that Joseph Chen "is known in China for his funding of startups."

During the same period, several financial analysts began recommending investment in Renren as a means of obtaining an indirect investment in privately held SoFi.

86. In short, by late 2014 or early 2015, the Company had become "effectively a [venture capital]-type business, not a real operating business."[11] Renren's Form F-20 annual reports and audited financial statements filed with the SEC reflect book values of $320 million in total long-term investments as of December 31, 2014, and nearly $811 million in total long-term investments as of December 31, 2015.

87. Many of the investments Renren acquired from 2012 to 2015 represent the most significant assets that Renren held, directly or indirectly, as of December 31, 2017. According to

[11] Ari Levy, *How this Chinese company is infuriating investors*, CNBC.com, August 6, 2015.

its audited financial statements, Renren held the following investments accounted for under the equity method as of December 31, 2017:

- $208.7 million book value investment in SoFi;
- $18.5 million book value investment in Eall (Tianjin) Network Technology Co., Ltd.; and
- $14.3 million book value investment in Golden Axe.

Renren's balance sheet also reflected nearly $77.4 million in total "other" equity-method investments, each of which had a carrying amount of less than $15 million. In total, Renren reported $318.8 million in equity-method investments as of December 31, 2017.

88. Renren also reported the following investments accounted for as cost-method investments as of December 31, 2017:

- $10.0 million in StoreDot Ltd. ("StoreDot"), stemming from a cash acquisition in that amount of StoreDot preferred shares in August 2014;
- $11.1 million in GoGo Tech Holdings Limited ("GoGo"), stemming from various equity investments made in November 2014, May 2015, June 2015, and May 2016;
- $5.5 million in Motif Investing Inc. ("Motif"), stemming from an investment made in January 2015 to obtain preferred shares representing a 10% interest;
- $65.8 million in LendingHome Corporation ("LendingHome"), arising out of a March 2015 acquisition of preferred shares representing a 14.72% interest; and
- $13.4 million in Eunke Technology Ltd. ("Eunke"), following the write-off of the March 2015 purchase of $25 million for preferred shares equating to a 21.9% interest.

Renren reported more than $38.9 million in other cost-method investments. In total, Renren reported $144.8 million in cost-method investments as of December 31, 2017.

89. Finally, Renren reported the following "Available-for-sale investments" as of December 31, 2017:

- $26.1 million in Snowball Finance Inc. ("Snowball"), related to $35 million acquisition of preferred shares and a related warrant in November 2014;

- $2.9 million in Eall Technology Limited (collectively, along with Eall (Tianjin) Network Technology Co., Ltd., "Eall"), related to an $18 million purchase of preferred shares in September 2014 and a subsequent $2 million purchase of additional preferred shares in July 2015;

- $12.2 million in 268V Limited, related to a $75 million acquisition of redeemable preferred shares in January 2015;

- $27.6 million in Omni Prime Inc. ("Omni") related to purchases of preferred shares in July 2015; and

- $9.8 million in Hylink Advertising Co, Ltd.

In addition, Renren disclosed that it held nearly $23.2 million in other available-for-sale investments as of December 31, 2017. In total, Renren reported nearly $101.8 million in available-for-sale investments as of December 31, 2017.

90. Collectively, the book value of Renren's equity-method investments, cost-method investments, and available-for-sale investments totaled $565.4 million as of December 31, 2017. As alleged in more detail herein, the fair market value of those investments was significantly more than book value, in large part because accounting rules and Renren's accounting practices did not result in investments being marked higher to reflect increasing market value. In reality, the fair market value of Renren's portfolio companies and investment funds exceeded $1 billion.

D. The Crown Jewel of Renren's Investment Portfolio

91. The most promising and widely touted of Renren's investments was SoFi, an online financial technology company (or "fintech" company). Founded in 2011, SoFi originally concentrated on the student loan refinancing market and has since expanded into offering mortgages, personal loans, investment products, and wealth management services. SoFi is currently privately held but announced in January 2021 that it had agreed to merge with a SPAC entity in a transaction valuing SoFi at $6.6 billion, as described in more detail below.

92. Defendant Chen was an early investor in SoFi, having personally invested in SoFi's initial $4 million funding round in 2011. As a large, ground-floor investor, Defendant Chen has served as a SoFi director since 2011. Dan Macklin, SoFi's co-founder, reportedly said the following of Defendant Chen: "Joe is a great investor and was our investor from the early days. He saw the vision early on and pushed us to grow faster and be more aggressive."

93. In fact, Defendant Chen, with the approval of fellow conflicted Renren directors Chao, Liu, and Niki (of SoftBank PPC), deployed Renren's capital—including IPO proceeds—to help SoFi "grow faster" and more aggressively. In July 2012, Renren purchased $10 million in Series 2012-A Senior Secured SoFi Loan Notes issued by a subsidiary of SoFi. Then in September 2012, Renren invested $49.0 million in a SoFi preferred share offering that was SoFi's first major equity raise. This substantial Renren investment provided the bulk of the $77 million in total funding in the critical equity raise that got SoFi off the ground. DCM Ventures, Defendant Chao's venture capital firm, also invested in the September 2012 SoFi offering.

94. During 2012, the Director Defendants, along with Liu, purchased additional SoFi shares through another one of their entities, Oak Pacific Holdings.[12] As such, Defendants Chen and Chao, the DCM Defendants, and Liu held direct or indirect ownership interests in SoFi as early as 2011 and 2012, respectively, and those ownership interests are independent of and in addition to their indirect ownership in SoFi through Renren (and now OPI).

95. By providing crucial start-up capital to SoFi with IPO proceeds, Renren conferred a material benefit on the Director Defendants, the DCM Defendants, and the Softbank Defendants in bolstering the value of the outside direct and/or indirect ownership interests they held in SoFi.

[12] Chen, Chao, and Renren COO and director James Jian Liu collectively owned approximately 98.5% of Oak Pacific Holdings.

Apart from their personal investments, Defendants Chen and Chao were further conflicted with respect to transactions between Renren and SoFi because both of the Director Defendants also served on SoFi's board of directors. By virtue of their status as SoFi directors and investors through entities other than Renren, Chen and Chao had access to material non-public information regarding SoFi's finances and business plan. The DCM Defendants, through monitoring their investment in SoFi, also would have had access to such information, including through Chao.

96. Notwithstanding their conflicted positions, Defendants Chen and Chao—with SoftBank's and Liu's blessing—systematically used Renren as a funding vehicle for SoFi. In total, Renren purchased nearly a quarter of a billion dollars of preferred stock in SoFi, as follows:

Renren Investments in SoFi

Time Period	*# of Shares*	*SoFi Security*	*Price*	*Total Investment*
September 2012	5,573,719	Series B Preferred Shares	$ 8.79	$49.0 million
March 2014	6,020,695	Series D Preferred Shares	$ 3.45	$20.8 million
January 2015	2,361,116	Series E Preferred Shares	$ 9.46	$22.3 million
October 2015	9,507,933	Series F Preferred Shares	$ 15.78	$150.0 million
			TOTAL	**$242.1 million**

Renren funded the September 2012, March 2014, and January 2015 investments almost entirely with proceeds from its IPO. A significant portion of the October 2015 investment in SoFi was funded with IPO proceeds or the fruits of such proceeds. As of December 31, 2016, Renren's more than $240 million investment in SoFi amounted to a 21.06% ownership stake in SoFi.

97. SoftBank, Renren's largest stockholder prior to the Transaction, played a similar role as a major financial backer of SoFi. Specifically, SoftBank led a $1 billion equity financing transaction for SoFi in October 2015, in which Renren invested $150 million and DCM Ventures also participated. SoftBank also participated in other SoFi financing transactions, and David

Thévenon served as SoftBank's designated member on SoFi's board. Mr. Thévenon concurrently served as a director of OPI.

98. By working in tandem and utilizing a quarter of a billion dollars of Renren capital, the Controlling Stockholders stand to reap a substantial windfall from the ownership interests they hold in SoFi. That windfall was increased as a result of the divesture of Renren's interests through OPI and related transactions, as alleged below. Even though Renren provided the crucial start-up capital—largely consisting of IPO proceeds—necessary to get SoFi off the ground, Renren itself will receive nothing in return. Its minority stockholders instead have received a cash dividend that is a pittance relative to the lost value of Renren's SoFi investment.

E. Chen's Failed 2015 Bid to Buy-Out Renren's Stockholders

99. The value of Renren's investments in its portfolio companies—and SoFi in particular—increased rapidly over time. Defendant Chen was in a unique position to observe the true value of those companies as they blossomed. He had initially directed those investments and was privy to financial and other material non-public information about SoFi and the other valuable portfolio companies by virtue of long-held board seats in many of those companies.

100. Chen, for example, had been a SoFi director since 2011. By virtue of substantial investments made by Renren (using IPO proceeds or the fruits thereof) and rights to designate board members obtained as a result of those investments, Defendant Chen had also served as:

- A director of Omni Prime Inc. since 2013;
- A director of Snowball Finance since 2013;
- A board member of Fundrise since 2012;
- A board member of Aspiration.com since 2014;
- A board member of LendingHome since 2014; and

- A board member of Motif Investing since 2014.

101. As a board member of many of Renren's most promising portfolio companies, each of which was private, Defendant Chen was privy to material non-public information regarding the financial condition of those entities, future business plans, and other inside information that enabled him to form a much clearer picture of those entities' prospects and, in turn, Renren's potential upside. Although Defendant Chen was privy to such information as a result of investments that Renren had made, that information was not disclosed to Renren's stockholders.

102. Renren's investors and analysts, in contrast, had a much muddier picture regarding the value of Renren's investments. Due to accounting conventions, the book value of those entities as reported in Renren's securities filings had little relation to actual value, which was much higher. Moreover, SoFi and Renren's other investments were private companies with limited publicly available information. Because of the woefully incomplete and imperfect information available to the marketplace, Renren's ADSs traded below $4 between January 2015 and May 2015, a price that drastically undervalued the true value of Renren's investment portfolio.

103. Chen tried to capitalize on that information asymmetry and the inside information he possessed in June 2015. On June 10, 2015, Renren issued a press release announcing the receipt of a preliminary non-binding "going private" proposal from Defendant Chen and Renren director/COO James Jian Liu. Chen and Liu offered to buy all outstanding Renren shares not already owned by them for a price of $4.20 per ADS, or $1.40 per share. Chen tried to justify his absurdly low offer by observing that that it was "approximately 22% above the average closing price of the Company's ADSs over the last 30 trading days up to and including June 9, 2015." But the low-ball $4.20 price offered by Chen was actually ***lower*** than: (a) the daily high for every

trading day in June 2015 through the date of the announcement; and (b) the daily close for the June 3-8 trading days.

104. Chen's lowball offer enraged Renren's stockholders. In an open letter to Renren's board dated June 24, 2015, stockholders John Romero and Patrick Small lambasted the offer as "appalling," "offensive and ludicrous." Based just on publicly available information, these investors noted the patent inadequacy of the offer price:

> Please consider an analysis of the most significant assets in the 20-F filing dated April 16, 2015.
>
> • 24% stake in Social Finance, Inc ("SoFi"), a leader in P2P online marketplace lending who offers a highly differentiated and coveted platform with an emphasis on student loans. SoFi, is the #2 online lender based on originations just behind #1 Lending Club who has a market cap of $5.5 B. SoFi has publicly stated their intent to go public in the next year and it would be logical to assume it would have a market cap similar to Lending Club when it commences trading.
>
> • Cash, cash equivalents and short-term investments of $400MM+
>
> • Long term and VC investments (exclusive of SoFi's cost) of at least $450 MM+. Renren has made 25+ investments where over half are FinTech related and half are in the domestic US. Renren is making a global play on the FinTech revolution, it is far from just a China play and in many ways is diversified away from the recent China market volatility.
>
> • Renren has 40MM+ active monthly users with an emphasis on the college aged demographic. This is a massive base of organic traffic, and competitive advantage, which should allow Renren an inexpensive way to acquire customers for their internet financial services products.
>
> $4.20 per ADS offer by Chen and Liu ($1.428 Billion valuation on roughly 340MM ADS outstanding) is offensive and ludicrous. In fact, ***when utilizing information available in the public domain, one could reasonably and realistically value Renren's SoFi stake alone, exclusive of the aforementioned assets, at $1 B*** when it hits the public markets. Investors have SUFFERED mightily by way of Renren's depreciating market cap and management's inability to monetize the user base and galvanize subsequent restructuring under Chen and Liu. ***Now just when the new internet finance products and investment portfolio are showing promise, Chen and Liu are attempting to capitalize for personal gain solely at the expense of ALL shareholders.*** This posturing is not only in opposition to Chen and Liu's fiduciary duty to ALL shareholders, but is appalling considering the public track record since its 2011 IPO. Consequently, the special committee of independent

> directors MUST use their best IMPARTIAL judgement and REJECT this non-binding offer as it is clearly not in the best interest of ALL shareholders.

(Emphasis added.)

105. On August 6, 2015, CNBC reiterated Mr. Romero's concerns in an article titled "*How this Chinese company is infuriating investors*" posted on cnbc.com. According to the cnbc.com article, Romero had received an email from a fellow Renren investor characterizing the take private offer as an "outrageous injustice" that "reflects the greedy and almost immoral disposition of Chen and Liu." Another stockholder pointedly observed that Chen "should act like a public company CEO, not a robber baron." The article went on to explain:

- "Renren's Internet business, consisting of games, video, online advertising and finance, has been on a steady decline;"

- "Renren is a unique case because the core social network is losing users and ***has very little value***. Sales tumbled 41 percent in the first quarter as users flocked to Tencent and Weibo. In other words, based on its reported metrics, this is not a company that growth investors would be hungry to buy. '***Renren is effectively a VC-type business, not a real operating business***,'" Romero said;"

- "Whatever the performance of the company, Chen has proven himself to be an astute venture capitalist. That's why investors are backing Renren, and why they're so ***furious*** about the potential takeover;"

- Chen's offer "sounds fine until factoring in the paper value of Renren's start-up investments, which the company doesn't carry on its books. Based on SoFi's reported valuation for its upcoming round, Renren's stake would be worth up to $738 million;"

- "'It's a ***total low-ball offer***,' said John Romero, founder of Aptus Capital in Birmingham, Alabama, who wrote a letter to the Renren board on July 24, calling the deal '***offensive and ludicrous***;'"

- "Romero forwarded to CNBC.com an e-mail from one investor, who wrote to say the offer is an 'outrageous injustice imposed on us and reflects the greedy and almost immoral disposition of Chen and Liu.' Another said Chen 'should act like a public company CEO, not a robber baron;'" and

- "As Romero sees it, '***SoFi will be the golden goose for these guys***.'"

(Emphasis added.)

106. Mr. Romero sent a subsequent open letter to Renren's board of directors on September 25, 2015, published online, which further lambasted Chen's offer:

- "[T]he ***low ball offer*** removes any possibility of Renren shareholders realizing the potential of its promising VC portfolio of over 25+ companies and $500MM of 'at cost' investments, some of which are likely to realize windfall profits;"

- "***Chen and Liu are attempting to enrich themselves***. . . . It is particularly unsettling to see such a lowball offer right after Chen declares that the transition is complete in the last earnings call;"

- "Renren has been in a downward spiral and, while Chen has proven to be an astute investor, it appears that he can unilaterally invest whatever he wants, whenever he wants with or without synergies and without pushback from the Board;" and

- "Renren already has a proven 10x winner in the mix with SoFi. . . . This is not reflected, as such, on its balance sheet due to the equity method of accounting where long term assets can be marked down through impairment but not marked up to reflect actual private market valuations."

(Emphasis added.)

107. The firestorm of stockholder discontent increased following SoFi's subsequent $1 billion equity raise in October 2015. As rumors swirled regarding the potential value of SoFi, Renren's investors grew increasingly frustrated with Defendant Chen's buyout proposal. On December 2, 2015, Yahoo! Finance published an article from the financial website Benzinga, titled "SoFi's Expected $30 Billion IPO Adds Fuel to The Renren Fire." This article quoted Mr. Romero as characterizing the management offer as "laughable."

108. While Chen abandoned his lowball offer in the wake of stockholder outcry and the likelihood of a fair value challenge from dissenting stockholders, Defendant Chen's resolve to make Renren's investment portfolio his own remained strong.

F. The Controlling Stockholders Hatch a Plan to Raid the Company's Investment Portfolio at Less Than Half Its Value

109. Armed with inside information about just how valuable Renren's portfolio companies in general (and the SoFi investment in particular) were, Chen devised a new plan to take Renren's investments for himself and Renren's other Controlling Stockholders. By transferring Renren's assets into a new entity and then separating that entity from Renren without providing Renren public stockholders any stock in the new entity (as would normally occur in a spin-off or split-off), the Director Defendants (along with the DCM Defendants, Liu, and the SoftBank Defendants) could take Renren's investment portfolio private without the need to obtain any approval from Renren's minority stockholders or facing appraisal rights actions from dissenting stockholders.

110. On September 30, 2016, Renren announced that it "intend[ed] to spin off a newly formed subsidiary ('SpinCo') that will hold . . . most of the Company's investments in minority stakes in privately held companies." Thereafter, the Director Defendants set in motion a series of interrelated transactions, culminating in the Separation and payment of an artificially low dividend to Renren's minority stockholders on June 21, 2018. Although these transactions were at times characterized as a spin-off, both the structure and substance were starkly different from a normal spin-off transaction, and the interrelated series of transactions constitute egregious breaches of the fiduciary duties that the Director Defendants owed to Renren, breaches which were substantially assisted by the SoftBank Defendants, DCM Defendants, and Duff & Phelps.

1. Renren Forms OPI to Dispose of Renren's Investment Portfolio.

111. The first step in the Director Defendants' and Controlling Stockholders' plan was to form the new SpinCo, namely OPI. To that end, OPI was incorporated in the Cayman Islands on September 14, 2017, initially as a direct wholly owned subsidiary of Renren. According to the

Offering Circular, OPI was formed "to serve as the vehicle for the disposition of the Investments and the ZenZone business." Defendant Chen placed himself in a highly conflicted position from the start, serving as chief executive officer and a director of OPI.

112. After OPI was formed, Chen set about transferring Renren's investment assets to OPI. All investments other than SoFi and the ZenZone business were transferred to Renren Lianhe, a direct wholly-owned subsidiary of OPI. Renren's interests in SoFi were transferred to Renren SF, a direct wholly-owned subsidiary of Renren Lianhe, following approval from the New York Department of Financial Services. By virtue of its 100% ownership of Renren Lianhe, OPI indirectly obtained ownership of all of Renren's SoFi interest and other valuable investment assets.

113. In total, Renren transferred its interests in 44 portfolio companies (18 of which are based in the United States) and 6 investment funds to OPI and its subsidiaries. According to the Offering Circular, the book value of the interests transferred from Renren to OPI was $550.95 million of September 30, 2017. According to Renren's Form 20-F annual report and audited financial statements filed with the SEC, the book value of those entities was $530.6 million as of December 31, 2017, more than 93% of the total $565.4 million book value of Renren's investments at the time. Moreover, nearly 57% of the book value of the investments transferred to OPI was from U.S. companies.

114. Many of the most significant investments transferred to OPI consisted of investments that Renren funded completely or in substantial part with proceeds from the IPO. Renren, for example, used IPO proceeds to make investments in: Eall Technology Limited; KoolRay Vision Inc.; Rise Companies Corp.; Snowball Finance Inc; and SoFi (collectively, the "IPO Proceed Investments"). The book value of those five investments alone was over $266 million according to the Offering Circular, more than half of the purported book value of the

interests transferred to OPI as of September 30, 2017. In reality, the fair value of the IPO Proceed Investments was much higher than book value, as discussed in detail below.

115. OPI received substantial ownership interests in each of the IPO Proceed Investments. Specifically, OPI obtained: (a) a 20.40% interest in Eall Technology Limited; (b) a 39.06% interest in KoolRay Vision Inc.; (c) a 26.37% interest in Rise Companies Corp.; (d) a 20.58% interest in Snowball Finance Inc.; and (e) a 13.06% interest in SoFi.

116. Moreover, in addition to SoFi, the other IPO Proceed Investments represented some of Renren's most significant investment activities. Indeed, the Offering Circular specifically highlighted SoFi and three of the other IPO Proceeds Investments in the discussion of "OPI's most significant" investments, as follows:

- "Eall Technology Limited and Eall (Tianjin) Network Technology Co., Ltd. (collectively, 'Eall') is the largest dedicated enterprise resource planning provider for real estate agencies in China;"

- "Rise Companies Corp. ('Rise') operates Fundrise, which is a direct-to-investor alternative investment model with a mission to deliver better overall, stable returns by using a vertically integrated web-based technology platform and new regulations to allow retail investors to invest in real estate. Rise has originated more than US$250 million in both equity and debt investments deployed across more than approximately US$1.4 billion of real estate property, while collecting and processing more than 230,000 investor dividends, distributions, investments and principal re-payments since it sponsored its first online investment in 2012;" and

- "Snowball Finance Inc. ('Snowball') is an internet financial information service provider that is focused on investment solutions. Snowball's investment and communication platform xueqiu.com provides investors with cross-market and cross-species data query, newsletter subscriptions, and interactive communication services. Snowball delivers business and market news, data, analysis and reports on bonds, trusts and funds in the U.S., Hong Kong, and Chinese finance markets. In addition, Snowball has developed a broker system that allows members to buy and sell stocks on its website and apps. Snowball was founded in 2010 and is headquartered in Beijing."

In other words, four of the eight "most significant" investments described in the Offering Circular were investments directly obtained with IPO proceeds raised in New York.

117. Many of the other material investments transferred from Renren to OPI as part of the Transaction similarly were acquired by Renren years earlier, often with the subsequent fruits of Renren's initial investments of IPO proceeds. Those entities, the time period of Renren's initial investment, and the book value of those entities according to the Offering Circular were as follows:

OPI Entity	**Renren Acquisition**	**Book ($ million)**
268V Limited	January 2015	$12.09
Eunke Technology Ltd.	March 2015	$13.44
GoGo Tech Holdings Limited	November 2014 (onward)	$11.13
LendingHome Corporation	March 2015	$65.84
Motif Investing, Inc.	January 2015	$5.47
Omni Prime Inc.	July 2015	$27.05
StoreDot Ltd.	August 2014	$10.00
	TOTAL	**$145.02**

118. The $145 million of book value associated with these investments, combined with the more than $266 million of book value associated with the IPO Proceed Investments, accounted for approximately three-quarters of the total book value of OPI's holdings. Had it not been for Renren's IPO, these investments would not have been possible.

119. Several of these investments also represented some of "OPI's most significant" investments, as characterized in the Offering Circular. The discussion of key OPI investments specifically describes LendingHome Corporation, "a mortgage marketplace lender that was founded in 2013 and is based in San Francisco" that "attracts investments from institutional investors including credit funds, private equity firms, hedge funds and university endowments." The discussion of key OPI investments also highlights Omni Prime Inc., "a financial technology company in China" founded in 2014.

120. In total, the Offering Circular identifies eight investments as "OPI's most significant" investments. Renren obtained six of those eight entities (LendingHome, Omni, SoFi, Eall, Rise, and Snowball) directly with IPO proceeds, with the fruits of Renren's first wave of

investments of IPO proceeds, and/or during the Renren investment spree that occurred from 2014 through 2015. By virtue of using Renren to make substantial investments in those companies, Defendant Chen now serves as a director on each of those entities' respective boards.

2. The OPI Private Placement.

121. Because OPI was a wholly-owned subsidiary of Renren, Renren initially maintained its immensely valuable long-term investments, albeit indirectly, but only as long as it held ownership of OPI. To take full control over those investments—and the associated upside—the Controlling Stockholders needed to strip Renren of its ownership of those assets by spinning off OPI as a private company. Defendants Chen and Chao and their fellow Controlling Stockholders, stripped Renren of its ownership in OPI through the Separation Agreement and related Private Placement, transactions that were highly unusual and very different from normal spin-off transactions.

122. In a typical spin-off transaction, the parent entity distributes shares of the newly formed SpinCo to the parent's stockholders on a pro rata basis as a special dividend. Thus, at the moment a typical spin-off is effectuated, the same body of stockholders holds shares not only in the original parent company, but also the SpinCo, which they receive as a stock dividend. And because the parent's stockholders receive shares in the SpinCo, they can still participate in and benefit from the potential upside associated with assets or business lines spun off from the parent.

123. But the Controlling Stockholders did not want Renren's minority stockholders to maintain an interest in OPI, and so they did not make a pro rata dividend of OPI shares to Renren's stockholder body as a whole. Instead, the Controlling Stockholders concocted a convoluted structure through which a cash dividend would be paid in lieu of a dividend of OPI shares, with investors having the option to opt out of the dividend and receive OPI shares through a private offering, the Private Placement. The Controlling Stockholders committed themselves to the opt-

out (and instead chose to participate in the Private Placement and receive OPI shares) prior to announcing this plan to the rest of Renren's stockholders, and thus were incentivized to minimize the amount of the Cash Dividend as much as possible.[13] The Controlling Stockholders then gave the rest of Renren's stockholders a "choice" to take the dividend or instead opt out and take OPI shares.

124. The choice presented to investors came with one significant catch and was really no choice at all. The OPI shares were only available to the subset of Renren stockholders who could meet a three-part "Eligible Shareholders" test. To even have the option of electing to hold an illiquid investment alongside the controlling fiduciaries, a Renren stockholder needed to be an "accredited investor" as defined under the Securities Act;[14] a "qualified purchaser" as defined under the Investment Company Act;[15] and live outside of an "Excluded Jurisdiction"—*i.e.*, "Japan and any other jurisdiction where the Offer would be prohibited." As a practical matter, the private placement's eligibility requirement meant that most Renren stockholders were not able to obtain OPI shares and were instead stuck taking a cash dividend that grossly undervalued the transferred investments.

125. Even for those who qualified as Eligible Shareholders, the offer of OPI shares in the Private Placement was designed to be an undesirable investment. First, because OPI was a

[13] Specifically, the Controlling Stockholders, called "Committed Shareholders" in the Offering Circular, entered into contractual commitments to accept OPI shares by validly accepting the offer in the Private Placement prior to providing the Offering Circular to Renren's minority stockholders.

[14] For an individual to qualify as an "Accredited Investor," he must have a net worth in excess of $1,000,000, excluding the value of her primary residence, or have income of at least $200,000 each year for the last two years (or $300,000 income if married) and have the expectation to make the same amount in the following year.

[15] For an individual to qualify as a "Qualified Purchaser," he must "own not less than $5,000,000 in investments." Investment Company Act, Section 2, General Definitions, 51(a).

private company (as opposed to Renren), any Renren stockholder who wanted to take the OPI shares would be stuck with an illiquid investment with no trading market.

126. Second, because the Controlling Stockholders would control OPI after the Separation, any Renren stockholder who wanted to take the OPI shares would be stuck in a private company controlled by the same faithless fiduciaries who had foisted the Transaction on them in the first place. In fact, the Offering Circular warned that because of the sizeable stakes in OPI held by Chen, Renren COO Liu, and Softbank, participating stockholders would "have no power to change the composition of the board of directors" and that Chen and Softbank could unilaterally "revise [OPI's] articles of association" without any stockholder vote. And because OPI was a private company, participating stockholders could expect far less information about the status of the investment portfolio and had far fewer means of protecting themselves from any future self-interested transactions.

127. Third, even though a Renren stockholder would receive one OPI share for every Renren share it held, that stockholder's economic interest in Renren's investments would decrease significantly after the Separation. According to the Offering Circular, a participating stockholder would "experience immediate and substantial dilution" because OPI would issue over 136 million options and 6 million restricted shares to Chen and other insiders immediately after the Transaction. Similarly, the preferential distribution rights and management fees the Controlling Stockholders tacked on to OPI in connection with the Transaction (discussed below in section J) shifted even more of the potential upside associated with Renren's investment portfolio away from a participating investor and to the Controlling Stockholders. The Offering Circular even acknowledged that the preferential distribution rights "granted to Softbank and DCM shift some of the risk disproportionately onto the other shareholders of OPI."

128. In short, by restricting the number of "Eligible Shareholders" able to receive OPI shares, the Controlling Stockholders were able to seize ownership for themselves and take the company private. And by making OPI's ownership and management structure so onerous and lop-sided for non-insiders, the Controlling Stockholders ensured that even those minority stockholders that were eligible would choose not to participate. Renren, for its part, was left with perpetual money-losing businesses, including a used car business and an outdated social media platform. And Renren's stockholders that could not participate (or chose not to participate in OPI's lopsided structure) received a pittance of a cash dividend that was based on a gross undervaluation of SoFi and the other investments the Controlling Stockholders caused Renren to transfer to OPI, as described below.

G. The Value of Renren's Investment Portfolio and Other Assets Transferred to OPI Exceeded $1 Billion

129. As with Chen's prior take-private offer, the Cash Dividend was grossly inadequate because the OPI Value on which it was based was artificially low. First, the OPI Value was based on an extreme undervaluation of the assets transferred from Renren to OPI. Second, the OPI Value was conceptually flawed in that it treated OPI as a standalone entity and included various improper offsets that would not have existed in the absence of the "spin-off" (*i.e.*, had Renren simply maintained its investment portfolio). In reality, the OPI Value was the result of financial "goal-seeking" that reverse engineered whatever unsupported assumptions were necessary to exactly hit a pre-determined target set by Chen in December 2016.

130. To provide cover for his plan to wrest control of Renren's investments on the cheap, Chen and the Controlling Stockholders formed a Special Committee and hired Duff & Phelps to provide a valuation analysis and fairness opinion. Duff & Phelps concluded that OPI was worth between $483 million to $587 million, conveniently settling on a range that bracketed the $500

million offer Chen had made more than a year earlier. But the OPI Value—and Duff & Phelps' analysis on which it was said to be based—was fundamentally unfair to Renren and its minority stockholders.

1. The Investments Transferred to OPI Were Worth Significantly More than the Value Assigned to those Investments by Duff & Phelps and the Special Committee.

131. To arrive at the OPI Value, the Special Committee and Duff & Phelps started with an informal "valuation" of the investments and other assets that Renren transferred to OPI in connection with the Transaction. Duff & Phelps presented its valuation analysis on April 23, 2018, the same day that the Special Committee set the OPI Value. Duff & Phelps estimated that the value of those investments and transferred assets were between $676 million to $775 million, consisting of: (1) the SoFi investment (estimated at $269 million to $328 million); (2) 43 other transferred portfolio companies and 6 investment funds (estimated at $380 million to $412 million); and (3) the ZenZone business (estimated at $27 million to $35 million). In reality, Duff & Phelps' analysis drastically undervalued those investments, which were worth more than $1 billion.

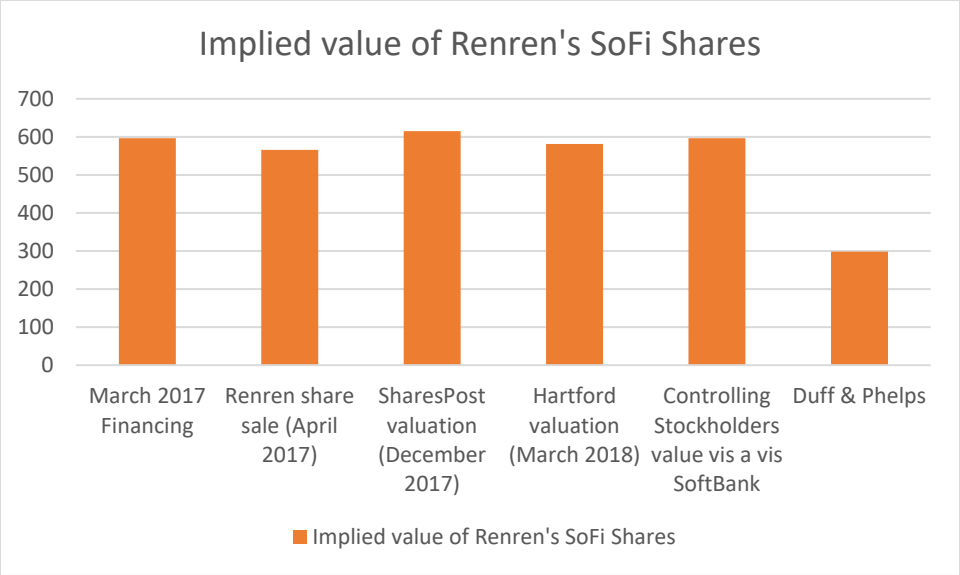
132. Duff & Phelps, for example, understated the value of Renren's SoFi investment by at least several hundred million dollars. Available market data—and the Controlling Stockholders' own agreements executed in connection with the Transaction—indicated that the value of Renren's ***SoFi holdings alone*** exceeded the OPI Value. In April 2017, for example, Renren sold 14.1% of its SoFi position (5,719,986 shares) for $93.2 million in gross proceeds, or approximately $16.30 per share. At that price, Renren's remaining stake in SoFi was worth $566 million. Similarly, in March 2017, SoFi completed a $500 million financing round at $17.18 per share, implying a value of $596.6 million for Renren's stake in SoFi. On information and belief, SoFi's value did not decline between these sales in 2017 and the effective date of the Transaction.

133. Removing any doubt that the Special Committee and Duff & Phelps vastly undervalued Renren's SoFi stake, the Controlling Stockholders used the same (higher) $17.18 per share price that SoFi commanded during the March 2017 financing round in agreements they executed amongst themselves in connection with the Transaction. Specifically, in connection with the Transaction, SoftBank made a loan to an OPI subsidiary, purportedly to help fund the Cash Dividend and OPI's operating expenses. In connection with this loan, SoftBank and OPI's subsidiary agreed to an "Initial SoFi Valuation" for purposes of determining how much OPI's SoFi holdings appreciated over time. According to the SoftBank loan documents, OPI and SoftBank agreed to an initial valuation of $17.1842 per SoFi share—a stark contrast to the $7.75 to $9.45 per share used to "value" OPI for purposes of calculating the Cash Dividend.

134. Other publicly available market data similarly indicates that Renren's SoFi stake was worth well in excess of $560 million at the time of the Separation and payment of the Cash Dividend. For example, the Hartford Capital Appreciation Fund, a U.S. mutual fund with approximately 348,919 SoFi shares, reported the market value of its holding at $5.8 million as of March 31, 2018, implying a value of $16.74 per share. SharesPost Inc., an investment company, reported the value of its SoFi investment at $2.4 million as of December 31, 2017, implying a value of $17.71 per share. Those valuations peg Renren's interest in SoFi at between $581.3 million and $615 million respectively, the same general range indicated by Renren's April 2017 sale of SoFi shares and the SoftBank loan documents.

135. As the following table and chart show, the available evidence of SoFi's market value indicates that Renren's stake in SoFi easily exceeded $560 million:

Source	Value per share (US$)	Implied value of Renren's SoFi Shares
March 2017 Financing	17.18	596.6
Renren share sale (April 2017)	16.30	566.0
SharesPost valuation (December 2017)	17.71	615.0
Hartford valuation (March 2018)	16.74	581.3
Controlling Stockholders/SoftBank loan documents	17.18	596.6



136. According to the Offering Circular, Duff & Phelps used much of the same market data—all of which indicated a valuation near $600 million—as a starting point for its analysis. Duff & Phelps, however, departed from basic economic theory and ignored the market price that willing buyers had paid in determining that Renren's SoFi stake was worth far less. Instead, at Duff & Phelps's suggestion, the Special Committee applied a 40–50% discount to the Company's SoFi stake because, according to the Offering Circular, "there is typically a discount" in "purchases and sales of large blocks in private companies and secondary sale transactions for private companies."

137. In the case of SoFi, that discount was unwarranted and inappropriate both in principle and in magnitude. SoFi's March 2017 financing round and Renren's sale of SoFi shares

in April 2017 were each market transactions that reflected the price that investors were willing to pay for SoFi shares while SoFi was a private company, including in the secondary market. Those prices therefore already reflected any pertinent private company "discounts" relative to a hypothetical valuation of SoFi. By applying a discount to these transactions, Duff & Phelps and the Special Committee effectively double-counted any potential marketability or liquidity discounts to the value of the Company's SoFi stake.

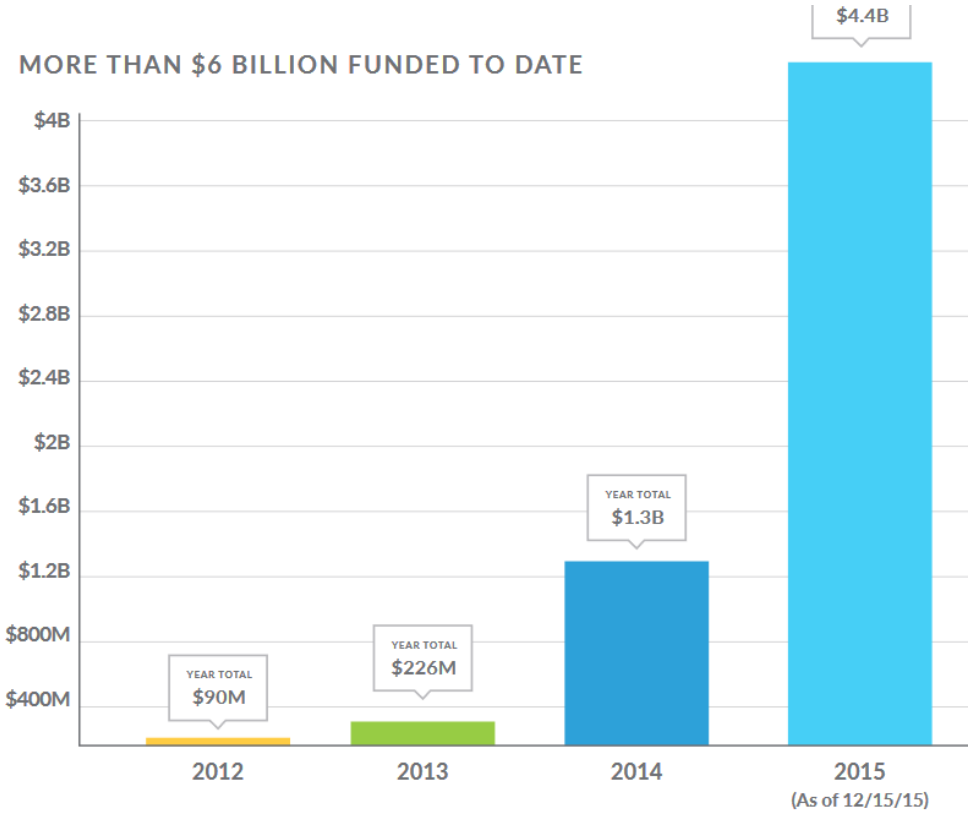
138. Indeed, using Duff & Phelps' and the Special Committee's logic, investors buying SoFi shares in March and April 2017 for around $16 to $17 per share were buying shares that others would only buy for 40% to 50% less. And those foolish investors (as implied by the Duff & Phelps analysis) would have *known* they were going to suffer such a loss because, allegedly, that is what typically happens. That is obviously absurd. If Duff & Phelps and the Special Committee were correct, no investor would have agreed to purchase SoFi shares at those prices in the first place. In short, there was no reason to discount the value of the Company's SoFi holdings to $269 million to $328 million (a per share price of approximately $8.60 at the mid-point of that range) when (1) there were actual recent market transactions at nearly twice that amount and (2) the Director Defendants and SoftBank used the prices of those same market transactions in valuing SoFi in connection with the Transaction, as discussed *supra*.

139. The Special Committee's and Duff & Phelps' market-defying estimate of the Company's SoFi stake was further flawed in that it ignored: (1) the history and timing of Renren's investments and SoFi's rapid growth; (2) that SoFi's inevitable IPO was widely anticipated in the marketplace; (3) that Defendant Chen, Defendant Chao, the DCM Defendants, and SoftBank were in a position to influence the timing of a SoFi IPO; and (4) that the Offering Circular and virtually

all transaction documents associated with the Transaction contemplated a rapid monetization and exit of the SoFi position. Each of these factors warrants further discussion.

140. **First**, given that Renren was an early investor and that SoFi had grown rapidly, it was patently unreasonable to conclude that Renren's investment in SoFi was worth only slightly more than carrying book value. As alleged in more detail above, Renren was one of SoFi's earliest investors, providing the majority of start-up money in 2012. By March 2014, still early in SoFi's history, Renren had invested over $92 million. By October 2015, Renren had invested over $242 million.

141. SoFi experienced rapid growth from 2012 through the time of the Separation. The following SoFi-prepared figure reflects SoFi's rapid growth from $90 million in total loan fundings in 2012 to more than $4.4 billion in loans funded in 2015:



According to a subsequent SoFi press release, SoFi funded $6.9 billion in loans in 2017 through December 8, 2017. On April 2, 2018, SoFi announced that it originated $3.6 billion in loans in the first quarter of 2018 alone, a 27% increase compared to the first quarter of 2017. Accordingly, SoFi's ***quarterly originations alone are now more than double its 2012 to 2014 originations combined***, and almost as large as its entire yearly originations were in 2015, the year in which Renren made its latest investment. SoFi's rapid growth is similarly reflected in its marketing expenditures, which reportedly grew from just $30 million in 2015 to $170 million in 2017, with $200 million budgeted marketing expenditures in 2018. Given this meteoric growth, a valuation of Renren's early investments in SoFi at an amount approximating historical cost lacks credibility.

142. **Second**, SoFi's widely anticipated IPO made it nonsensical for Duff & Phelps and the Special Committee to apply a 40% to 50% marketability discount to Renren's holdings in SoFi, especially when the actually consummated sales of SoFi stock in the secondary market discussed above are taken into account. The anticipation of the IPO and the factors pointing to an expected highly favorable reception in the equity markets would minimize and likely eliminate any such discount. SoFi has had little difficulty raising equity as a privately held company. SoFi is renowned as one of the most prominent and well-regarded companies in the fintech industry and raised approximately $500 million in its latest financing round. SoFi would have little trouble attracting investor interest in an IPO, and rumors of and market buzz surrounding SoFi's widely anticipated IPO have frequently permeated financial media. In fact, according to various media reports, SoFi received a $6 billion offer from a foreign bank in early 2017, which SoFi's board (including the Director Defendants and SoftBank) rejected. SoFi also held talks in late 2017 with several possible acquirers for a target price of $8 billion to $10 billion, which would make Renren's (and now OPI's) stake in SoFi worth over $1 billion. In light of the multi-billion dollar offers that

SoFi's board rejected, it was simply not credible to conclude that a buyer would not be willing to pay $560 million (or much more) for Renren's stake in SoFi.

143. **Third**, a valuation discount stemming from any purported inability to sell the SoFi investment ignored the course of dealing and relationships the Director Defendants, the DCM Defendants and SoftBank share with each other and with SoFi. Specifically:

- Defendant Chen, Defendant Chao, the DCM Defendants, and Softbank (through David Thévenon and now Alok Sama) were in a position as SoFi directors and stockholders and/or principals of major SoFi stockholders (Renren/OPI, DCM Ventures, and SoftBank) to push for an IPO;

- Defendant Chen, Defendant Chao, the DCM Defendants, and SoftBank entered into the transactions as "Committed Shareholders" who would retain Renren's interest in SoFi, with the understanding that the SoFi investment would be monetized quickly; and

- Defendant Chen, OPI's chief executive officer and a director, and Softbank's nominee director on OPI's board (previously David Thévenon and now Alok Sama), are tasked with disposing of the SoFi shares as soon as possible as OPI principals.

144. At a minimum, the Director Defendants could not have reasonably relied on any valuation premised on a marketability discount given that Defendant Chen and Defendant Chao could influence a SoFi IPO or other divesture of SoFi shares.

145. **Fourth**, applying any marketability discount to the SoFi investment was entirely inappropriate when quickly monetizing the investment in SoFi was one of the basic premises underpinning the entire transaction. For example, the Offering Circular stated: "OPI intends to dispose of its holdings of SoFi shares as soon as possible to achieve maximum profit for the shareholders of OPI." Similarly, Section 3.3 of the OPI Shareholders Agreement, entered into by Defendant Chen, the DCM Funds (with Defendant Chao almost certainly acting on their behalf), and Softbank expressly provided that OPI "shall, and without limitation of any right of any Party hereunder each of the Parties agrees to use its best efforts to procure that the Company shall

complete the SoFi Exit, including monetization of the SoFi Shares, as soon as possible." Given that accomplishing a sale of SoFi shares as soon as possible was both contemplated and a contractual obligation, the Special Committee and the Director Defendants could not have reasonably relied on any valuation discount to SoFi premised on lack of marketability due to block size or otherwise. And it was entirely inappropriate and indicative of bad faith and of dishonesty for Duff & Phelps to suggest (and the Special Committee to determine) that such market-defying discounts were warranted.

146. In short, the SoFi shares that Renren transferred in connection with the Separation Agreement were worth at least $560 million, if not significantly more. Assuming the Special Committee and Duff & Phelps had appropriately valued the rest of the assets transferred to OPI, the total value of the assets transferred from Renren to OPI should have been at least $967 million to $1.007 billion—several hundred million dollars more than the assigned asset value used in deriving the OPI Value.

147. In reality, however, Renren's other investments were also worth much more than the estimates that the Special Committee and Duff & Phelps used. As described above, Renren made most of its investments from 2012 to 2015, early on and in the start-up phase of the portfolio companies. Especially for those companies highlighted as the "most significant investments" in the Offering Circular, the timing of Renren's early investments, juxtaposed with several years of subsequent growth and success by the portfolio companies, is indicative of substantial appreciation in overall entity value.

148. Furthermore, for several of the entities, recent transactions imply fair market valuations that significantly exceed the carrying book values reflected in the Offering Circular and in Duff & Phelps' "valuation" analysis. Just weeks after the Transaction closed, an Alibaba

affiliate, Ant Financial Services, was reported to have invested approximately $100 million in Snowball in a transaction that values Snowball at between $400 million and $500 million, making Renren's stake worth nearly $80 million to $100 million. Not only does that valuation far exceed the $24.11 million book value that Duff & Phelps adopted, but OPI purportedly sold most of its stake in Snowball shortly after the Transaction. Of course, the timing is not coincidental. The Director Defendants undoubtedly knew about the Snowball transaction and the windfall they would reap from Renren's investment (made with IPO proceeds) well before completing the Transaction, further undermining the validity of the OPI Value.

149. Other examples of recent transactions implying higher fair market valuations for Renren's investments include:

- A January 2017 round of financing for LendingHome indicated that OPI's stake in the company is worth more than $75 million, and LendingHome's most recent financing round in March 2018 indicates a value of over $110 million (compared to book value of $65.8 million);

- A September 2017 merger involving GoGo Tech Holdings Limited ("GoGo") and a Chinese logistics company, which valued the combined company at over $1 billion, indicates that OPI's 10.48% stake is worth far more than its book value of $11.13 million book value;[16]

- An equity valuation disclosed in June 2017 indicates that OPI's stake in Rise Companies Corp. is worth more than $46 million (compared to book value of $12.3 million);

- A March 2017 financing round for Omni Prime, Inc. indicates that OPI's stake in the company is worth more than $40 million (compared to book value of approximately $27.6 million);

[16] Renren's recent Form 20-F noted that it held a 13.89% and 10.48% equity interest in GoGo as of December 31, 2015, and 2016, respectively. Despite GoGo's merger in September 2017 at a reported valuation of $1 billion, Defendants did not disclose OPI's resulting ownership interest, making it impossible for Renren's minority stockholders to accurately value OPI's stake. Even if OPI's interest in the merged entity were only 5%, its position would be worth $50 million.

- An October 2017 financing round for Aspiration Partners indicates that OPI's stake in the company is approximately $29 million (compared to book value of $7 million);

- A January 2017 financing round for Shiftgig indicates that OPI's stake in the company is worth over $13.5 million (compared to book value of $9 million);

- An August 2017 financing for StoreDot Ltd. indicates that OPI's stake in the company is worth more than $30 million (compared to book value of $10 million); and

- A February 2018 acquisition transaction involving 268V Limited indicates that OPI's stake in the company is worth approximately $30 million (compared to book value of $12.2 million).

Available market data indicates that those investments were worth nearly $350 million (and possibly more given additional growth during the passage of time) as of April 2018, double the book value of those same investments according to the Offering Circular.

150. In addition, Renren owned 36.56% of Loadstar Capital K.K. ("Loadstar"), a publicly-traded Japanese company. As of the time of the Transaction, Renren's Loadstar stake was worth approximately $80 million (compared to its $14.5 million book value). Renren's holdings of Loadstar, a publicly traded stock, was necessarily worth the market price at the time. No explanation is provided in the Offering Circular as to how an investment in publicly traded stock could be subject to any valuation discount.

151. In summary, adopting a conservative estimate of the value of this sub-set of investments for which information is available, this sub-set was worth at least $509 million, far in excess of the $380 to $412 million range that Duff & Phelps used for the total set of such other investments.

152. Once again, Duff & Phelps unjustifiably applied marketability and other discounts to these investments—notwithstanding recent market transactions militating to the contrary—when "valuing" Renren's investments, which the Special Committee accepted at face value. And

once again, because these transactions reflect prices that investors paid for minority shareholdings, share prices for small parcels of shares quoted on liquid exchanges, or recent reports or valuation analyses estimating the value of the minority investments, it was not appropriate to apply further discounts for minority status or purported illiquidity of any given investment. By doing so, Duff & Phelps and the Special Committee improperly double-counted the impact such risks had on the value of those investments. Put simply, there is no reason to apply a marketability discount or control discount to the value implied from a market transaction in which third parties have presumably already factored in any risks associated with lack of control or marketability.

153. In the aggregate, the value of the investments that Renren transferred to OPI exceeded $1 billion. Accordingly, the estimated $676 million to $775 million valuation range on which the OPI Value was based was $300 million to $400 million (or more) below fair market value.

2. Intentional Valuation Distortions from the Renren Note and OPI Operating Expenses.

154. The OPI Value (and consequently the Cash Dividend) was further understated because of a glaring conceptual flaw in the Special Committee's and Duff & Phelps' analysis. From Renren's and its minority stockholders' perspective, the overall transaction should have been evaluated comparing Renren's value before (*i.e.*, when Renren had 100% ownership of the investment assets) and after the Transaction (*i.e.*, when Renren was left with a defunct social media business and a financially troubled used car business). In other words, Renren and its stockholders should have been compensated for the value that was transferred away from Renren through the interrelated transactions culminating in the Separation. But that is not what the Special Committee and its advisor, Duff & Phelps, did in determining the OPI Value. Rather, the OPI Value was based on a hypothetical net asset value of OPI as a separate entity ***after*** the Transaction. This

conceptual flaw completely ignored the transfer of Renren's assets to OPI that had been the crucial first part of the Transaction as a whole (so that the assets could be stripped from Renren), and instead made Renren and its minority stockholders pay for the privilege of losing their assets.

155. Specifically, by ignoring the initial dissipation of assets from Renren and instead focusing on OPI's value as a standalone business after the Transaction, the Special Committee and Duff & Phelps were able artificially to deflate the value of the assets taken from Renren (and the Cash Dividend paid to minority stockholders). First, in connection with the Separation, OPI (through its conflicted CEO Chen) executed a $90 million promissory note in favor of Renren (the "Renren Note") as partial consideration for the transfer of Renren's assets to OPI. The Special Committee (and their advisor, Duff & Phelps) then deducted the $90 million face value of the Renren Note from OPI's "gross principal assets" (*i.e.*, the SoFi stake and the balance of Renren's investment portfolio) in their calculation of the OPI Value, even though, as explained below, the Renren Note was worth much less than its face value. Second, the Special Committee and Duff & Phelps deducted between $5 million and $9 million in post-transaction OPI "overhead expenses," none of which benefitted Renren or served as consideration for the transfer of Renren's assets to OPI. These two offsets allowed the Special Committee and Duff & Phelps to reduce the OPI Value by approximately 15% (from its already depressed value).

156. Of course, these offsets were irrelevant to determining the value Renren lost as a result of the interrelated transactions culminating in the Separation, as neither offset would have occurred absent the spin-off. The conceptual flaw in the Special Committee's and Duff & Phelps' approach was especially egregious because the transactions giving rise to the offsets were not arm's-length transactions and, in the end, were nothing more than financial engineering designed to reduce the amount of the Cash Dividend. Indeed, the Offering Circular bluntly admitted that

the Renren Note "reduces the net value of the assets being transferred from Renren to OPI while still transferring substantially all of the Investments to OPI." Further troubling, Defendants remained stockholders in Renren, meaning that in the event that there was any potential upside to Renren from the Renren Note, they would share in it. In other words, from the Controlling Stockholders' perspective as stockholders in both OPI and Renren, the Renren Note amounted to moving money from the right pocket to the left pocket. Yet the Note drastically reduced the amount of Cash Dividend payable to Renren's minority stockholders.

157. The Renren Note is further evidence of the Director Defendants' bad faith because exchanging valuable investments for the Renren Note was indefensible from a business perspective. The Renren Note itself was worth far less than $90 million from Renren's perspective. The Renren Note lacked marketability because it was from a related party, had a relatively lengthy maturity term, and posed collectability risks (in the event SoFi shares were not monetized). In particular, section 3.7(d)(ii) of the Separation Agreement required subordination of the Renren Note to nearly $120 million in other debts owed by OPI (including a $60 million debt owed to SoftBank, described below), yet OPI was funded with only $35 million in cash and had limited operating cash flows. And although the Renren Note was secured by a pledge of SoFi shares, that security interest was junior to and subordinated to nearly $120 million in other debts also secured by pledges of SoFi shares.

158. Transferring SoFi shares and other valuable investment assets in exchange for a subordinated junior note certainly was not in Renren's best interests. A $90 million double-subordinated note secured by a like amount of stock is inherently less valuable than the stock itself, at least where the borrower will need to monetize that stock as a source of repayment. Moreover, the Renren Note gave Renren no potential upside in the future appreciation of SoFi stock. In fact,

the Renren Note shifted all potential upside in the SoFi stock to OPI, while sticking Renren with the downside risk. If the SoFi stock appreciated, then OPI and its new stockholders would pocket the profit. But if the SoFi stock declined in value and was unable to be sold, then Renren would still ultimately bear the risk of loss as it was highly unlikely that OPI would be able to repay the note in such circumstances, especially given OPI's nearly $120 million in senior debt obligations. As a result, in a market transaction, the Renren Note would have sold at a significant discount relative to its face value, and the difference between the fair market value of the Renren Note and its face value constituted additional harm to Renren.

159. In the end, the Cash Dividend payable to Renren stockholders—as determined by the OPI Value—should have been based on a before and after assessment of Renren's value, comparing: (a) Renren's value assuming it still directly held all of its investments; with (b) Renren's value following the Separation. The Special Committee and the Director Defendants' fiduciary duties required them to evaluate the combined effect of the overall transaction on Renren through that lens. But that is not what happened, as the OPI Value—on which the Cash Dividend was based—was artificially reduced due to improper offsets and a gross undervaluation of the transferred assets in the first place, as alleged above.

H. Chen's Handpicked Special Committee and Financial Advisor Rubber Stamp the Separation and Cash Dividend

1. A Conflicted Special Committee Approves the Separation.

160. The Special Committee's selection of the OPI Value and approval of the Separation (and the Cash Dividend) was a complete sham. The Special Committee was first formed to evaluate a prior version of the Separation that Chen announced in September 2016. That first version would have placed Renren's investments in a "SpinCo" followed by a private-rights offering in which Chen, Liu, and SoftBank would purchase any unexercised rights assuming a

$500 million valuation for the SpinCo. Following inquiries from the SEC, on December 5, 2016, Renren announced that it had appointed two new independent directors to its board—Stephen Tappin and Tianruo Pu. Then, on December 22, 2016, Renren named Tappin, Pu, and former Renren CFO, Hui Hang, to a three-person special committee that would evaluate Chen's proposal, hiring Duff & Phelps at the same time.

161. The Special Committee was far from independent. Tappin, a self-proclaimed "CEO coach and confidant," had no apparent previous experience in any of Renren's operating industries or in the industries of any its portfolio companies. In fact, aside from Renren, Tappin has never served as a director of any public company.

162. The only apparent reason for Tappin's appointment was his personal relationship with Defendant Chen. Tappin has described himself as a "dear friend" of Chen, even posting selfies of himself with Chen on social media, calling Chen "the next China Warren Buffet":

163. Chen also is or has been a client of Tappin. In online marketing materials for Tappin's executive coaching business, Chen was once quoted as saying "Steve is my CEO coach."

164. The close relationship between Chen and Tappin and the patent inadequacy of the assumed $500 million SpinCo valuation led Bill Bishop, a longtime observer of Chinese markets, to ask Tappin:

165. Given Tappin's connection to Chen and utter lack of relevant experience, Tappin could not be expected to—and did not—provide a fair and impartial assessment of the Separation to protect Renren's and its minority stockholders' best interests.

166. Huang similarly lacked any ability to serve as an impartial, independent director, and was not even presented as an independent director according to the Offering Circular. Huang was Renren's CFO from 2010 until December 2014. Even after resigning as CFO, she remained loyal to her former boss and served as a director starting the month after her resignation as CFO. Huang was incentivized to protect Chen's interests due to her historical relationship with Chen and Chen's influence over her future employment prospects. Like Tappin, therefore, Huang could not be expected to—and did not—provide a fair and impartial assessment of the Separation to protect Renren's and its minority stockholders' best interests.

167. Not surprisingly, a Special Committee whose members were hand-picked by Chen, were friends with or supplicants to Chen, and were appointed to evaluate a transaction for Chen's benefit did exactly as Chen asked: arrive at the pre-defined target figure for the OPI Value of $500 million. The Special Committee did not even pretend to exercise independent judgment. From the time that the Special Committee was formed, $500 million was provided as a target figure for the value of OPI. Indeed, in the very December 22, 2016 press release announcing the formation of the Special Committee, Renren:

> further announced that its board of directors has received a preliminary non-binding proposal to purchase any shares of SpinCo that are not distributed in the proposed spin-off. The letter was from Mr. Joseph Chen, the Company's founder, chairman and chief executive officer, Mr. James Jian Liu, the Company's executive director and chief operating officer, and SoftBank Group Capital Limited, an affiliate of SB Pan Pacific Corporation. Mr. Chen and SB Pan Pacific Corporation are the Company's two largest shareholders. ***The preliminary non-binding proposal would value SpinCo at US$500 million***, net of debt.

(Emphasis added.)

168. As such, Defendant Chen, along with SoftBank GCL and Liu, had already made an offer that "would value" the company to be formed (OPI) at $500 million, and this offer was announced in the same press release announcing formation of the Special Committee.

169. The Special Committee's arrival on ***exactly*** $500 million for the "OPI Value" (towards the low end of the $483 million to $587 million range even under Duff & Phelps' flawed "valuation" analysis) in April 2018 undermines any claim that the committee was independent or fulfilled its fiduciary obligations. The value of Renren's investment portfolio grew substantially between the time of Chen's initial proposed "SpinCo" valuation of $500 million in December 2016 and when the Special Committee arrived on that exact number for the OPI Value in April 2018. As described above, there were numerous 2017 and 2018 transactions involving Renren's portfolio companies that indicated that Renren's holdings had skyrocketed in value following December 2016.

170. In particular, there were numerous data points indicating that the value of Renren's investment in SoFi had significantly increased following December 2016, such as: (a) SoFi's massive growth as reflected in an April 2, 2018 press release; (b) the April 2017 sale of SoFi shares implying a valuation of $566 million for Renren's remaining SoFi investment; (c) early 2017 reports that SoFi's board, which included Defendants, turned down a $6 billion offer; (d) late 2017 rumors of an $8 billion to $10 billion IPO; and (e) negotiations with SoftBank in connection with the SoftBank loan implying a SoFi valuation near $600 million. These intervening market data points for SoFi in particular undermine any notion that the Special Committee fulfilled its duty to engage in meaningful deliberations before settling on $500 million as the "OPI Value" and approving the Separation.

171. Substantial efforts that had already been undertaken in preparation for the purported spin-off before the Special Committee was even formed further demonstrate that the Special Committee was merely intended to provide rubber-stamping cover. According to a letter transmitted to the SEC on December 19, 2016, Renren had already "engaged in the following activities in preparation for the proposed spin-off" as of that date:

- "Transferring assets between entities within the Company so that the assets to be spun off will be held at the time of the Spin-off by the holding company that will be spun off ('SpinCo');"
- "Negotiating with a lender to whom the Company pledged shares of Social Finance Inc., to permit those shares to be transferred to SpinCo;"
- "Discussing and negotiating key terms with several potential investors" related to the acquisition of SpinCo shares;
- "Working out the operational and logistical requirements for distributing the Rights and distributing cash to shareholders who do not elect to exercise their Rights;"
- "[C]ollecting information for the information statement to be distributed to the Shareholders and the forms to be completed by shareholders of the Company who elect to exercise their Rights;" and
- "Seeking authorization from the board of directors of the Company" related to the proposed transaction.

172. In the same letter, Renren—through its counsel—advised the SEC that a Special Committee might be formed because "several of its existing major shareholders have indicated their interest in acting as" potential investors who "may acquire whatever shares of SpinCo are not distributed in the Spin-off due to rights to acquire shares of SpinCo" that were not exercised. Thus, the Director Defendants already knew, because of the way they designed the transaction, that they expected to obtain more than their proportionate share of the spun-off assets.

173. On February 1, 2017, the SEC transmitted a letter to Defendant Chen and Renren, questioning the purported $500 million value of the proposed SpinCo (OPI) as follows:

> We note that the preliminary non-binding proposal values SpinCo at "US$500 million, net of debt." Please explain how you determined the fair value of SpinCo. Provide us with your calculation and the estimated fair value of the investments that will be transferred to SpinCo.

174. In a March 2, 2017 response letter, Renren indicated that the proposal "does not represent the Company's own valuation" of OPI (revealing that the figure was chosen by Chen), and that the Special Committee would ultimately estimate the "fair value of the business and assets that will be transferred." Yet despite that representation to the SEC and all that occurred over the ensuing year, the Special Committee still adopted Chen's figure.

175. In the meantime, the Special Committee members were paid $12,000 per month ($15,000 per month for Pu, as the chair of the committee) for essentially doing nothing for the next 16 months while the rights offering plan was rejected by the SEC and the Separation was delayed while seeking approval from the New York Department of Financial Services.

176. Moreover, the SoftBank Defendants irredeemably tainted the Special Committee's purported "process." As alleged above, SoftBank GCL was part of Chen's and Liu's initial valuation of SpinCo of $500 million in 2016, announced at the same time the Special Committee was appointed. Moreover, by the time the Special Committee voted on the OPI Value, Separation, and Cash Dividend in April 2018, the SoftBank Defendants had:

- Committed to accept the offer of OPI shares in the Private Placement;
- Agreed to provide the SoftBank Loan of $60 million which directly factored into the calculation of the OPI Value, was used in part to fund the Cash Dividend (given Renren's cash constraints), and conferred SoftBank GCL with the upside to any appreciation in 3.5 million shares of SoFi stock;
- Agreed to terms for amended articles of association of OPI and an OPI shareholders agreement that significantly increased their oversignt and control over the management of the investments; and
- Negotiated a right to receive a special distribution of 5.9 million shares of SoFi stock from OPI, as described below.

In addition, at the time of the transactions were being considered, the SoftBank Defendants and their affiliates were SoFi's largest shareholder/investor, and the SoftBank Defendants' nominee to OPI's board of directors, David Thevenon, was a member of SoFi's board of directors. Thus, the SoftBank Defendants were heavily conflicted in the Separation and the other integrated transactions before the Special Committee, including its selection of the OPI Value.

177. Despite the SoftBank Defendants' glaring conflicts of interests, no procedural protections were put in place to insulate the Special Committee from their influence. To the contrary, the Offering Circular explained that:

- All powers purportedly delegated to the Special Committee (though not independently exercised), were "subject in each case to SoftBank [Group]'s existing consent rights under Renren's articles of association."
- The Special Committee did not "structure the Transaction to permit Renren shareholders receiving the Cash Dividend to separately participate in the future appreciation" of the investment assets because (in part) it "***was not supported by SoftBank [Group]***."
- The "factors considered by the Special Committee" included the need to obtain SoftBank Group's consent.

(Emphasis added). Thus, not only was the Special Committee hand-picked by Chen and under his influence, it directly considered whether and to what extent Chen's partner in the $500 million valuation for OPI, *i.e.*, the heavily conflicted SoftBank Defendants, would approve. Ultimately, the SoftBank Defendants applied significant downward pressure on the Special Committee's determination of the OPI Value because, as discussed in section K: (1) the Transaction could not go forward unless the SoftBank Defendants agreed to participate in the Private Placement; and (2) the SoftBank Defendants subjectively were only interested in Renren's SoFi interest and were thus unwilling to increase the size of its loan to fund the Cash Dividend.

178. On April 23, 2018, the Separation was presented to the Special Committee. Given the obvious risk of unfair dealing, the Special Committee should have engaged in a careful,

thoughtful deliberation to ensure that Renren's and its minority stockholders' interests were protected. Instead, beholden to Chen and acting under the influence of Chen and his fellow bidder SoftBank GCL, the Special Committee adopted $500 million as the OPI Value, approved the Separation without any effort to engage in negotiations with the Controlling Stockholders, and concluded that the Cash Dividend was "fair from a financial point of view" that ***same day***.

179. At bottom, the involvement of a flawed and biased Special Committee did not remove the Director Defendants' self-interested taint from the Separation, but instead made the transaction even more outrageous. Chen hand-picked loyalists to rubber stamp his proposal, and they did exactly that with no meaningful deliberation in the face of glaringly obvious flaws in Duff & Phelps' reverse-engineered valuation analysis. Regardless, even though the "Special Committee" was formed to evaluate the Separation, the Separation Agreement nonetheless required approval from Renren's full board as a condition precedent. The full board could not have given such approval without the Director Defendants' concurrence, and the Director Defendants themselves could not have reasonably relied on the so-called OPI Value for all of the reasons discussed herein. Each of the Special Committee, the Director Defendants, and the Renren board thus acted against Renren's best interest in approving the Separation.

2. Duff & Phelps Provided a Flawed Valuation Analysis to Assist the Special Committee in Breaching its Fiduciary Duties.

180. Chen's chosen financial adviser for the Special Committee, Defendant Duff & Phelps, aided and abetted the Special Committee's breaches of fiduciary duty by knowingly assisting those breaches. Duff & Phelps presented contorted valuations to "paper the record" by attempting to make the Transaction and OPI Value appear fair so that the Special Committee could recommend their approval (thereby allowing Duff & Phelps to secure its banking fee), despite the fact that the OPI Value vastly undervalued Renren's SoFi stake and the other Renren assets. The

Offering Circular highlights Duff & Phelps' advice as one of two factors the Special Committee considered "when making the fairness determination with respect to Renren shareholders receiving the Cash Dividend[.]" (The other highlighted factor was the supposed goal of avoiding regulation under the Investment Company Act, discussed further below.)

181. Duff & Phelps had a powerful incentive to facilitate the Transaction and inadequate OPI Value. Duff & Phelps has carved out a niche in advising Cayman companies that are headquartered in China. Duff & Phelps supplies these companies with lowball valuations for take-private transactions and in return collects lucrative fees. For example, Duff & Phelps provided a "fairness opinion" for the Qunar Caymans Island Limited ("Qunar") take-private, in which the company's minority stockholders were taken out for $30.39 per ADS (a below-average 15% premium to the company's trading price). The valuation used in the Qunar take-private, which closed on February 28, 2017, is currently the subject of an ongoing appraisal proceeding by minority stockholders under Section 238 of the Cayman Companies Law in the Grand Court of the Cayman Islands, Financial Services Division (the "FSD").

182. Duff & Phelps also provided a "fairness opinion" in the Zhaopin Limited ("Zhaopin") take-private, in which controlling stockholder Seek International Investments Pty Ltd. ("Seek") took out the minority stockholders for $18.20 per ADS, a meager 14.2% premium. Prior to the take private, Seek owned 61.2% of Zhaopin's stock and controlled 74.5% of its voting power. The Zhaopin take-private closed on September 29, 2017 and is likewise the subject of a Section 238 appraisal proceeding in the FSD. Pu—who Chen placed on the Special Committee—is the CFO of Zhaopin.

183. Duff & Phelps has provided the fairness opinion for a number of other transactions where the valuations are currently subject to Section 238 appraisal proceedings in the FSD,

including Perfect World Co. Ltd., China Ming Yang Wind Power Group Limited, E-House (China) Holdings Limited, E-Commerce China Dangdang Inc., Trina Solar, KongZhong, and eFuture Holdings, Inc.

184. Duff & Phelps stands to profit greatly from providing financial advisory services for transactions in which Chinese companies that trade on United States stock exchanges are taken private. In a Spring 2018 presentation titled "China Transactions Insights," Duff & Phelps notes that 66 Chinese companies completed take private transactions between 2013 and 2017. Further, Duff & Phelps reported that the total implied equity value of US-listed Chinese companies that completed going private transactions in 2017 alone was $7 billion. The prospect of earning fees from helping controlling stockholders of China-based companies with U.S.-traded ADSs squeeze out their minority stockholders provides a powerful motive for Duff & Phelps to concoct lowball valuations to help these deals get done.

3. Duff & Phelps' Purported Fairness Opinion Was Limited in Scope and Did Not Actually Address the Substance of the Transaction.

185. Duff & Phelps' fairness opinion (the "Opinion") was meant to provide a facially independent evaluation to give the Special Committee and the Director Defendants cover to vote to approve the Transaction. Even on its own terms, the Opinion provides no such cover.

186. The scope of the Opinion was extremely narrow. It expressly provides that Duff & Phelps did not evaluate or analyze many considerations germane to whether the Transaction was in Renren's best interests. Specifically, the Opinion notes:

- "***Duff & Phelps did not*** evaluate the solvency of the Company, OPI, SoFi or any other Portfolio Company, the Funds, or the ZenZone Business or ***conduct an independent appraisal*** or physical inspection ***of any specific assets or liabilities (contingent or otherwise) of such entity***, nor was Duff & Phelps provided with any such evaluation other than the contents of the Management Representation Letter;"

- "Duff & Phelps has not been requested to, and did not (i) initiate any discussions with, or ***solicit any indications of interest from, third parties with respect to the Transaction, the assets, businesses or operations of the Company, OPI, SoFi or any other Portfolio Company***, the Funds, the ZenZone Business or any alternatives to the Transaction . . . or (iii) advise the Special Committee or any other party with respect to alternatives to the Transaction;"

- "Duff & Phelps ***is not expressing any opinion as to*** the market price or value of the Company's or OPI's common shares or ADSs (or anything else) or ***value of the equity (or anything else) of OPI, SoFi, the other Portfolio Companies***, the Funds, or the ZenZone Business after the announcement or the consummation of the Transaction (or any other time);"

- "This Opinion should ***not be construed as a valuation opinion***" or "an analysis of the Company's, OPI's, SoFi's, the other Portfolio Companies', the Funds' or the ZenZone Business' creditworthiness;"

- "In rendering this Opinion, Duff & Phelps is not expressing any opinion with respect to the amount or nature or any other aspect of any compensation payable to or to be received by any of the officers, directors, or employees of the Company, OPI, SoFi, the other Portfolio Companies, the Funds, or the ZenZone Business or any class of such persons, relative to the amount of the Cash Dividend, or with respect to the fairness of any such compensation;" and

- "Duff & Phelps expresses no opinion as to the fairness of the Transaction to the Eligible Shareholders acquiring OPI shares or any post-transaction arrangements with respect to OPI."

(Emphasis added.)

187. Further, the Opinion expressly provides that it "does ***not address the merits of the underlying business decision*** to enter into the [Transaction]" (emphasis added). As such, the Opinion does not address or purport to support the decision to divest Renren's investments in the first place. Instead, the sole opinion provided by Duff & Phelps in the Opinion was that "the Cash Dividend to be received by the holders of the Company's shares and ADSs . . . in the [Transaction] is fair, from a financial point of view, to such holders."

188. Moreover, even that extremely narrow, purely qualitative opinion was expressly limited by a long list of "assumptions, qualifications and limiting conditions" that shaped Duff & Phelps' analysis and Opinion, "with the Company's and the Special Committee's consent and

without independent verification." The Opinion expressly provides, amongst other assumptions, that Duff & Phelps:

- "Relied upon the accuracy, completeness, and fair presentation of all information, data, advice, opinions and representations obtained from public sources or provided to it from private sources, including [Renren] management;"

- "Assumed that any estimates, evaluations, forecasts and projections including, without limitation, the Management Projections, furnished to Duff & Phelps were reasonably prepared and based upon the best currently available information and good faith judgment of the person furnishing the same, and Duff & Phelps expresses no view or opinion with respect to such estimates, evaluations, forecasts or projections or their underlying assumptions;"

- "Assumed that (i) the information relating to SoFi, the other Portfolio Companies, the Funds, the ZenZone Business and the Transaction provided to Duff & Phelps and (ii) the representations made by [Renren management] regarding SoFi, the other Portfolio Companies, the Funds, the ZenZone Business, and the [Transaction] are accurate in all material respects;"

- "Assumed that the representations and warranties set forth in the Offering Circular and in the Management Representation Letter are true and correct;"

- "Assumed that application of the Dividend Calculation Formula is fair to the holders of Renren's ordinary shares and ADSs (other than the Eligible Shareholders who elect to receive shares of OPI in the Private Placement);" and

- "Assumed that there has been no material change in the assets, liabilities, financial condition, results of operations, business, or prospects of SoFi, the other Portfolio Companies or the Funds or the ZenZone business since the date of the most recent financial statements and other information made available to Duff & Phelps."

Further, Duff & Phelps "made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters . . . as to which Duff & Phelps does not express any view or opinion."

189. The Opinion further provides, "[t]o the extent that any of the foregoing assumptions or any of the facts on which this Opinion is based prove to be untrue in any material respect, this Opinion cannot and should not be relied upon for any purpose." Many of the assumptions,

however, were false in material respects, including for example, Duff & Phelps' assumptions concerning SoFi, Renren's other investments, and the fairness of the "Dividend Calculation Formula," a key component of which is the OPI Value itself. Duff & Phelps was aware that those assumptions were false, or alternatively, was suspicious that they were and chose not to inquire further about them so as not to come into possession of information that would confirm that they were. It follows that the Opinion should not have been relied upon for any purpose.

190. Based on the Opinion's extremely narrow scope and the number of express qualifications and limitations, the Special Committee and the Director Defendants could not have reasonably relied on the Opinion in deciding whether it was in Renren's best interests to enter into the Transaction.

191. Similarly, Defendant Chen and Defendant Chao could not have reasonably relied on the Opinion when voting in favor of the Transaction as board members. First, the Offering Circular expressly acknowledges that "Duff & Phelps did not recommend any specific value for OPI or any specific Cash Dividend amount." Second, Duff & Phelps expressly relied upon "[a] letter dated April 11, 2018 from the management of the Company," which made "representations" with respect to projections "and the underlying assumptions and certain other matters with respect to the Portfolio Companies, the Funds, and the ZenZone Business." In other words, Duff & Phelps' analysis was only as good as the information provided by Defendant Chen and other conflicted members of Renren management (such as Liu). Duff & Phelps was completely dependent on management representations regarding the critical history of Renren's investment activity, as Duff & Phelps did not review any of Renren's Form F-20 annual reports and financial statements for 2015 or earlier years.

192. Given that Defendant Chen and Defendant Chao were involved in those investments and had inside information as directors of SoFi, an aspiring venture capitalist like Defendant Chen and established venture capitalist such as Defendant Chao were in a far better position to ascertain the value of the investments than was Duff & Phelps.

193. Moreover, as discussed above, the substance of Duff & Phelps' valuation advice was transparently false, and so clearly so that Duff & Phelps, an experienced investment banking firm, knew it was false or deliberately turned a blind eye (and chose not to ask any relevant questions that would have shown it was false). As detailed in Section G above, the value of the assets that Renren was giving up in the Transaction vastly exceeded the amount of value that Renren and the minority stockholders were to receive in connection with the Transaction. Duff & Phelps, a sophisticated actor that was intimately involved in the Transaction, would have known that the Transaction was manifestly uncommercial on its merits and one must infer therefrom that Duff & Phelps was aware that it was providing dishonest assistance to the Controlling Stockholders. Duff & Phelps deviated from standard financial advisory and valuation practice by applying improper double-counted discounts and making other valuation errors that no firm with Duff & Phelps' experience would make. The consistency and glaring nature of these errors indicates that they were not mistakes at all. Rather, the deviations from standard practice are further evidence that Duff & Phelps knew that they were assisting a breach of fiduciary duty to reach a pre-determined outcome or deliberately turned a blind eye to whether this was the case (and chose not to ask any relevant questions that would have shown that to be the case).

I. The Transaction, as Structured, was Not Legally Required

194. According to the Offering Circular and other public disclosures, the primary justification for transferring the entire value of its company to OPI was the risk that Renren might be deemed an "investment company" under the Investment Company Act. This justification was

mere pretext for Defendant Chen to renew his bid to take control over Renren's most valuable assets and place them in a privately held company under his control.

195. Even under the dubious assumption that Renren was required to dispose of SoFi and its other holdings, there is no reason that it had to do so by engaging in a conflicted transaction and receiving minimal consideration in return. The designated asset valuation range was patently unreasonable for all the reasons addressed herein, and the OPI Value was further artificially deflated by the $90 million Renren Note given solely for the purpose of reducing the OPI Value. Regardless of what regulatory issues Renren might face under the Investment Company Act, those issues are completely irrelevant with respect to the grossly inadequate consideration provided to Renren and its minority stockholders. The Investment Company Act does not license controlling stockholders to strip assets from their companies for less than fair value.

196. But even if Renren were legally required to dispose of SoFi and its other holdings, there is no legal reason that it had to do so through a privately held off-shore entity. It would have been legally permissible for Renren to transfer the investments instead to a U.S. public entity or liquidation trust (as certain Renren investors suggested to the board) to ensure that all stockholders were treated equally and fairly. Indeed, according to the Offering Circular, "Renren considered placing its investment securities in a U.S. entity, registering that entity as an investment company and then distributing the entity's shares to Renren's shareholders." Defendants Chen and Chao and their fellow Controlling Stockholders rejected that option solely to preserve the upside of Renren's investments for themselves and, with respect to Defendant Chao, also the DCM Defendants, not due to any legal prohibitions.

197. To understand the real rationale for the Transaction, one needs look no further than who will benefit from it and the related transactions: the Controlling Stockholders, one of whom,

Defendant Chen, had previously attempted to take the Company private in a lowball offer almost three years earlier. The Transaction allowed the Controlling Stockholders to transfer all of the Company's valuable assets into a private entity that they control, without paying Renren and its ineligible minority stockholders fair value for Renren investment portfolio that the Controlling Stockholders have converted to their own use.

198. The timing of the Transaction was particularly fortuitous (for the Defendants) because, as discussed above, SoFi was rumored to be gearing up to go public—a process into which Defendants Chen and Chao, as directors of SoFi, have non-public insight, insight that the DCM Defendants also have through Chao. In fact, the agreement that the Controlling Stockholders entered into for operating OPI provides that OPI is ***required*** to monetize the SoFi stake as soon as possible. This is remarkable, because the Director Defendants claimed that a sale of the Company's SoFi stake could not be accomplished while it is held by the Company and its public stockholders. The Company has disclosed that "OPI does intend to dispose of its holdings of SoFi shares as soon as possible to achieve maximum profit for the shareholders of OPI, in accordance with the terms of the OPI Shareholders Agreement." The referenced "maximum profit" is reserved for the favored Defendants, not the Company's public stockholders.

J. The Director Defendants Further Breach Their Fiduciary Duties by Obtaining Kickbacks for Themselves and the Other Controlling Stockholders and Leaving Renren Undercapitalized

199. Defendant Chen's and Defendant Chao's breaches of fiduciary to Renren in stripping it of SoFi and its other valuable investment opportunities are even more egregious when viewed in context. First, Chen and Chao stripped Renren of its most valuable assets, which were acquired largely with IPO proceeds, and left Renren doomed to fail with a long-dead social media business and a dying used car business. Second, Chen and Chao gave "special distribution rights" in SoFi stock to the Controlling Stockholders, which they would not have enjoyed in the absence

of the Transaction. Finally, Defendants caused OPI to incur debt to SoftBank, which gave SoftBank additional upside in SoFi and subordinated Renren's rights to payments from OPI under the Renren Note.

1. Renren's Remaining Businesses Are Unprofitable and Doomed to Fail.

200. Following the Transaction, which stripped out all of Renren's valuable assets, Renren was left with a dying and outdated social media business that had sustained tens of millions of dollars in operating losses year after year, a money-losing trucking app, and recently acquired Chinese used car dealerships, obtained in part through forgiveness of bad loans previously made by Renren. Renren has no realistic value as an ongoing operating business concern. Rather, these cash-burning businesses have consistently lost money, have no hope of ever turning a profit, and are inevitably doomed to fail.

201. After going public in 2011, Renren has sustained massive operating losses every year of its existence. Specifically, Renren's audited financial statements reported the following operating losses:

Fiscal Year	**Operating Loss** (millions)
12/31/2011	($5.1)
12/31/2012	($64.2)
12/31/2013	($113.7)
12/31/2014	($160.9)
12/31/2015	($105.3)
12/31/2016	($73.0)
12/31/2017	($87.9)

202. In each of these years, the losses were material relative to Renren's paltry revenues. Indeed, in the years ending December 31, 2015 and December 31, 2016, Renren's operations were so poor that operating losses exceeded total net revenue (as operating expenses in those years more

than doubled total net revenues). An October 3, 2017 *Forbes* article, titled "Joe Chen's Sneaky SoFi Share Snatch," noted: "In the history of social media stocks and billion-dollar startups, it's hard to find a bigger train wreck for investors than a company called Renren."

203. Moreover, Renren's historical social media business is now outdated and largely defunct. Its social-networking user base has continued to decline over time. According to Renren's Form 20-F annual reporting, unique log-in users declined "from approximately 41 million in December 2015 to approximately 35 million in December 2016 and then further to approximately 32 million in December 2017." These declines followed a "significant drop" experienced in 2013, "from approximately 56 million in December 2012 to approximately 45 million in December 2013," according to Renren's annual report for 2014.

204. Even worse, Renren itself does not even own the cash-burning social media operating businesses in China. Rather, the actual operating entities are subsidiaries of Beijing Qianxiang Tiancheng Technology Development Col, Ltd. ("Qianxiang Tiancheng"), which is 99% owned by Defendant Chen's wife and 1% owned by Renren COO and director James Jian Liu. Even though Renren owns no equity interest in Qianxiang Tiancheng and its operating subsidiaries, those entities are consolidated in Renren's financial statements solely on the basis of various contractual relationships purportedly establishing economic and control rights. In other words, Renren's purported social media business consists of nothing more than a few purported contractual relationships with Chinese entities owned by Defendant Chen's wife and Liu.

205. As a practical matter, Renren's contractual enforcement rights regarding the operating businesses in China are dubious. In the risk factor disclosures in its public filings, Renren has conceded that its "contractual arrangements" with those entities "may not be as effective in ensuring our control over our China operations as direct ownership would be." In

addition, Renren's risk factor disclosures suggest that enforcement of those contracts is questionable in that: (a) all of the contractual arrangements between Renren and the operating entities are governed by Chinese law and subject to arbitration in China, meaning that "uncertainties in the PRC legal system could limit [Renren's] ability to enforce these contractual arrangements;" and (b) those agreements were structured to end-run Chinese laws preventing foreign ownership, and consequently there are "substantial uncertainties regarding the interpretation and application of PRC laws and regulations" to Renren's contractual relationship with Qiangxian Tiancheng and its subsidiaries.

206. In short, Renren's legacy social media business is nearly defunct. It has suffered declining user figures and operating losses, year after year. And the operating social media business in China is not even actually owned by Renren, but instead amounts to an accounting artifice subject to the whims of Defendant Chen's wife and the vagaries of Chinese law.

207. The prospects of Renren's fledgling used car operations are equally dismal and hopeless. As described in its audited financial statements, that business "includes the sales of used cars as well as used car financing provided to used car dealerships." Used car dealerships and used car financing are not a particularly alluring investment, and Renren's used car division is even worse in that it is a collection of used car dealerships with a known track record of failure. During the second half of 2017, Renren acquired 14 unrelated used car dealerships operating in various cities across China through a PRC subsidiary, Shanghai Jieying. Nearly half ($21.2 million) of the total consideration paid for these dealerships ($45.9 million) consisted of "a forgiveness of the financing receivable balances . . . related to financing previously provided" by Renren. In other words, Renren bought its used car dealerships because those dealerships were unable to generate

sufficient cash flow to repay their loans from Renren. Unsurprisingly, Renren has lost and continues to lose money on these flailing used car dealerships.

208. The hopeless nature of Renren's remaining businesses is further evident from pro forma financial statements prepared in connection with the Transaction. Renren prepared pro forma condensed consolidated financial statements "prepared as though the Transaction occurred on January 1, 2014," and filed the pro forma financial statements as Exhibit 99.3 to the Form 6-K filed April 30, 2018 (the "Pro Forma Financial Statements"). The figures set forth in the Pro Forma Financial Statements reflect that Renren's remaining business—apart from entities transferred to OPI—have sustained staggering operating losses. Specifically:

	FISCAL YEAR ENDED		
(amounts in $ thousands)	**12/31/2016**	**12/31/2015**	**12/31/2014**
Total Net Revenues	58,437	32,886	46,668
Gross Profit	8,315	(3,565)	12,005
Total Operating Expenses	(81,159)	(102,804)	(172,351)
Loss from Operations	(72,844)	(106,369)	(160,346)

209. The Pro Forma Financial Statements similarly reflected an operating loss of more than $59.1 million for the nine months ending September 30, 2017. A subsequent pro form financial statement attached to a Form 6-K filed on June 19, 2018 reflects an operating loss of more than $86.1 million for the year ended December 31, 2017.

210. Although Renren's pro forma balance sheet as of March 31, 2018 reflects total assets of $569.9 million against total liabilities of $355.6 million, Renren is insolvent. Renren's pro forma balance sheet is largely an accounting artifice stemming from Renren's aggressive interpretation of consolidation principles under U.S. GAAP. Many of the assets owned by consolidated entities in China would not be recoverable to pay creditors in any Renren liquidation proceeding because: (a) Renren does not actually own any interest in the Chinese entities that directly own many of those assets; and (b) Renren's contractual enforcement rights would be

limited. Other assets, such as the $112.5 million reported for goodwill and intangibles, are similarly worthless because Renren has virtually no value as a going concern. Finally, the Renren Note is reported at face value ($90 million), but in reality, is worth much less.

211. Renren is now hopelessly undercapitalized, and it is just a matter of time until the ongoing and continuous operating losses from its cash-hemorrhaging businesses drain Renren's remaining cash reserves. Renren was gutted by Defendants, who enriched themselves in the process. Given Renren's dismal prospects, the Transaction could not possibly have been in the best interests of Renren. Even though Renren itself invested close to $1 billion in various long-term investments, largely with the proceeds of its IPO, Renren has now been left with undesirable scraps that lack any prospect of turning a profit. In contrast, Defendants Chen and Chao, along with DCM, SoftBank, and their other cronies, have positioned themselves to profit handsomely from the productive fruits of Renren's history as a public company.

2. Preferential Distributions for Defendant Chen and other "Special Distribution Rights" of SoFi Stock for Chen, the DCM Defendants, and SoftBank.

212. Defendant Chen's and Defendant Chao's flagrant breaches of fiduciary duty in causing the Transaction are further evidenced by the preferential rights they obtained for themselves, their affiliates, and/or their cronies, amounting to kickbacks.

213. For example, in connection with the Transaction, the DCM Defendants, SoftBank, and Chen obtained priority rights to distributions of SoFi shares (or the proceeds thereof) that they did not previously enjoy as Renren stockholders (and for no apparent consideration). As the Offering Circular acknowledges, "DCM and SoftBank, two of the Committed Shareholders who will hold OPI Shares after the Transaction, will have the right to receive special distributions of SoFi shares in cash or in kind, in respect of their OPI Shares." As the Offering Circular further acknowledges:

- "any time on or after" the Transaction, "DCM has the right to request that OPI make an in-kind distribution of 1,283,710 SoFi shares, or approximately 3.7% of the total, to DCM;"

- at any time after the "Everbright Loan," a $59 million loan to a third-party is fully repaid, "SoftBank has the right to request that OPI make an in-kind distribution of 5,918,366 SoFi shares, or approximately 17.0% of the total, to SoftBank;"

- once the SoftBank Loan has been repaid, "OPI will promptly make an additional distribution to DCM and/or SoftBank to the extent that such shareholder's shareholding percentage in OPI on a fully diluted basis, multiplied by the sum of (i) the number of SoFi shares held by OPI that remain unpledged at that time and (ii) the number of SoFi shares sold by OPI to repay the Debt, exceeds the number of SoFi shares previously distributed to such shareholder." DCM and SoftBank may elect to receive those distributions "in the form of the cash proceeds from the sale of the SoFi shares to which they are entitled," according to the Offering Circular;

- "OPI will only distribute SoFi shares to shareholders other than DCM, SoftBank and Mr. Chen if SoFi is a public company listed on a stock exchange." Other OPI shareholders are limited to receiving *pro rata* catch up distributions of cash proceeds obtained from any sales of SoFi shares; and

- Defendant Chen "has the right under the OPI Shareholders Agreement to request a special distribution of SoFi shares for himself at the same time when SoftBank receives its first distribution of SoFi shares, if and solely to the extent that the distribution to DCM and/or SoftBank causes him additional tax liability."

214. None of these so-called "special distribution" rights with respect to SoFi stock existed prior to the Transaction and resulting transfer of Renren's investment in SoFi to OPI.

215. Moreover, while the OPI assets (including the SoFi shares) were encumbered as collateral for certain debt obligations, the special distribution rights provided to the DCM Defendants allowed them to extract ***their SoFi shares and remove them from the encumbrance***. The fact that the DCM Defendants managed to secure this type of preferential treatment makes clear that they participated in structuring and negotiating the transaction, and thus were an integral part of the siphoning-off of value from Renren.

216. Defendant Chen also obtained special distribution rights for himself (and Liu) in connection with preference shares held in Renren Lianhe. As described above, all of the investments formerly belonging to Renren with the exception of SoFi were transferred into OPI's direct wholly-owned subsidiary, Renren Lianhe. By virtue of Defendant Chen's Class A1 preference share and Liu's Class A2 preference share, Defendant Chen and Liu are generally entitled to a 30% surplus return from all transferred investments (other than SoFi) under the terms of the Renren Lianhe stockholders agreement, subject to certain limitations. Defendant Chen and Liu had no such rights to receive such special surplus returns as Renren stockholders prior to the Separation when Renren still owned the investments. Additionally, Defendants Chen and Chao approved a Share Incentive Plan that granted themselves (and other insiders) restricted OPI shares and options, giving themselves an even greater interest in OPI's valuable investment portfolio after the Separation and diluting any non-insiders that chose to participate in OPI's private offering.

3. The SoftBank Loan.

217. Aside from the Renren Note, the only other consideration that was given to Renren in exchange for its more than $1 billion long-term investment holdings was a paltry $25 million in cash. That cash was contractually ear-marked for use to make the dividend payment to Renren's minority stockholders following the Separation.

218. The $25 million in cash proceeds provided to Renren were obtained from OPI's wholly owned subsidiary, Renren Lianhe, via a $60 million loan from SoftBank GCL (the "SoftBank Loan"). The Renren Note was subordinated to the Softbank Loan, and any proceeds obtained from Renren Lianhe from the disposition of any SoFi shares must be used to repay the SoftBank Loan prior to repayment of the Renren Note. The SoftBank Loan is secured by SoFi shares.

219. As described in the Offering Circular, the SoftBank Loan contemplates OPI's sale of SoFi shares, and includes a convoluted mechanism defining the principal amount through which the economic benefit of any appreciation of SoFi shares will effectively go to SoftBank. As the Offering Circular describes:

> While the principal amount of the SoftBank Loan is fixed, the amount by which any repayment of the SoftBank Loan reduces the outstanding principal amount of the debt is reduced to the extent that the price per share at which OPI disposed of the shares of SoFi exceeds US$17.1842 per share. That is, the amount by which the outstanding principal amount of the SoftBank Loan is reduced is equal to the amount of the net proceeds multiplied by US$17.1842 and divided by the price per share at which OPI disposed of the shares of SoFi, if the price per share was greater than US$17.1842. For example, if OPI disposes of 100,000 shares of SoFi for net proceeds of US$2,000,000, then the per share value is US$20.00, and if OPI applies the entire US$2,000,000 to the repayment of the principal amount of the SoftBank Loan, then the principal amount of the SoftBank Loan is reduced by only US$1,718,422 (because US$2,000,000 × 17.1842/20 = US$1,718,422), not by the full amount of the US$2,000,000 repaid by OPI in this hypothetical . . . . If OPI disposes of any shares of SoFi for net proceeds of less than US$17.1842 per share, then the principal amount of the SoftBank Loan is only reduced by the amount of the net proceeds that are applied to the repayment of it.

220. As the Offering Circular notes, the "effect of this is to transfer all of the value of the appreciation of approximately 3,491,580 shares of SoFi above US$17.1842 to SoftBank."

K. The SoftBank Defendants' Knowing Participation in and Encouragement of Chen's, Liu's, and the Special Committee's Breaches of Their Fiduciary Duties.

221. The benefits that the Controlling Stockholders procured for themselves and each other were no accident, but rather resulted from their collaboration with one another in pulling off the self-dealing scheme. Put differently, those benefits stemmed from what amounted to a bargain amongst thieves. For mastermind Chen's plan to work, he needed Chao's and Liu's board votes and the DCM Defendants' and the Softbank Defendants' cooperation and pre-commitment to the Private Placement. He also need SoftBank Group's consent and approval, because his plan to strip away the bulk of Renren's investments through the integrated transactions triggered SoftBank

Group's consent rights under Renren's articles of association. In exchange for that cooperation and pre-commitment to the Transaction, the Controlling Stockholders, especially the SoftBank Defendants and DCM Defendants, actively negotiated special perks for themselves while agreeing to also confer special benefits on each other and Renren's self-dealing directors, Chen, Liu, and Chao.

222. Indeed, the Offering Circular expressly admitted that the offer of OPI shares in the Private Placement was "part of a complex, integrated series of transactions" referred to "in the aggregate as the Transaction," and that the "***consent and cooperation*** of numerous parties [was] ***required to implement the Transaction***, with OPI granting a number of rights to various parties that take precedence over the rights of other OPI shareholders." (Emphasis added). The special "rights" granted to ensure "consent and cooperation" in "implement[ing] the Transaction" included the following:

- "Rights given to SoftBank and DCM to permit them to withdraw their pro rata share of unpledged shares of SoFi from OPI at a time of their own choosing," subject to the terms of OPI's and its subsidiaries secured debt.
- "Rights given to SoftBank in connection with the SoftBank Loan, including the right to any appreciation in value from some of the SoFi shares."
- "Rights given to SoftBank, Mr. Chen and Mr. Liu with regards to appointment of directors to the board of OPI."
- "Rights given to SoftBank and DCM to prevent the officers and the board of directors of OPI from taking certain enumerated actions."
- "Preferred shares in Renren Lianhe Holdings granted to Mr. Chen and Mr. Liu that give them a 30% surplus return from Investments other than SoFi shares, subject to a preferred return and other conditions."

In other words, the Controlling Stockholders decided how they would split-up the spoils of Renren's investment portfolio *before* they participated in the Private Placement (all Controlling

Stockholders), voted for the integrated series of transactions (Chen, Chao, and Liu), or consented to and approved the transactions (SoftBank Group).

223. The SoftBank Defendants' "consent and cooperation….required to Implement the Transaction" and their funding of the Transaction, described below, constituted knowing and substantial participation in the breaches of the Director Defendants' (and other defaulting directors') fiduciary duties. Indeed, without the SoftBank Defendants' knowing, substantial, and dishonest assistance, Chen, Chao, Liu, and the other collaborating Controlling Stockholders would not have been able to consummate the integrated series of transactions through which they wrested control of Renren's SoFi interest and the rest of the billion-dollar investment portfolio.

224. Moreover, the SoftBank Defendants were a willing partner in actively encouraging Chen, Chao, and Liu to breach their fiduciary duties. The SoftBank Defendants backed Chen and Liu in initially valuing "SpinCo" (which later becane OPI) at $500 million in 2016. And the SoftBank Defendants and/or their affiliates have a long-standing, close relationship with the DCM Defendants and/or their affiliates. In a relationship that spans over a decade, SoftBank affiliates and DCM affiliates have co-invested in many VC-backed companies, including Blind, Goodmail Systems, H1 Corporation, Picsel Technologies, Plenty, RockYou, Skylo, Ustream, VIPThink, Wandoujia, and x.ai. Moreover, in the last three years, SoftBank Group affiliates and DCM affiliates have invested in each other's new funds. Accordingly, the SoftBank Defendants did not act at arms-length, but rather as active collaborators in the misconduct alleged herein.

1. The Softbank Defendants' Participation in, and Facilitation of, the Self-Dealing Scheme.

225. The SoftBank Defendants' assistance and participation was necessary in order for Renren to be able to pay the Cash Dividend, a crucial component of the Transaction. As recognized by *Forbes* in the October 2017 article described above, the use of a Cash Dividend in

lieu of a distribution of OPI shares to Renren's excluded minority shareholders was a highly unusual transaction structure that created a mechanism for a valuation mismatch. That mechanism was exploited when the rubber-stamping Special Committee, made up of Chen's lackeys, arrived at the exact $500 million price target for the OPI Value that had been set by Chen, SoftBank GCL, and Liu in December 2016. If Renren had been unable to actually pay the Cash Dividend, the entire transaction structure would have fallen apart.

226. Scrounging up the cash necessary to pay the Cash Dividend posed a significant obstacle because Renren had sustained massive operating losses for years, and was continuing to burn cash in its defunct social media and money-losing used car businesses, as alleged above. To facilitate Renren's ability to pay the Cash Dividend, the Director Defendants caused Renren to sell the following shares of its SoFi preferred stock in an April 4, 2017 tender offer conducted in connection with SoFi's Series G funding round:

Date Acquired	Series	Cost Basis	Shares Sold	Proceeds	Gross Price
03/25/14	D	$3.45	2,672,176	$ 43,556,468.80	$16.30
02/02/15	E	$9.46	1,651,833	$ 26,924,877.90	$16.30
10/22/15	F	$15.78	1,395,977	$ 22,754,425.10	$16.30

Renren received total proceeds, net of fees, of $91.9 million from the tender offer, which was conducted through New York. The price obtained by Renren for its earlier series of SoFi preferred stock was at a modest discount of only 5.15% relative to the $17.1842 per share price of the simultaneous Series G SoFi funding round (in which SoftBank GCL participated).

227. SoftBank Group consented to and approved of Renren's sale of SoFi stock in the April 2017 tender offer, as the disposal of SoFi stock for $91.9 million exceeded 5% of Renren's market capitalization at the time and such dispositions were subject to SoftBank Group's approval under Renren's articles of association. The SoftBank Defendants were heavily conflicted in the transaction given SoftBank's status as a pre-exisiting SoFi shareholder with a SoFi board seat, the

contemporaneous participation by SoftBank GCL in SoFi's Series G round, and the SoftBank Defendants' contemplated participation in Renren's divesture of its SoFi interest through the Separation and interrelated transactions.

228. Even after Renren's monetization of a large chunk of its SoFi stake, Renren still only had $128 million cash on hand as of the end of December 31, 2017. Without the DCM Defendants' and the SoftBank Defendants' agreement to participate in the Private Placement, Renren lacked the cash needed to pay the Cash Dividend. For example, SoftBank PPC was Renren's largest shareholder by number of shares, holding 39.2% overall ownership. Even using the artificially deflated OPI Value of $500 milion, SoftBank PPC's ownership interest would equate to a $196 million dividend payable just to SoftBank PPC, far above Renren's available reserves (even before accounting for the tens of millions necessary to pay non-eligitble shareholders). As such, the integrated series of transactions involving the Private Placement, Separation, and Cash Dividend never could have been consummated without SoftBank PPC itself agreeing, as a pre-committed shareholder, to participate in the Private Placement and waive the Cash Dividend.

229. Ultimately, both SoftBank PPC and the DCM Defendants pre-committed to participate in the Private Placement and waive the Cash Dividend. In doing so, both the SoftBank Defendants and DCM Defendants aggressively demanded and obtained special distribution rights to SoFi stock from post-transaction OPI, *quid pro quo* for their participation in the Private Placement and agreement to waive the Cash Dividend. Even then, however, Renren still needed additional cash to pay the Cash Dividend.

230. To ensure that Renren would have sufficient funds to pay the Cash Dividend and complete the Transaction, SoftBank GCL made the SoftBank Loan to OPI's wholly-owned alter

ego subsidiaires. SoftBank GCL earmarked $25 million of the loan proceeds to be sent to Renren and then used to pay the Cash Dividend through New York. The Offering Circular specifically provides that the SoftBank loan was made "in connection with the Transaction," that $25 million of the proceeds were "to be paid by OPI to Renren in connection with the Separation to help fund the Cash Dividend," and that the transfer of $25 million of SoftBank Loan proceeds to Renren was "in order to ensure that Renren has sufficient funds to pay the Cash Dividend." Thus, in providing the SoftBank Loan while knowing that $25 million of the proceeds would be used to fund the Cash Dividend, SoftBank GCL enabled the overall series of integrated transactions to come to fruition.

231. In short, each of the SoftBank Defendants played a pivotal role in enabling the Cash Dividend and, in turn, the scheme as a whole. SoftBank Group gave its consent and approval to Renren's April 2017 tender offer of SoFi stock that raised $91.9 million to facilitate the Cash Dividend, and thereafter SoftBank Group consented to and approved the Cash Dividend, Separation, and interrelated transactions. SoftBank PPC pre-committed to participate in the Private Placement and waive the Cash Dividend. Had it not done so, Renren could not have funded the Cash Dividend, and the Transaction could not have been implemented. SoftBank GCL provided the SoftBank Loan, earmarking $25 million of the proceeds to help pay the Cash Dividend. In short, without the SoftBank Defendants' "consent and cooperation" and provision of such substantial assistance, the overall Transaction could not have been implemented.

232. In addition to their direct enabling and facilitation of and participation in the integrated series of transactions involving the Cash Dividend, Private Placement, and Separation, the SoftBank Defendants further assisted and participated in breaches of fiduciary duty by applying pressure that helped ensure that the Special Committee would arrive upon Chen's pre-determined price target of $500 million for the OPI Value.

233. This pressure stemmed from SoftBank Group's lack of interest in any of the Renren investment portfolio companies other than SoFi. Although the 43 other investments were worth hundreds of millions of dollars in the aggregate at the time of the Separation, those investments on an individual basis were too small to interest SoftBank Group.

234. Notably, SoftBank Group launched its high profile SoftBank Vision Fund during the fourth quarter of 2016. In May 2017, the SoftBank Vision Fund announced its first close—a whopping $93 billion initial committement. With aspirations of a $100 billion technology-oriented investment fund with a purported $100 million minimum for any given investment, Renren's portfolio of smaller investments were of no interest to SoftBank Group. SoftBank PPC's 39.2% indirect share through Renren in each of the portfolio companies—other than SoFi—was worth less than the $100 million minimum that was SoftBank Group's new focus after launching the Vision Fund.

235. Due to that shift in vision, SoftBank Group had little interest in Renren's investments other than SoFi, and consequently, had little interest in paying for an indirect interest in those investments via OPI. In turn, the SoftBank Defendants viewed the integrated series of transactions involving the Separation, Private Placement, and Dividend as primarily a play for SoFi shares only. This put downward pressure on the OPI Value because SoftBank GCL was unwilling to earmark more than $25 million of the SoftBank Loan (or otherwise increase the SoftBank Loan) to fund a larger Cash Dividend. A higher—and fairer—value for the investment portfolio would have precluded implementing the scheme, as it would have required a correspondingly higher dividend payment that Renren could not afford and that the SoftBank Defendants would not finance (due to their lack of any desire to "pay" for any upside in the investments other than SoFi).

236. The Special Committee was fully aware of the SoftBank Defendants' perspective. Indeed, the Special Committee's determination of the OPI Value was influenced not just by the $500 million price target set by Chen (with the backing of SoftBank GCL and Liu) in 2016, but also by the infeasibility of paying a higher cash dividend (due to SoftBank GCL's refusal to provide any additional funding). Moreover, the Special Committee was aware that SoftBank Group's approval was required for the Separation and related transactions. Thus, the SoftBank Defendants' influence over the Special Committee's process helped ensure that the Special Committee would merely rubber stamp the $500 million price target for the OPI Value set by Chen (with SoftBank GCL's backing) in 2016.

237. The SoftBank Defendants' influence over the Special Committee in its determination and recommendation of the OPI Value further exacerbated the Special Committee's deliberate and dishonest breaches of fiduciary duties in favoring the interests of Chen and his fellow Controlling Stockholders' interests over Renren's best interests. The Special Committee's focus was on approving the integrated series of transactions so that Chen could go forward with his plan to take Renren's assets for himself and his cronies, no matter how minimal the price paid or how unfair the transaction was to Renren and its minority shareholders. In turn, the Special Committee arrived upon a valuation for the OPI Value that they knew was patently unfair, but did so anyway in coordination with the SoftBank Defendants to obtain their cooperation and ensure that the integrated series of transactions consisting of the Private Placement, Cash Dividend, and Separation could actually be implemented to Chen's and his fellow Controlling Stockholders' benefit. In other words, the Special Committee did whatever it took to obtain the SoftBank Defendants' cooperation and make sure that the deal could be implemented to benefit Chen, while knowing that doing so was not in Renren's best interests.

238. Separately, the SoftBank Defendants also knowingly participated in and actively encouraged Chen's, Chao's, and Liu's breaches of fiduciary by agreeing—*before* those directors and Renren's board voted on the Transaction—that those corrupt Renren directors would receive benefits amounting to kickbacks from OPI if the Transaction were implemented. Specifically, the SoftBank Defendants agreed for:

- Chao, Chen, and Liu to obtain large numbers of stock options and restricted shares in OPI through the Share Incentive Program (representing 12.1% to 14.9% of the total expected OPI float on a fully diluted basis);
- Chen and Liu to have Class A1 and Class A2 preference shares, respectively, that generally entitled them to a 30% surplus return from the transferred investments other than SoFi;
- Chao's firm, the DCM Defendants, to have a special distribution right to 1.3 million SoFi shares unencumbered by any of OPI's three secured debts; and
- Chen to have catch-up special distribution rights to SoFi stock (depending on tax circumstances).

By agreeing *ex ante* for Chen, Chao, and Liu to receive those benefits from OPI if the integrated series of transactions involving the Separation, Cash Dividend, and Private Placement was implemented, the SoftBank Defendants and practically guaranteed that Chen, Chao, and Liu would breach their fiduciary duties to refrain from accepting kickbacks or otherwise avoid profits when those self-dealing directors voted to approve the transactions as Renren directors (and/or otherwise brought those transactions about). In other words, the SoftBank Defendants encouraged those directors to breach their fiduciary duties by offering them benefits amounting to kickbacks for doing so, and the SoftBank Defendants' encouragement and willingness to agree to such benefits was a substantial factor in bringing those breaches about.

2. The SoftBank Defendants Acted Knowingly, Deliberately and Dishonestly, and in Bad Faith in Participating in and Facilitating the Fiduciary Duty Breaches, all so the SoftBank Defendants Could Benefit Themselves.

239. The SoftBank Defendants provided substantial assistance to the scheme despite knowing that the Director Defendants, Liu, and the rubber-stamping Special Committee members breached their fiduciary duties in connection with the Transaction.

240. First, the SoftBank Defendants knew of all the improper kickbacks and benefits that Chen, Liu, and Chao (directly or indirectly through the DCM Defendants) received from OPI as a result of the implementation of the Transaction. The SoftBank Defendants specifically agreed to those kickbacks and benefits *before* the Transaction was implemented in exchange for the SoftBank Defendants also procuring special rights for themselves, as alleged herein.

241. Second, the SoftBank Defendants knew that the $269 million to $328 million valuation for the SoFi stake baked into the OPI Value was nonsensical. The SoftBank Defendants were aware that Renren's SoFi interest was worth hundreds of millions of dollars more given other information known to them and the SoftBank Defendants' participation in other transactions ascribing a far higher value to SoFi. For example:

- The SoftBank Defendants and/or their affiliates led SoFi's $1 billion Series F funding round in October 2015 at a price of $15.78 per share, and SoftBank GCL participated in that funding round;

- The SoftBank Defendants and/or affialites were privy to material, non-public information regarding SoFi's true financial condition. The SoftBank Defendants and their affiliates are SoFi's largest shareholder, and held a designated SoFi board seat at the time;

- In mid-2016, despite softness in the fintech sector, SoftBank purchased a $120 million block of SoFi shares in a *distressed* sale at only a 25% discount to the valuation implied by SoFi's last funding round. Against that backdrop, Duff & Phelps' suggested 40-50% discount for a non-distressed valuation of the SoFi stake was patently unreasonable;

- SoftBank Group consented to and approved Renren's April 2017 tender offer of SoFi preferred shares of earlier funding rounds at a price of $16.30, reflecting a mere 5.15% discount to the price of the contemporaneous Series G round;

- SoftBank GCL purchased approximately 5.64 million shares of Series G preferred stock for $97 million at a purchase price of $17.1842 per share in SoFi's Series G funding round conducted between March 6, 2017 and April 13, 2017; and

- SoftBank GCL agreed to that same price of $17.1842 per share as the "Initial SoFi Valuation" for purposes of the SoftBank Loan.

242. The SoftBank Defendants knew that the $7.75 to $9.45 per share price for Renren's SoFi shares was unsupported by data or reality and far lower than the value they themselves ascribed, and instead was the result of Duff & Phelps' and the Special Committee's reverse financial engineering to arrive upon the pre-defined target of $500 million for the OPI Value. Indeed, the SoftBank Defendants had backed Chen and Liu in that initial $500 million valuation. And the SoftBank Defendants knew that there was an artificial ceiling on the OPI Value because: (a) Renren lacked the funds to pay a larger Cash Dividend if the OPI Value were higher; and (b) SoftBank GCL would not agree to provide more than $25 million to fund a larger dividend.

243. Accordingly, the SoftBank Defendants knew that the Special Committee's selection of $500 million for the OPI Value and the Special Committee's and full Renren Board's ultimate approval of the Transaction was not in good faith or in Renren's best interests. Rather, the SoftBank Defendants knew that Chen's lackeys on the Special Committee and Renren's self-dealing board members (Chen, Chao, and Liu) arrived on that value merely in order to push the transaction through in bad faith, knowing that it was not in Renren's interests or fair to Renren or its minority shareholders and ADS holders.

244. Finally, the SoftBank Defendants were aware of all interrelated aspects of the Transaction because they directly participated in the Private Placement and Cash Dividend, and because SoftBank Group gave its consent and approval to the interrelated transactions as a whole.

Section 3.3(d) of the Separation Agreement specifically required that Renren obtain SoftBank Group's consent to the Transaction. Thus, the SoftBank Defendants knew how the different components of the Transaction when implemented as a whole constituted breaches of fiduciary by Renren's malfeasant directors.

245. The SoftBank Defendants knowingly, deliberately, and dishonestly facilitated and encouraged Chen's, Chao's, Liu's, and the Special Committees' breaches of fiduciary in implementing the Transaction because, in doing so, the SoftBank Defendants obtained substantial benefits for themselves.

246. First, the SoftBank Defendants procured direct economic benefits for themselves. The SoftBank Defendants obtained a right to receive a special distribution of 5,918,366 SoFi shares, or approximately 17.0% of the total, from OPI. In addition, through the unusual terms of the SoftBank Loan, SoftBank GCL obtained rights to receive the benefit of any appreciation of another 3,491,580 SoFi shares, while not taking on any downside risk. Specifically, according to the Offering Circular:

> OPI has agreed to pay to SoftBank any future increase in the value of SoFi shares in respect of shares deemed to have a value equal to the initial principal amount of the SoftBank Loan on the Share Delivery Date. **In other words, SoftBank will benefit from any appreciation on approximately 3,491,580 shares of SoFi that are held by OPI as if it had purchased those shares from OPI** on the Share Delivery Date, and you will not benefit from that appreciation, if any. However, a reduction in the value of the SoFi shares does not reduce the principal or interest amounts due under the SoftBank Loan.

(Emphasis added.) The SoftBank Defendants also effectively increased their overall economic interest in the SoFi shares transferred to OPI because, as they well understood, many Renren shareholders were unable (or unwilling) to participate in the Private Placement, which meant that the SoftBank Defendants' relative ownership interest would go up. And lastly, under Section 3.3 of the OPI Shareholders Agreement, the SoftBank Defendants procured the right for SoFi shares

(or the proceeds thereof) to be distributable directly to themselves in the event SoFi becomes listed on a public stock exchange in the United States; they would have had no such rights if Renren continued to holds its SoFi interest.

247. Second, the SoftBank Defendants obtained affirmative contractual commitments from OPI and its wholly-owned alter ego subsidiaries (Renren Lianhe and Renren SF) to monetize the SoFi interest as quickly as possible. Section 9.4 of the OPI's, Renren Lianhe's, and Renren SF's affirmative covenants in the promissory note given in connection with the SoftBank Loan required them to "[m]anage the SoFi Shares with a view to monetization of such shares as soon as practicable after the date hereof, and distribute to the Borrower's shareholders in accordance with the OPI Shareholders Agreement all Net Prceeds in respect of the SoFi Shares" not otherwise used to repay OPI's secured debts. Section 3.3 of the OPI Shareholders Agreement between the SoftBank Defendants, DCM Defendants, Chen, and Liu similarly required OPI to "complete the SoFi Exit, incuduing monetization of the SoFi shares, as soon as possible."

248. Third, the SoftBank Defendants drastically increased their control rights and indirect control over the company in its management of the investment portfolio, including the SoFi stake. From late 2015 through the Separation and thereafter, the SoftBank Defendants did not hold a seat on Renren's seven member board. At OPI, however, the SoftBank Defendants obtained the right to appoint one director to OPI's three-member board. Aside from the SoftBank Defendants, Liu, and Chen, no other shareholders had board designation rights, and, according to the Offering Circular, "the remaining shareholders will have no say in investment decisions or management decisions." On top of that, the SoftBank Defendants obtained a unique right to remove Chen's and Liu's board designees for the other two OPI board seats from OPI's board. In contrast, according to the Offering Circular, "[o]ther shareholders of OPI will have no power to

change the composition of the board of directors of OPI, and as a consequence, their ability to influence the management and policies of OPI will be very limited."

249. The SoftBank Defendants further enhanced their control over OPI by effectively increasing their practical ability to block transactions (far beyond their consent rights at the Renren level), at least until OPI disposed of the SoFi interest. As disclosed in the Offering Circular, OPI could not pursue any "Board Reserved Matters" without *unanimous* board approval "[u]ntil OPI has disposed of each shareholder's *pro rata* share in SoFi and has completed the distribution of the proceeds of such disposal (or in-kind distribution of OPI's equity securities in SoFi) to all shareholders to the satisfaction of SoftBank and DCM in their sole discretion."

250. In turn, because the SoftBank Defendants held an OPI board seat, OPI could not undertake any of the following "Board Reserved Matters" without the SoftBank Defendants' approval:

- "any acquisition, disposition or restructuring of assets (including in respect of the SoFi shares);"
- "the incurrence of any capital expenditure in excess of US$1 million, in a single transaction or a series of related transactions in any 12-month period;"
- "the provision of any loans or guarantees in excess of US$1 million, in a single transaction or a series of related transactions in any 12-month period;"
- "the incurrence of any debt or guarantees in excess of US$1 million, in a single transaction or a series of related transactions in any 12-month period, other than the loans obtained by the Company under the SoftBank Loan Documents and the Renren Note Documents;"
- "any votes to be exercised either at the board or shareholder level by OPI or any subsidiary in respect of any Portfolio Company or Fund as long as OPI's or the relevant subsidiary's investment in such Portfolio Company or Fund represents at least 20% of the total assets of OPI;"
- "the approval of OPI's annual financial statements;"

- "the appointment of, and changes to the terms applicable to, significant service providers including without limitation Renren (as service provider under the Services Agreement), the auditors, tax advisors and appraisers;"

- "the initiation, withdrawal or settlement of any proceedings, except where such proceedings are not material to OPI or any of its investments, such proceedings do not involve any shareholder of OPI or of any of the Portfolio Companies or Funds, and the amount in dispute is not over US$1 million;" and

- "other than (i) the security to be granted to SoftBank Group Capital Limited under the SoftBank Loan Documents and to Renren under the Renren Note Documents, (ii) any transfer of SoFi Shares pursuant to any exercise of the Everbright Warrant, (iii) any exercise by DCM of its special distribution rights with respect to SoFi shares, and (iv) any exercise by SoftBank of its special distribution rights with respect to SoFi shares, any matter or decision which relates to OPI's investment in SoFi," amongst other reserved matters.

Accordingly, the need for OPI to obtain the the vote of the SoftBank Defendants' OPI board designee drastically increased the SoftBank Defendants' ability to effectively stop Chen from pursuing any actions that the SoftBank Defendants opposed.

251. Fourth, the SoftBank Defendants significantly increased their information rights to the investment portfolio. Section 9.4 of the OPI's, Renren Lianhe's, and Renren SF's affirmative covenants in the note for the SoftBank Loan required them to "[n]otify [SoftBank GCL] in writing promptly upon the sale or other disposition of any SoFi Shares and, as promptly as reasonably practicable thereafter, provide to [SoftBank GCL] a reasonably detailed accounting of the SoFi Proceeds." Sections 9.7, 9.8, and 9.9 of the affirmative covenants gave SoftBank GCL contractual rights to receive the following:

- reasonable access to books, records, work papers, and personnel;

- an annual business plan "setting out OPI's general investment and operating strategies and detailed operating and capital budgets;"

- annual, audited financial statements within 90 days of fiscal year-end and quarterly, unaudited financial statements within 45 days of quarter end; and

- summary reports "certified by OPI's chief financial officer setting out the current valuation, and other customary information, in respect of each

> investment asset, including the SoFi Shares, and any other matters of material importance to the Borrower," which such reports to be provided concurrently with each quarterly and annual financial statement.

Sections 10.1, 10.2, and 10.5 of the OPI Shareholders Agreement provided the SoftBank Defendants and DCM Defendants with similar information rights.

252. Fifth, while facilitating Chen's and Liu's breaches of fiduciary duty to Renren, the SoftBank Defendants—along with the DCM Defendants—obtained several contractual protections to insulate themselves from any future self-dealing or breaches of fiduciary duty from Chen and Liu in relation to the SoFi interest and investment portfolio as a whole.

253. OPI's articles of association and the OPI Shareholders Agreement required 75% member approval to undertake certain "Member Reserved Matters" or "Shareholder Reserved Matters," meaning that the SoftBank Defendants' approval would be required given their sizable ownership stake in OPI.[17] Notably, the list of such "Member Reserved Matters" and "Shareholder Reserved Matters" specifically included: (a) any "spinoff" or "any form" of other reorganization or dissolution of OPI; and (b) the "declaration of or payment of any dividend" (subject to certain exceptions). Thus, at the same time the Controlling Stockholders were using those very mechanism to take Renren's investment assets for themselves, the Controlling Stockholders (including the SoftBank Defendants) took steps to protect themselves from falling victim to a similar transaction in the future. Similarly, the list of "Member Reserved Matters" and "Shareholder Reserved Matters" were designed to curtail future self-dealing, as they included "the entry by OPI, any subsidiary, any Portfolio Company or Fund or any of their respective affiliates into material transactions with SoftBank, Renren Lianhe, DCM, each of Mr. Chen and Mr. Liu or their respective affiliates."

[17] If such "Member Reserved Matters" or "Shareholder Reserved Matters" involved the SoftBank Defendants, then the prior written approval of the DCM Defendants was also required.

254. Relatedly, in connection with the SoftBank Loan, SoftBank GCL required negative covenants to prevent OPI and its wholly-owned alter ego subsidiaries (Renren Lianhe and Renren SF) from engaging in any further self-dealing. Section 10.6 of the negative covenants to the promissory note given in connection with the SoftBank Loan specifically prohibited entry into material transactions with SoFi, DCM Ventures, Chen, Liu, or their affiliates, other than certain exceptions (such as transactions expressly contemplated by the Separation Agreement).

255. Lastly, through the OPI Shareholders Agrement and in OPI's articles of association, the SoftBank Defendants procured specific rights to remove Chen and Liu as OPI's CEO and COO, respectively, if Chen, Liu, or their representatives were involved in fraud, bad faith, willful misconduct, or gross negligene that could have an adverse effect on OPI or the investment portfolio. Thus, in the midst of actively facilitating Chen's and Liu's equitable fraud, bad faith, and willful misconduct in the Transaction, the SoftBank Defendants attempted to protect themselves from similar misconduct in the future by ensuring that they could fire Chen and Liu.

256. In sum, in exchange for their willing participation in and facilitation of the Transaction, the SoftBank Defendants were able to significantly improve the economics of their investment (especially with respect to the SoFi stake), increase their control rights, increase their effective consent rights, obtain new information rights, and incorporate contractual protections to preclude further self-dealing by Chen and Liu (including termination of Chen and Liu from their management positions).

L. Chen and SoftBank Further Injure Renren by Causing OPI to Fraudulently Transfer Much of its SoFi Holdings During this Litigation.

257. Even after the Separation closed and this litigation commenced, Chen and his fellow Controlling Stockholders (particularly the SoftBank Defendants) continued to engage in convoluted transactions to enrich themselves and harm Renren (as a contingent judgment creditor).

In particular, Chen and the Softbank Defendants caused OPI to undertake actions that have stripped significant value out of OPI before a judgment can be obtained in this matter. Plaintiffs recently learned that Chen caused OPI—through its wholly owned alter ego subsidiaries—to fraudulently convey call options on SoFi stock as a means of eliminating third-party secured debt that restricted Chen's and the SoftBank Defendants' ability to quickly extract value for themselves from OPI's investments. Those assets rightfully belong to Renren and are subject to restitutionary relief under Plaintiffs' derivative common law claims.

258. As disclosed in the Offering Circular, approximately 7.5 million shares of Renren's Series F preferred shares of SoFi were encumbered by a loan in the original amount of $59.26 million from Clear Light Ventures Limited (the "Everbright Loan"). OPI and its alter ego subsidiaries assumed the obligations under the Everbright Loan in connection with the Separation (and consequently, the amount of the Everbright Loan was offset against the value of the transferred assets in deriving the OPI Value).

259. The Everbright Loan presented several obstacles to Chen's and the SoftBank Defendants' ability to expeditiously extract value for themselves from OPI following the Separation and the commencement of this litigation. Specifically, as admitted in the Offering Circular:

- In connection with the Everbright Loan, third-party Clear Light Ventures Limited was given "the right to block dispositions of Investments and distributions of cash by OPI to its shareholders, as well as the right to acquire some of the SoFi shares from OPI."

- "[A]s long as the Everbright Loan is outstanding, OPI may not sell any of its Investments without the consent of Clear Light Ventures Limited unless the proceeds from the sale are sufficient to repay, and are used to repay, the Everbright Loan."

- "If the value of the SoFi shares falls, OPI may have to pledge additional SoFi shares to secure the Everbright Loan, and the number of SoFi shares that must be sold to repay those debts may exceed the number that was used in calculating

the number of shares that was distributed to DCM and SoftBank pursuant to their special dividend rights. Because DCM and SoftBank are not obligated to return any of the shares of SoFi that are distributed to them, or otherwise compensate OPI, the economic loss from a decline in the value of SoFi will fall disproportionately upon the other shareholders of OPI."

- "Subject to the rights of DCM and SoftBank…, when OPI disposes of shares in Portfolio Companies or receives a return of capital and/or distribution of profits from Funds, it must use the proceeds to pay the Everbright Loan" first before repaying the SoftBank Loan or making other distributions.

- The SoftBank Loan was subordinated to the Everbright Loan.

- The SoftBank Defendants' right to request an in-kind distribution of 5,918,366 SoFi shares from OPI was subject to the condition on full repayment of the Everbright Loan.

260. Moreover, as also stated in the Offering Circular, OPI and its subsidiaries could not do any of the following without prior written approval for as long as the Everbright Loan remained outstanding:

- "enter into any transaction not at arm's length;

- make any loans other than (i) to OPI (with certain limitations) or to a subsidiary of OPI or (ii) a loan or loans approved by the board of directors of OPI, the total principal amount of which does not exceed US$25 million;

- assume any debt other than the Everbright Loan, the SoftBank Loan and the Renren Note;

- in relation to OPI, Renren Lianhe and Renren SF only, assume any obligation to pay money that ranks or would rank senior to or pari passu with their respective obligations under the Everbright Loan;

- enter into any business other than the ZenZone business as currently operated in the PRC or the business of passive investment management;

- create or agree to create or permit to subsist any encumbrance over or in respect of any Investments, OPI or any subsidiaries of OPI, save pursuant to the Everbright Loan Documents, SoftBank Loan Documents or Renren Note Documents;

- pay any dividends in cash or distribute any assets to its shareholders; or

- dispose of any Investments unless (i) the net proceeds of such disposal are applied in repayment in full of the Everbright Loan or (ii) the net proceeds are applied in repayment in part of the Everbright Loan and the holders of a majority of the Everbright Loan have given prior written approval of the consideration for such disposal."

261. Thus, so long as the Everbright Loan remained outstanding, Chen and the SoftBank Defendants could do little to extract value for themselves from OPI by taking distributions, transferring other assets out of OPI, or otherwise.

262. Moreover, the myriad of restrictions imposed by the Everbright Loan largely handcuffed Chen and the SoftBank Defendants from moving assets out of OPI to thwart future judgment collection efforts in this litigation, at least until after the Everbright Loan was repaid.

263. To end-run the obstacles posed by the Everbright Loan, Chen, OPI, and the SoftBank Defendants—with the assistance of SoFi, a related party—hatched another convoluted self-dealing scheme in March 2019.

264. On March 7, 2019, OPI's alter ego, wholly-owned subsidiary Renren SF, and SoFi entered into a note purchase and security agreement, with Renren SF providing a $58 million note to SoFi (the "SoFi Note"). The SoFi Note was collateralized by a portion of Renren SF's SoFi interest, consisting of 8 million shares of SoFi stock (the "Pledged Shares"). The SoFi Note was used to refinance and replace the Everbright Loan. At the same time, OPI's alter ego subsidiaries Renren SF and Renren Lianhe amended the SoftBank Loan, and they and SoFi, OPI, and SoftBank GCL entered into a side letter agreement.

265. As an inducement for SoFi to enter into the note purchase and security agreement and SoFi Note, OPI's wholly-owned alter ego subsidiaries Renren SF and Renren Lianhe Holdings gave SoFi call rights (the "Call Option Transfer") to purchase: (a) the 8 million Pledged Shares; and (b) approximately 9 million additional SoFi securities consisting of common stock and Series B, Series D, Series E, and Series F preferred stock (collectively, the "Call Options"). The exercise

price for the options on the approximately 17 million SoFi shares (collectively, the "Call Option Shares") was only $8.80 per share. Moreover, any proceeds received from SoFi's exercise of the Call Options were to be used to first repay the SoFi Note and SoftBank Loan (as amended).

266. The Call Option Transfer was a gratuitous transfer of much of the value in the 17 million of Call Option Shares held by OPI through its wholly-owned subsidiaries. The Call Options themselves had value. Like any option for equity securities, the Call Options' fair market value consisted of: (a) an in-the-money component, *i.e.*, the amount by which the exercise price of the immediately exercisable options was less than the fair market value of the underlying shares at the time; and (b) an options premium associated with time value and potential upside volatility. The in-the-money component of the immediately exercisable Call Options' value exists because an options holder could exercise the option for $8.80 and then immediately sell the acquired shares for the prevailing market price, pocketing the difference. The options premium is the amount on top of the in-the-money component of an options' value that a purchaser of the option would pay to account for the possibility that the price of the underlying stock will increase over time before the option expires. Here, the fair market price of the Call Options was significant because of both in-the-money value and options premium due to time value and potential upside in SoFi.

267. First, the Call Options were deep in-the-money. At the time the Call Options were given to SoFi, the SoFi shares were worth $13.70 to $15.44 per share, if not more. Indeed, SoFi's nearly contemporaneous Series H funding round priced at $15.44 per share in May 2019, and its most recent previous funding round, the Series G round in 2017, priced at $17.18 per share. Accordingly, the Call Options given by OPI to SoFi were in-the-money by at least $4.90 to $6.64 per share given the exercise price of $8.80. Given that the Call Options were American style

options that were immediately exercisable by SoFi, just the in-the-money component of the Call Options' true value was at least $83 million to $112 million at the time those options were given.

268. Second, the fair value of the Call Options included a significant premium for time value and potential future appreciation of SoFi shares. The Call Options were exercisable through the later of the initial maturity date of the SoFi Note (December 7, 2019) or of the maturity date if the SoFi Note were extended. Under the terms of the note purchase and security agreement, SoFi had a unilateral extension right for unlimited consecutive three-month terms. In the event that OPI and/or its wholly owned subsidiary Renren SF repaid the SoFi Note prematurely, the Call Options remained exercisable through the then-current maturity date of the SoFi Note. Together, these provisions meant that: (a) at a minimum, there was 9 months of time value associated with the Call Options; and (b) SoFi could unilaterally and infinitely tack on additional time in 3 month increments until the SoFi Note was repaid. In fact, SoFi did not exercise the Call Options until December 30, 2020, more than 21 months after the Call Options were first given. The fair value of the total options premium associated with the Call Options was several million dollars.

269. In the aggregate, therefore, the value of the Call Options transferred by OPI—through its wholly owned subsidiary alter egos (Renren Lianhe and Renren SF)—were worth at least $83 million to $112 million, and possibly millions more. OPI did not receive fair consideration or reasonably equivalent value in exchange for given the Call Options. Indeed, SoFi did not pay anything directly in exchange for the Call Options.

270. The only consideration that OPI conceivably received was indirectly through SoFi's refinancing of the Everbright Loan. Although refinancing the Everbright Loan with the SoFi Note extended the maturity date and resulted in a slightly lower interest rate, those indirect economic benefits were grossly inadequate consideration when compared to the $83 million to

$112 million in value (at a minimum) that OPI—through its alter ego subsidiaries Renren SF and Renren Lianhe—transferred to SoFi by giving the Call Options.

271. Although OPI did not receive fair consideration for the Call Options, its self-dealing insiders (Chen and SoftBank) forced through the transaction anyway to benefit themselves and hinder Renren's ability to collect a judgment in this action. Replacing the Everbright Loan with the SoFi Note removed third-party impediments to Chen's and the SoftBank Defendants' ability to dispose of OPI's assets and/or pay distributions to themselves, as discussed above. Because of Chen's and the SoftBank Defendants' relationships with and partial control over SoFi, replacing a third-party secured lender with SoFi made it much easier for Chen and Chao to maneuver OPI as they saw fit going forward.

272. Indeed, the Call Option Transfer and related transactions were related-party transaction rife with conflicts of interest. On the one hand, Chen and the SoftBank Defendants effectively exercised complete control over OPI due to their combined OPI ownership positions (constituting the majority) and OPI board seats (controlling OPI's board). On the other hand, Chen and the SoftBank Defendants and/or their affiliates are also major SoFi investors with SoFi board seats. Chen has served as a SoFi director for nearly a decade; SoftBank controls two SoFi board seats, presently occupied by Michael Combes and Carlos Medeiros, each of whom serves as a Director of SoftBank GCL and a President of SB Group US, Inc., an affiliate of SoftBank Group. SoftBank—through affiliates including SoftBank GCL—is SoFi's largest investor and it will still hold a 15-20% stake even following dilution through a proposed business combination, described below. SoftBank GCL is expected to own over 69 million shares following the business combination.

273. Moreover, the SoftBank Defendants both indirectly and directly benefited from the Call Option Transfer. First, the SoftBank Defendants and their affiliates stood to indirectly benefit if SoFi ultimately exercised the Call Options because SoFi buying back its own shares at a huge discount would increase the value of SoftBank's separate holdings of SoFi stock as SoftBank's relative ownership percentage necessarily would increase. The incremental increase in value to SoftBank's other direct SoFi holdings outweighed any loss in value to SoftBank's indirect holdings as a partial owner of OPI.

274. Second, SoftBank procured an assignment of a portion of the Call Options for itself. On or about October 28, 2019, SoFi assigned to SoftBank GCL call rights to 1,722,144 SoFi securities held by OPI—through its alter ego, wholly-owned subsidiary Renren SF—consisting of common shares and Series B, D, E, and F preferred stock (the "Subsequent Call Option Transfer"). Those call rights included options to approximately 488,000 Series F shares, the same series for which SoftBank had previously invested. Upon receipt of the call options, SoftBank GCL immediately exercised all options at the $8.80 per share exercise price, obtaining 1,722,144 of the Call Option Shares from OPI's wholly owned subsidiary (the "SoftBank Option Exercise Transfer"). The entirety of the approximately $15.2 million paid by SoftBank GCL in exercising its options was transferred to SoFi as partial repayment of the SoFi Note.

275. The Subsequent Call Option Transfer and SoftBank Option Exercise Transfer conferred a windfall for SoftBank GCL, in part due to SoftBank's willingness to participate in conflicted, related-party transactions. The consideration provided by SoftBank GCL for the assignment of the Call Options consisted merely of: (1) a commitment to participate in SoFi's contemporaneous Series H funding round in October 2019 by acquiring 2.2 million shares at the market price offered to other investors of approximately $15.44 per share (for a total of $34.8

million); and (2) a promise to immediately exercise the deep in-the-money Call Options obtained through the assignment. The net effect was that SoftBank acquired 2.26 million SoFi Series H shares at the prevailing market price, and an additional 1.72 million SoFi shares at a steeply discounted price of $8.80 per share. And on top of that, SoftBank GCL indirectly benefitted from the $15.2 million paid to exercise the Call Options because the proceeds were used to repay a portion of the SoFi Note, which reduced the total amount of OPI debt in front of SoftBank GCL's subordinated SoftBank Loan.

276. OPI and its alter ego subsidiaries eventually repaid the balance of the SoFi Note during 2020. Renren SF paid back $33.5 million in principal and accrued interest during the first nine months of 2020 and paid another $14.3 million to pay off the remaining principal and accrued interest balance in November 2020. In the aggregate, SoFi received over $5 million in interest payments from Renren SF on the SoFi Note and full repayment of principal.

277. On December 30, 2020, SoFi exercised its remaining call option rights in full and purchased the following shares for $8.80 per share (according to a Form S-4 filed on January 11, 2021 for the business combination described below):

SoFi Purchases via Call Option	**Quantity**
Common Shares	59,750
Series B	10,558,256
Series D	1,042,462
Series E	220,814
Series F	3,276,055
TOTAL	**15,157,337**

The total purchase price for those SoFi shares was $133.4 million, far less than the fair value of the shares. Indeed, SoFi completed an offering of 20 million common shares in December 2020 for $369.9 million, equating to a price of $18.43 per share.

278. Moreover, at the time SoFi exercised its options to obtain over 15 million shares at a price of just $8.80, SoFi was nearing completion of a merger that values SoFi at $6.6 billion pre-merger and the post-merger entity at $8.65 billion. Just one week after exercising its Call Options, SoFi entered into an Agreement and Plan of Merger dated January 7, 2021, through which SoFi was to be merged into a wholly owned subsidiary of a publicly traded SPAC, Social Capital Hedosophia Holdings Corp. V (the "SoFi SPAC Business Combination"). Following the proposed business combination, the SPAC will become a Delaware corporation named SoFi Technologies, Inc. ("SoFi Technologies") with SoFi as its wholly owned subsidiary.

279. The proposed business combination values SoFi at a pre-transaction equity value of $6.6 billion and the post-transaction entity at $8.65 billion. Consequently, the Call Option Shares transferred to SoFi upon exercise of the Call Options on December 30, 2020 would now be worth approximately $300 million if still held by OPI via Renren SF, under the conversion ratios and pricing set forth in the documentation for the proposed SoFi SPAC Business Combination. The 1.7 million SoFi securities transferred to SoftBank in October 2019 upon its exercise of assigned Call Options are now worth over $30 million.

280. In sum, the Call Options Transfer and the associated related-party transactions amounted to a pillaging of half of the SoFi stock that is at the heart of Plaintiffs' derivative claims. Through these heavily conflicted transactions, SoftBank, SoFi, and Chen all received unjust windfalls at the expense of OPI and, by extension Renren as a contingent judgment creditor.

281. SoftBank GCL received four significant net benefits. First, it obtained over 1.7 million SoFi common and preferred shares for at least $5.07 to $6.64 per share less than what those

shares were worth at the time (a $8.7 million to $11.4 million windfall).[18] Second, the transactions eliminated the obstacles posed by the third-party Everbright Loan by installing SoFi, a SoftBank-backed company, as the first lien secured creditor. Third, the transactions reduced the first lien debt in front of the subordinated SoftBank Loan, increasing the likelihood of repayment of the SoftBank Loan and advancing the timeline to when SoftBank could take a special distribution of additional SoFi shares from OPI. When SoFi exercised the Call Options, OPI obtained sufficient cash to repay the SoftBank Loan in full. Fourth, SoftBank GCL benefitted indirectly as a result of its position as a major SoFi shareholder through SoFi's stock buybacks at a significant discount to market and from the other benefits SoFi itself received through the transactions, alleged herein.

282. SoFi itself received four significant net benefits from the transactions. First, SoFi received $5 million in interest income (while obtaining full repayment of the SoFi Note). Second, SoFi was able to eliminate the risk that its share price might be adversely impacted by third-party foreclosure or other action against OPI on the Everbright Loan. Third, SoFi was able to buy back over 15 million of its shares at approximately half of the fair market price in December 2020. Fourth, SoFi was able to eliminate all third-party secured claims to any of its shares, thereby eliminating a significant possible impediment to the SoFi SPAC Business Combination.

283. Finally, Chen benefitted from the Call Option Transfer and related transactions by clearing the obstacles posed by secured creditors to his ability to drain OPI of its remaining assets before a judgment is entered against OPI in this action. Giving away 17 million SoFi shares through immediately exercisable Call Options with a well-below market strike price of $8.80 made

[18] The average fair value of the 1.7 million Call Options that SoftBank GCL obtained was slightly higher than that of the 17 million Call Options originally given to SoFi because: (a) the relative proportion of Series F shares was higher in the subset of Call Options assigned to SoftBank GCL; and (b) Series F shares were worth more than the other classes of SoFi shares.

no economic sense from OPI's perspective. But for Chen, getting rid of OPI's secured debt and conferring windfalls on SoftBank have now paved the way for him to pillage OPI during the time-period it will take before this litigation runs its course and a judgment is entered. Absent injunctive relief from this Court, Chen is likely to cause OPI to fraudulently convey more of its assets before a judgment is entered, preventing a judgment from being enforced on the most promising US assets subject to collection. For Chen, giving away approximately $150 million of the potential upside in SoFi was a small price to pay for clearing a path to fraudulently transfer or otherwise pillage OPI's remaining assets and thwart judgment collection efforts.

DERIVATIVE AND DEMAND EXCUSED ALLEGATIONS

284. In bringing this action, Plaintiffs have satisfied all statutory and procedural requirements of applicable law. Because Renren is a Cayman company, Cayman law governs the circumstances under which a stockholder can assert a derivative claim. Under Cayman law, a stockholder can assert a derivative claim on behalf of a company if: (1) the unchallenged conduct infringed on the stockholder's personal rights; (2) the conduct would require a special majority to ratify; (3) the conduct qualifies as a fraud on the minority; or (4) the conduct consists of *ultra vires* acts.

285. Here, Plaintiffs (all of whom are registered holders of Renren stock) have satisfied these requirements because Defendants' actions constitute a fraud on Renren and Renren's minority stockholders. Defendants Chen, Chao, and the DCM Funds collectively owned 40.9% of Renren's stock and controlled 51.3% of Renren's vote at the time this litigation was filed. Chen and Liu combined also collectively owned over 50% of Renren's vote as of the time this litigation was filed. Finally, Chen and SoftBank collectively owned over 50% of Renren's vote as of the time this litigation was filed. Defendants thus controlled a majority of Renren's stock with voting

rights. And in the aggregate, the Controlling Stockholders that supported and facilitated the Separation control over 90% of Renren's shares by vote. Further, as described above, the Director Defendants breached their fiduciary obligations to Renren by using their powers and positions as directors and controlling stockholders to benefit themselves at Renren's expense.

286. As a result, Plaintiffs are not required under Cayman Islands law to demand that Renren pursue claims against Defendants prior to bringing this action. In any event, given Defendants' and their co-conspirators' control over Renren, any such demand would be futile. In fact, Renren ADS holders have repeatedly communicated their objections to the Separation to Renren's board, including by letters dated May 15, 2018, June 7, 2018, and June 14, 2018. Ignoring the blatant breaches of fiduciary duty raised in those letters, Renren's board chose to proceed with the Transaction, which closed on June 21, 2018.

287. Finally, Plaintiffs will fairly and adequately represent the interests of other Renren stockholders who are similarly situated in enforcing Renren's rights. Plaintiffs have retained U.S. and Cayman Islands counsel that are experienced in pursuing similar claims under Cayman Islands law, as well as financial experts to evaluate the Transaction.

CAUSES OF ACTION

Count 1: Breach of Fiduciary Duty Under Cayman Law (Against Defendants Chen and Chao)

288. Plaintiffs repeat and reallege each and every allegation contained above as if fully set forth herein.

289. As directors, the Director Defendants owed common law and fiduciary duties to Renren. Those duties required each Director Defendant to, among other things:

a. act *bona fide* in what he believed to be in Renren's best interest;

b. use the powers conferred upon him as a director for their proper purpose and not for a collateral purpose;

c. not place himself in a position in which there is a conflict between his duty to Renren and his personal interest; and

d. not make a profit out of property acquired by reason of his relationship to the company of which he is a director.

290. The Director Defendants breached each of the foregoing duties. The Director Defendants placed themselves in a conflicted position and then used their positions as directors to approve a transaction in which they profited at Renren's and its minority stockholders' expense. Indeed, rather than acting *bona fide* in what they believed to be Renren's best interests, the Director Defendants used Renren's possible classification as an "investment company" under the Investment Company Act—which itself was the result of Chen's own management decisions and violation of covenants contained in the underwriting agreement for the IPO—as a pretext for implementing their longstanding plan to wrest away Renren's most valuable assets at a sizeable discount to fair value.

291. Throughout Renren's history as a public company, the Director Defendants utilized funds obtained through Renren's IPO as a piggy bank to make investments in SoFi, other startups, and investment funds. The Director Defendants were heavily conflicted in using Renren IPO proceeds to launch SoFi, as the Director Defendants held other ownership interests in SoFi and were SoFi directors. By using Renren IPO proceeds to get SoFi off the ground, the Director Defendants enriched themselves by increasing the value of their outside interests in SoFi. The Director Defendants' outside interests in SoFi—separate and apart from the indirect ownership in SoFi they also hold through OPI—would be worth significantly less if not for the quarter of a billion dollars of critical start-up capital funneled from Renren to SoFi.

292. The Director Defendants further enriched themselves at Renren's and its minority stockholder's expense by causing Renren: (a) to transfer its SoFi investment to OPI and (b) then to transfer ownership of OPI shares to the Director Defendants, their funds, and/or their cronies

through the Transaction. In causing Renren to enter into these transactions, the Director Defendants stripped Renren of any right to share in the substantial upside of its substantial investment in SoFi, even though Renren's IPO proceeds (and/or the fruits thereof) provided the very start-up capital that launched SoFi. Renren's investment in SoFi was worth at least $560 million. Indeed, the documentation for the SoftBank Loan given in connection with the Transaction effectively pegged the value of SoFi at almost $600 million, and the Offering Circular, OPI's shareholder agreement, and other documentation surrounding the Transaction contemplate that the SoFi shares will be monetized in short order. Yet the Director Defendants approved a transaction that assigned a valuation range to the SoFi investment at half that, even though they must have known that SoFi was worth much more due to their status as conflicted SoFi board members.

293. The Director Defendants similarly enriched themselves at Renren's and its minority stockholders' expense by causing Renren to transfer its other highly valuable investments to OPI and then transferring ownership of OPI away from Renren to the Director Defendants and their cronies through the Trnsaction. Even under the artificially deflated valuation analysis undertaken in connection with the transaction, the estimated value range for those other assets was $380 million to $412 million. In reality, the fair value was far higher given: (a) implied valuations from recent transactions involving many of the portfolio companies; and (b) Renren's investments in those companies had been made from 2012 to 2015, relatively early in the development and growth of those companies. Defendant Chen had access to inside information in several of those companies by virtue of board of director seats obtained as a result of Renren's investment, yet nevertheless approved of the interrelated transactions that undervalued those assets to the detriment of Renren and its minority stockholders.

294. In the aggregate, Renren's interests in SoFi and the other transferred investments exceeded $1 billion in value. Those assets were undervalued by at least $300 million to $400 million or more in the Transaction. The so-called "OPI Value" was patently unreasonable and must have appeared particularly absurd to Defendants Chen and Chao, venture capitalists with access to inside information about SoFi and other portfolio companies by virtue of board seats. The Director Defendants did not act in Renren's best interests, but instead acted purely out of self-interest and to curry favor with their cronies in approving a series of transactions that stripped Renren of its only valuable assets while at the same time grossly undervaluing those assets by hundreds of millions of dollars.

295. At bottom, the transfer of Renren investment assets to OPI and the subsequent Transaction was the culmination of a multi-year self-enrichment scheme. In direct contravention of covenants contained in the underwriting agreement, the Director Defendants utilized proceeds from Renren's IPO to make nearly one billion dollars of investments. In doing so, the Director Defendants essentially transformed Renren into a venture capital fund, while at the same time overseeing Renren's plummet from the "Facebook of China" to a zombie MySpace clone. Chen tried to seize the fruits of the IPO funded investments by taking the company private through a low-ball buy-out offer in 2015. Although Chen's initial effort failed due to minority stockholder resistance, Defendants Chen and Chao have now succeeded in strip-mining Renren to enrich themselves and their cronies.

296. In perpetrating this self-enrichment scheme and approving the culminating asset-stripping and Transaction, the Director Defendants:

- Did not act in Renren's best interests. Instead, they acted in bad faith to seize all of Renren's promising investments for themselves and their cronies (through OPI), while leaving Renren a zombie company, consisting of a defunct social

media business and used car dealerships, that is undercapitalized and doomed to fail;

- Used their positions for improper, and collateral purposes. In contravention of covenants in the underwriting agreement and the described use of proceeds set forth in the Prospectus, Defendants Chen and Chao used IPO proceeds to fund dozens of different investments. They then usurped those investments through a series of transactions designed to benefit themselves and their fellow OPI stockholder cronies at Renren's expense;

- Placed themselves in heavily conflicted positions. They used Renren as a start-up funding source for SoFi, an entity in which Chen and Chao had outside ownership interests and for which they served as directors. Chen and Chao were subsequently conflicted by standing on both sides of the OPI transactions; and

- Personally profited by reason of their relationships with Renren. Chen and Chao used Renren funds to launch SoFi, which increased the value of their other interests in SoFi. Chen obtained half a dozen board seats because of Renren investments. Through cleaving Renren assets into OPI and then obtaining large interests in OPI for themselves, Chao and Chen were able to obtain substantial upside in various investments funded at Renren's expense.

297. As such, the Director Defendants breached numerous fiduciary duties in connection with this course of conduct.

298. The Director Defendants further breached their fiduciary duties by obtaining what amounted to kickbacks for themselves and other insiders in connection with approving the Transaction. Chao's DCM affiliates at the DCM Funds obtained rights to receive "special distributions" of SoFi stock. Chen received conditional special distribution rights to SoFi stock and the right to receive "surplus returns" from the other investments. The Director Defendants also obtained special treatment for their cronies to make sure that the transactions went through, such as "surplus return" rights given to Liu and special distribution rights in SoFi stock given to SoftBank. None of these special privileges regarding SoFi and the other investments were previously available as Renren stockholders.

299. Similarly, the Director Defendants exercised their powers as Renren directors for an improper purpose by allowing the interests of OPI and its stockholders that would exist after the Transaction to drive their decisions. For example, according to the Offering Circular, the Director Defendants and Renren's other directors justified the Transaction as a way to "unlock the potential in Renren's advertising agency business," ZenZone. But Renren stood to gain no benefit from ZenZone's future success after the Transaction, nor was its future success a factor in the price paid to Renren. As a result, "unlock[ing]" the value in ZenZone could not play any part in deciding whether the Transaction was in Renren's best interests.

300. To the extent that Renren's board committed Renren to any of the aforementioned transactions or facilitated or approved of any of the aforementioned matters, it could not have done so without the Defendant Directors' concurrence.

301. Because of the Director Defendants' egregious breaches of their fiduciary duties, Renren was damaged. Specifically, Renren was stripped of investments worth at least $1 billion, and in exchange was only given: (a) the Renren Note, which is worth significantly less than its $90 million face value; and (b) $25 million in cash earmarked to make a dividend payment to Renren's minority investors. Although Renren's minority stockholders received a dividend, the OPI Value on which that dividend was calculated was understated by at least $300 million to $400 million (or more).

Count 2: Breach of Contract Under New York Law
(Against Defendant Chen)

302. Plaintiffs repeat and reallege each and every allegation contained above as if fully set forth herein.

303. As reflected in Renren's Form 20-F (signed by Defendant Chen), Renren entered into employment agreements with each of its executive officers, including Chen (Renren's CEO).

A form of the employment agreement between Chen and Renren (the "Employment Agreement") was filed as an exhibit to Renren's registration statements, also signed by Defendant Chen.

304. The Employment Agreement contains a choice of law clause providing that the agreement "shall be governed by and construed in accordance with the law of the State of New York, USA, without regard to the conflicts of law principles."

305. The Employment Agreement is binding between Renren and Chen and contractually obligated Chen to devote all his working time and efforts to the performance of his duties for Renren, and to faithfully and diligently serve Renren. The Employment Agreement similarly obligated Chen to forego from engaging in: (a) any business activity related to Renren's business activities; and (b) any other activities that conflict with his obligations to Renren.

306. Defendant Chen breached the contractual duties owed under the Employment Agreement by: (1) failing to devote all his time and working efforts to the performance of his duties for Renren; (2) failing to faithfully and diligently serve Renren; and (3) engaging in other business activities that conflicted with his duties and obligations to Renren.

307. First, Defendant Chen did not focus all his time and working efforts on Renren's social media business, which collapsed during his inept stewardship as CEO. Instead, Chen devoted a significant portion of his time playing venture capitalist. During the relevant time period, he served as a member of the board of the directors of approximately 20 different entities located across the world. Chen further distracted his efforts away from Renren by serving as CEO of OPI, a position he still holds. Defendant Chen did not focus his time and efforts on developing Renren's business as a responsible public company CEO, but instead spent a significant amount on outside business activities that conferred no benefit to Renren.

308. Second, Defendant Chen has not faithfully and diligently served Renren. Instead, Chen's efforts were focused on establishing himself as a preeminent venture capitalist, largely at Renren's expense. Chen utilized Renren's IPO funds as a piggy bank for those efforts, either to enhance interests in other start-up ventures that he already held (such as SoFi) or to gain a foot-hold in other promising ventures (such as the board memberships he obtained through Renren designation rights). Using Renren as a venture capital funding vehicle was in violation of Renren's covenants under the underwriting agreement and created the risk that Renren might be deemed an "investment company" under the Investment Company Act, the very pretext that Chen later used to strip Renren of the valuable investments it obtained. Chen did not act faithfully and diligently in Renren's best interests in: (a) causing Renren to funnel its IPO proceeds into various start-up ventures; then (b) usurping those investments for himself and his cronies through the divesture of those investments to OPI and subsequent Separation.

309. Chen's breaches of his duties under the Employment Agreement have caused Renren to suffer hundreds of millions of dollars of damages in an amount to be proven at trial. Specifically, had Chen complied with his contractual duties, Renren would not have been deprived of the economic benefit of proceeds received in the IPO. Instead, those proceeds were utilized to fund investments that Chen subsequently diverted from Renren to OPI.

Count 3: Aiding and Abetting Breaches of Fiduciary Duty Under New York Law (Against Defendant Duff & Phelps)

310. Plaintiffs repeat and re-allege all previous allegations as if set forth at full herein.

311. Duff & Phelps acted with knowledge of the fact that Defendants Chen and Chao and the Special Committee were in breach of their fiduciary duties to Renren.

312. Duff & Phelps knew or recklessly failed to discover the true value of the Renren Assets (including the SoFi investment), and thus knew that the Transaction did not adequately compensate the Company for disposing of the Renren Assets.

313. Duff & Phelps substantially assisted Defendants Chen and Chao and the Special Committee in breaching their fiduciary duties. Duff & Phelps knew that the Special Committee would rely on its valuation analyses in approving the Related Party Transactions and prepared valuation analyses that were designed to create the false appearance that the Transaction was fair to, and in the best interest of, Renren to justify the Special Committee's approval of the Related Party Transactions.

314. Duff & Phelps therefore knowingly aided and abetted Defendants Chen and Chao and the Special Committee's breaches of their fiduciary duties, as set forth herein.

315. As a result of Duff & Phelps' aiding and abetting of Defendants Chen and Chao and the Special Committee's breaches of fiduciary duties, the Company has been harmed in an amount to be proven at trial.

Count 4: Dishonest Assistance Under Cayman Law
(Against Defendant Duff & Phelps)

316. Plaintiffs repeat and re-allege all previous allegations as if set forth at full herein.

317. Defendants Chen and Chao and the Special Committee owed fiduciary obligations to Renren.

318. Defendants Chen and Chao and the Special Committee breached their fiduciary obligations to Renren.

319. Duff & Phelps assisted in the breach of fiduciary obligations to Renren committed by Defendants Chen and Chao and the Special Committee by providing valuation analysis and a fairness opinion, which among other things:

a. was reverse engineered to justify a preordained value for OPI;

b. grossly undervalued the assets transferred from Renren to OPI; and

c. falsely stated that the Cash Dividend to be received by Renren's stockholders in the Transaction was fair to the stockholders.

320. Duff & Phelps assisted in the breach of fiduciary obligations to Renren committed by Defendants Chen and Chao and the Special Committee in a dishonest manner.

321. Duff & Phelps's dishonesty consists of the fact that it knew – or alternatively, it suspected yet chose not to make further enquiries so as not to obtain confirmation – of the following matters, amongst others:

a. In approving, enabling, or facilitating the Transaction, the Director Defendants and the Special Committee would (and did) act in breach of their duties to Renren;

b. The purpose for which Duff & Phelps was being commissioned to provide an opinion was to create ex post rationalization of a pre-ordained value placed on OPI irrespective of OPI's true value; and

c. The basis on which Duff & Phelps produced its opinion, the opinion's narrow scope, the qualifications to which it was subject, its underlying methodology, and its excessive and uncritical reliance upon information provided by the Renren board including the Directors Defendants, rendered the opinion unfit for the purpose for which it was to be, and was in fact, put by the Special Committee and the Director Defendants.

322. While Plaintiffs will provide additional particularization in their evidence of the individuals whose dishonesty is to be attributed to Duff & Phelps for this purpose, they currently believe them to include any or all of the Duff & Phelps representatives who approved of the following matters on its behalf:

a. Agreeing to provide an opinion on the terms on which it was in fact provided;

b. Preparation of the opinion on the basis, methodology, scope, qualifications, and manner in which the opinion was in fact prepared; and

c. Its provision to the Special Committee and other Renren representatives on the terms and in the manner in which it was in fact provided.

323. Duff & Phelps therefore provided dishonest assistance in connection with Defendants Chen and Chao and the Special Committee's breaches of their fiduciary duties, as set forth herein.

324. As a result of Duff & Phelps' dishonest assistance of Defendants Chen and Chao and the Special Committee's breaches of fiduciary duties, the Company has been harmed in an amount to be proven at trial.

Count 5: Aiding and Abetting Breaches of Fiduciary Duty Under New York Law (Against DCM Defendants)

325. Plaintiffs repeat and re-allege all previous allegations as if set forth at full herein.

326. The DCM Defendants acted with knowledge of the fact that Defendants Chen and Chao are in breach of their fiduciary duties to Renren.

327. The DCM Defendants knew or recklessly failed to discover the true value of the Renren Assets (including the SoFi investment), and thus knew that the Transaction did not adequately compensate the Company for disposing of the Renren Assets. The DCM Defendants would have known of the true value of the SoFi investment through their monitoring of their direct SoFi investment, including through Chao's service on the SoFi board of directors.

328. The DCM Defendants substantially assisted Defendants Chen and Chao in breaching their fiduciary duties by participating in the negotiation of the transaction documents and providing themselves with special treatment and knowingly facilitating the fraud on their fellow stockholders in stripping Renren of its valuable assets. Defendant Chao, in fact, was the agent of the DCM Defendants through which the DCM Defendants acted in connection with the Transaction. On behalf of the DCM Defendants, Defendant Chao facilitated the misconduct of Defendant Chen and his own conduct in their capacities as directors of Renren. Defendant Chao, for example, caused the DCM Defendants to commit to waiving their rights to the cash dividend

in connection with the Transaction, and to agree to the special distribution rights that allowed the DCM Defendants to take assets from their fellow stockholders. If the DCM Defendants had not provided substantial assistance to Chen and Chao by refusing to participate in the fraud or alerting their fellow stockholders, Defendants Chen's and Chao's respective breaches of fiduciary duty would have been more difficult to carry out.

329. The DCM Defendants therefore knowingly aided and abetted Defendants Chen and Chao in breaching their fiduciary duties, as set forth herein.

330. As a result of the DCM Defendants' aiding and abetting of Defendants Chen and Chao in breaching their fiduciary duties, the Company has been harmed in an amount to be proven at trial.

Count 6: Dishonest Assistance Under Cayman Law
(Against DCM Defendants)

331. Plaintiffs repeat and re-allege all previous allegations as if set forth at full herein.

332. Defendants Chen and Chao and the Special Committee owed fiduciary obligations to Renren.

333. Defendants Chen and Chao and the Special Committee breached their fiduciary obligations to Renren.

334. The DCM Defendants assisted in the breach of fiduciary obligations to Renren committed by Defendants Chen and Chao and the Special Committee. Defendant Chao, in fact, was the agent of the DCM Defendants through which the DCM Defendants acted in connection with the Transaction. On behalf of the DCM Defendants, Defendant Chao facilitated the misconduct of Defendant Chen and his own conduct in their capacities as directors of Renren. Defendant Chao, for example, caused the DCM Defendants to commit to waiving their rights to the cash dividend in connection with the Transaction, and to agree to the special distribution rights

that allowed the DCM Defendants to take assets from their fellow stockholders. If the DCM Defendants had not provided assistance to Chen and Chao by refusing to participate in the fraud or alerting their fellow stockholders, Defendants Chen's and Chao's respective breaches of fiduciary duty would have been more difficult to carry out.

335. The DCM Defendants assisted in the breach of fiduciary obligations to Renren committed by Defendants Chen and Chao and the Special Committee in a dishonest manner. The dishonesty of the DCM Defendants' participation in the breaches of fiduciary duty is demonstrated by the fact that the DCM Defendants would have known of the true value of the SoFi investment through their monitoring of their direct SoFi investment, including through Chao's service on the SoFi board of directors, yet the DCM Defendants knowingly participated in the fraud on their fellow stockholders to deprive them of value to which they were entitled. The DCM Defendants dishonesty is further demonstrated by the fact that they obtained contractual benefits in the form of special distribution rights to obtain direct ownership of Renren's SoFi shares, which would facilitate expedited sales of such shares, while they knew that other stockholders were being falsely informed that Renren's SoFi shares were not marketable.

336. The DCM Defendants therefore provided dishonest assistance in connection with Defendants Chen and Chao and the Special Committee's breaches of their fiduciary duties, as set forth herein.

337. As a result of the DCM Defendants' dishonest assistance of Defendants Chen and Chao and the Special Committee's breaches of fiduciary duties, the Company has been harmed in an amount to be proven at trial.

Count 7: Knowing Receipt Under Cayman Law
(Against Defendant OPI)

338. Plaintiffs repeat and re-allege all previous allegations as if set forth at full herein.

339. Renren's assets, including its investment portfolio, were held subject to fiduciary duties. In breach of those fiduciary duties, the Director Defendants caused Renren to dispose of its assets to OPI. OPI beneficially received those assets (or their traceable proceeds) from Renren

340. Chao served as an OPI board members at the time of the Tramsaction, and Chen served as OPI's CEO. Given their positions and significant holdings in OPI, the Director Defendants were OPI's directing mind and will. As such, OPI itself had knowledge that Renren's assets were transferred to it in breach of the Director Defendants' fiduciary duties, and such knowledge is such as to make it unconscionable for OPI to retain those assets.

341. OPI therefore is liable to give restitution of the assets it received from Renren, in an amount to be proved at trial.

Count 8: Aiding and Abetting Breaches of Fiduciary Duty Under New York Law (Against the SoftBank Defendants)

342. Plaintiffs repeat and re-allege all previous allegations as if set forth at full herein.

343. The Director Defendants (Chen and Chao), Liu, and the Special Committee members breached their fiduciary duties in approving and/or bringing about the Transaction, as alleged above.

344. The SoftBank Defendants knew that the Director Defendants (Chen and Chao), Liu, and Special Commmittee members breached their fiduciary duties in approving and/or bringing about the integrated series of transactions involving the Private Placement, Separation, Cash Dividend, and interrelated ancillary transactions. Specifically, the SoftBank Defendants knew that Chen, Chao, and Liu violated their fiduciary duties in participating in a transaction that would confer them with special distribution rights amounting to kickbacks. Moreover, the SoftBank Defendants knew that the OPI Value was grossly understated, and that the Director Defendants, Liu, and Special Committee were acting in bad faith and not in Renren's best interests in approving

the Transaction. SoftBank further knew that the integrated series of transactions was unfair to Renren, and that Renren was grossly undercompensated in exchange for its assets.

345. The SoftBank Defendants substantially assisted and participated in Chao's, Chen's, Liu's, and the Special Committee's breaches of their fiduciary duties. First, the SoftBank Defendants facilitated implementation of the integrated transaction in that: (a) SoftBank PPC agreed in advance to waive the Cash Dividend and to participate in the Private Placement; (b) SoftBank GCL provided financing to help fund the Cash Dividend; and (c) SoftBank influenced the Special Committee's determination of the OPI Value. Payment of the Cash Dividend, and thus implementation of the Transaction as a whole, depended on that assistance. The SoftBank Loan contained highly unusual terms, further indicating that it was the result of a corrupt bargain to provide critical funding for the Cash Dividend. Second, the SoftBank Defendants agreed *before* the Transaction was approved for Chen, Chao (directly and indirectly through the DCM Defendants), and Liu to obtain various benefits for themselves that amounted to kickbacks. The SoftBank Defendants were active participants in pre-planning how to divide the spoils of the defalcating fiduciaries' misappropriation of Renren's investment portfolio.

346. The SoftBank Defendants willfully and knowingly aided and abetted Chao's, Chen's, Liu's, and the Special Committee's breaches of their fiduciary duties because the SoftBank Defendants obtained substantial benefits for themselves in doing so. They obtained special distribution rights to 5.9 million SoFi shares and—through the unusual SoftBank Loan—the economic upside to another 3.5 million SoFi shares. At the same time, the SoftBank Defendants increased their proportionate percentage of OPI (and thus their indirect ownership of SoFi), contractual commitments to a rapid monetization of SoFi shares, and direct distribution rights in the event SoFi becomes publicly listed. Finally, the SoftBank Defendants obtained significant

control rights, consent rights, information rights, and contractual protections to guard against future self-dealing by Chen.

347. Similarly, the SoftBank Defendants encouraged Chao, Chen, and Liu to breach their fiduciary duties, and the SoftBank Defendants' encouragement was a substantial factor in bringing about those breaches. The SoftBank Defendants backed Chen's and Liu's artificially low initial valuation for OPI of $500 million, and induced Chen, Liu, and Chao to breach their fiduciaries by agreeing: (a) to give DCM special distribution rights to 1.3 million SoFi shares, certain consent rights, and contractual rights to facilitate monetization of their indirect SoFi interest; (b) to give OPI share incentives to Chen, Liu, and Chao; and (c) to give Chen and Liu their Class A1 and Class A2 preference shares, respectively.

348. As a result of the SoftBank Defendants aiding and abetting Chao's, Chen's, Liu's, and the Special Committee's breaches of their fiduciary duties, the Company has been harmed in an amount to be proven at trial.

Count 9: Dishonest Assistance Under Cayman Law
(Against the SoftBank Defendants)

349. Plaintiffs repeat and re-allege all previous allegations as if set forth at full herein.

350. Defendants Chen and Chao, Liu, and the Special Committee owed fiduciary obligations to Renren.

351. Defendants Chen and Chao, Liu, and the Special Committee breached their fiduciary obligations to Renren.

352. The SoftBank Defendants assisted in the breaches of fiduciary obligations to Renren committed by Defendants Chen and Chao, Liu, and the Special Committee. First, the SoftBank Defendants helped facilitate implementation of the integrated Transaction through which Renren's assets were wrongfully taken in that: (a) SoftBank PPC agreed to waive the Cash

Dividend and participate in the Private Placement; and (b) SoftBank GCL provided financing to help fund the Cash Dividend. Payment of the Cash Dividend, and thus implementation of the Transaction as a whole, depended on that assistance, and SoftBank GCL obtained highly unusual loan terms in its favor in agreeing to help finance the dividend. Second, the SoftBank Defendants agreed before the Transaction was approved for Chen, Chao (directly and indirectly through the DCM Defendants), and Liu to obtain various special rights for themselves that amounted to kickbacks. The SoftBank Defendants were active participants in pre-planning how to divide the spoils of the defalcating fiduciaries' misappropriation of Renren's investment portfolio.

353. The SoftBank Defendants assisted in the breaches of fiduciary obligations to Renren committed by Defendants Chen and Chao, Liu, and the Special Committee in a dishonest manner. The SoftBank Defendants acted dishonestly in that they knew that the OPI Value was grossly understated, yet knowingly participated in the Transaction grossly unfair to Renren and its minority stockholders and ADS holders. Moreover, the SoftBank Defendants acted dishonestly by agreeing for Chen, Chao, and Liu to obtain special benefits akin to kickbacks as *quid pro quo* for the SoftBank Defendants to themselves materially benefit in a corrupt bargain. In doing so, the SoftBank Defendants induced breaches of fiduciary duties owed by Chen, Chao, and Liu.

354. The SoftBank Defendants therefore provided dishonest assistance in connection with Chen's, Chao's, Liu's, and the Special Committee's breaches of their fiduciary duties, as set forth herein.

355. As a result of the SoftBank Defendants' dishonest assistance of Chen's, Chao's, Liu's, and the Special Committee's breaches of fiduciary duties, the Company has been harmed in an amount to be proven at trial.

356. The SoftBank Defendants were unjustly enriched as a result of their dishonest assistance and should be forced to disgorge all profits they received in an amount to be proven at trial.

357. Directly in connection with the integrated Transaction, one or more of the SoftBank Defendants received rights to receive a special distribution of 5.9 million SoFi shares, contractual rights to receive the economic upside of another 3.5 million shares, interest income on the SoftBank Loan, and substantially increased value to their indirect ownership stake in SoFi (through a higher ownership percentage of OPI relative to Renren; significantly enhanced control, consent, and information rights; and contractual rights to special distributions upon SoFi going public).

358. Indirectly, as a result of their dishonest assistance in the Transaction, the SoftBank Defendants and their affiliates received the substantial addition benefit of value enhancement to their separate, direct holdings of tens of millions of SoFi shares. By obtaining contractual control rights over a 13% SoFi stake through OPI, the SoftBank Defendants were able to enhance the value of their outside SoFi holdings by steering 15 million SoFi shares to SoFi as a quasi-stock buyback via the Call Options at a substantially below-market price of $8.80 during the same month that SoFi sold other shares at $18.43 per share. That buyback increased the value of SoftBank GCL's 69 million outside shares—by reducing the overall float—and helped clear the path for the SoFi SPAC Business Combination, through which the SoftBank Defendants and their affiliates will receive windfall profits. And from the SoftBank Defendants' perspective, the cash paid by SoFi to buy back those shares at a steep discount further benefitted them because: (a) the proceeds were used to repay the SoftBank Loan; and (b) elimination of OPI's secured debts cleared the way for the SoftBank Defendants to receive a special distribution of 5.9 SoFi shares on the cusp of the SoFi SPAC Business Combination.

Count 10: Alter Ego/Reverse Piercing
(Against OPI, Renren SF, and Renren Lianhe)

359. Plaintiffs repeat and re-allege all previous allegations as if set forth at full herein.

360. OPI exercised complete domination and control of Renren Lianhe and, through Renren Lianhe, Renren SF.

361. By exercising its domination and control of Renren Lianhe and Renren SF, OPI was able to commit wrongs or frauds against Renren, including refinancing the Everbright Loan and circumventing restrictions on the disposition of Renren's assets, raising capital to pay an inadequate cash distribution to Renren's non-participating stockholders, obtaining the New York Department of Financial Services' approval of the Separation, taking ownership of Renren's most valuable assets for pennies on the dollar, and fraudulently conveying those assets to frustrate the Company's ability to collect a judgment against OPI in this proceeding.

As a result of OPI's exercise of its dominance and control of Renren Lianhe and Renren SF, the Company has been harmed in an amount to be proven at trial.

Count 11: Avoidance of the Call Option Transfer as an Actual Fraudulent Conveyance Pursuant to D.C.L. § 276, As in Effect in March 2019
(Against SoftBank GCL and SoFi)

362. Plaintiffs repeat and re-allege all previous allegations as if set forth at full herein.

363. OPI through its wholly owned, alter ego subsidiaries Renren SF and Renren Lianhe, made the Call Option Transfer on or about March 7, 2019.

364. At the time the Call Option Transfer was made in March 2019, Renren was a secured creditor of OPI under the Renren Note. The Call Option Transfer was made with the actual intent to hinder, delay, or defraud present or future creditors, including Renren, a secured creditor under the Renren Note and a contingent judgment creditor of OPI to the knowing receipt

claim set forth herein in Count 7. The actual intent to hinder, delay, or defraud creditors, including Renren, is evident from the confluence of several badges of fraud.

365. First, there was a close relationship between the parties to the Call Option Transfer. OPI, through its alter ego subsidiaries including Renren SF, was a significant SoFi shareholder. Moreover, Chen and SoftBank controlled OPI's board and were its major shareholders, while Chen and two SoftBank GCL principals also held seats on SoFi's board. SoftBank is SoFi's largest investor.

366. Second, the consideration paid by SoFi in exchange for the Call Option Transfer was grossly inadequate. The immediately exercisable Call Options were deep-in-the money by at least $4.90 to $6.64 per optioned share, representing at least $83 million to $112 million in value. Moreover, given the lengthy exercise period, the total option premium in a fair, arms-length transaction would have added millions more to the value of the Call Options. The minimal indirect consideration SoFi provided by replacing the Everbright Loan with the new $58 million SoFi Note was nowhere near worth the more than $83 million to $112 million in value that SoFi received through the Call Option Transfer.

367. Third, OPI was aware of this pending litigation, and that the 17 million SoFi shares subject to the Call Options it gave were both a focus of Plaintiffs' derivative claims and likely a primary source of potential recovery on any judgment entered in this matter.

368. Fourth, the 17 million Call Options Shares to which call rights were given (and subsequently exercised) represented the most readily feasible means of Renren enforcing and collecting its judgment in this matter. Although OPI's other assets have substantial value, many of those investments are in offshore entities, including in China. Moreover, through the Call Option Transfer and related transactions, Chen was able to remove secured debt at OPI, making it

far easier for him to dissipate assets from OPI going forward and making full collection and enforcement of any judgment entered in this action less likely.

369. Fifth, the Call Option Transfer was a continuation of a pattern of conduct by Chen to fraudulently transfer assets or otherwise enrich himself and his cronies. Chen first used Renren to fund SoFi despite his conflicts of interest, Chen next took Renren's SoFi shares via OPI through the Transaction without paying adequate consideration, and now finally Chen made the Call Option Transfer to benefit SoFi and SoftBank, and to clear a path to future dissipation of assets by eliminating all third-party secured creditor claims against OPI and its alter ego subsidiaries.

370. Sixth, the Call Option Transfer was an unusual transaction and was not in the usual course of business for a holding company such as OPI. There was no rational economic basis to give Call Options worth at least $83 million to $112 million merely to substitute the $58 million SoFi Note for the $59.26 million Everbright Loan. Historically, Renren and OPI had not given call rights to SoFi stock or to the other shares in portfolio companies.

371. In short, the Call Option Transfer was given to thwart future collection efforts of any judgment entered in this litigation by clearing the path for future asset dissipation. SoFi and SoftBank GCL participated in the fraudulent conveyance because of the windfalls conferred on them in doing so, as alleged herein. SoFi and SoftBank did not participate in good faith. SoftBank stood on all sides of the transactions as investors and directors in SoFi and OPI. SoFi is imputed with the knowledge of Chen and SoftBank's directors on SoFi's board.

372. Because the Call Option Transfer was made with the actual intent to hinder, delay, or defraud present and future creditors of OPI and its alter ego wholly owned subsidiaries, the Call Option Transfer is a fraudulent conveyance under D.C.L. § 276 (as in effect as of March 7, 2019)

and it may be avoided and set aside pursuant to D.C.L. §§ 278 and 279 (as in effect as of March 7, 2019).

Count 12: Avoidance of the SoftBank Option Exercise Transfer as a Fraudulent Conveyance Pursuant to D.C.L §§ 273-a and 276, As in Effect in 2019 (Against SoftBank GCL)

373. Plaintiffs repeat and re-allege all previous allegations as if set forth at full herein.

374. OPI was a defendant in this action at the time SoftBank GCL exercised its assigned Call Options and OPI, through its wholly owned, alter ego subsidiaries, made the SoftBank Option Exercise Transfer and conveyed 1.72 million SoFi shares to SoftBank in October 2019.

375. OPI and its wholly owned alter ego subsidiaries did not receive fair consideration in exchange for the SoftBank Option Exercise Transfer. First, the transfer of more than 1.7 million SoFi shares to SoftBank was made pursuant to the Call Options, which had previously been conveyed fraudulently for grossly inadequate consideration through the Call Option Transfer. As alleged herein, the Call Option Transfer is itself avoidable as an actual fraudulent conveyance pursuant to D.C.L. § 276, as effective in March 2019.

376. Second, OPI and its wholly owned alter ego subsidiaries only received $8.80 per share in exchange for the 1.72 million SoFi shares transferred to SoftBank GCL in the SoftBank Option Exercise Transfer. Yet at the time of the Transfer, SoFi shares were worth at least $13.87 to $15.44 per share. Indeed, SoftBank participated in a SoFi preferred stock offering at a price of approximately $15.44 per share contemporaneously with exercising its Call Options in October 2019. Thus, SoftBank GCL knew that it was receiving a windfall in obtaining more than1.7 million SoFI shares for $8.80 from OPI at the same time SoFi shares were sold for $15.44, and SoftBank GCL did not act in good faith.

377. Accordingly, to the extent that OPI fails to satisfy any judgment entered against it in this action, the SoftBank Option Exercise Transfer is a fraudulent conveyance pursuant to D.C.L. § 273-a, effective when the transfer was made in October 2019.

378. The SoftBank Option Exercise Transfer is also an avoidable fraudulent conveyance made with the actual intend to hinder, delay, or defraud creditors, including Renren (as secured lender under the Renren Note and as a contingent judgment creditor of OPI), as evident by the confluence of several badges of fraud.

379. First, at the time the SoftBank Option Exercise Transfer was made in October 2019, OPI was a named defendant to this litigation on Plaintiffs' knowing receipt claim. A central focus of that claim was OPI's receipt of Renren's interest in SoFi via OPI's wholly owned, alter ego subsidiary Renren SF.

380. Second, OPI and its alter ego wholly owned subsidiaries Renren SF and Renren Lianhe did not receive adequate consideration in exchange for the SoftBank Option Exercise Transfer. The Call Option Transfer itself is avoidable as an actual fraudulent conveyance. And the exercise price paid by SoftBank GCL was far less than the value of the 1.7 million shares of SoFi stock transferred.

381. Third, the SoftBank Option Exercise Transfer was made to an insider and amongst related parties. SoftBank's affiliates, along with Chen, control OPI's board and are OPI's largest shareholders.

382. Fourth, transferring over 1.7 million shares of SoFi stock will make judgment enforcement and collection in this matter more difficult. OPI's most significant asset was its SoFi stock. Although OPI's other assets have substantial value, many of those investments are in offshore entities, including in China.

383. Fifth, the SoftBank Option Exercise Transfer was a continuation of a pattern of conduct by Chen to fraudulently transfer assets or otherwise enrich himself and his cronies. Chen first used Renren to fund SoFi despite his conflicts of interest, Chen next took Renren's SoFi shares via OPI through the Transaction without paying adequate consideration, and finally Chen made the Call Option Transfer to benefit SoFi, to benefit SoftBank, and to clear a path to future dissipation of assets by eliminating all third-party secured creditor claims against OPI. SoftBank's exercise of a portion of the Call Options through the SoftBank Option Exercise Transfer was a continuation of that conduct by removing SoFi shares from OPI via its alter ego wholly owned subsidiaries.

384. Sixth, the SoftBank Option Exercise Transfer was an unusual transaction that was not in the usual course of business for a holding company such as OPI. Historically, Renren and OPI had not given call rights to SoFi stock or to the other shares in portfolio companies.

385. Accordingly, the SoftBank Option Exercise Transfer was an actual fraudulent conveyance under D.C.L. § 276, as effective at the time the transfer was made in October 2019.

Count 13: Monetary and/or Injunctive Relief Pursuant to D.C.L. §§ 278 and 279, As Effective in 2019, and/or the Equitable and Inherent Powers of the Court (Against OPI, Renren Lianhe, Renren SF, SoftBank GCL and SoFi)

386. Plaintiffs repeat and re-allege all previous allegations as if set forth at full herein.

387. The Call Option Transfer was an actual fraudulent conveyance under D.C.L. § 276, as effective at the time the transfer was made in March 2019.

388. The SoftBank Option Exercise Transfer was a fraudulent conveyance pursuant to D.C.L. § 273-a and an actual fraudulent conveyance pursuant D.C.L. § 276, under the versions of those sections in effect as of October 2019.

389. SoFi was the initial recipient of the Call Option Transfer. SoFi did not act in good faith in receiving the Call Option Transfer, nor did SoFi pay adequate consideration in exchange for the Call Option Transfer.

390. SoftBank GCL was a subsequent transferee of SoFi, as it received an assignment of Call Options to approximately 1.7 million of the SoFi shares through the Subsequent Call Option Transfer. SoftBank GCL did not act in good faith in receiving the Subsequent Call Option Transfer.

391. SoftBank GCL was the recipient of SoFi shares in the SoftBank Option Exercise Transfer. SoftBank GCL did not act in good faith in receiving the SoftBank Option Exercise Transfer, nor did SoftBank GCL pay adequate consideration in exchange for the approximately 1.7 million SoFi shares that it received through the SoftBank Option Exercise Transfer.

392. Pursuant to D.C.L. §§ 278 and 279, as effective at the time the Call Options were given in March 2019, the Call Option Transfer should be avoided and set aside as a fraudulent conveyance. SoFi should be ordered to pay over the value of the Call Options it received through the Call Option Transfer pursuant to D.C.L. §§ 278 and 279. As a subsequent transferee of the Call Option Transfer that lacked good faith, SoftBank GCL should also be ordered to pay the value of the approximately 1.7 million Call Options that it received through the Call Option Subsequent Transfer.

393. Pursuant to D.C.L. §§ 278 and 279, as effective at the time the SoftBank Option Exercise Transfer was made in October 2019, the SoftBank Option Exercise Transfer should be avoided and set aside as a fraudulent conveyance. Further, pursuant to D.C.L. §§ 278 and 279, the Court should: (a) order SoftBank GCL to pay over the value it received through the Call Option Subsequent Transfer; and (b) enjoin SoftBank GCL from transferring, selling, exchanging,

converting, granting a lien against, or otherwise disposing of any interest in the approximately 1.7 million SoFi shares it received through the SoftBank Option Exercise Transfer without prior Court Approval.

394. The Court should enjoin OPI and its wholly owned alter ego subsidiaries, including Renren SF and Renren Lianhe, from transferring, selling, exchanging, converting, granting a lien against, or otherwise disposing of any interest in any of their remaining SoFi shares without prior approval of this Court.

395. The Court should likewise enjoin OPI and its wholly owned alter ego subsidiaries, including Renren SF and Renren Lianhe from transferring, selling, exchanging, converting, granting a lien against, or otherwise disposing of any interest in any of their other remaining assets without prior approval of this Court.

NOTICE OF INTENT TO RAISE ISSUES UNDER FOREIGN LAW

396. Pursuant to CPLR 4511, Plaintiffs hereby give notice of their intent to raise issues under the laws of the Cayman Islands, including but not limited to, the law governing the Defendants' duties to Renren and their breach of such duties and the dishonest assistance and knowing receipt claims set out above. Plaintiff intends to offer expert testimony, documents, and other relevant material or sources to the Court to determine the foreign law at issue.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for relief and judgment as follows:

a. Awarding compensatory damages against Defendants, jointly and severally, to Renren in an amount to be determined at trial;

b. Disgorging all profits Chen, Chao, and the DCM Defendants have made as a result of their breaches;

c. Disgorging all profits that the SoftBank Defendants received, directly or indirectly, as a result of their dishonest assistance in Renren directors' breaches of their fiduciary duties;

d. Rescinding the Separation and all related agreements;

e. Voiding the transfers of Renren's investment assets to OPI;

f. Voiding the surrender or other transfer of Renren's shares in OPI;

g. Restitution of the assets stripped from Renren, including, but not limited to, imposition of a constructive trust over all SoFi shares or the proceeds thereof;

h. Voiding and setting aside the Call Option Transfer and SoftBank Option Exercise Transfer as fraudulent conveyances;

i. Attaching or levying on the value received from the Call Option Transfer or the SoftBank Option Exercise.

j. Requiring SoFi to pay over the value of the Call Option Transfer;

k. Requiring SoftBank to pay over the value of the Call Options it received through the Subsequent Call Option Transfer;

l. Requiring SoftBank to pay over the value it received through the SoftBank Option Exercise Transfer and/or enjoining SoftBank from transferring, selling, exchanging, converting, granting a lien against, or otherwise disposing of any interest in the approximately 1.7 million SoFi shares it received through the SoftBank Option Exercise Transfer without prior approval of the Court;

m. Enjoining OPI and its wholly owned alter ego subsidiaries from transferring, selling, exchanging, converting, granting a lien against, or otherwise disposing of any remaining interest in SoFi or any other interest—and/or proceeds thereof—in any of the portfolio companies involved in the Transaction without prior approval of the Court;

n. Declaring that OPI, Renren SF, and Renren Lianhe are alter egos;

o. Awarding costs and attorneys' fees in an amount to be determined at the conclusion of this lawsuit; and

p. Such other and further relief as the Court deems just.

Dated: New York, New York
March 22, 2021

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