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21 **UNITED STATES DISTRICT COURT**
22 **NORTHERN DISTRICT OF CALIFORNIA**
23 **SAN FRANCISCO DIVISION**

24 CARDSTARTER, Ltd., a BVI Business
25 Company,

26 Plaintiff,

27 vs.

28 SUNDAESWAP, Inc., a Wyoming Corporation,
MATEEN MOTAVAF, Chief Executive
Officer, SundaeSwap, Inc., PI LANNINGHAM,
Chief Information Officer, SundaeSwap, Inc.,
ARTEM WRIGHT, Chief Operating Officer,
SundaeSwap, Inc., CHRISTOPHER
BORDERS, Legal Advisor, SundaeSwap, Inc.,

Defendants.

Case No. 3:22-cv-757

**COMPLAINT FOR PROMISSORY
ESTOPPEL; FRAUD, DECEIT AND/OR
MISREPRESENTATION; BREACH OF
CONTRACT; UNFAIR BUSINESS
PRACTICES; AND UNJUST
ENRICHMENT**

DEMAND FOR JURY TRIAL

INTRODUCTION

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Plaintiff CardStarter, Ltd. (“CardStarter”) for its Complaint against Defendants SundaeSwap Labs, Inc. (“SundaeSwap”); Mateen Motavaf, Chief Executive Officer, SundaeSwap; Pi Lanningham, Chief Information Officer, SundaeSwap; Artem Wright, Chief Operating Officer, SundaeSwap; and Christopher Borders, Legal Advisor, SundaeSwap, by and through counsel, alleges as follows:

1. CardStarter was among the first companies to start developing an automated cryptocurrency exchange (known as a “DEX”) that would operate on what is known as the Cardano blockchain. In support of its DEX, and in preparation for its DEX’s launch on the Cardano blockchain, CardStarter developed a multimillion dollar liquidity pool, *i.e.*, an inventory of cryptocurrency that would be swapped on its DEX. A liquidity pool is essential to the success of any DEX, and developing a liquidity pool is one of the greatest hurdles, if not the greatest hurdle, facing a DEX. CardStarter’s success in developing a massive liquidity pool afforded CardStarter a tremendous and unique opportunity to capitalize on a booming market within one of the most significant blockchain ecosystems.

2. After CardStarter had begun development of its DEX, SundaeSwap—then an unknown player in the market—unexpectedly tweeted that it would create a competing DEX to operate on the Cardano blockchain. The SundaeSwap DEX was *not* the market leader (CardStarter’s DEX demonstrably held that position), and SundaeSwap did not have *any* liquidity pool, let alone the multimillion dollar liquidity pool with thousands of loyal supporters that CardStarter had developed. Defendants wanted both. But it has become apparent that Defendants did not want to pay for either.

3. To get what they wanted, Defendants undertook an opportunistic campaign of actively misleading CardStarter and making promises that, it seems, the Defendants had no intention of ever honoring. Through a series of affirmative misrepresentations of fact on which CardStarter reasonably relied, Defendants caused CardStarter to (1) abandon development of its market-leading DEX; (2) support the new SundaeSwap DEX instead; (3) save SundaeSwap’s DEX from ruin with an emergency cash infusion; (4) forego CardStarter’s positioning as market lead;

1 and (5) irrevocably lock millions of dollars of its liquidity pools into a migration contract with a
2 one-way ticket to SundaeSwap.

3 4. CardStarter took all of these steps in reasonable reliance on Defendants' express
4 promises, including Defendants' commitment to deliver to CardStarter and its token holders 150
5 million SUNDAE tokens upon the launch of SundaeSwap DEX on the Cardano blockchain, as well
6 as 100 million SUNDAE tokens to CardStarter in exchange for CardStarter's shuttering of its own
7 DEX.

8 5. Then, on January 18, 2022, after CardStarter had effectively given up everything it
9 had worked towards since its founding, Defendants unilaterally and in bad faith announced (as they
10 appear to have been planning all along) that SundaeSwap would no longer deliver the promised
11 tokens to CardStarter. Defendants' bait and switch occurred just days after Defendants had
12 announced key details regarding SundaeSwap's launch of a fully-functional DEX—a launch made
13 possible only through CardStarter's repeated and necessary support.

14 6. On January 18, 2022, CardStarter, shocked by Defendants' blatant misconduct,
15 sought confirmation that the SundaeSwap team was no longer fulfilling one of its key promises:
16 "Looks like you guys want to drop the token amount *from the agreed upon* 150m [150,000,000
17 tokens] to 10m [10,000,000]. Can you confirm?" (emphasis added). In response, SundaeSwap did
18 not deny that the parties had reached an agreement, nor could it. Instead, SundaeSwap, through
19 Defendant Wright, brusquely replied, "*Yes, that's correct.*" (emphasis added).

20 7. But SundaeSwap was not free to ignore its obligations to provide CardStarter with
21 the promised SUNDAE tokens.

22 8. First, the parties had formed a contract with simple, straightforward terms. For
23 CardStarter's end of the bargain, it would (1) transfer its liquidity pool into a locked migration
24 contract destined for SundaeSwap, and (2) stop developing its own DEX. In exchange for these
25 terms—which provided SundaeSwap with the entire value of CardStarter's work on its own DEX—
26 Defendants agreed to provide CardStarter and its token holders with 250,000,000 SUNDAE tokens.
27 CardStarter kept its end of the bargain; Defendants did not.

28 9. Second, on the eve of CardStarter's public announcement to its community that

1 CardStarter would be opening a migration smart-contract to irrevocably transfer CardStarter’s
2 liquidity pools to SundaeSwap, CardStarter made sure Defendants understood that CardStarter was
3 relying, to its detriment, on SundaeSwap’s promise to deliver the agreed upon SUNDAE tokens.
4 CardStarter admonished Defendants that “there will be a *mutiny* if there is any less than 7.5% total”
5 SUNDAE tokens (i.e., 150 million SUNDAE tokens, which is 7.5% of SundaeSwap’s total supply
6 of two billion tokens) delivered by SundaeSwap to CardStarter and its community (emphasis
7 added). In response, Defendants assured CardStarter that SundaeSwap would deliver the promised
8 tokens as agreed, stating “*it would be a whole god damn scandal if we didn’t keep to our word*
9 *here.*” (emphasis added).

10 10. When Defendants failed to deliver the 150 million tokens—which CardStarter
11 planned to distribute to thousands of its supporters who had contributed to CardStarter’s own
12 liquidity pool—there was, as CardStarter had predicted, a mutiny. CardStarter’s principals received
13 death threats and were “doxxed,” with their home addresses, family members’ personal
14 information, license plates, and other details shared with an increasingly angry mob of liquidity
15 providers.

16 11. On January 23, 2022, Defendants, obviously feeling the public pressure of their own
17 gross misconduct, issued a public announcement titled “Addressing the CardStarter Community,”
18 which stated that the “SundaeSwap team will provide a cross-chain airdrop of 20,000,000
19 SUNDAE tokens” to the individual supporters who contributed to CardStarter’s liquidity pool. But
20 this is far from what the parties bargained for. Defendants’ backtracking attempt to save face with
21 the public unacceptably offered 230 million fewer tokens than what the parties agreed, and far less
22 than what CardStarter had relied on SundaeSwap to provide in exchange for the already-committed
23 liquidity that CardStarter and its token holders had conveyed. And even this *post hoc* attempt by
24 Defendants to pacify the mob and protect their reputation has proven illusory, because SundaeSwap
25 has not even managed to follow through by airdropping the 20 million SUNDAE tokens it pledged
26 to CardStarter’s supporters.

27 12. CardStarter now brings suit to require Defendants to honor their obligations and to
28 prevent Defendants from profiting, and continuing to profit, from their fraud.

PARTIES

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13. Plaintiff CardStarter is a British Virgin Islands (“BVI”) Business Company with its principal place of business outside of the United States. CardStarter is a well-respected company in the cryptocurrency and blockchain community. Known as a “launchpad,” “accelerator,” and “incubator,” CardStarter is dedicated to assisting the launch of new projects on the Cardano blockchain. CardStarter also is the creator of CardSwap, which was slated to become the primary DEX running on the Cardano blockchain.

14. Defendant SundaeSwap is a Wyoming corporation with its principal place of business in Greenbrae, California. SundaeSwap is the developer of a DEX, known as SundaeSwap, which was created to run on the Cardano blockchain. Until 2021, the CardSwap DEX was a direct competitor of the SundaeSwap DEX.

15. Defendant Mateen Motavaf is the Chief Executive Officer of SundaeSwap. On information and belief, he is a U.S. citizen who resides in or around Saratoga, California.

16. Defendant Pi Lanningham is SundaeSwap’s Chief Information Officer. On information and belief, he is a U.S. citizen who resides in or around Brooklyn, New York.

17. Defendant Artem Wright is the Chief Operating Officer of SundaeSwap. On information and belief, he is a U.S. citizen who resides in or around Boston, Massachusetts.

18. Defendant Christopher Borders is a Legal Advisor of SundaeSwap. On information and belief, he is a U.S. citizen who resides in or around Larkspur, California.

JURISDICTION AND VENUE

19. This Court has subject matter jurisdiction over this action under 28 U.S.C. § 1332, because the amount in controversy in this lawsuit, exclusive of interest and costs, exceeds \$75,000 and because it is an action between a citizen of a State and a subject of a foreign state, and there is complete diversity between the parties.

20. Venue properly lies in, and Defendants are subject to the personal jurisdiction of, this Court. At least two of the individual defendants are residents of the State of California, and SundaeSwap’s principal place of business and registered address is located in Greenbrae, California, in the County of Marin, which is located within this District. There is no other district

1 in which a substantial part of the events giving rise to the claim occurred. Venue properly lies in
2 this District. 28 U.S.C. § 1391(b)(3).

3 **STATEMENT OF FACTS**

4 **A. Background on cryptocurrencies, blockchain technology, and Cardano**

5 21. Fifteen years ago, cryptocurrencies were an academic concept, largely unknown to
6 the world's general population. This all changed in 2009 with the creation of Bitcoin—the first
7 decentralized cryptocurrency, which became popular in 2011 to 2012. Cryptocurrencies like
8 Bitcoin operate on blockchain technology. A “blockchain” is a decentralized, digital ledger that
9 provides a public record of transactions of different cryptocurrencies, like Bitcoin, allowing every
10 member of the public to see every transaction ever made. Today, there are thousands of
11 cryptocurrencies in existence, each of which operates on a blockchain. For example, there is the
12 Ethereum blockchain, on which the “Ether” cryptocurrency trades, and the Solana blockchain, on
13 which the cryptocurrency known as “Solana” trades.

14 22. Importantly, supporting transactions in cryptocurrency is not the only possible use
15 of blockchain technology. Blockchain technology also can be used, for example, to support smart
16 contracts. Smart contracts are programs stored on the blockchain that run when predetermined
17 conditions are met. Because smart contracts are self-executing with the terms of the agreement
18 written directly into lines of code, the commerce happens automatically. A smart contract might
19 require a commitment of cryptocurrency, for example, and then automatically deliver certain
20 benefits in exchange. And because the code controls the execution, transactions are trackable and
21 irreversible, and smart contracts permit trusted transactions and agreements to be carried out among
22 disparate, anonymous parties without the need for a central authority or external enforcement
23 mechanism. Among other things, smart contracts allow developers to build a wide range of
24 decentralized finance apps, new crypto tokens, and games.

25 23. Cardano is a blockchain that was launched in September 2017 by Ethereum co-
26 founder Charles Hoskinson, and aims to be a third-generation blockchain (or “blockchain 3.0”)
27 project, competing with and building on the technology pioneered by Bitcoin (or “first gen”) and
28 Ethereum (or “second gen”). Cardano's native cryptocurrency is the eponymously named Cardano;

1 its symbol is ADA (so named for the nineteenth century mathematician, Ada Lovelace). Although
2 less well known than Bitcoin and Ethereum, Cardano is a highly successful blockchain in its own
3 right. It is one of the biggest cryptocurrencies by market capitalization (*i.e.*, total Cardano crypto
4 units, multiplied by price per Cardano crypto unit), which stood at nearly \$40 billion as of
5 December 2021. Cardano’s goal is to be a highly scalable and energy-efficient smart contract
6 platform, and its stake in the market continues to rise. Notably, mining ADA consumes a fraction
7 of the energy it costs to produce Bitcoin, and so Cardano has benefitted from a new emphasis on
8 greener credentials for cryptocurrency, particularly after Tesla CEO Elon Musk’s May 2021
9 announcement that Tesla would stop accepting Bitcoin for environmental reasons.

10 24. Although the Cardano blockchain and its native ADA cryptocurrency launched in
11 2017, it was not possible to use smart contracts on the Cardano blockchain until September 12,
12 2021. The moment when the Cardano blockchain was finally ready to accept smart contracts is
13 referred to as the “ADA mainnet launch.” (A “mainnet” is an independent blockchain running its
14 own network with its own technology and protocol.) Before Cardano’s ADA mainnet launch,
15 however, many companies began to develop smart contract projects that would operate on the
16 Cardano blockchain; the objective of these companies was to be ready to launch on the Cardano
17 blockchain once the ADA mainnet launched. In the interim, these projects would exist on the
18 Ethereum blockchain, before migrating upon mainnet.

19 **B. Background on a decentralized cryptocurrency exchange, or “DEX”**

20 25. A DEX is a cryptocurrency exchange, pursuant to which users can swap one
21 cryptocurrency for another. As with a traditional foreign currency exchange (on which Dollars,
22 Euros, UK Pounds, and the like are exchanged) there are many possible cryptocurrencies that can
23 be exchanged on a DEX. A DEX running on the Cardano blockchain would be designed to allow
24 the exchange of all cryptocurrencies and tokens that run on the Cardano blockchain.

25 26. Unlike a traditional currency exchange, in which buyers and sellers are matched, a
26 DEX swap typically occurs on a “peer-to-pool” basis, in which the user trades against a “pool” of
27 assets held or staked (*i.e.*, contributed cryptocurrency pairs) in a smart contract on the blockchain.
28 A user who wants to exchange cryptocurrency cryptographically “signs” the transaction, thus

1 sending the user's assets to the DEX pool in exchange for the deliverable currency.

2 27. For a DEX to function, it needs liquidity—the more the better. That is, the DEX
3 needs to have a substantial inventory of each type of cryptocurrency that the DEX wants to allow
4 its users to swap. The more liquidity, the more cryptocurrencies that can be swapped, and the *faster*
5 the swaps can occur. If a DEX has a thin liquidity pool, then the cupboard might be bare (*e.g.*, out
6 of Ethereum, out of Cardano) when a user wants to swap currencies, and the swap either cannot be
7 completed or may result in the user receiving a worse exchange rate for the cryptocurrency it seeks.
8 A DEX attempts to avoid this issue by maintaining a deep liquidity pool and a wide variety of the
9 most popular cryptocurrencies and tokens. A DEX without liquidity is unlikely to function
10 competitively, if at all.

11 28. To be available for exchange on a DEX, a cryptocurrency typically is paired with
12 the cryptocurrency that is native to the blockchain on which the DEX is operating. A Cardano-
13 based DEX might have, for example, an inventory of ETH-ADA (which allows Ethereum to be
14 traded for Cardano's cryptocurrency), and inventory of USDC-ADA (which allows USD Coin to
15 be traded for Cardano's cryptocurrency), and so forth.

16 29. The total inventory of each cryptocurrency pairing available to a DEX is known as
17 a liquidity pool (or, "LP"), which creates the market for the pair of tokens contained in a given
18 pool. Liquidity pools, which are the backbone of any DEX, are thus collections of tokens locked
19 in a smart contract which allows the exchange of tokens in the pool. Imagine a basket containing
20 two kinds of fruits in a barter trading system; taking one of these fruits requires you to replace them
21 with an equal value of the other fruit. The basket in this analogy is the liquidity pool.

22 30. The DEX itself does not own the liquidity pool. Rather, liquidity providers
23 contribute their own cryptocurrency to form the liquidity pool, and those liquidity providers
24 continue to own an interest in the underlying liquidity pool after they contribute their
25 cryptocurrency to it. The DEX generally issues a synthetic accounting token, known as "LP
26 tokens," as a receipt of funds deposited by a liquidity provider. LP tokens are the cryptographic
27 representation of the percentage of the total liquidity pool owned by an individual liquidity
28 provider. As a reward for providing liquidity and risking economic loss, trading fees are distributed

1 amongst liquidity providers according to the percentage of the pool they own. To further
2 incentivize liquidity provision, projects will often launch “liquidity farming” programs on their
3 platform to reward liquidity providers according to the amount of liquidity they supply. To earn
4 tokens in a liquidity farming program, liquidity providers stake their liquidity pool tokens on the
5 platform and earn according to the APR and amount of LP tokens they stake.

6 **C. Aatash Amir Founds CardStarter.**

7 31. Not long after Bitcoin’s ascendency, CardStarter’s founder, Mr. Aatash Amir began
8 a career focused on the then nascent blockchain technology industry. For eight years, Mr. Amir
9 worked for numerous blockchain development initiatives as a blockchain technology consultant.
10 Throughout this time, Mr. Amir played a key role in the development of many successful ventures,
11 partnering with individuals and entities across the industry.

12 32. In early 2021, Mr. Amir became CEO of a new venture in the blockchain space,
13 CardStarter. CardStarter is a launch pad, accelerator, and incubator for blockchain projects.
14 CardStarter’s role is, in many respects, analogous to an incubator for traditional startups; that is,
15 CardStarter provides a wide variety of assistance to help projects launch on blockchains, including
16 Ethereum. CardStarter also has helped projects prepare for deployment or migration to the Cardano
17 blockchain. CardStarter provides these early-stage blockchain ventures with advice, technical
18 expertise, and networking assistance/community bootstrapping, branding, token sales, and other
19 support.

20 33. CardStarter has helped several such projects launch successfully. As a result,
21 CardStarter developed a strong, positive reputation in the blockchain community, including in the
22 more recently-developed Cardano community. Defendants fully understood and coveted that
23 reputation. In an interview with Coin Telegraph, a leading publication on cryptocurrency and
24 blockchain-related content, SundaeSwap’s CEO, Defendant Motavaf, explained that “CardStarter
25 was the first — and continues to be the best — launchpad for Cardano innovators,” noting that
26 “CardStarter proved its leadership in empowering Cardano entrepreneurs and investors early on.”

27 **D. CardStarter announces plans for DEX.**

28 34. On or around April 24, 2021, CardStarter announced that as the world’s first

1 incubator and launchpad for Cardano projects, it would be releasing CardSwap, a DEX built on the
2 Cardano network. CardSwap was slated to be the top liquidity provider for Cardano projects and
3 the number one cryptocurrency trading platform for the Cardano network. CardSwap would go
4 live on the Cardano blockchain upon Cardano's ADA mainnet launch bringing smart contracts to
5 Cardano.

6 35. When CardStarter decided to develop a DEX, CardStarter wanted to ensure that it
7 would have liquidity for the DEX. In particular, CardStarter wanted to ensure that a liquid market
8 would exist for its native cryptocurrency, CARDS. Consequently, CardStarter wanted to create a
9 liquidity pool of CARDS-ETH. This liquidity, in turn, would help support trades in a multitude of
10 other cryptocurrencies.

11 36. Accordingly, on May 12, 2021, CardStarter launched a liquidity mining program,
12 allowing stakers of the CARDS-ETH liquidity pool to receive rewards. Specifically, to incentivize
13 supporters to contribute cryptocurrency to CardStarter's liquidity pool, CardStarter offered
14 participants the CSWAP token. Individuals who contributed to the CardStarter liquidity pool
15 received CSWAP in exchange (a process known as "CSWAP mining" or sometimes, "CSWAP
16 farming"). The CSWAP token, in turn, would allow its owners to have a voice in managing
17 CardStarter's DEX and to reap a share of its profits.

18 37. The community interest was significant. By May 18, 2021, the CARDS-ETH
19 liquidity pool had grown from ~\$24.55 million to ~\$57.6 million for CardStarter's new DEX,
20 comprised largely of what would eventually become the CARDS-ADA cryptocurrency liquidity
21 pair, as well as liquidity from CardStarter's earlier projects.¹ This ~\$57.6 million liquidity amount
22 is referred to as "TVL," or "total value locked," and is a measure of the value of the liquidity pool,
23 including liquidity collected from CardStarter's earlier projects.² The TVL of CardStarter's
24

25 ¹ CardStarter actually created three liquidity pools, with three different cryptocurrency pairs:
26 CARDS-ETH, Gero-ETH, and C3-ETH. For simplicity, we discuss them collectively as CARDS-
27 ETH throughout. Because the Cardano blockchain was not yet open for smart contracts, these
28 liquidity pools were temporarily hosted on the Ethereum blockchain, with the agreement that in
each pair, Ether (ETH) would be swapped out, and Cardano (ADA) swapped in, as soon as the
Cardano blockchain allowed smart contracts.

² TVL values herein have been obtained from Uniswap V2.

1 liquidity pool was publically known and fully auditable, because it was recorded (and remains
2 recorded) on the Ethereum blockchain.

3 **E. SundaeSwap announces plans to create a competing DEX.**

4 38. As CardStarter planned to launch its CardSwap DEX on the Cardano blockchain,
5 SundaeSwap announced its own plans to develop a separate DEX on the Cardano blockchain. That
6 is, SundaeSwap would be competing with CardStarter's DEX. But SundaeSwap was new to the
7 space and was missing a key ingredient to developing its own DEX: liquidity.

8 39. Without the reputation and liquidity pool like CardStarter's, SundaeSwap was far
9 behind in its efforts to develop a DEX in time for Cardano's eagerly awaited, imminent ADA
10 mainnet launch.

11 **F. CardStarter approaches SundaeSwap to discuss a collaboration.**

12 40. After SundaeSwap's announcement of its plans to create a competing DEX, it
13 occurred to CardStarter that the Cardano community would be best served by a single, unified DEX
14 on the Cardano platform. A unified DEX likely would have more liquidity than either of the two
15 alone, and as noted above, liquidity is vital to a DEX. Additionally, CardStarter believed that one
16 DEX could increase incentives to contribute to its liquidity pool, because everyone likes to know
17 they are betting on a winner. Thus, by joining forces with another DEX, CardStarter sought to
18 increase the chances of a unified DEX achieving the largest market share and user base of all
19 Cardano DEXs, as opposed to splitting the user base, project liquidity, and development efforts
20 across two competing platforms.

21 41. While a unified DEX would provide significant benefits to both companies, it was
22 obvious that CardStarter itself had a tremendous amount of value to offer the new-to-market
23 SundaeSwap. To begin, at the time it approached SundaeSwap, CardStarter had over ~\$26 million
24 in liquidity (a very significant amount, although lower than CardStarter's peak liquidity because of
25 a market correction in late May/early June affecting the price of cryptocurrencies including
26 Ethereum), visible and auditable on the Ethereum blockchain. SundaeSwap had none. CardStarter
27 had a head start on developing its DEX, and a far deeper and more significant track record than
28 SundaeSwap, which had not yet raised sufficient capital to develop a DEX of its own. And,

1 importantly, CardStarter had a loyal community that already proved, by providing liquidity, that it
2 was likely to participate in and utilize CardStarter’s DEX as *the* Cardano-based cryptocurrency
3 exchange of choice.

4 42. On June 10, 2021, CardStarter’s CEO, Mr. Amir, first approached SundaeSwap’s
5 CEO, Defendant Motavaf, and explained, “I’m actually looking to discuss potential collaboration
6 between [S]undae and a couple of our incubator projects – I’m not sure if the sentiment was passed
7 forward, but we have no intention of ‘competing’ with projects looking to build out in the ADA
8 space I truly believe that working together is generally the most efficient and successful path
9 forward.” SundaeSwap was quick to respond, and CardStarter orally outlined its thoughts about
10 joining forces with SundaeSwap on a combined DEX.

11 43. As CardStarter had anticipated, SundaeSwap was enthusiastic about the prospect of
12 partnering with CardStarter. SundaeSwap’s incentives were obvious: knock CardStarter’s leading
13 DEX out of the competition, snag the rich prize of CardStarter’s multi-million liquidity pool, and
14 gain the support of CardStarter’s numerous enthusiasts.

15 **G. The Parties sign a Non-Disclosure Agreement.**

16 44. Starting on June 11, 2021, CardStarter and SundaeSwap entered into a Non-
17 Disclosure Agreement (“NDA”) to ensure the confidentiality of their negotiations. The agreement
18 states that:

19 [The] parties wish to explore a possible business opportunity of mutual
20 interest regarding development of the SundaeSwap service and technology
21 (the “Relationship”) in connection with which Discloser has disclosed
22 and/or may further disclose its Confidential Information (as defined below)
23 to Recipient. This Agreement is intended to allow the parties to continue to
24 discuss and evaluate the Relationship while protecting Discloser’s
25 Confidential Information (including Confidential Information previously
26 disclosed to Recipient) against unauthorized use or disclosure.

27 45. In addition to terms protecting confidential information that SundaeSwap and
28 CardStarter shared with one another, the NDA also provided that neither party could publicize their
29 talks, or any facts relating to their talks:

No publicity. Neither party shall, without the prior consent of the other
party, disclose to any other person the fact that Confidential Information of

1 Discloser has been and/or may be disclosed under this Agreement, *that*
 2 *discussions or negotiations are taking place between the parties, or any of*
 3 *the terms, conditions, status or other facts with respect thereto*
 (emphasis added).

4 **H. SundaeSwap acts in blatant bad faith by undertaking a campaign to deceive**
CardStarter, destroy its business, and provide nothing in exchange.

5 46. Once the NDA was signed, Defendants’ strategy was simple: (1) promise
 6 CardStarter that SundaeSwap would pay CardStarter with hundreds of millions of SUNDAE tokens
 7 in exchange for CardStarter abandoning its DEX and delivering its liquidity pool; (2) try (albeit
 8 unsuccessfully) to avoid making a record of those promises; and (3) renege on those promises once
 9 CardStarter had irrevocably delivered what SundaeSwap wanted.

10 **i. The June 15 Deal Memorandum**

11 47. In the first written collaboration proposal that CardStarter sent to Defendants on
 12 June 15, 2021, CardStarter set forth simple, straightforward terms. CardStarter would do what
 13 SundaeSwap wanted:

14 a. **First**, CardStarter would stop work on the CardStarter DEX, to allow the
 15 SundaeSwap DEX to go forward without competition: “CardSwap will *cease to exist* and be
 16 eliminated as a competitor of SundaeSwap.” (emphasis in original).

17 b. **Second**, CardStarter would transfer all of its liquidity pools to SundaeSwap:
 18 “CardStarter will provide [to the SundaeSwap DEX] all locked TVL from CARDSTARTER and
 19 CARDSWAP [*i.e.*, the entire value of CardStarter’s liquidity pools that were created to support
 20 CardStarter’s own DEX, CardSwap] at ADA mainnet [*i.e.*, at the moment that the Cardano
 21 blockchain opened to smart contracts, which is when the new DEX would go live on the Cardano
 22 blockchain] (projected to be between \$50 million to \$100 million).”

23 48. In exchange, Defendants would pay CardStarter with SUNDAE tokens:

24 a. **First**, SundaeSwap would pay 15% of its token supply, which is 300 million
 25 tokens, for the liquidity pool: “SundaeSwap will provide 15% of total token supply to the
 26 community miners of the cardswap token (*to-be SundaeSwap community*).”

27 b. **Second**, SundaeSwap would pay CardStarter 5% of its token supply (100
 28 million tokens) for abandoning the CardStarter DEX: “SundaeSwap will provide 5% of total token

1 supply to CardStarter Labs vested similarly to SundaeSwap Team Tokens.”

2 **ii. The parties come to an Agreement.**

3 49. The parties then swapped edited versions of the deal memorandum until they had
4 agreed on the terms therein.

5 50. The final, agreed upon version of the deal memorandum provided that CardStarter
6 had two key obligations:

7 a. “CardStarter will provide all locked TVL from CARDSTARTER and
8 CARDSWAP at ADA mainnet (projected to be between \$50 million to \$100 million).”

9 b. “CardSwap will *cease to exist* and be eliminated as a competitor of
10 SundaeSwap.” (emphasis in original).

11 51. The final, agreed upon version of the deal memorandum provided that SundaeSwap
12 had two key obligations:

13 a. “SundaeSwap will provide ~~15%~~ **7.5%** of total token supply to the
14 community miners of the cardswap token (*to-be SundaeSwap community*).” The change, in red,
15 from 15% to 7.5%, i.e., from 300 million SUNDAE tokens to 150 million SUNDAE tokens, was
16 Defendants’ edit.

17 b. “SundaeSwap will provide 5% of total token supply to CardStarter Labs
18 vested similarly to SundaeSwap Team Tokens. **50% of the 5% of the total token supply is purchased**
19 **by CardStarter Labs at a rate of \$0.075 per token, and 50% will provided at no expense.**” The
20 addition, shown in red, was again Defendants’ edit.

21 52. Of the foregoing terms that the parties agreed on in the deal memorandum,
22 Defendants considered CardStarter’s obligation to deliver its liquidity pools to SundaeSwap to be
23 the most important. In the words of Defendant Motavaf, “The ***main goal of the promise/agreement***
24 ***was the liquidity promise*** The other promises in ***the agreement*** are not as key.” (emphasis
25 added).

26 53. In a June 21, 2021 written communication to CardStarter’s CEO, Mr. Amir,
27 Defendant Motavaf confirmed that there were no material terms left to negotiate, and that the deal
28

1 memorandum contained the parties' agreement:

2 **Mr. Motavaf:** On another note, was there anything else . . . that you wanted
3 to amend in *the agreement* [i.e., the deal memorandum] or are we set to
4 start drafting docs - Also if you can do us this huge favor: could you ask
5 [your attorney] if it is legally compliant to include in the docs that we are
6 providing tokens - Or how we can phrase that in a compliant manner[?]
(emphasis added).

6 **Mr. Amir:** Yes I can ask him - And no, I think that's all in the doc!

7 **Mr. Motavaf:** Perfect, once we clarify how to phrase things regarding the
8 token we can put together the docs in just a couple days potentially sooner
9 if Chris [Defendant Borders, SundaeSwap's attorney] grinds it out[.]

10 54. Thus, by June 21, 2021, the parties had reached an agreement in which CardStarter
11 would deliver all of its TVL and cease to exist as a competitor of SundaeSwap in exchange for
12 7.5% of SundaeSwap's total token supply for CSWAP token holders and 5% of the total token
13 supply for the CardStarter team.

14 55. Moreover, Defendants knew that CardStarter's agreement to "cease to exist and be
15 eliminated as a competitor of SundaeSwap" had far-reaching consequences for both CardStarter
16 and SundaeSwap. Defendants had bargained for CardStarter's community of loyal token holders,
17 CardStarter's support in publicizing SundaeSwap's DEX, and SundaeSwap's exclusivity in the
18 Cardano space as one of the first DEXs to launch on the blockchain with a significant amount of
19 liquidity. Defendants' promise to deliver 5% of the total token supply, or 100 million tokens, to
20 the CardStarter team was in exchange for all of these explicit and implicit benefits.

21 56. Additionally, at the outset, SundaeSwap lacked the cash that it needed to proceed
22 with its DEX. Rather than let the SundaeSwap DEX fold, CardStarter agreed to provide
23 SundaeSwap with a \$200,000 loan. In the words of Defendant Motavaf, "guys we *need that 200k*
24 *stat.*" (emphasis added). Accordingly, on June 29, 2021, the parties signed a contract agreeing that
25 SundaeSwap would execute an unsecured promissory note in favor of CardStarter in the amount of
26 \$200,000, with interest accruing on the unpaid balance at a rate of 3.0% per annum, and
27 CardStarter's principals contributed from their personal assets to make the loan to SundaeSwap
28 possible.

1 57. Defendant Motavaf further stated that once the SUNDAE tokens were issued, the
2 parties could cancel the promissory note and substitute a new note, in which CardStarter would
3 receive its repayment in SUNDAE tokens instead of cash: “Regarding the 200k, it’s basically a
4 note that SS [SundaeSwap] and CS [CardStarter] will sign that’s under a ‘loan’ and then will be
5 canceled when TGE [Token Generation Event at which SUNDAE tokens are created] rolls around.”
6 This particular approach, *i.e.*, promising SUNDAE tokens while executing a document that omits
7 mention of SUNDAE tokens, was Defendant Motavaf’s *modus operandi*.

8 **iii. The June 15 deal memorandum is split into two, separate contracts.**

9 58. Having agreed to the terms in the deal memorandum, the parties decided that their
10 meeting of the minds would have *two separate parts*: (1) the Collaboration and Marketing
11 Agreement and (2) the Gentlemen’s Agreement.

12 59. On June 30, 2021, after the parties agreed on the deal memorandum, Defendant
13 Borders, working with the other Defendants, memorialized a portion of the agreed deal
14 memorandum into the Collaboration and Marketing Agreement. The Collaboration and Marketing
15 Agreement contained some, but not all, of the terms agreed to in the deal memorandum.

16 a. The Collaboration and Marketing Agreement contained CardStarter’s
17 obligation to terminate its DEX.

18 b. Unlike the deal memorandum, the Collaboration and Marketing Agreement
19 did not contain CardStarter’s obligation to transfer its *existing* liquidity pool into a locked migration
20 contract destined for SundaeSwap.

21 c. Unlike the deal memorandum, the Collaboration and Marketing Agreement
22 did not contain SundaeSwap’s agreement to deliver 150,000,000 SUNDAE tokens to CardStarter’s
23 CSWAP token holders (in exchange for the liquidity pool).

24 d. Unlike the deal memorandum, the Collaboration and Marketing Agreement
25 did not contain SundaeSwap’s agreement to deliver 100,000,000 SUNDAE tokens to the
26 CardStarter team (in exchange for abandoning its DEX).

27 60. The latter three terms from the deal memorandum became part of the Gentlemen’s
28 Agreement. On June 28, 2021, Defendant Motavaf explained, “What I’d like to suggest is that . . .

1 *the tokens can just be a gentleman's agreement, where there is no reason why both parties*
2 *wouldn't deliver as it benefits both of us to follow through with it.* Arty [Defendant Wright] and
3 Pi [Defendant Lanningham] are good with that, as am I." (emphasis added).

4 61. Defendant Motavaf explained that under the Gentlemen's Agreement, "the risk is
5 almost equal. It's in our best interest to deliver *on our word* [on the delivery of the SUNDAE
6 tokens] because the *promise* of current TVL [of the liquidity pools being delivered by CardStarter
7 to SundaeSwap] isn't on the signed [Collaboration and Marketing Agreement] either. That was sort
8 of *the [c]ommitment we both made* to keep us on equal playing field." (emphasis added).

9 62. Defendants reinforced their commitment to their obligation under the Gentlemen's
10 Agreement in subsequent conversations. For example, on August 28, 2021, Defendant Motavaf
11 said: "What we'd like to do though is on top of the 7.5%, give the CARDS community special
12 early access to the testnet, where they'd be able to experiment and play around with the DEX before
13 public launch on mainnet."

14 63. Defendants even agreed on how the 150,000,000 SUNDAE tokens (7.5% of the total
15 supply) would vest. On September 17, 2021, CardStarter's Senior Operations Advisor, Mr. Ashwin
16 Somasundaram, and Defendant Motavaf agreed as follows:

17 **Mr. Somasundaram:** I think there was a misunderstanding regarding
18 upfront community tokens. It was meant to be 2.72% and not 4% with the
remaining 4.78% vested for the cswap folks[.]

19 **Mr. Motavaf:** Yes Aatash [Amir] communicated that, *that's fine*[.]
20 (emphasis added).

21 **Mr. Somasundaram:** it isn't just 7.5%, it is that 2.72% must be unlocked
22 to ensure migration to Sundae – is that also fine?

23 **Mr. Motavaf:** with the rest vested over 6 months, *yes* (emphasis
24 added).

25 64. Similarly, on September 11, 2021, Defendant Motavaf confirmed the promised
26 tokens: "It's really important that you guys understand that 7.5% for a single time conversion is a
27 big % of the total supply. The LPs WILL continue to accrue rewards beyond that 7.5%. The 7.5%
28 is just a one time conversion payment/fee."

1 **iv. SundaeSwap publically and privately announces the parties' deal,**
2 ***including certain terms of the Gentlemen's Agreement.***

3 65. Lest there be any doubt that Defendants understood that the Gentlemen's Agreement
4 was binding, on July 2, 2021, Defendants issued an announcement that the parties had reached a
5 deal, specifically describing CardStarter's obligations as binding commitments under the
6 Gentlemen's Agreement (*i.e.*, CardStarter's obligation to deliver its **current** liquidity pool to
7 SundaeSwap, which is **not** part of the Collaboration and Marketing Agreement). On information
8 and belief, the message was reviewed and approved by Defendant Borders.

9 66. SundaeSwap's July 2, 2021 announcement reads as follows:

10 Today we are pleased to share with you a major business development
11 milestone for SundaeSwap on our journey toward launching the Cardano
12 blockchain's first decentralized exchange.

13 We are pleased to announce that SundaeSwap has entered into a
14 partnership agreement with Cardano project accelerator CardStarter. This
15 agreement will help us develop the SundaeSwap DEX in a number of ways,
16 including by ***assuring that CardStarter will contribute liquidity to SundaeSwap on day one of the DEX launch.*** With this partnership, we
17 expect to launch the DEX with both the largest community and the most
18 Total Value Locked (TVL) of any Cardano DEX at the time of the Alonzo
19 hard fork.

20 For those unfamiliar with CardStarter, it is the first and largest insured
21 accelerator for projects launching on the Cardano blockchain. CardStarter
22 supports new and innovative companies, helping connect them with legal,
23 technical, and financial services, as well as allowing accredited investors to
24 get involved, ***and currently has \$57,000,000 in TVL.*** A key part of the
25 CardStarter strategy is a decentralized exchange where it can efficiently
26 trade these new tokens for very low transaction fees; their choice of the
27 SundaeSwap smart contract-enabled Cardano DEX is a welcome validation
28 of the SundaeSwap project.

 It simply made perfect sense for both CardStarter and SundaeSwap to join
forces. We think you'll agree. You can find more details about the
agreement please click here [https://cointelegraph.com/press-
releases/cardstarter-joins-sundaeswap-to-bootstrap-major-cardano-dex-
launch](https://cointelegraph.com/press-releases/cardstarter-joins-sundaeswap-to-bootstrap-major-cardano-dex-launch). (emphasis added).

67. The Coin Telegraph article that SundaeSwap linked in its press release further

1 explained:

2 CardStarter’s token, CARDS, and the liquidity of its launched projects are
 3 locked through CardStarter and meant for the DEX of its choosing. This
 4 TVL can be calculated by measuring the sum of all said projects’ liquidity,
 5 and as these projects will have liquidity established off Cardano (ADA),
 6 they will therefore be able to commence without delay. The only other ADA
 7 native projects with existing liquidity on the mainnet have a fraction of the
 8 liquidity of CARDS alone. **All current and future TVL raised from
 CardStarter’s initial DEX offerings will be directly funneled to
 SundaeSwap**, where users will be able to swap tokens directly with the most
 favorable conditions given the significant liquidity provided. (emphasis
 added).

9 68. On July 8, 2021, SundaeSwap’s Chief Information Officer, Defendant Lanningham,
 10 again proved that Defendants understood the Gentlemen’s Agreement to be binding by publicly
 11 posting that “[t]he biggest things that have changed for the SundaeSwap project is, though, that
 12 we’ve now *secured* day one liquidity for the DEX, meaning that the trading pairs on offer will
 13 provide less volatile trading conditions.” (emphasis added). Defendant Lanningham was
 14 publicizing and confirming the fact that SundaeSwap had secured CardStarter’s *current* liquidity
 15 pools, which was one of the terms in the Gentlemen’s Agreement, not the Collaboration and
 16 Marketing Agreement.

17 69. Moreover, when Defendants sought venture capital funding for the SundaeSwap
 18 DEX, on information and belief, the Defendants (1) shared with interested venture capitalists the
 19 fact that CardStarter had committed to migrate its multimillion dollar liquidity pools to
 20 SundaeSwap, which (2) was instrumental to Defendants receiving venture capital funding for the
 21 SundaeSwap DEX.

22 70. These CardStarter obligations, which Defendants repeatedly touted (both publically
 23 and privately) as binding and vital, existed only in the Gentlemen’s Agreement—the same contract
 24 that obligated Defendants to deliver SUNDAE tokens to CardStarter and its stakeholders (150
 25 million for the liquidity pool, and 100 million for abandoning the CardStarter DEX).

26 **v. CardStarter reiterates that it is relying on SundaeSwap’s promises to**
 27 **deliver the SUNDAE tokens in exchange for CardStarter’s existing**
 28 **liquidity pools.**

71. Before CardStarter opened the smart contracts through which CardStarter

1 stakeholders would irrevocably agree to migrate their liquidity to SundaeSwap, CardStarter made
 2 it abundantly clear that it was relying to its detriment on Defendants' promise to deliver the agreed
 3 upon SUNDAE tokens to CardStarter and its stakeholders.

4 72. CardStarter's Senior Operations Advisor, Mr. Somasundaram, had the following
 5 exchange with Defendant Motavaf on September 17, 2021:

6 **Mr. Somasundaram:** [T]here will be a mutiny if there is any less than
 7 7.5% total

8 **Mr. Motavaf:** Heh[.]

9 **Mr. Somasundaram:** So then if that happens they [the CSWAP token
 10 holders] will ask us what recourse we took or have *and then they will*
 11 *murder* us for not having any paper or guarantee or recourse I guess[.]
 (emphasis added).

12 **Mr. Motavaf:** Yea trust me I get it and I went back and forth with 3 lawyers
 13 tn [tonight] to see what we can do and we're just stuck. So I don't know
 14 what to do [about it], *it would be a whole god damn scandal if we didn't*
 15 *keep to our word here* It's tough as hell. Like whatever we could put
 on paper we [already] did/are going to I just want to communicate that
 it's not a personal reluctancy to do so but a decision where we have no free
 will[.] (emphasis added).

16 73. Then, on October 31, 2021—*i.e.*, just before CardStarter announced and then
 17 irreversibly migrated its liquidity pools to SundaeSwap to support the new SundaeSwap DEX—
 18 CardStarter confirmed once again that there was no misunderstanding concerning the agreement
 19 between CardStarter and SundaeSwap. In particular, CardStarter confirmed how the 7.5% of
 20 SUNDAE tokens, which SundaeSwap would deliver to CardStarter for further distribution to the
 21 CSWAP token holders, would vest:

22 **Mr. Amir:** [C]ommunity is extremely frustrated and on edge right now
 23 waiting for those points. Determining the vesting schedule is a 5 minute job,
 24 and not too much to ask sir. Otherwise thousands will be flooding into
 25 [S]undae chats, as well (as they are with us rn [right now])[.]

26 74. SundaeSwap, through Defendant Lanningham, responded by reiterating the exact
 27 terms of SundaeSwap's payment obligation for the liquidity pools pursuant to the parties'
 28

1 Gentlemen's Agreement:

2 [H]ere are the baseline numbers for the [S]undae vesting: 7.5% of the total
3 supply is set aside for the Cardstarter partnership. (150m [million] tokens).
4 36.266...% of that (2.72% of the total supply) is unlocked from the start.
5 (54.4m [million] tokens). The remaining tokens vest monthly over 6 months
6 (15.93...m [million] per month)[.]

7 **vi. In reliance on SundaeSwap's promises, CardStarter opens a smart-
8 contract allowing their users to commit and lock their liquidity for
9 migration to SundaeSwap upon SundaeSwap's DEX launch.**

10 75. In reliance on the agreement and understanding between the parties, including
11 SundaeSwap's obligation to deliver 7.5% of its total token supply (150,000,000 SUNDAE tokens)
12 to CardStarter and its CSWAP token holders upon the SundaeSwap DEX going live and the
13 SUNDAE tokens being issued, CardStarter opened a smart contract to transfer liquidity from
14 CardStarter (on the Ethereum blockchain) to SundaeSwap (on the Cardano blockchain).

15 76. Specifically, on November 24, 2021, CardStarter opened a smart contract that would
16 permit CardStarter's liquidity pool stakeholders to "lock" their liquidity in this smart contract, and
17 thereby irrevocably commit their CardStarter liquidity contribution (i.e., their interests in the
18 liquidity pool of CARDS-ETH pairs) to migrate to SundaeSwap. Those who entered into the smart
19 contract—which CardStarter made available in reliance on Defendants' promises—could not
20 revoke or alter their commitment to migrate their interests in the CardStarter liquidity pool to
21 SundaeSwap, due to the nature of the smart contract. Liquidity providers who chose to lock into
22 this smart contract had to do so despite knowing that they would no longer have any control or
23 access over this liquidity again unless and until they received it as ADA based liquidity pool (LP)
24 tokens, along with additional SUNDAE reward tokens in their Cardano wallets.

25 **vii. Defendants breach their contractual obligations to CardStarter.**

26 77. On January 15, 2022, SundaeSwap announced that the new SundaeSwap DEX
27 would go live on January 20, 2022.

28 78. On January 18, 2022, two days before the DEX was set to go live, counsel for
SundaeSwap, Defendant Borders, wrote to CardStarter to communicate that SundaeSwap would

1 renege on its promises to CardStarter. In the email, Defendant Borders stated the following::

2 We promised to get back to you today on what we felt was a reasonable
3 starting point for the migration of your staked CARDS liquidity (~\$10mm).

4 From our perspective, that level of liquidity is not really material and we
5 have a fiduciary duty to the community to use community tokens wisely
6 (until the DAO can function on Cardano and take over). That consideration
7 makes us look at what incentives are fair and reasonable for anyone
8 providing liquidity in terms of near-and long-term benefits to the DEX (in
9 addition to normal DEX benefits). Bottom line is that we do not feel that we
will meet our obligations if we give CS [CardStarter] 10x or even 5x the
incentives any other liquidity provider would get for such a small amount
of initial liquidity. But we are willing to give CS more than anyone else has
received due to our history of working together and your early support.

10 Where we come down is that we feel 10,000,000 SUNDAE tokens are
11 reasonable compensation for just \$10m in liquidity. That is not a significant
12 percentage of SUNDAE, but we feel it is a start and something that can
13 carry us over until when the TVL from CS is sufficient to talk about a more
14 substantial transfer. We expect the price of the SUNDAE token to start
around ~\$.20 and, based on past DEX launches, to go up; so 10mm
SUNDAE has real value in our view.

15 79. Defendants' abrupt discarding of their agreed obligations in this missive, in which
16 they breached their promises, was deeply troubling and unlawful for several reasons.

17 a. First, as set forth above, CardStarter and SundaeSwap had already reached
18 agreement on what SundaeSwap would deliver (7.5% of the tokens / 150 million tokens) in
19 exchange for CardStarter migrating its liquidity pools to SundaeSwap, and thus, SundaeSwap was
20 obligated to deliver what it had promised. This agreement (1) was recognized publicly by
21 Defendants, (2) was, on information and belief, a feature of Defendants' efforts to raise venture
22 capital, and (3) was repeated multiple times between the parties, until Defendants abruptly reneged
23 on the eve of the DEX going live, after CardStarter had already irrevocably fulfilled its obligations.

24 b. Second, CardStarter reasonably relied on Defendants' agreement and
25 promise to deliver 7.5% of all SUNDAE tokens to CardStarter, and CardStarter relied to its own
26 detriment. When CardStarter enabled and successfully encouraged its liquidity providers to
27 irrevocably lock their liquidity in a smart contract to initiate the migration process, CardStarter
28 detrimentally relied on SundaeSwap's promises and assurances. And, thus, Defendants were

1 obligated to deliver their part of the bargain.

2 c. Third, Defendants' January 18 offer of a mere 10 million SUNDAE tokens
3 is not "fair and reasonable" in light of the parties' full agreement and all of CardStarter's efforts
4 and sacrifices towards the SundaeSwap DEX. SundaeSwap was receiving not only *all* of
5 CardStarter's TVL, but also CardStarter's community of CSWAP token holders, future CardStarter
6 exclusive liquidity, CardStarter's support in publicizing the launch of SundaeSwap's DEX, and the
7 opportunity for a major competitor to wind down its own DEX operations so that SundaeSwap
8 could be the exclusive DEX on the Cardano blockchain. CardStarter made these sacrifices *only*
9 *because* Defendants had promised to provide CardStarter and its token holders with 250,000,000
10 SUNDAE tokens.

11 d. Fourth, even if the value of CardStarter's liquidity pool was less than
12 Defendants would have wished after constantly delaying their own DEX launch, that does not alter
13 Defendants' agreed obligations—obligations CardStarter relied upon to its detriment in providing
14 all of its obligations in advance. In any event, Defendants cannot claim that they were ignorant of
15 the value of CardStarter's liquidity pool at the time they made their promises to CardStarter,
16 because the value of CardStarter's liquidity pool was publically available, at all times, on the
17 Ethereum blockchain. Defendants, who were actively engaged in the business of cryptocurrency
18 and were developing a DEX, would have understood basic concepts such as TVL and how to
19 confirm the amount of CardStarter's TVL at any given time. They would have known that
20 CardStarter's TVL (1) on June 10, 2021, when the parties began discussions that led to the
21 Gentlemen's Agreement, was ~\$26.6 million; (2) on October 31, 2021, when Defendant
22 Lanningham reiterated the promise to deliver 7.5% of SundaeSwap's tokens, was ~\$26.7 million;
23 and (3) on January 18, 2021, when SundaeSwap reneged on that promise, was ~\$25.4 million.

24 e. Fifth, Defendants, potentially purposefully and in bad faith, lied about the
25 value of the liquidity pools that CardStarter migrated to SundaeSwap. In the January 18 letter,
26 Defendants claimed that the value of the migrated liquidity pools was \$10 million in TVL, but the
27 correct number as of the date of Defendants' letter is demonstrably around ~\$25.4 million. After
28 receiving this email, CardStarter sought to correct Defendants' misstatement and relayed to

1 Defendants that the TVL locked in the migration contract was approximately \$16-17 million, but
2 it also had additional project-controlled and community owned liquidity equating to another \$10+
3 million that it would be delivering to SundaeSwap. Again, this value is public and easily calculable.

4 f. Sixth, *Defendants'* misstatements to the marketplace, as discussed below,
5 undermined CardStarter's ability to grow its liquidity pools. To the extent that Defendants were
6 permitted to rely on the valuation of the liquidity pool as of January 18, 2022 to assess the amount
7 of SUNDAE tokens they are obligated to deliver to CardStarter (which they are not), Defendants
8 certainly cannot take advantage of their own misconduct as a basis to justify unilaterally lowering
9 the amount of tokens, much less to justify renegeing on their contractual obligations.

10 g. Seventh, Defendants' complaint that liquidity pools were not as large as they
11 had hoped is sour grapes. The deal was never to deliver a certain value of liquidity, and the fact
12 that Defendants would have hoped for more is not license to change the agreement after CardStarter
13 has already performed its obligations—nor is it lawful.

14 80. In response to SundaeSwap renegeing on its obligations, CardStarter messaged
15 Defendants the same day (January 18, 2022) to confirm that CardStarter correctly understood
16 SundaeSwap's shocking decision to bilk CardStarter: "Hey fellas. Just saw the email. Looks like
17 you guys want to drop the token amount *from the agreed upon* 150m to 10m. Can you confirm?"
18 (emphasis added).

19 81. In response, Defendants did not deny that the parties had reached an agreement (nor
20 could they). Instead, Defendant Wright replied, also on January 18, 2022:

21 *Yes, that's correct. We feel* that 10m is the fair amount for what is available
22 today. We value the CARDS liquidity and the CSWAP community, and so
23 we would like to move forward. That said, facts are facts, and unfortunately
24 there is just significantly less TVL than we both expected. 10m SUNDAE
25 will be a significant portion of the amount at launch For the \$10m in
26 liquidity that the Cardstarter team now owns, this is a reasonable amount.
27 (emphasis added).
28

1 **I. It now is clear that Defendants never intended to honor their contractual**
 2 **obligations.**

3 **i. Defendants made material misrepresentations to persuade**
 4 **CardStarter to keep SundaeSwap’s obligations to provide CardStarter**
 5 **with SUNDAE tokens a secret.**

6 82. On information and belief, Defendants’ true motivation for labeling one document
 7 a Collaboration and Marketing Agreement, and calling the other contract a “Gentlemen’s
 8 Agreement,” is that Defendants never intended to honor the Gentlemen’s Agreement and thought
 9 that if they used the label “Gentlemen’s Agreement,” they would be free to renege. To avoid
 10 revealing their motivations, Defendants provided CardStarter with false, pretextual reasons for
 11 having two contracts.

12 83. Specifically, on June 28, 2021, Defendants offered the sham explanation that the
 13 reason Defendants wanted their obligation to deliver the SUNDAE tokens to be labeled a
 14 “Gentlemen’s Agreement” was so that the United States Securities and Exchange Commission
 15 (“SEC”) would not know that SundaeSwap had agreed to provide CardStarter with SUNDAE
 16 tokens. For example, Defendant Motavaf relayed Defendant Borders’s message that:

17 *[P]roviding a binding commitment to give any ownership in anything is*
 18 *not something we can do without creating risk of the SEC using that to*
 19 *find a sale of unregistered and non-exempt securities.* There is no way to
 20 argue that promising ‘equity’ or a ‘stake’ generally does not mean either
 21 tokens or equity in the WY corporation [i.e., SundaeSwap]. Also, we cannot
 22 make a binding promise to transfer ownership in this document; the
 23 Marketing Agreement is a very light ‘we agree to be friends’ sort of
 24 agreement but giving rights to equity in anything requires much more
 25 wording - much like the SAFT. We would need provisions about them
 26 being accredited, the transfers being restricted, the timing of any transfers,
 27 and addressing other securities law issues. When all that is added, there
 28 would be no doubt that it is a promise of the sale of tokens or shares - and
 that would allow the SEC to say that it was always just tokens we were
 selling.

Defendant Motavaf also said the following himself:

What I’d like to suggest is that . . . *the tokens can just be a gentleman’s*
agreement, where there is no reason why both parties wouldn’t deliver as
it benefits both of us to follow through with it. Arty [Defendant Wright]
 and Pi [Defendant Lanningham] are good with that, as am I. (emphasis
 added).

1 84. Defendant Motavaf made clear that SundaeSwap had agreed to provide the tokens;
2 SundaeSwap just did not want to write it down (despite the fact that it was already memorialized
3 in the agreed-upon deal memorandum):

4 I think now it's *the issue abt [about] stuff on paper*

5 So what I told Aatash [Amir] was this:

6 Counsel is still strongly against it, but I think that we were clear from day 1
7 that we were strongly against putting things down because we want to avoid
8 problems and go by the book with the clarity that is available now

9 *After the dex launch we can have all the papers in the world[.] . .*
(emphasis added).

10 85. Defendants' assertion that they needed to keep their obligation to deliver tokens to
11 CardStarter secret from the SEC is, to put it charitably, preposterous nonsense upon stilts.

12 a. To begin, Defendants already had reached a binding agreement to deliver
13 tokens to CardStarter in the agreed deal memorandum.

14 b. Further, it is axiomatic that if U.S. law forbids a particular agreement, then
15 labeling that particular contract a "Gentlemen's Agreement" does not make it permissible.

16 c. In any event, Defendants' assertion that they could memorialize the
17 agreement with "all the papers in the world," *after* the DEX was launched, but not before, makes
18 no sense—the SEC regulations governing when the SUNDAE tokens must be registered as
19 securities have nothing to do with whether the SUNDAE tokens will earn rewards on a DEX that
20 SundaeSwap governs and supports after it has gone live or on a DEX that is only in the planning
21 stages.

22 86. Finally, Defendants knew that their position concerning the SEC had no basis in law
23 because, as stated, SundaeSwap was receiving ongoing advice from Defendant Borders, a San
24 Francisco-based lawyer specializing in the technology industry who is an integral member of the
25 SundaeSwap team. In other words, Defendants were relying on pretext to avoid including their
26 token-delivery obligations to CardStarter in the Collaboration and Marketing Agreement.
27 Defendants believed that through these machinations, they were preserving their flexibility to
28

1 renege on their agreement to deliver tokens, which they in fact did, once CardStarter initiated the
2 process of irrevocably migrating its liquidity providers through a smart contract.

3 **ii. SundaeSwap lied to the CardStarter community about its plans.**

4 87. As much as SundaeSwap tried to prevent the CardStarter community from learning
5 that SundaeSwap had committed to provide SUNDAE tokens for the benefit of CSWAP miners,
6 the CardStarter community began to put together the pieces that SundaeSwap had made a
7 commitment to provide SUNDAE tokens for the benefit of the CSWAP miners.

8 88. For example, on July 6, 2021, two members of the CardStarter community had an
9 exchange on a public forum, in which the first said, “Although [the] Sundae team is not explicitly
10 saying it, but if we read between the lines, it’s clear that the on that the only way to get Sundae
11 [tokens] now is to liquidity mine CSWAP. Whoever does so will be the earliest investors to
12 Sundae,” to which the second replied “Yep it really seems that way.” In response, SundaeSwap
13 did not say that the community members were confused, or that SundaeSwap would not be
14 providing SUNDAE tokens to CSWAP minders; instead, Defendant Lanningham said, privately to
15 CardStarter, “*They’re starting to figure it out.*” (emphasis added).

16 89. In response to the community’s growing understanding of the truth, Defendants
17 began to actively make affirmative misstatements to CSWAP token holders and the public about
18 what CSWAP token holders could expect.

19 90. For example, on September 18, 2021, Defendant Lanningham told the market that
20 “We have not announced *or promised any* kind of CSWAP token swap.” (emphasis added). But
21 that was false. As shown above, SundaeSwap had, in fact, *promised* CardStarter a supply of
22 SUNDAE tokens precisely to facilitate a swap between the new, valuable SUNDAE tokens and the
23 now obsolete CSWAP tokens. Indeed, SundaeSwap’s newfound value in its tokens was precisely
24 because CardStarter had committed its liquidity, community support, and funding for development
25 of the SundaeSwap DEX. Before CardStarter’s involvement, SundaeSwap was far short of funds
26 to develop any DEX.

27 91. On October 8, 2021, Defendant Lanningham added that the CSWAP token “is its
28 own thing, a token issued by CardStarter, and what they plan to do with it, if anything, is up to

1 them, not us.” But, of course, Defendant Lanningham knew that SundaeSwap had agreed to deliver
2 tokens to CardStarter for distribution to the CSWAP token holders—so it was entirely up to
3 *SundaeSwap* to fulfill its obligations, making it possible for CardStarter supporters to receive what
4 they had been promised for the CSWAP tokens.

5 92. On October 24, 2021, Defendant Lanningham said to the public, “I said that we hadn’t
6 confirmed, announced, ***or planned on any such conversion***, and that what Cardstarter does with
7 their token is up to them.” (emphasis added). But, as shown above, SundaeSwap had exactly
8 “planned on” such a conversion—indeed, SundaeSwap had agreed to play an integral role in the
9 conversion effort.

10 93. In the same public communication, Defendant Lanningham continued to state,
11 “Cardstarter and SundaeSwap are partnered. The token is a creation of Cardstarter, and what they
12 do with the token is up to them. We certainly haven’t made ***any commitments or promised*** or
13 announcements ***or plans for*** a token that isn’t ours [*i.e.*, the CSWAP token].” (emphasis added).
14 But, to the contrary, SundaeSwap had promised CardStarter exactly that, *i.e.*, that it would provide
15 CardStarter with Sundae tokens to be distributed to CSWAP holders, knowing that CardStarter had
16 relied on that promise when announcing to CSWAP holders the irreversible migration to
17 SundaeSwap.

18 94. On November 26, 2021, Defendant Lanningham continued in the same, inaccurate
19 vein: “There’s a lot of conjecture, yes. We certainly welcome the old CardSwap community, and
20 hope they will chose to be liquidity providers on our DEX with any tokens they have [examples
21 omitted]. But ***we’ve not made any promises or plans to do anything special about the CSWAP***
22 ***token itself.***” (emphasis added).

23 95. On December 16, 2021, Defendant Lanningham added, “[t]he terms of our
24 agreement are private and covered by an NDA, ***but they do not involve the Sundae token or the***
25 ***CSWAP token,***” and further “[w]e’ve not made (nor would we, it’s not our place) any promises or
26 plans regarding the CSWAP token.” (emphasis added).

27 96. Defendants’ misstatements to the public and continual delays of their DEX launch
28 eroded CSWAP token holders’ trust in CardStarter’s commitment to provide benefits to the close-

1 knit CSWAP community. Such misstatements severely injured CardStarter’s reputation as a
2 launchpad that prioritized its token holders.

3 97. Moreover, Defendants’ strategy of actively misleading the public effectively
4 prevented CardStarter from growing its liquidity pool. When Defendant Wright noted that the
5 CardStarter community and CSWAP miners “aren’t even supposed to know its sundae until the dex
6 is live and the tokens are launched,” CardStarter warned that failing to tell the community the facts
7 was going to “wreck CardStarters TVL.”

8 98. Consequently, while CardStarter’s liquidity pool was valued at ~\$26.6 million when
9 SundaeSwap and CardStarter entered into the Gentlemen’s Agreement on or around June 21, 2021,
10 by October 31, 2021—when Defendants reaffirmed their commitment to deliver 7.5% of the
11 SUNDAE tokens (150 million tokens) to CardStarter—the value of CardStarter’s liquidity pool
12 remained flat at ~\$26.7 million.

13 99. Defendants knew, at all times, the actual value of CardStarter’s liquidity pool,
14 because the information was publically available on the Ethereum blockchain. Defendants also
15 knew that their insistence that CardStarter not speak the truth about the SUNDAE tokens that
16 SundaeSwap had agreed to provide for the benefit of CSWAP token holders, and Defendants’ own,
17 deliberate misstatements to the public, were preventing CardStarter from enhancing its liquidity
18 pool.

19 **J. The community responds.**

20 100. While CardStarter was still reeling from the blow of Defendants’ bad-faith breach
21 of their promises and obligations and trying to determine how best to respond to protect the interests
22 of CardStarter and the CSWAP community, the CSWAP community became increasingly
23 frustrated with CardStarter. The CSWAP community, which had been anxiously waiting for an
24 announcement about receiving SUNDAE tokens, began to respond angrily to the lingering silence
25 from CardStarter and SundaeSwap.

26 101. As noted above, CardStarter had predicted that CSWAP token holders would
27 “murder” the CardStarter principals if SundaeSwap did not make good on its promise to deliver
28 7.5% of its tokens (150 million tokens). And, indeed, CardStarter began to receive death threats.

1 The CardStarter principals and their relatives began to be doxxed, with angry CSWAP token
2 holders publishing their employment information, photographs, license plates, and home addresses,
3 compounding the risk of bodily harm from the death threats. For example, an internet user wrote
4 a death threat: “50 eth [ETH] for [A]tash death” and further, “I’m actually paying 10x what his
5 life is actually worth.”

6 102. On January 22, 2022, Defendants took to the internet, stating that: “In light of recent
7 events, we’d like to share two important details. First, we have not been contacted by CardStarter
8 since January 19. Second, we remain available to help CardStarter address the concerns of their
9 investors and integrate their liquidity with the SundaeSwap DEX.”

10 103. Defendants’ statement, predictably, further enraged the internet mob, which
11 (1) wrongly concluded that CardStarter was not working to resolve the situation, and (2) cranked
12 up the volume on its threats against CardStarter’s principals.

13 104. After Defendants publicly posted a one-sided statement, CardStarter took immediate
14 steps to deescalate the situation. On January 22, 2022, CardStarter reached out to Defendants to
15 discuss next steps for a negotiated resolution.³

16 105. The next day, January 23, 2022, Defendants issued another press release. Despite
17 the fact that Defendants had continually used their NDA with CardStarter to bludgeon CardStarter
18 into silence about the secret “Gentlemen’s Agreement” and other facts that Defendants did not want
19 exposed, Defendants decided that it did not behoove them to honor the NDA.

20 106. Accordingly, Defendants gave a lengthy explanation of their own, one-sided
21 perspective on the parties’ history of negotiation, directly contravening the NDA provision, titled
22 “No publicity,” that provides in relevant part, “[n]either party shall, without the prior consent of
23 the other party, disclose to any other person the fact that Confidential Information of Discloser has
24 been and/or may be disclosed under this Agreement, *that discussions or negotiations are taking*
25 *place between the parties, or any of the terms, conditions, status or other facts with respect*
26 *thereto.*” (emphasis added).

27
28 ³ Pursuant to FRE 408, CardStarter is not providing the substance of this, or any other settlement
communication.

1 107. On January 23, 2022, Defendants also shared with the world their own, one-sided
2 perspective of the settlement negotiations between SundaeSwap and CardStarter (*e.g.*, “despite
3 giving the CardStarter team the flexibility we felt they needed to address these important issues, no
4 agreement has been reached and no substantive proposal has been made by the CardStarter team.”).

5 108. Finally, on January 23, 2022, Defendants announced that—supposedly
6 “voluntarily”—the “SundaeSwap team will provide a cross-chain airdrop of 20,000,000 SUNDAE
7 tokens to holders of CSWAP tokens as of January 20.” Obviously, this is far from what the parties
8 bargained for. Defendants’ attempt to save face unacceptably offered the community 130 million
9 fewer tokens than what the parties had agreed the community would receive, and what CardStarter
10 had relied on SundaeSwap to provide in exchange for the already-committed liquidity that
11 CardStarter and its token holders had conveyed. And even this *post hoc* attempt by Defendants to
12 pacify the mob and protect their reputation has proven vacuous because SundaeSwap never did
13 airdrop the 20 million tokens it pledged to supporters.

14 109. Needless to say, this did nothing to assuage the hostile internet mob or ease the
15 danger to CardStarter.

16 110. Moreover, in the wake of Defendants’ decision to renege on their pledges to
17 CardStarter, CardStarter has suffered other losses. In a matter of mere weeks, CardStarter’s
18 CARDS token value dropped from \$9 per unit on January 18, 2022, to \$2.60 dollars per unit on
19 February 1, 2022, in light of SundaeSwap’s public announcement. Additionally, Defendants’
20 malevolent actions knowingly caused irreparable damage to CardStarter’s reputation.

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CAUSES OF ACTION

**FIRST CLAIM FOR RELIEF
Breach of Contract
(Against Defendant SundaeSwap)**

111. Plaintiff hereby incorporates by reference the factual allegations set forth in paragraphs 1 through 110 above.

112. On or about June 21, 2021, Plaintiff and Defendants had reached an agreement pursuant to which Defendants promised to deliver 7.5% of SundaeSwap’s total token supply (*i.e.*, 150 million SUNDAE tokens) to Plaintiff and holders of CSWAP tokens in exchange for Plaintiff locking in Plaintiff’s liquidity pools for migration to SundaeSwap upon Cardano’s ADA mainnet launch. The parties’ agreement further required Defendants to deliver 5% of SundaeSwap’s total token supply (*i.e.*, 100 million SUNDAE tokens) to Plaintiff in exchange for Plaintiff abandoning its DEX.

113. This agreement is memorialized in the June 15, 2021 deal memorandum, and was further confirmed by a series of writings between the parties and by public announcements by SundaeSwap, as set forth in paragraphs 49 through 74 above. In each writing, Plaintiff’s Senior Operations Adviser (Mr. Somasundaram), Plaintiff’s CEO (Mr. Amir), SundaeSwap’s CEO (Defendant Motavaf), and SundaeSwap’s Chief Information Officer (Defendant Lanningham) expressed their assent to the agreement in writing and under their own names as representatives of CardStarter and SundaeSwap, respectively.

114. The agreement set forth above is a valid and binding contract.

115. Plaintiff performed all duties required of it under the parties’ contract, including its shuttering of its own DEX and its opening of a smart contract on which its stakeholders could and did migrate their liquidity contributions to be locked in for migration to SundaeSwap.

116. On or around January 18, 2021, Defendants breached the parties’ contract when they failed to deliver the tokens as agreed.

117. Defendants’ performance of its contractual duties was not excused. As explained in the foregoing paragraphs, Defendants’ apparent position that the reduction in CardStarter’s TVL

1 justified Defendants' breach is wholly inexcusable, particularly where *it was Defendants' actions*
2 *and breach* that caused CardStarter's TVL to decline in value.

3 118. As a direct and proximate result of Defendants' breach, Plaintiff has suffered
4 damages, in an amount to be proven at trial that is no less than the value of the tokens Defendants
5 promised to deliver to Plaintiff.

6 119. Currently, SundaeSwap's SUNDAE tokens are trading at \$0.66 per token, making
7 the total value of the combined 250 million tokens that Defendants failed to deliver
8 \$165,000,000.00.

9 **SECOND CLAIM FOR RELIEF**
10 **Promissory Estoppel**
11 **(Against Defendant SundaeSwap)**

12 120. Plaintiff hereby incorporates by reference the factual allegations set forth in
13 paragraphs 1 through 119 above.

14 121. On or about June 21, 2021, Plaintiff and Defendants had reached an agreement
15 pursuant to which Defendants promised to deliver 7.5% of SundaeSwap's total token supply (*i.e.*,
16 150 million SUNDAE tokens) to Plaintiff and holders of CSWAP tokens in exchange for Plaintiff
17 transferring Plaintiff's liquidity pools to Defendant upon Cardano's ADA mainnet launch. The
18 parties further agreed that Defendants would deliver 5% of SundaeSwap's total token supply (*i.e.*,
19 100 million SUNDAE tokens) to Plaintiff in exchange for Plaintiff abandoning its DEX and
20 supporting the SundaeSwap DEX instead.

21 122. Defendants subsequently and repeatedly confirmed that agreement.

22 123. Plaintiff warned Defendants that Plaintiff would suffer serious adverse
23 consequences if Defendants did not honor their contractual obligations, especially the delivery of
24 the 150,000,000 million tokens, which Defendants acknowledged and agreed.

25 124. Defendants reasonably expected that their promise of 150,000,000 tokens would
26 cause Plaintiff to act, specifically through Plaintiff's opening of a smart contract on which its
27 stakeholders could and did irrevocably migrate their liquidity contributions, created to support
28 Plaintiff's own DEX, to Defendants.

125. Defendants also reasonably expected that their promise of an additional 100,000,000

1 tokens would cause Plaintiff to act, specifically through Plaintiff abandoning its own DEX and
2 supporting the SundaeSwap DEX instead.

3 126. By preparing for and delivering on its promise to open the migration contract
4 locking in its liquidity pools destined for SundaeSwap alone, Plaintiff reasonably and justifiably
5 relied on Defendants' promise to deliver 7.5% of SundaeSwap's total token supply (or 150 million
6 SUNDAE tokens) to Plaintiff and the CSWAP token holders. Plaintiff's reliance included making
7 public statements to its community on November 2, 2021 and, on November 24, 2021, opening a
8 smart contract on which its stakeholders could and did irrevocably agree to migrate their liquidity
9 contributions from CardStarter to SundaeSwap. Defendants, however, never delivered the
10 SUNDAE tokens to Plaintiff or to CSWAP token holders as agreed.

11 127. Likewise, by abandoning its DEX and exclusively supporting the SundaeSwap
12 DEX, Plaintiff reasonably and justifiably relied on Defendants' promise to deliver 5% of
13 SundaeSwap's total token supply (or 100 million SUNDAE tokens) to Plaintiff. Defendants,
14 however, never delivered any SUNDAE tokens to Plaintiff as agreed.

15 128. Absent enforcement of Defendants' promises to deliver the agreed upon SUNDAE
16 tokens to Plaintiff, Plaintiff will continue to suffer damages to its once market-lead position and
17 reputation, loss of goodwill with its community, and economic losses, as described above. Injustice
18 can be avoided only by enforcement of Defendants' promise.

19 **THIRD CLAIM FOR RELIEF**

20 **Fraud**

21 **(Against Defendants SundaeSwap and Motavaf)**

22 129. Plaintiff hereby incorporates by reference the factual allegations set forth in
23 paragraphs 1 through 128 above.

24 130. Defendants made material misrepresentations of fact on multiple occasions,
25 including but not limited to:

- 26 a) On June 21, 2021, Defendant Motavaf confirmed in writing that there were no
27 material terms left to negotiate with respect to the June 15 deal memorandum,
28 such that SundaeSwap would deliver 7.5% (or, 150 million) of its tokens to
CardStarter and the CSWAP token holders for the transfer of liquidity pools to
SundaeSwap, and 5% (or, 100 million) of its tokens to CardStarter for
abandoning its DEX. Defendant Motavaf asked, "On another note, was there

1 anything else . . . that you wanted to amend in *the agreement* [i.e., deal
2 memorandum] or are we set to start drafting docs.” (emphasis added).
3 CardStarter’s CEO confirmed saying, “no, I think that’s all in the doc.”
4 However, Defendants never delivered the tokens as promised.

5 b) On June 28, 2021, Defendant Motavaf confirmed that “*the tokens can just be a*
6 *gentleman’s agreement, where there is no reason why both parties wouldn’t*
7 *deliver as it benefits both of us to follow through with it.*” (emphasis added).
8 Defendants never followed through with their commitment or promise to deliver
9 the tokens as promised and agreed upon.

10 c) On June 28, 2021, Defendant Motavaf wrote to Mr. Amir that SundaeSwap did
11 not wish to record in writing its promise to deliver its tokens to CardStarter in
12 the parties’ June 30, 2021 Collaboration and Marketing Agreement due to
13 purported fears of SEC action. Specifically, SundaeSwap shared Defendant
14 Borders’ pretextual message that “*providing a binding commitment to give any*
15 *ownership in anything is not something we can do without creating risk of the*
16 *SEC using that to find a sale of unregistered and non-exempt securities.* There
17 is no way to argue that promising ‘equity’ or a ‘stake’ generally does not mean
18 either tokens or equity in the WY corporation [i.e., SundaeSwap]. Also, we
19 cannot make a binding promise to transfer ownership in this document; the
20 Marketing Agreement is a very light ‘we agree to be friends’ sort of agreement
21 but giving rights to equity in anything requires much more wording - much like
22 the SAFT.” (emphasis added). On information and belief, this statement was
23 pretext and in fact reflects Defendants’ knowledge that they never intended to
24 fulfill their promise.

25 d) On July 3, 2021, Defendant Motavaf reconfirmed in writing that Defendants
26 would be delivering SUNDAE tokens to Plaintiff as agreed. Defendant Motavaf
27 said, “we’d be distributing the sundae [tokens] in tiers,” and communicated that,
28 “technically we’re doing a free airdrop to the lps [Liquidity Pools] for cards.”
However, Defendants never delivered the tokens as promised.

e) On July 12, 2021, Defendant Motavaf explained that under the Gentlemen’s
Agreement, “the risk is almost equal. It’s in our best interest to deliver *on our*
word [on the delivery of the Sundae tokens] because the *promise* of current TVL
[of the liquidity pools being delivered by CardStarter to SundaeSwap] isn’t on
the signed [Collaboration and Marketing Agreement] either. That was sort of *the*
[c]ommitment we both made to keep us on equal playing field.” (emphasis
added). Defendants never followed through with their commitment or promise
to deliver the tokens as promised and agreed upon.

f) On August 28, 2021, Defendant Motavaf said: “What we’d like to do though is
on top of the 7.5%, give the CARDS community special early access to the
testnet, where they’d be able to experiment and play around with the DEX before
public launch on mainnet.” The promised 7.5% in tokens was never delivered.

g) On September 11, 2021, Defendant Motavaf again confirmed the agreement:
“It’s really important that you guys understand that 7.5% for a single time

1 conversion is a big % of the total supply. The LPs WILL continue to accrue
 2 rewards beyond that 7.5%. The 7.5% is just a one time conversion payment/fee.”
 Defendants never delivered the tokens as promised.

3 h) On September 17, 2021, Defendant Motavaf reiterated SundaeSwap’s
 4 agreement to deliver 7.5% of SundaeSwap’s tokens to Plaintiff. When
 5 CardStarter’s Senior Operations Advisor, Mr. Somasundaram, told Defendant
 6 Motavaf, “[T]here will be a mutiny if there is any less than 7.5% total,”
 7 Defendant Motavaf responded, “Yea trust me I get it and I went back and forth
 8 with 3 lawyers tn [tonight] to see what we can do and we’re just stuck. So I don’t
 know what to do [about it], ***it would be a whole god damn scandal if we didn’t***
keep to our word here.” (emphasis added). Defendants failed to keep their word
 and never delivered the tokens as promised.

9 i) On October 31, 2021, Defendant Lanningham reiterated the terms of the parties’
 10 Gentlemen’s Agreement: “[H]ere are the baseline numbers for the [S]undae
 11 vesting: 7.5% of the total supply is set aside for the Cardstarter partnership.
 12 (150m [million] tokens). 36.266...% of that (2.72% of the total supply) is
 13 unlocked from the start. (54.4m [million] tokens). The remaining tokens vest
 14 monthly over 6 months (15.93...m [million] per month)[.]” In fact, 7.5% of the
 15 total token supply was never set aside for the CardStarter partnership.

14 131. On information and belief, at the time Defendants made these representations,
 15 Defendants knew that they were false and did not intend to honor their promises. Specifically,
 16 Defendants never intended to deliver 7.5% of SundaeSwap’s SUND AE tokens to Plaintiff and the
 17 CSWAP community for the liquidity pool or 5% of SundaeSwap’s SUND AE tokens for Plaintiff
 18 abandoning its DEX. Defendants’ pretextual assertion that these obligations had to be kept secret
 19 because Defendants were concerned about SEC involvement evidences Defendants’ knowledge of
 20 the falsity of their representations and their intent to defraud Plaintiff.

21 132. Defendants made these misrepresentations for the purpose of inducing Plaintiff to
 22 rely upon them. Defendants needed the liquidity that Plaintiff agreed to provide in exchange for
 23 SundaeSwap’s SUND AE tokens so that SundaeSwap could launch its DEX with the liquidity and
 24 community support provided by Plaintiff. Defendants reasonably expected that their promise to
 25 deliver tokens to Plaintiff and its community would cause Plaintiff to act, specifically through
 26 Plaintiff’s shuttering of its own DEX and its opening of a smart contract on which its stakeholders
 27 could and did irrevocably migrate their liquidity contributions from CardStarter to SundaeSwap.

28 133. Plaintiff reasonably and justifiably relied on Defendants’ misrepresentations.

1 Plaintiff's reliance included making public statements to its community and, on or around
2 November 24, 2021, opening a smart contract on which its stakeholders could and did irrevocably
3 migrate their liquidity contributions from CardStarter to SundaeSwap.

4 134. Defendants refused to permit Plaintiff to publicly announce their agreement, and, as
5 a result of the uncertainty, Plaintiff's TVL has decreased dramatically—a result that Defendants
6 foresaw and to which Defendants' actions contributed.

7 135. On January 18, 2022, Defendants refused altogether to fulfill their final promise to
8 provide the agreed-upon number of tokens to Plaintiff.

9 136. Defendants' misrepresentations caused Plaintiff to suffer damages.

10 137. Defendants' actions were willful, wanton, and malicious.

11 138. As a direct and proximate result of Defendants' misrepresentations, Plaintiff has
12 suffered damage, in an amount to be proven at trial that is no less than the value of the tokens
13 Defendants promised to deliver to Plaintiff.

14
15 **FOURTH CLAIM FOR RELIEF**
16 **Violation of the California Business and Professions Code 17200 *et seq.***
17 **(Against All Defendants)**

18 139. Plaintiff hereby incorporates by reference the factual allegations set forth in
19 paragraphs 1 through 138 above.

20 140. Defendants violated California Business and Professions Code § 17200 by engaging
21 in business acts or practices that were unlawful, deceptive, or misleading, including but not limited
22 to making false or misleading statements to the public regarding the existence and/or terms of its
23 agreements and communications with Plaintiff.

24 141. As a direct and proximate result of Defendants' breach, Plaintiff has suffered
25 damage, in an amount to be proven at trial that is at least the value of the tokens Defendants falsely,
26 deceptively, and misleadingly promised to deliver to Plaintiff and the CSWAP token holders, and
27 the value of other injuries to Plaintiff's business, including the decline in the value of CARDS
28 tokens, and the damage to Plaintiff's reputation.

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PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment in its favor and against Defendants, as follows:

- 1. For compensatory damages, according to proof;
- 2. For an order directing Defendants to deliver 250,000,000 SUNDAE tokens to Plaintiff;
- 3. For punitive damages in an amount to be determined at trial;
- 4. For an injunction forbidding Defendants to make further misstatements to the public;
- 5. For costs of suit incurred herein;
- 6. For such other and further relief as the Court may deem proper.

DEMAND FOR JURY TRIAL

Plaintiff hereby demands a jury trial.

Dated: February 4, 2022

Respectfully submitted,
/s/ Alex C. Lakatos
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