

IN THE CIRCUIT COURT OF THE SIXTH JUDICIAL CIRCUIT  
IN AND FOR PINELLAS COUNTY, FLORIDA  
CIVIL DIVISION

THE MACDOUGALD FAMILY LIMITED PARTNERSHIP, LLLP,  
a Nevada Limited Liability Limited Partnership;  
STEPHEN MITCHELL WATERS 2020 MLB IRREVOCABLE  
TRUST AGREEMENT; STEPHEN M. WATERS;  
GARY MARKEL; and ROBERT KLEINERT,  
Derivatively on behalf of TAMPA BAY RAYS BASEBALL, LTD.,

Nominal Plaintiffs,

vs.

CASE NO:

501SG, LLC, a Delaware Limited Liability Company,  
as General and Managing Partner of  
TAMPA BAY RAYS BASEBALL, LTD.;  
RAYS BASEBALL CLUB, LLC, a Florida  
Corporation and STUART STERNBERG,

Defendants,

and

TAMPA BAY RAYS BASEBALL, LTD.,

Nominal Defendant.

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**VERIFIED PARTNER DERIVATIVE COMPLAINT**

Nominal Plaintiffs, THE MACDOUGALD FAMILY LIMITED PARTNERSHIP, LLLP,  
a Nevada limited liability limited partnership; STEPHEN MITCHELL WATERS 2020 MLB  
IRREVOCABLE TRUST AGREEMENT; STEPHEN M. WATERS; GARY MARKEL; and  
ROBERT KLEINERT; derivatively on behalf of Nominal Defendant, TAMPA BAY RAYS  
BASEBALL, LTD, through their undersigned attorneys, file this Complaint and sue Defendants,  
501SG, LLC, a Delaware limited liability company, as General and Managing Partner of TAMPA  
BAY RAYS BASEBALL, LTD.; STUART STERNBERG; and RAYS BASEBALL CLUB, LLC,  
a Florida Corporation, and allege:

## INTRODUCTION

This derivative action is brought by five (5) limited partners, on behalf of the partnership, against 501SG, LLC (“**501SG**”), the general and managing partner of Tampa Bay Rays Baseball, Ltd (the “**Partnership**”), the limited partnership that owns the Tampa Bay Rays Baseball Club and Franchise. 501SG is the sole general partner, managing partner, and tax matters partner of the Partnership, and is wholly controlled by Stuart Sternberg (“**Sternberg**”). Through 501SG, Sternberg has engaged in a relentless scheme to squeeze out the limited partners and usurp partnership opportunities belonging to the Partnership, culminating in Sternberg’s surreptitious transfer of *the entire baseball club and franchise* to a separate entity called Rays Baseball Club, LLC (“**RBC**”), which, according to sworn state corporate filings, is a single, member-managed LLC of which Sternberg is the sole member. As the Florida Supreme Court has aptly stated:

“The very basis for the conduct of any business is confidence, good faith, square dealing and honesty among proprietors. It does not matter what regulation, prohibition, rule or requirement the law imposes, it can substitute nothing for these basic essentials. In controversies like this, they always enter into the chancellor’s deliberations. He cannot divorce them from the picture. In business relations it is not enough to stay within the bounds of legal technicalities. The ethical aspect of human behavior becomes more important. One might as well contend that sheep and sheep-killing dogs would gambol harmoniously in the same pasture as to suspect that a partnership would run smoothly when confidence, good faith, square dealing and integrity among its members have been destroyed.”*Lieberbaum v. Levine*, 54 So. 2d 159, 160-161 (Fla. 1951).

These important values were codified by the Florida Legislature in Florida’s Revised Uniform Limited Partnership Act of 2005, Fla. Stat. § 620.1101 et al., which obligates partners to deal with other partners and the partnership as fiduciaries, emphasizing duties of honesty, loyalty, and good faith. Adherence to these duties is especially critical where a partnership is entirely controlled by a single general partner, requiring the limited partners to trust in his or her integrity

to protect their interests and the interests of the partnership. Unfortunately, that trust was broken in this case, and that breach of trust is at the core of this Complaint.

Plaintiffs placed their trust in Sternberg through the years, even while he charged significant management fees and had never provided distributions although they are required in the Partnership Agreement, believing that he and his company 501SG were at least safeguarding the interests of the limited partners and the value of the Rays Baseball club, franchise and other assets. Unfortunately, Plaintiffs have now discovered that Sternberg has been misappropriating money from the Partnership by secretly paying himself and several of his 501SG investors salaries from the Partnership, while strategically withholding distributions, devaluing membership interests, saddling the limited partners with massive tax obligations, purchasing shares from estates under manufactured pressure scenarios, and, finally, transferring all of the valuable assets into a new LLC owned and controlled by himself. Recently, Plaintiffs learned that Sternberg surreptitiously, in January of 2020, caused *the entire baseball club and franchise* to be transferred out of the Partnership and into RBC. Then, Sternberg effected various secretary of state corporate filings stating that he is the sole member of RBC. All told, Sternberg has committed at least the following acts in breach of his duties to the Partnership and the Plaintiffs:

- Failing and refusing to keep appropriate or transparent records of Partnership activities, including operating budgets, meeting minutes, management agreements, and compensation agreements. Shockingly, Sternberg has *no* written employment or management agreements despite his using partnership funds to pay millions of dollars in annual management fees and salaries to 501SG, Sternberg individually, and two 501SG investors whom Sternberg has maintained on the Partnership's payroll.

- Using Partnership funds to usurp Partnership opportunities and acquire general and limited partnership interests for 501SG.
- Purposely devaluing Plaintiffs' limited partnership interests by strategically withholding distributions and leveraging enormous tax liability to discourage limited partners from increasing their limited partner interests and encourage them to "fire sell" their limited partner interests to 501SG at far below fair value (after declining to purchase those same interests for the benefit of the Partnership).
- Deliberately obfuscating Partnership activities and backdating and/or falsifying Partnership documents for the purpose of deceiving Plaintiffs and other limited partners, including actively concealing from both the limited partners and the Partnership's auditors that Sternberg had caused the entire baseball club and franchise to be transferred out of the Partnership and into an entity owned and controlled by him.

Plaintiffs, on behalf of the Partnership, request that Sternberg be held accountable for these actions, as more particularly described below.

## **ALLEGATIONS COMMON TO ALL COUNTS**

### ***The Parties and General Allegations***

1. Plaintiff, THE MACDOUGALD FAMILY LIMITED PARTNERSHIP, LLLP ("***MacDougald***") is a Nevada limited liability limited partnership, which owns a 1.3310% limited partner interest in Nominal Defendant, TAMPA BAY RAYS BASEBALL, LTD (the "***Partnership***").

2. Plaintiff, STEPHEN MITCHELL WATERS 2020 MLB IRREVOCABLE TRUST AGREEMENT ("***Waters Trust***"), is a trust formed under the law of Connecticut, which owns a .4000% limited partner interest in the Partnership.

3. Plaintiff, STEPHEN M. WATERS ("*S. Waters*"), is an individual residing in Connecticut, who owns a .7116% limited partner interest in the Partnership. The Waters Trust and S. Waters are hereinafter collectively referred to as "*Waters*."

4. Plaintiff, GARY MARKEL ("*Markel*"), is an individual residing in Florida, who owns a 2.1465% limited partner interest in the Partnership.

5. Plaintiff, ROBERT KLEINERT ("*Kleinert*"), is an individual residing in Connecticut who owns a 5.0020% limited partner interest in the Partnership.

6. Defendant, 501SG, is a Delaware limited liability company authorized to transact business in Florida, with its principal address in Pinellas County, Florida. 501SG is currently the sole general partner, the managing partner, and the tax matters partner of the Partnership.

7. Defendant, Sternberg, is an individual domiciled in Pinellas County, Florida. Sternberg is the manager of and holds a controlling interest in 501SG. Upon information and belief, 501SG is a single purpose entity whose sole purpose is to hold its interest in the Partnership.

8. Defendant, RBC, is a Florida Corporation with its principal address in Pinellas County, Florida. RBC is registered in foreign jurisdictions with Sternberg listed as the sole member. An entity with the same name is registered in Colorado.

9. The Partnership is a Florida limited liability partnership with its principal place of business in Pinellas County, Florida, that up until January 2020 owned and operated the Tampa Bay Rays baseball club and franchise (the "*Rays*").

10. Venue and jurisdiction are proper in Pinellas County, Florida. The amount in controversy exceeds \$30,000.00 exclusive of attorneys' fees, costs, and interest. Defendants are domiciled and/or have their principal place of business in Pinellas County. Pinellas County is the principal place of business of each of the Defendants as well as the Partnership; the various

contractual breaches, tortious actions, and statutory violations occurred in Pinellas County; and the Partnership sustained damage, injury and loss in Pinellas County. Therefore, this Court has jurisdiction and venue is proper pursuant to Fla. Stat. § 26.012; § 47.011; and § 48.193.

11. The Partnership Agreement was executed in February 1995. A true and correct a copy is attached as **Exhibit “A.”**

12. Plaintiffs sent a demand to 501SG, as general partner and managing partner, to enforce the rights asserted herein on August 21, 2020 (the “*Derivative Demand*”). A true and correct copy of the Derivative Demand is attached hereto as **Exhibit “B.”** 501SG failed to take action on the demand within a reasonable time, and Plaintiffs are accordingly authorized to bring this derivative action on behalf of the Partnership pursuant to Fla. Stat. § 620.2002.

13. To the extent any claims in this Derivative Complaint exceed the scope of the Derivative Demand, further demand would be futile as 501SG is the only general partner of the Partnership, is wholly controlled by Sternberg, and has already refused to take action on the Derivative Demand.

14. All conditions precedent to bringing this action have occurred, have been performed, or have been waived.

15. Plaintiffs have retained the undersigned attorneys and agreed to pay them a reasonable fee for their services herein.

### ***Investment in the Partnership***

16. The Partnership was originally founded by Vince Naimoli (“*Naimoli*”), with the goal of bringing a Major League Baseball (“*MLB*”) franchise to Tampa Bay. Naimoli appointed his corporation, Naimoli Business Enterprises, Inc. (“*NBE*”), as managing partner, and brought in five (5) other general partners.

17. The founding partners/investors paid approximately \$800,000.00 per 1% ownership interest in the Partnership, whereas limited partners later paid approximately \$1,000,000.00 per 1% ownership interest (the “*Historical Price*”). As detailed below, Sternberg used his position as general partner and managing member to strategically deflate the value of limited partner interests so that he could purchase every available limited partner interest for himself at or near the Historical Price during the seventeen years that he has been the managing partner.

18. The value of the Partnership is almost entirely derived from the professional baseball club owned and operated by the Partnership (the “*Club*”), and the Club’s membership in the American League, together with all rights, privileges, interests, duties and obligations arising therefrom or attributable thereto (the “*Franchise*”).

19. Under the Partnership Agreement, limited partners of the Partnership may achieve a return on their investment in two ways: 1) distributions; and 2) sale of their interests.

20. For this reason, the Partnership Agreement requires notice and/or opportunity to participate in significant matters such as tax filings; preparation of financial records with mandatory audit of these financial records; preparation of a yearly operating budget and a business plan, etc.

21. The limited partners rely absolutely on the fair dealing, loyalty and disclosure by Sternberg as general partner and managing partner to comply with his contractual and fiduciary obligations to the limited partners and the Partnership to maintain the value of their investment in the Partnership.

***Sternberg's Purchase - Sole General Partner***

22. In 2001, a group of dissatisfied general partners appealed to MLB to have Naimoli removed as managing partner. An agreement was reached whereby Naimoli would not be removed, but an acting CEO would be appointed. This arrangement was not disclosed to the limited partners, nor was the Partnership Agreement amended to properly reflect a change in the duties and powers of the managing partner.

23. In 2004, Sternberg, through 501SG, seized an opportunity to acquire the collective interests of those same dissatisfied general partners, totaling forty-nine (49%) percent of the Partnership.

24. Simultaneously with that purchase, Sternberg entered into a secret series of contracts with Naimoli, whereby Naimoli would cede his position as managing partner to Sternberg in return for contractual agreements requiring the Partnership to pay him "management fees" for twelve (12) years after he resigned his managing partner position. Sternberg acquired Naimoli's managing partner position, at the Partnership's expense, thereby giving Sternberg and 501SG control of the Partnership. These contracts were first disclosed to limited partners in response to Plaintiffs' statutory demand for documents served on April 23, 2020 (the "***First Statutory Document Demand***").

25. As an additional part of the arrangement, Sternberg entered into a "Put-Call Agreement" with Naimoli in 2004 whereby Sternberg obligated the Partnership to acquire, at Naimoli's demand, all of Naimoli's general and limited partner interest in the Partnership (the "***Put Call Agreement***").

26. In late 2012, the Partnership purchased all of Naimoli's interest at Naimoli's demand pursuant to the Put Call Agreement.



27. Despite the fact that Partnership funds were used for the purchase, Sternberg, through 501SG, allocated all of Naimoli's general partner interest and the vast majority of the limited partner interests to 501SG, allocating only a small portion of the limited partner interests to the limited partners. No notice of this allocation was provided to the limited partners as is required under the Partnership Agreement.

28. Thus, by taking for himself all of Naimoli's general partner interests, Sternberg made himself the only general partner, remained the managing partner of the Partnership, and exercised complete and unfettered control over the Partnership.

***Failure to Maintain Records, Manage the Partnership and Provide Notice***

29. The Partnership Agreement requires that the managing partner provide to all Partners the following documents and notice (the "***Notice Requirements***"): (a) by March 31, Schedule K-1 or similar forms; (b) by March 31, audited financial statements (consisting of a balance sheet and the related statements of income, cash flow, Partner's capital and changes in financial position); (c) within 30 days of the close of each quarter, internally-prepared financial statements prepared as of the close of such fiscal quarter, which 501SG has never provided to the Limited Partners; and (d) "[a]s promptly as reasonably possible, any other information concerning the business and affairs of the Partnership considered material and relevant to the interests of the Partners by the Managing Partner, including without limitation any information obtained by the Managing Partner that indicates the Development and Preopening Budget, and Business Plan or any Operating Budget is materially incorrect."

30. The Partnership Agreement further requires the managing partner to coordinate the preparation and submission of a proposed annual operating budget, accounting for proposed receipts and expenses (including all proposed capital expenditures) on a monthly basis. Until final

approval of a proposed operating budget has been given, the Partnership is required to operate pursuant to the operating budget for the previous fiscal year.

31. In order to evaluate their right to distributions, tax consequences and value, the Plaintiffs issued the First Statutory Document Demand in April 2020 seeking operating budgets, meeting minutes and all other notices required by Florida law.

32. In response, Sternberg provided purported “Written Consents” of 501SG, LLC (the “*Written Consents*”), purportedly executed on December 15 of 2015, 2016, 2017, 2018, and 2019, attached hereto as **Composite Exhibit “C.”**<sup>1</sup>

33. The Written Consents purport to have established reserves in lieu of distributions.

34. The Written Consents had never been disclosed to the limited partners, although they purport to have established “reserves” that equal exactly 100% of the “net cash flow” that the managing partner is required to distribute to partners. The Written Consents were provided only in response to a demand for records, and are physically manipulated and backdated, as with other documents prepared under Sternberg’s reign.

35. On information and belief, had these Written Consents actually been executed each year from 2015-2019, these documents should have been disclosed to the Partnership’s auditors, and thus disclosed in the footnotes to the audited financial statements.

36. The Written Consents made it clear that Sternberg was not faithfully complying with the Partnership Agreement, leading the Plaintiffs to investigate and find more issues.

***Sternberg’s Squeeze Out of Limited Partners and Personal Enrichment***

37. As managing partner, Sternberg has the right to purchase, on behalf of the Partnership, Partnership interests from estates or other limited partners.

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<sup>1</sup> The Partnership did not maintain meeting minutes.

38. Having achieved his goal of controlling the Partnership in 2004, Sternberg has used his position to squeeze out remaining limited partners and increase 501SG's interest in the Partnership, instead of acquiring these interests for the Partnership.

39. Indeed, Sternberg began with a 49% interest in the partnership in 2004 (through 501SG) and has increased that interest to 85% as of 2020 through exercise of the 2004 Put Agreement in 2012 and then executing a series of high-pressure transactions with other limited partners in the intervening years. In every case, regardless of the cash position of the partnership and the low price of the selling LP interests, Sternberg has determined that acquisition of these interests was not a good deal for the Partnership and has made these purchases for his own personal benefit.

40. As described above, in November 2012, the Partnership inappropriately secured Naimoli's general and limited partner interests subject to the Put Call Agreement, without notice to his other Partners.

41. In every case in which selling LP interests have become available, Sternberg has determined that the acquisition of a selling limited partner's interest was NOT a good deal for the Partnership, but WAS a good deal for Sternberg and 501SG:

- a) In May, 2007, 501SG acquired the combined 10.61% limited partner interests of four limited partners at \$440,000 per 1%.
- b) In December 2013, 501SG acquired the Danker Estate's 1.299% limited partner interest for \$440,000 per 1%, about one-third (1/3) of the amount Sternberg had required the Partnership to pay to Naimoli the previous month.
- c) In July 2018, 501SG acquired Focardi Estate's 1.316% limited partner interest for \$911,000 per 1%.

d) In December of 2018, 501SG acquired “Seventh Inning Stretch”’s 1.112% limited partner interest for \$1,000,000 per 1%, the amount invested twenty-three (23) years earlier.

42. Sternberg, since becoming the managing partner in 2005 had never held a partner’s meeting, nor had he ever made distributions to partners. In early 2020, the Plaintiffs demanded a meeting with Sternberg to discuss taxes and distributions due to the fact that they had been allocated more than \$150 million in taxable income in 2017-2019 and no distributions had been made. At the meeting, Sternberg informed the Plaintiffs that the partnership had received an additional \$385 million in taxable income from the sale of an equity interest in Fox Sports Sun (“*FSS*”), and that each partner would be charged with additional taxable income of \$3.85 million per 1% of ownership.

43. Incredibly, in spite of exceeding a half-billion dollars in taxable income in the preceding thirty-six (36) months, Sternberg stated that he would not allow distributions for two reasons: 1) COVID would have an adverse impact on the team in 2020 and 2) MLB does not like teams to make distributions, and that if the Rays did so it could jeopardize the Partnership’s revenue sharing. Sternberg did not mention the existence of the Written Consents, or the entirely different reasons for withholding distributions stated therein.

44. On March 9, 2020, the Partnership’s general counsel, John Higgins, sent a certified letter (the “*Buyout Letter*”) to the Limited Partners, stating that 501SG had agreed to purchase the Ringhaver’s interests from the two sons of the deceased partner, Lance Ringhaver, for \$10,000,000, or \$1.635 million per 1% limited partner interest. Of course, the Buyout Letter stated that 501SG as managing partner had decided not to acquire these interests on behalf of the Partnership. See attached **Exhibit “D.”** The Ringhaver purchase was particularly egregious

because it came on the heels of Sternberg forcing the limited partners into the untenable position of having to pay taxes on millions of dollars of phantom income, while representing that 501SG would make no distributions, although the partnership had more than \$400 million in cash, and could easily have made distributions, or purchased the Ringhaver interest on behalf of the partnership.

45. The purchase price offered to the Plaintiffs in the Buyout Letter represents less than 15% of the true value.

46. Upon information and belief, the notice of large taxes that were currently payable, and even larger taxes that would become payable in 2021, coupled with the representation that no distributions would be made, caused the sale of the limited partner interests of Lenda Naimoli, Vince Naimoli's widow, and the estate of deceased partner Lance Ringhaver, to 501SG. At the time Ringhaver held the largest remaining limited partner interest of 6.114% and was therefore faced with the largest looming tax liability.

47. Only eight (8) days after closing on the Naimoli and Ringhaver purchases, for which "fire sale" prices had been induced by representing that distributions would not be made, Sternberg made his first-ever distribution. 501SG received eighty-five percent (85%) of that distribution (of which 8% had been acquired in the "fire-sale" purchase only the preceding week) to pay its own taxes, due the following week.

48. In addition to utilizing the "no distributions/looming tax liability" scheme to squeeze out limited partners at the expense of the limited partners and the Partnership, Sternberg and 501SG have, at every opportunity, put their own interests and agenda ahead of their contractual and fiduciary obligations to the limited partners and the Partnership.

49. For example, Sternberg and 501SG have significantly enriched themselves through a series of loan transactions and by paying Naimoli, Sternberg, 501SG, and his fellow 501SG investors compensation from the Partnership. This includes two presidents of the Rays who are also 501SG investors and whose salaries, paid by the Partnership, Sternberg refuses to disclose to Plaintiffs.

50. Sternberg has also put himself on the payroll personally, despite simultaneously charging the Partnership millions in yearly management fees through 501SG.

51. Despite the significant administrative and management expenses, there are no written employment or management agreements for Sternberg, 501SG or the two other 501SG insiders Sternberg placed on payroll.

#### *Negotiations and RBC*

52. While this scheme to squeeze out the limited partners began in 2004, Sternberg managed to conceal the extent of his self-dealing activities and breaches of trust until the meeting in February of 2020 and the Buyout Letter.

53. The Buyout Letter raised a flag that 501SG was acting against the Partnership and the Plaintiffs' best interests, causing the Plaintiffs to begin an investigation.

54. In March 2020 a limited partner requested in writing, any amendments to the Partnership Agreement that had been executed since 1994. The Partnership's general counsel responded that there had been only one, in 1995. Later document productions revealed that an amendment dealing with the purchase of 49% of the partnership by Sternberg had been executed in 2004, but had never been disclosed to limited partners.

55. Plaintiffs' concerns were further justified when they discovered that Sternberg has been secretly negotiating to sell an interest in the Franchise and Club to a Canadian businessman

named Stephen Bronfman and his Montreal Baseball Group. Insultingly, based on information and belief, these secret negotiations have been going on since the Spring of 2014.

56. In early 2021, the Plaintiffs discovered that RBC had apparently taken over control of the operation of RBC, including ticketing and loyalty programs.

57. In April 2021, following multiple records demands that had resulted in no disclosure of RBC, the Partnership finally produced the previously concealed agreement between RBC and the Partnership (the “*Asset Transfer Agreement*”). See attached **Exhibit “E.”**

58. The Asset Transfer Agreement purports to have transferred—in January 2020, and without notice to the limited partners—the *entire Rays Baseball Club and Franchise* out of the Partnership and into RBC.

59. In addition to concealing the Asset Transfer Agreement from the limited partners for more than a year, Sternberg also failed to timely and properly disclose the Asset Transfer Agreement to the Partnership’s auditors based upon review of the 2019 Audited Financial Statement and the corresponding management representation letter. See **Exhibits “F” and “G.”**

60. 501SG has refused to provide any operational documents relating to RBC, and Plaintiffs have independently discovered multiple filings in multiple states revealing that RBC is owned and controlled by Sternberg, not the Partnership.

61. The initial registration with the Florida Department of State filed on January 14, 2019 listed 501SG’s attorney as RBC’s manager, and later substituted Sternberg for Mr. Gale. See **Composite Exhibit “H.”**

62. Worse, in every other state in which RBC is registered, Sternberg, not the Partnership, is listed as the member of RBC. In other words, the state filings on their face reflect that Sternberg has claimed RBC for his own as set out below.

63. On December 20, 2019, Robert Gagliardi, the Partnership's Chief Financial Officer, listed Sternberg as the member of RBC in a corporate filing with the Secretary of State of Oregon under penalty of perjury. See **Exhibit "I."**

64. On January 8, 2020, Sternberg was listed as a member of RBC in a corporate filing with the Secretary of State of Colorado under penalty of perjury. See **Exhibit "J."**

65. On January 9, 2020, Sternberg was listed as a member of RBC in corporate filings with the Secretary of State of West Virginia. See **Exhibit "K."**

66. On January 10, 2020, Robert Gagliardi listed Sternberg as the *sole* member of RBC in a corporate filing with the Secretary of State of Indiana under penalty of perjury. See **Exhibit "L."**

67. On March 12, 2020, and again on April 21, 2020, Sternberg was listed as a member of RBC in corporate filings with the Secretary of State of Louisiana. See **Exhibit "M."**

68. Further compounding matters, and signaling more concealment and potential tax issues, the 2019 audited financials, first provided to limited partners in November 2020, contradict the Asset Transfer Agreement on significant timing issues relating to significant transactions.

69. Accordingly, by forming RBC and transferring the Club and the Franchise to RBC, the Partnership, Sternberg, and 501SG have intentionally deprived the Partnership and the Plaintiffs of their interest in those assets, which are now under the sole authority and control of Sternberg. Accordingly, by forming RBC and transferring the Club and the Franchise to RBC, it would appear that Sternberg has intentionally deprived the Partnership of its interest in those assets, which are now under the sole authority and control of Stuart Sternberg.



**COUNT I**

**(Appointment of Receiver, Accounting, and Disgorgement—all Defendants)**

70. This is an action in equity for appointment of a receiver to conduct an accounting, as well as disgorgement of all sums, balances, and/or damages found to be owed to the Partnership because of said accounting.

71. Plaintiffs re-allege and incorporate paragraphs 1 through 69 above.

72. “[I]t is the normal duty of a partner to render an accounting to his copartners and a performance of this duty can be enforced by appropriate judicial proceedings. The fiduciary relation inherent in partnerships is sufficient to invoke the jurisdiction of equity for the purpose of compelling an accounting.” *Boyd v. Walker*, 251 So. 2d 332, 334 (Fla. 3d DCA 1971) (internal quotations and citations omitted).

73. Moreover, the Florida Supreme Court has held, “[t]he law is settled in this country that a court of equity may appoint a receiver for a business on the showing of bad faith, breach of duty or violation of partnership agreement.” *Lieberbaum v. Levine*, 54 So. 2d 159, 161 (Fla. 1951).

74. Defendants have committed self-enriching acts, actively concealed material information, transferred substantially all of the Partnership assets *without notice*, and have otherwise failed to provide Plaintiffs with reasonable information concerning the Partnership’s extensive and complex affairs, operations, finances, and transactions, such that Plaintiffs cannot properly exercise their rights and duties under the Partnership Agreement, nor protect their partnership interests in the Partnership.

75. Moreover, based upon the information that has been provided to Plaintiffs, Defendants have diverted partnership funds for non-partnership purposes and co-mingled Partnership funds with RBC funds.

76. As detailed above, Defendants have committed multiple acts of bad faith and breaches of their duties under the Partnership Agreement and Florida law.

77. Moreover, because Sternberg and 501SG have refused to provide all documents relating to RBC, Plaintiffs are kept completely in the dark as to RBC's management of the Club and Franchise, which are the very purpose of the Partnership and the source of its income.

78. Plaintiffs have no full, adequate, and expeditious remedy at law.

79. Plaintiffs are entitled to attorneys' fees and costs in equity.

WHEREFORE, Plaintiffs, on behalf of the Partnership, request the appointment of a receiver to perform an accounting of all Partnership business, affairs, and actions, as well as all business, affairs, and actions of RBC, and further request entry of a judgment against 501SG, Sternberg, and RBC for any and all sums, balances, and/or damages found due to the Partnership from Defendants, as well as the costs of this action, including Plaintiffs' reasonable attorneys' fees and court costs, along with all such other relief and remedies as the Court finds fit and proper under the circumstances.

**COUNT II**  
**(Breach of Contract—501SG)**

80. This is an action for damages that exceed \$30,000.00 exclusive of attorneys' fees, costs, and interest and other relief arising from 501SG's breach of the Partnership Agreement.

81. Plaintiffs re-allege and incorporate paragraphs 1 through 69 above.

82. As the managing partner and sole general partner of the Partnership, 501SG has a duty to abide by the Partnership Agreement and to exercise its responsibilities under the Partnership Agreement with the utmost level of care and good faith.

83. As detailed above, 501SG has breached its obligations under the Partnership Agreement.

84. The Partnership and Plaintiffs have been damaged as a result of 501SG's numerous breaches of the Partnership Agreement.

WHEREFORE, Plaintiffs, on behalf of the Partnership, demand judgment against 501SG for damages, together with the costs of this action, including Plaintiffs' reasonable attorneys' fees and court costs, as well as all remedies available under the Revised Uniform Limited Partnership Act of 2005, including the expulsion of 501SG as general partner under Fla. Stat. § 620.1603(5), along with all such other relief and remedies as the Court finds fit and proper under the circumstances.

**COUNT III**  
**(Breach of Fiduciary Duty—501SG)**

85. This is an action for damages that exceed \$30,000.00 exclusive of attorneys' fees, costs, and interest and other relief arising from 501SG's breach of its fiduciary duties under Florida's Revised Uniform Limited Partnership Act of 2005, Fla. Stat. § 620.1101 et al.

86. Plaintiffs re-allege and incorporate paragraphs 1 through 69 above.

87. 501SG owes fiduciary duties to the Partnership and Plaintiffs under Florida law, including a duty of loyalty and a duty of care. Fla. Stat. § 620.1408.

88. As detailed above, 501SG has breached its fiduciary duties under Florida law.

89. The Partnership and Plaintiffs have been damaged as a result of 501SG's numerous breaches of fiduciary duty.

WHEREFORE, Plaintiffs, on behalf of the Partnership, demand judgment against 501SG for damages, together with the costs of this action, including Plaintiffs' reasonable attorneys' fees and court costs, as well as all remedies available under the Revised Uniform Limited Partnership Act of 2005, including the expulsion of 501SG as general partner under Fla. Stat. § 620.1603(5),

along with all such other relief and remedies as the Court finds fit and proper under the circumstances.

**COUNT IV**  
**(Declaratory Judgment—all Defendants)**

90. This is an action for declaratory relief pursuant to Chapter 86, Florida Statutes.

91. Plaintiffs re-allege and incorporate paragraphs 1 through 69 above.

92. The Partnership Agreement prohibits 501SG from taking any action in contravention of law that would jeopardize the Partnership's tax filing status, and is further prohibited from knowingly violating any requirements of Major League Baseball ("*MLB*") defined in the Partnership agreement as major league requirements (the "*Major League Requirements*").

93. Per the Internal Revenue Code, Plaintiffs are not bound by the positions taken by Sternberg, and can challenge those tax-related decisions.

94. Among other major issues, Sternberg has improperly concealed material facts from the Partnership's auditors; and has engaged in a tax strategy specifically designed to pressure limited partners to sell for less than fair market value; and has otherwise failed to maintain appropriate tax strategies and compliance, resulting in significant tax burdens to the limited partners.

95. Plaintiffs are in doubt as to their rights and liabilities with respect to 501SG's tax strategies on behalf of the Partnership, and request a declaration of those rights and liabilities from the Court.

96. Upon information and belief, the Major League Requirements include rules, standards and requirements relating to: 1) the financial condition of the Partnership, such as minimum capital ratios; 2) loans or other financial arrangements between and among the Partners and the Partnership; and 3) approval of any agreement to transfer the Club and Franchise.

97. Among other issues, Sternberg has refused to provide any loan agreements between himself and/or 501SG and the Partnership, preventing Plaintiffs from evaluating the loans that may not comply with the Major League Requirements, and the Restructuring Contribution Agreement does not state that it was approved by MLB.

98. Plaintiffs are in doubt as to their rights and liabilities with respect to 501SG's compliance or lack of compliance with Major League Requirements and request a declaration of those rights and liabilities from the Court.

99. There is a bona fide controversy between the parties as to whether 501SG's conduct violates Major League Requirements; whether the transactions consummated by 501SG in violation of these requirements are void; and whether Sternberg and 501SG have violated the law jeopardizing the Partnership's tax status.

100. Plaintiffs have a bona fide, actual, present need for declaration because any past or future violation of the Major League Requirements and/or the tax code jeopardizes the Partnership's tax status and, perhaps, the very existence of the organization.

WHEREFORE, Plaintiffs, on behalf of the Partnership, request a determination as to whether 501SG knowingly violated the Major League Requirements and/or the tax code and voiding any such transactions as outside 501SG's authority, together with the costs of this action, including Plaintiffs' reasonable attorneys' fees and court costs, as well as all remedies available under the Revised Uniform Limited Partnership Act of 2005, along with all such other relief and remedies as the Court finds proper.

**COUNT V**  
**(Constructive Fraud—501SG and Sternberg)**

101. Plaintiffs re-allege and incorporate paragraphs 1 through 69 above.

102. This is an action for damages that exceed \$30,000.00 exclusive of attorneys' fees, costs, and interest and other relief arising from 501SG's and Sternberg's fraud.

103. As detailed above, 501SG and Sternberg maintain a confidential relationship with the limited partners, including Plaintiffs.

104. 501SG and Sternberg breached that confidential relationship by actively concealing activities and documents and by failing to disclose material facts to Plaintiffs that they were obligated to provide.

105. 501SG and Sternberg gained personal advantage, which they should not in good conscience retain, through breaching their confidential relationship with Plaintiffs.

106. The Partnership and Plaintiffs have suffered damages as a result.

WHEREFORE, Plaintiffs, on behalf of the Partnership, demand judgment against 501SG and Sternberg for damages, together with the costs of this action, including Plaintiffs' reasonable attorneys' fees and court costs, as well as all remedies available under the Revised Uniform Limited Partnership Act of 2005, including the expulsion of 501SG as general partner under Fla. Stat. § 620.1603(5), along with all such other relief and remedies as the Court finds fit and proper under the circumstances.

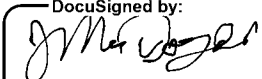
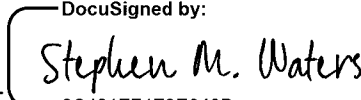
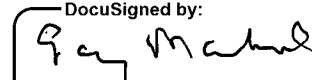
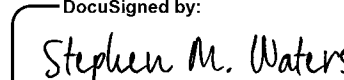
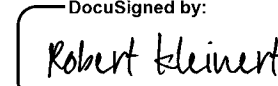
**DEMAND FOR JURY TRIAL**

Plaintiffs demand a trial by jury on all issues so triable.

Dated this 22<sup>nd</sup> day of May, 2021.

### VERIFICATION OF COMPLAINT

Under penalties of perjury, I declare that I have read the foregoing, and the facts alleged therein are true and correct to the best of my knowledge and belief.

|                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>THE MACDOUGALD FAMILY LIMITED PARTNERSHIP, LLLP, a Nevada limited liability limited partnership</p> <p>DocuSigned by:<br/></p> <p>By: _____<br/>69AD482BA32B402...</p> <p>JAMES MACDOUGALD<br/>Co-Trustee</p> <p>As: _____</p> <p>and derivatively on behalf of TAMPA BAY RAYS BASEBALL, LTD</p> <p>Dated: May 22, 2021</p> | <p>STEPHEN MITCHELL WATERS 2020 MLB IRREVOCABLE TRUST AGREEMENT</p> <p>DocuSigned by:<br/></p> <p>By: _____<br/>6C431FF4E9E043B...</p> <p>STEPHEN M. WATERS<br/>Assignor</p> <p>As: _____</p> <p>and derivatively on behalf of TAMPA BAY RAYS BASEBALL, LTD</p> <p>Dated: May 22, 2021</p> |
| <p>DocuSigned by:<br/></p> <p>By: _____<br/>DF3203747F13463...</p> <p>GARY MARKEL, Individually and derivatively on behalf of TAMPA BAY RAYS BASEBALL, LTD</p> <p>Dated: May 22, 2021</p>                                                                                                                                    | <p>DocuSigned by:<br/></p> <p>By: _____<br/>6C431FF4E9E043B...</p> <p>STEPHEN M. WATERS, Individually and derivatively on behalf of TAMPA BAY RAYS BASEBALL, LTD</p> <p>Dated: May 22, 2021</p>                                                                                          |
| <p>DocuSigned by:<br/></p> <p>By: _____<br/>174453EC0FA34B8...</p> <p>ROBERT KLEINERT, Individually and derivatively on behalf of TAMPA BAY RAYS BASEBALL, LTD</p> <p>Dated: May 22, 2021</p>                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                              |

ENGLANDER FISCHER

*/s/ Leonard S. Englander*

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