

1 PIERCE O'DONNELL (SBN 081298)  
PODonnell@ggfirm.com  
2 FRED A. FENSTER (SBN 50489)  
FFenster@ggfirm.com  
3 DANIEL PARINO (SBN 323426)  
DParino@ggfirm.com  
4 GREENBERG GLUSKER FIELDS CLAMAN &  
MACHTINGER LLP  
5 2049 Century Park East, Suite 2600  
Los Angeles, California 90067  
6 Telephone: 310.553.3610  
Fax: 310.553.0687

7  
8 Attorneys for Defendant and Cross-Complainant  
KENNETH D. RICKEL

9  
10 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
11 COUNTY OF LOS ANGELES  
12 WEST DISTRICT

13 ALEXANDER J. DAVIS, an individual

14 Plaintiff,

15 v.

16 KENNETH D. RICKEL, an individual

17 Defendant.

Case No. 20SMCV01367

**CROSS-COMPLAINT FOR:**

- 18 **(1) ANTICIPATORY BREACH OF**  
19 **CONTRACT;**  
20 **(2) BREACH OF THE COVENANT OF**  
21 **GOOD FAITH AND FAIR DEALING;**  
22 **(3) BREACH OF FIDUCIARY DUTY**  
23 **ARISING OUT OF A JOINT VENTURE;**  
24 **(4) FRAUDULENT CONCEALMENT; AND**  
25 **(5) ACCOUNTING**

20 KENNETH D. RICKEL, an individual

21 Cross-Complainant,

22 v.

23 ALEXANDER J. DAVIS, an individual;  
24 MORGAN STANLEY, a Delaware  
corporation;  
25 DISRUPTIVE TECHNOLOGY  
ASSOCIATES LLC, a Delaware limited  
liability company;  
26 DISRUPTIVE TECHNOLOGY  
27 ADVISERS LLC, a Delaware limited  
liability company;

28 74319-00002/3882475.5

CROSS-COMPLAINT FOR ANTICIPATORY BREACH OF CONTRACT, ETC.

1 DISRUPTIVE TECHNOLOGY  
2 MANAGEMENT LLC, a Delaware limited  
liability company;  
3 DTA I LLC, a Delaware limited liability  
company;  
4 DISRUPTIVE TECHNOLOGY  
5 PARTNERS LLC, a Delaware limited  
liability company;  
6 DTA II LLC, a Delaware limited liability  
company;  
7 DISRUPTIVE TECHNOLOGY  
8 SOLUTIONS LLC, a Delaware limited  
liability company;  
9 DISRUPTIVE TECHNOLOGY  
10 SOLUTIONS II LLC, a Delaware limited  
liability company;  
11 DISRUPTIVE TECHNOLOGY  
12 SOLUTIONS III LLC, a Delaware limited  
liability company;  
13 DISRUPTIVE TECHNOLOGY  
14 SOLUTIONS IV LLC, a Delaware limited  
liability company;  
15 DISRUPTIVE TECHNOLOGY  
16 SOLUTIONS V LLC, a Delaware limited  
liability company;  
17 DISRUPTIVE TECHNOLOGY  
18 SOLUTIONS VI LLC, a Delaware limited  
liability company;  
19 DISRUPTIVE TECHNOLOGY  
20 SOLUTIONS VII LLC, a Delaware limited  
liability company;  
21 DISRUPTIVE TECHNOLOGY  
22 SOLUTIONS VIII LLC, a Delaware  
limited liability company;  
23 DISRUPTIVE TECHNOLOGY  
24 SOLUTIONS IX LLC, a Delaware limited  
liability company;  
25 DISRUPTIVE TECHNOLOGY  
26 SOLUTIONS X LLC, a Delaware limited  
liability company;  
27 DISRUPTIVE TECHNOLOGY  
28 SOLUTIONS XI LLC, a Delaware limited  
liability company;  
29 DISRUPTIVE TECHNOLOGY  
30 SOLUTIONS XII LLC, a Delaware limited  
liability company;  
31 DISRUPTIVE TECHNOLOGY  
32 SOLUTIONS XIII LLC, a Delaware limited  
liability company;  
33 DISRUPTIVE TECHNOLOGY  
34 SOLUTIONS XIV LLC, a Delaware  
limited liability company;  
35 DISRUPTIVE TECHNOLOGY  
36 SOLUTIONS XV LLC, a Delaware limited

1 liability company;  
DISRUPTIVE TECHNOLOGY  
2 SOLUTIONS XVI LLC, a Delaware  
limited liability company;  
3 DISRUPTIVE TECHNOLOGY  
SOLUTIONS XVII LLC, a Delaware  
4 limited liability company;  
DISRUPTIVE TECHNOLOGY  
5 SOLUTIONS 18 LLC, a Delaware limited  
liability company;  
6 DISRUPTIVE TECHNOLOGY  
SOLUTIONS XIX LLC, a Delaware  
7 limited liability company;  
DISRUPTIVE TECHNOLOGY  
8 SOLUTIONS XX LLC, a Delaware limited  
liability company;  
9 DISRUPTIVE TECHNOLOGY  
SOLUTIONS XXI LLC, a Delaware  
10 limited liability company;  
DISRUPTIVE TECHNOLOGY  
11 SOLUTIONS XXII LLC, a Delaware  
limited liability company;  
12 DISRUPTIVE TECHNOLOGY  
SOLUTIONS XXIII LLC, a Delaware  
13 limited liability company;  
DISRUPTIVE TECHNOLOGY  
14 SOLUTIONS XXIV LLC, a Delaware  
limited liability company;  
15 DISRUPTIVE TECHNOLOGY  
SOLUTIONS XXV LLC, a Delaware  
16 limited liability company;  
DISRUPTIVE TECHNOLOGY  
17 SOLUTIONS XXVI LLC, a Delaware  
limited liability company;  
18 DISRUPTIVE TECHNOLOGY  
SOLUTIONS XXVII LLC, a Delaware  
19 limited liability company;  
DISRUPTIVE TECHNOLOGY  
20 SOLUTIONS XXVIII LLC, a Delaware  
limited liability company;  
21 DISRUPTIVE TECHNOLOGY  
SOLUTIONS XXIX LLC, a Delaware  
22 limited liability company;  
DISRUPTIVE TECHNOLOGY  
23 SOLUTIONS XXX LLC, a Delaware  
limited liability company;  
24 DISRUPTIVE TECHNOLOGY  
SOLUTIONS HC LLC, a Delaware limited  
25 liability company;  
DISRUPTIVE TECHNOLOGY  
26 SOLUTIONS Z LLC, a Delaware limited  
liability company;  
27 DISRUPTIVE TECHNOLOGY  
SOLUTIONS Z II LLC, a Delaware  
28 limited liability company;

1 DISRUPTIVE TECHNOLOGY  
2 SOLUTIONS Z III LLC, a Delaware  
3 limited liability company;  
4 DISRUPTIVE TECHNOLOGY  
5 SOLUTIONS BIOTECHNOLOGY LLC, a  
6 Delaware limited liability company;  
7 DISRUPTIVE TECHNOLOGY  
8 SOLUTIONS CLEANTECH LLC, a  
9 Delaware limited liability company;  
10 DISRUPTIVE TECHNOLOGY SOLCIAL  
11 SOLUTIONS FUND I LLC, a Delaware  
12 limited liability company;  
13 DISRUPTIVE TECHNOLOGY  
14 SOLUTIONS BIOTECHNOLOGY II  
15 LLC, a Delaware limited liability  
16 company;  
17 DTA MASTER, LLC, a Delaware limited  
18 liability company;  
19 DTA MASTER EQUITY, LLC, a  
20 Delaware limited liability company;  
21 and DOES 1 through 25, inclusive

22 Cross-Defendants.

23  
24  
25 Cross-Complainant Kenneth D. Rickel, by his attorneys, alleges as his Cross-Complaint as  
26 follows:

27 **INTRODUCTION**

28 1. This lawsuit vividly illustrates the truth behind the old adage that “no good deed goes unpunished.”

2. Cross-complainant Kenneth D. Rickel (“Rickel”) is a renowned Los Angeles investor and trader who has experienced stellar success over his four-decade career. Rickel has an enviable reputation for honesty, fairness, and keen analytical skills. Rickel’s wide-ranging network of colleagues in the global investment world is invaluable.

3. In his Complaint, Plaintiff Alexander J. Davis (“Davis”)—Rickel’s stepson who has twice cheated him in connection with the business that Rickel gave him for free—levies a host of allegations impugning his stepfather’s character, personal life, and business success. None of these are true. Davis is projecting. His efforts to trivialize and demonize the decent, generous man who raised him and put him into a business that has made him wealthy are fictions

1 born of desperation, distortion and the creation of his own facts to overcome his life's failings.

2 Reluctantly, since Davis opened the door, Rickel must refute his unfounded allegations.

3 4. The sad truth is that Davis himself is the person with a malignantly-flawed character;  
4 a miserable, dishonest personal life held hostage to his drug and alcohol addiction; and a checkered  
5 business career marked by a succession of failures, pathological lying, and chronic cheating as his  
6 customary way of doing business. Rickel is left with no choice but to detail the myriad reasons  
7 why no one—and particularly investors like himself—should trust Davis and why the Court should  
8 not credit his recollection of events or his spin on the intent of Rickel and Davis in entering into  
9 their Settlement Agreement. And no one should have any pity for Davis over the misfortune that  
10 he has brought upon his family, his business, and himself. This is a self-inflicted wound.

11 5. At age eight, Davis and his two brothers were abandoned by their natural father  
12 who was never financially responsible for his three sons, refusing to pay for their support,  
13 education, or health care. Their mother was left to raise them herself.

14 6. Into this void stepped Rickel who married the boys' mother and took on the role  
15 and duties of their father. Thus, from the time he was in grammar school, Davis was raised by  
16 Rickel, who supported him and lovingly treated him as if he were his own. Among many things,  
17 Rickel helped Alex with his homework, took the family on vacations, served as a positive role  
18 model, and did the myriad of activities that a loving parent does for his children. Davis and  
19 Rickel were so close, their familial bond so tight, that Davis asked Rickel to be best man at both  
20 his weddings.

21 7. As he grew into his teen years, Davis started to become difficult. He did not excel  
22 academically. When he got in trouble – which was far too often – his stepfather was unfailingly  
23 there for Davis, counseling, comforting, and financially assisting him.

24 8. Davis's grandfather was Marvin Davis, the famous business tycoon who had  
25 succeeded in the oil business and owned 20<sup>th</sup> Century Fox and other prime assets such as the  
26 Beverly Hills Hotel. Davis never had anything to do with those businesses. Promoting himself as  
27 the savior of the Davis companies is a bald-faced lie by someone who occasionally hung out at  
28 his grandfather's office during high school.

1           9.       With his mediocre high school academic record, Davis’s acceptance at prestigious  
2 Northwestern University was not based on merit. Not surprisingly, he did not take college  
3 seriously, did not attend classes, and failed or dropped courses. After three years, this lazy young  
4 man had amassed only slightly more than a year’s worth of credits. Davis dropped out of college,  
5 returning to Los Angeles with no degree, no marketable skills, and no prospects for financial  
6 success.

7           10.      Not surprisingly, the next decade of Davis’s life was marked by one failure after  
8 another: after abandoning college, he was fired from several jobs, failed in the real estate  
9 business, had no licenses or certifications in any profession or trade, could not financially support  
10 himself, and had borrowed several hundred thousand dollars from his stepfather in order to feed,  
11 clothe, and house his wife and young child. Once again, Rickel was there to rescue Davis.

12          11.      This toxic combination of his lack of credentials, inability to hold a job, and  
13 oversized ego had rendered Davis unemployable in any meaningful capacity in the sophisticated  
14 business world. However, this did not deter Davis from engaging in resumé fraud, taking credit  
15 for accomplishments that he did not achieve, and omitting material disclosures of his multiple  
16 failures.

17          12.      By 2012, Davis had been fired by his latest employer Auction.com, a national,  
18 online real estate company. Davis boasts that he was instrumental in helping the company  
19 become a billion-dollar success. In truth, he was a glorified salesman, not a key executive, who  
20 was arrogant, lazy, and constantly clashing with co-workers. Not surprisingly, Davis was  
21 terminated for cause. A revealing measure of his insignificance at Auction.com—and his playing  
22 no role in its success—is that he settled his termination dispute for the paltry sum of \$25,000—far  
23 less than its nuisance value.

24          13.      Feeling sorry for his 30-year-old stepson who was married with a young child,  
25 Rickel established a new investment business—Disruptive Technology Advisors (“DTA”)—as a  
26 means to give Davis a fresh start, get him back on his feet, and learn the investment business.  
27 This new venture was a logical extension of Rickel’s life-long mastery of picking stocks in  
28 companies with a promising upside.

1           14.     Despite Davis’s conspicuous lack of qualifications, Rickel made him a DTA co-  
2 manager and gifted him a 50% ownership interest. DTA was Rickel’s idea, business plan, and  
3 company. By inviting Davis to join him, Rickel hoped that with his tutelage and encouragement,  
4 Davis would turn his life around. And believing that they had a genuine father-son relationship,  
5 Rickel trusted Davis.

6           15.     DTA is an investment firm that solicits high net worth and institutional investors  
7 and invests their money in its various Disruptive Technology Solutions funds (“the Fund”). DTA  
8 (or its affiliates/successors) receives annual management fees and a 20% carried interest in  
9 profits.

10          16.     In establishing the new business, Rickel advanced all the start-up money, secured  
11 many of the early investors, and identified the first investment for the Fund— Palantir, a hot  
12 software company specializing in big data analytics and considered at the time to be on the verge  
13 of a successful IPO.

14          17.     Taking Davis under his wing, Rickel began teaching him the investment business,  
15 made valuable introductions for him (including to the eventual broker-dealer for the company),  
16 suggested that he procure certain securities licenses, and, most significantly, gave Davis his  
17 imprimatur in the insular, clubby investment world. But for Rickel, there would have been no  
18 DTA or Palantir investments, and Davis would never have entered the high-end investment field,  
19 much less become wealthy.

20          18.     In early 2014, Davis was acting as a placeholder for the company while Rickel was  
21 attending to his dying father in Florida. When Rickel returned, he discovered that Davis had  
22 cheated him out of millions of dollars and had created fraudulent documents literally removing  
23 him from his own business and transferring Rickel’s 50% ownership share to two of Davis’s  
24 friends. Worst of all, Davis had betrayed his stepfather’s trust.

25          19.     On April 29, 2014, Rickel and Davis signed a one-page handwritten settlement  
26 agreement (“Settlement Agreement”). (A copy is attached as Exhibit “A” and incorporated by  
27 reference; a typed version is attached as Exhibit “B”.) While Rickel released Davis from all past  
28 claims, he received a specified percentage of future income from Davis’s share of profits for deals

1 up to the date of the settlement and all deals going-forward. The sharing of profits was not  
2 limited to Palantir but also included any other future DTA investments managed by Davis.

3 20. Following the settlement, and without informing Rickel or paying him any profits,  
4 Davis fraudulently created dozens of new companies named as nominal Cross-Defendants here—  
5 all using the name Disruptive Technology Solutions or DTA—as the vehicles for investing  
6 hundreds of millions of dollars of new investor money, much of which was invested in more  
7 Palantir stock as well as other attractive companies like 23andMe. Davis’s scheming was  
8 designed to cheat Rickel out of his rightful share of monies owed to him by Davis. Once again,  
9 Davis, apparently unable to curb his greed, was cheating his stepfather and business partner.

10 21. Rickel only recently learned about Davis’s post-settlement machinations. In mid-  
11 June, Rickel had a conference call with Davis and two others to discuss the split of profits from  
12 the anticipated Palantir public listing. Initially, Davis took the position that Rickel was entitled to  
13 share only in profits from Palantir stock purchased before the settlement date but nothing else.  
14 When Rickel pointed to the unequivocal language in the Settlement Agreement entitling him to  
15 share in future deals after the settlement, Davis rejected his position, claiming that the Palantir  
16 and other stock investments had been done through new companies that were not party to the  
17 Settlement Agreement. Remarkably, Davis pointedly admitted that he set up all these new  
18 entities to avoid paying Rickel. When Rickel said that he would not stand for this, Davis said that  
19 he would also pay him on Palantir stock acquired after the settlement. A short time after the call,  
20 however, Davis reneged, telling Rickel that he would not pay him anything.

21 22. This is not the first time that Davis has been sued for financial skullduggery. Over  
22 the past several years, Davis has threatened numerous people with lawsuits, and he has been  
23 embroiled in legal disputes with DTA employees, business partners, his own lawyers, his  
24 opponent’s lawyers, DTA’s broker-dealer, a DTA investor, and incredibly, the mediator who  
25 brokered the Settlement Agreement with Rickel and charged no fee. If Davis had a motto, it  
26 would be “Prevaricate, Intimidate, and Litigate.”

27 23. The tragedy here is that Davis does not need to cheat his stepfather in order to  
28 become fabulously wealthy from the business that Rickel founded and gave him. Based on the



1 impressively rising Palantir stock price in the period since it was publicly listed at the end of  
2 September, this investment alone will generate tens of millions of dollars of profits for Davis to  
3 share with Rickel. In addition, the future profits from the other DTA investments are likely to be  
4 substantial. Finally, Davis has reaped millions of dollars of management/advisory fees from  
5 DTA-related transactions and tens of millions of dollars from brokerage transactions outside of  
6 DTA.

7 24. Acts have consequences. Honesty still matters in the business world. And  
8 ingrates like Davis need to be taught a lesson. This lawsuit is an overdue day of reckoning for  
9 Davis.

10 **PARTIES**

11 25. Plaintiff Kenneth D. Rickel is a prominent investor and trader with an enviable  
12 track record in the rough-and-tumble investment world who is a resident of the County of Los  
13 Angeles, State of California.

14 26. Defendant Alexander J. Davis is a resident of the County of Los Angeles, State of  
15 California as well as Rickel's stepson, who raised him.

16 27. Morgan Stanley is an American multinational investment bank and financial  
17 services company headquartered in New York City and incorporated in Delaware. Morgan  
18 Stanley has multiple offices in Los Angeles County where it routinely does business.

19 Pursuant to agreements signed with Davis, DTA, and the Cross-Defendants, Morgan Stanley is  
20 the fiduciary custodian of the stock owned by DTA, Davis, and Cross-Defendants. Morgan  
21 Stanley is named as a nominal defendant for the purpose of assuring that Rickel can secure  
22 effective relief.

23 28. The following Cross-Defendants—all of which are Delaware limited liability  
24 companies whose headquarters are in Los Angeles County, regularly do business here, and are  
25 controlled by Davis—are named as nominal defendants so that Rickel can secure effective relief:  
26 Disruptive Technology Associates, LLC; Disruptive Technology Advisers, LLC; Disruptive  
27 Technology Management, LLC; DTA I, LLC; Disruptive Technology Partners, LLC; DTA II,  
28 LLC; Disruptive Technology Solutions, LLC; Disruptive Technology Solutions II, LLC;

1 Disruptive Technology Solutions III, LLC; Disruptive Technology Solutions IV, LLC; Disruptive  
2 Technology Solutions V, LLC; Disruptive Technology Solutions VI, LLC; Disruptive  
3 Technology Solutions VII, LLC; Disruptive Technology Solutions VIII, LLC; Disruptive  
4 Technology Solutions IX, LLC; Disruptive Technology Solutions X, LLC; Disruptive  
5 Technology Solutions XI, LLC; Disruptive Technology Solutions XII, LLC; Disruptive  
6 Technology Solutions XIII, LLC; Disruptive Technology Solutions XIV, LLC; Disruptive  
7 Technology Solutions XV, LLC; Disruptive Technology Solutions XVI, LLC; Disruptive  
8 Technology Solutions XVII, LLC; Disruptive Technology Solutions 18, LLC; Disruptive  
9 Technology Solutions, XIX, LLC; Disruptive Technology Solutions XX, LLC; Disruptive  
10 Technology Solutions XXI, LLC; Disruptive Technology Solutions XXII, LLC; Disruptive  
11 Technology Solutions XXIII, LLC; Disruptive Technology Solutions XXIV, LLC; Disruptive  
12 Technology Solutions XXV, LLC; Disruptive Technology Solutions XXVI, LLC; Disruptive  
13 Technology Solutions XXVII, LLC; Disruptive Technology Solutions XXVIII, LLC; Disruptive  
14 Technology Solutions XXIX, LLC; Disruptive Technology Solutions XXX, LLC, Disruptive  
15 Technology Solutions HC, LLC; Disruptive Technology Solutions Z, LLC; Disruptive  
16 Technology Solutions Z II, LLC; Disruptive Technology Solutions Z III, LLC; Disruptive  
17 Technology Solutions Biotechnology, LLC; Disruptive Technology Solutions Cleantech, LLC;  
18 Disruptive Technology Social Solutions Fund I, LLC; Disruptive Technology Solutions  
19 Biotechnology II, LLC; DTA Master, LLC; DTA Master Equity, LLC.

20           29.     The true names and capacities, whether individual, corporate, associate or  
21 otherwise of the Defendants named herein as Does 1 through 25, inclusive, are unknown to  
22 Plaintiff at this time, who therefore sues said Defendants by such fictitious names. Plaintiff shall  
23 seek leave of Court to amend this Complaint to reflect the true names and capacities of such  
24 fictitiously-named Defendants when they have been ascertained.

25           30.     Plaintiff is informed and believes and thereupon alleges that at all times material  
26 hereto, Defendant Does 1 through 25, inclusive, were and now are either the agents or principals  
27 of each of the other Defendants named herein, and of each other, and in such capacity or  
28

1 capacities, participated in the acts and conduct alleged herein and incurred liability to Plaintiff  
2 therefor.

3 **BACKGROUND OF THE UNDERLYING DISPUTE**

4 **Rickel Creates a New Business and Rescues Davis**

5 31. By the year 2012, Davis was in a free fall: he was unemployed with no degrees, no  
6 investment experience, no money, no professional licenses, and only a string of failures to his  
7 credit in the business world. Davis had no one to blame but himself. Sadly, his personal and  
8 business lives were marred by turmoil, erratic behavior, and a mean spirit. Besides his  
9 personality issues, Davis had—and still has—a serious, untreated drug and alcohol addiction that  
10 sorely impairs his judgment, trustworthiness, and fitness to serve as a fiduciary managing  
11 hundreds of millions of dollars of investors’ money.

12 32. Davis’s rapid descent into the abyss broke Rickel’s heart. In an effort to help his  
13 struggling stepson, give him a purpose in life, and enhance his self-esteem, Rickel decided to  
14 bring him into his elite investment world. Rickel had already conceived of creating an investment  
15 business with a special focus on private companies whose business (mostly emerging  
16 technologies) had the utmost potential for success either as a stand-alone entity, a prospective  
17 acquisition, and/or a candidate for an initial public offering. Rickel targeted investors who were  
18 interested in taking high risk, high reward positions in stocks that he identified.

19 33. Rickel did everything in founding the business. Advancing all the start-up money,  
20 securing counsel, accountants, and a broker-dealer relationship, and finding the initial  
21 investments and investors, Rickel launched the enterprise, began training Davis, and introduced  
22 him to high net worth, well-heeled investors and institutions.

23 33. Davis had zero experience in Rickel’s world. Any suggestion that Davis showed  
24 up the first day as some business savant is risible. If anything, Davis was a self-made failure. As  
25 a neophyte, Davis had to be taught the most rudimentary aspects of Rickel’s investment business.

26 34. Rickel set about creating the organizational structure for his business. He  
27 established a triad of entities to run the business: an advisory company, a management company,  
28 and an investment company that would receive compensation in the form of

1 advisory/management fees and a 20% carried interest in the profits generated from the sale of the  
2 companies in which the investments were made.

3 35. To enhance Davis’s presence in the investment world, Rickel trained his stepson  
4 and had him obtain securities licenses. Although Davis was a novice, Rickel gifted him a 50%  
5 ownership share of the business for free, hoping that this would motivate Davis to get his act  
6 together.

7 36. To implement the business plan, Rickel financed the formation of the following:

8 (a) KA Consolidated, LLC whose function was to own DTA and DTA II;

9 (b) Disruptive Technology Solutions, LLC—the fund into which the investors  
10 would deposit their money (“Fund”);

11 (c) Disruptive Technology Advisors, LLC whose function was to serve as an  
12 investment advisor to the Fund and receive investment management fees of 2% of money  
13 invested in the Fund; and

14 (d) DTA II—the managing member of the Fund receiving the 20% carried  
15 interest.

16 **Rickel Finds Palantir and The Initial Investors**

17 37. The investment process is fraught with uncertainty, highly speculative, and rarely  
18 successful due to a myriad of factors. Those companies which run the gauntlet and become  
19 public can yield a very high return on the investment. Selecting winners for investment requires  
20 uncommon business acumen and experience. Over four decades, Rickel has been in the winner’s  
21 circle more than most. And Davis had never spent a day doing anything in this space.

22 38. Ultimately, after substantial research and working his valuable network, Rickel  
23 identified Palantir as the most promising prospect for pre-IPO investment. Davis had absolutely  
24 nothing to do with discovering Palantir.

25 39. Palantir is a private, Denver-based software company specializing in big data  
26 analytics with deep ties to U.S. intelligence and military agencies. After heavy negotiation, DTA  
27 struck a deal with Palantir, and the Fund initially invested \$8.5 million in Palantir for over  
28 815,000 shares of preferred stock and over 800,000 shares of common stock. All of this initial

1 investment came from an LLC of which Rickel was a managing member. This early stage  
2 investment was critical to enhancing DTA’s credibility with Palantir.

3 **Grand Larceny**

4 40. Due to the nature of Rickel’s other businesses, he did not need to hold any  
5 securities licenses. At Rickel’s urging, Davis obtained his broker’s licenses—after several failed  
6 attempts. That advice launched Davis’s unmitigated spree of fraudulent conduct with the sole  
7 goal of enriching himself and robbing Rickel of his rightful share of profits—an unlawful scheme  
8 that continues unabated through today.

9 41. Unbeknownst to his partner, during 2013 and 2014, Davis began using his licenses  
10 to funnel deals away from the company to himself and clandestinely diverted investment  
11 opportunities to his own benefit. Davis siphoned off approximately \$10-15 million that should  
12 have gone to the company and been shared with Rickel—all in abject violation of his contractual  
13 and fiduciary duties to his stepfather.

14 42. Throughout early 2014, Rickel had been forced to deal with the illness and  
15 eventual death of his father, causing him to spend much of his time and energy in Florida. While  
16 Rickel cared for his dying father, Davis proceeded to fraudulently remove Rickel from his own  
17 company. The audacity of this scheme is breathtaking.

18 43. Rickel had initially hired the New York law firm Littman Krooks to represent  
19 DTA and him in setting up the business and creating the entities and governance agreements.  
20 Behind Rickel’s back, however, Davis instructed Littman Krooks to erase Rickel from all  
21 corporate documents. Despite Rickel clearly being a 50% owner, a client of the law firm, not  
22 signing any documents or releases, and not being compensated, Davis directed Littman Krooks to  
23 doctor all of DTA’s organizational agreements and create new ones such that *Rickel no longer*  
24 *had any ownership interest in his own company*. It was grand larceny plain and simple. In his  
25 place, Davis transferred Rickel’s 50% ownership interest to two friends from San Francisco  
26 without Rickel’s knowledge or consent.

27 **Rickel Settles and Retains an Interest in All Future Profits**

1           44.     When Rickel became aware of his stepson’s illegal conduct, he filed a lawsuit  
2 against Littman Krooks. At the behest of his wife, however, Rickel refrained from suing his  
3 stepson in order to preserve family harmony. Instead, Rickel agreed to participate in a voluntary  
4 mediation presided over by Leonard Steiner, a well-respected attorney who had represented Davis  
5 and Rickel. With Steiner’s skillful guidance, the parties reached a settlement.

6           45.     Rickel’s primary goal was to retain an economic interest in *his own company*.  
7 Without that assurance, he was unwilling to enter into a settlement. Any settlement agreement  
8 had to guarantee that he would not only participate in the upside of the company business from *all*  
9 past and future investments in Palantir, but that it would also include any profits from other stock  
10 investments on a going-forward basis. And why should he walk away with only Palantir profits?  
11 The governing agreements clearly made him a 50% owner of his business, and he had caught  
12 Davis red-handed trying to hijack it.

13           46.     The settlement memorialized a *quid pro quo*. Rickel agreed that he would not sue  
14 Davis for his tortious conduct, would waive his valuable financial claims against his stepson for  
15 absconding with the \$10-15 million of corporate opportunity and his fraudulent removal of Rickel  
16 as a 50% owner of his own business, and would relinquish his 50% interest in the new companies  
17 that Davis illegally formed to steal his business. In exchange for this largesse, Davis agreed that  
18 Rickel would receive two types of payments: (a) a stipulated percentage of Davis’s profits from  
19 any sale of Palantir stock (at that time the Fund’s only investment) held by the Fund at the time of  
20 settlement and (b) a stipulated percentage of Davis’s share of “all deals on a going-forward  
21 basis.” The “deals” were not limited to Palantir—they included any investment transaction (“all  
22 deals”) that were entered into in the future and from which Davis profited.

23           47.     At the conclusion of the mediation, Rickel and Davis signed the Settlement  
24 Agreement, dated April 29, 2014, which is attached as Exhibit “A”. Steiner drafted the document  
25 in his handwriting, and he explicitly told Davis and Rickel that the language reflected their stated  
26 agreement that Rickel would retain an interest in all future profits regardless of the source. Both  
27 parties stated that this was in fact their intent.

28           48.     Paragraph 3 of the Settlement Agreement provides:

1                   “With respect to the Fund [Disruptive Technology Solutions,] Ken  
2                   Rickel shall be entitled to ½ of Alex Davis’s 50% share of the Fund  
3                   on *deals existing as of today* (i.e., 25%) and ¼ of Alex Davis’s 50%  
4                   share of *all deals on a going-forward basis* (i.e., 12.5%).”

5 (Emphasis added)

6 **Davis Buys Back Rickel’s 50% Stake Without Telling Rickel**

7                   49.       After the 2014 settlement, Davis used the money that he had misappropriated with  
8                   his broker’s license to secretly buy back Rickel’s one-half of DTA from his two friends, thereby  
9                   making Davis the 100% owner of the business.

10                  50.       This maneuver completed Davis’s scheme to steal Rickel’s business. Davis did  
11                  not give Rickel an opportunity to invest in the buy-outs. If he had honored his legal obligation to  
12                  allow Rickel to invest, Rickel could have regained his 50% ownership. Regardless, Davis’s buy-  
13                  out is unquestionably a “deal”, and Rickel should own an additional 12.5% of the future profits  
14                  (25%x50%=12.5%), thereby bringing his total entitlement to 25% of Davis’s future profits.

15 **Davis Forms Dozens of New Funds to Cheat Rickel**

16                  51.       Reminiscent of the familiar story of the scorpion and the frog crossing a river,  
17                  Davis could not resist trying to swindle Rickel “on a going-forward basis.” The truth is that  
18                  Davis is so greedy and dishonorable that cheating and lying are embedded in his DNA.

19                  52.       Davis proceeded to create at least 38 new individual funds under DTA’s  
20                  management: Disruptive Technology Solutions II, III, IV, etc. Through some of these new funds  
21                  (which have been sued here), DTA further invested its investors’ new money in Palantir. Since  
22                  the settlement, the various DTA-related entities acquired about 50 million Palantir shares at an  
23                  average price of \$5 per share. DTA also used these new investor funds to invest in major  
24                  companies before they went public such as HIMS, 23andMe, Nikola Motors, and Juul, among  
25                  others. These funds have also been joined here as nominal Cross-Defendants.

26                  53.       A few years ago, Davis also set up a Delaware holding company and consolidated  
27                  all DTA entities into DTA Master Equity, LLC which is also sued here as a nominal defendant.

28

1           54.     On information and belief, the various DTA entities have over \$1 billion under  
2 management.

3           55.     From the date of the Settlement Agreement right up to the present day, Davis  
4 never informed Rickel, and Rickel was unaware, that Davis had created all of these new entities  
5 as vehicles for new investments in Palantir and other companies.

6           **Davis Again Tries to Flim-Flam Rickel**

7           56.     Through the media in June of 2020, Rickel first learned about the prospect of  
8 Palantir implementing a public listing which would create a liquidity event for the investors in the  
9 various DTA funds holding Palantir stock, thereby generating substantial profits for Davis, a  
10 portion of which belongs to Rickel.

11          57.     On June 15<sup>th</sup>, Rickel initiated a conference call with Davis and two others to  
12 discuss the total investment that had been made in Palantir as well as the division of fees and  
13 profits between Davis and Rickel pursuant to the Settlement Agreement. During the course of  
14 this discussion, Davis anticipatorily breached the Settlement Agreement by informing Rickel that  
15 he had unilaterally decided that *his stepfather was not entitled to any compensation from Palantir*  
16 *beyond a 25% share of profits from the investments that had been made prior to April 29, 2014.*  
17 Davis admitted on the call that his reason behind setting up dozens of new Disruptive Technology  
18 Solutions funds and related entities was so that Rickel would not be able to participate in the  
19 profits.

20          58.     Rickel told Davis that this would not stand, referencing Paragraph 3 of the  
21 Settlement Agreement and his right to share in future deals via Davis's share of profits regardless  
22 of which iteration of Disruptive Technology Solutions paid him. Davis then agreed that he would  
23 give Rickel 12.5% of the profits from all of DTA's Palantir investments from April 29, 2014 to  
24 the present if Rickel agreed to pay Davis \$1 million as reimbursement for bogus legal fees that  
25 Davis claims he incurred in "monitoring" Rickel's lawsuit against Littman Krooks.

26          59.     Davis's conditioning Rickel's absolute right to receive a portion of Palantir profits  
27 from all investments on some ridiculous, extraneous issue was a non-starter—not to mention  
28 further evidence of Davis's incurable propensity to be a bully and an unbridled crook.



1           60.     Following his offer on the June 15th call, Davis later told Rickel that under the  
2 language of the Settlement Agreement, he owed him nothing beyond a 25% share of profits from  
3 any DTA-Palantir investment made before April 29, 2014. Davis did not offer an explanation for  
4 totally ignoring the provision that Rickel was entitled to receive a 12.5% “share of all deals on a  
5 going-forward basis.”

6           61.     Davis’s intentional misinterpretation of the Settlement Agreement is a blatant  
7 pretext to cheat his loyal, forgiving stepfather out of millions of dollars. This time, Rickel will  
8 sue Davis like any other fraudster.

9     **Rickel Justifiably Fears Davis Will Pay Him Nothing**

10          62.     Rickel is legitimately concerned that Davis will not pay him *anything* due to a  
11 variety of factors.

12          63.     Over the past five years, Davis has become a radically-changed person due to the  
13 onslaught of personal, emotional, and mental health problems that create justifiable concerns  
14 about his fitness to manage the business and to pay Rickel the undisputed amounts of money due  
15 to him from profits from the Palantir stock alone.

16          64.     Davis has become unstable. Almost every year, he moves into a new house. He  
17 has an expensive home in Palm Springs and a mansion on Sunset Boulevard in Beverly Hills. He  
18 moved into the Beverly Hills residence in June and vacated in November of this year.

19          65.     Despite the fact that his business is located in Los Angeles and his children’s  
20 friends and school are located here, he has precipitously moved to Austin, Texas.

21          66.     Davis has engaged in serial acts of dishonesty with his family and others.

22                 (a)     His younger brother Jason allowed him to use his leased car in  
23 exchange for making the monthly payments which he did not do. His mother had to come to the  
24 rescue—as she had so many times before—and paid \$60,000 in lease payments to prevent  
25 repossession. Then Davis’s wife, a notary, fraudulently notarized car transfer documents, and  
26 Davis sold the car without Jason’s permission and pocketed the proceeds.

27                 (b)     Despite the wealth that had been bestowed upon him thanks to the business  
28 that Rickel gifted him, Davis is a deadbeat. What kind of a man does not repay hundreds of

1 thousands of dollars that he owes while living an extravagant lifestyle replete with private jets,  
2 multiple residences, expensive cars, and other trappings of conspicuous affluence?

3 (c) An elderly widow is the owner of the Beverly Hills residence that Davis  
4 leases for \$60,000 per month. In an attempt to avoid rent and break his lease, Davis has  
5 fabricated a dispute with the widow.

6 67. Davis is uncommonly litigious—he picks fights and refuses to honor his  
7 obligations with a perverse delight. A blustering bully, he is never wrong, everyone is trying to  
8 steal his money, and “see you in court.” For Davis, litigation is just another form of blood sport  
9 negotiation. A few cases to illustrate this point:

10 (a) A few months ago, when Rickel refused to walk away from the millions of  
11 dollars that Davis owes him, Davis threatened him in a loud, menacing voice: “I have a lot more  
12 money than you. I will hire a billion high-priced lawyers and bury you. You won’t know what  
13 hit you!”

14 (b) Davis has refused to honor his agreement with his longtime lawyer  
15 Leonard Steiner granting Steiner a two percent (2%) interest in the Fund and DTA in exchange  
16 for legal services and serving on DTA’s Board of Advisors. This repudiation of a clear legal  
17 obligation—confirmed in a Private Placement Memorandum prepared by Davis—is a hallmark of  
18 Davis’s *modus operandi*.

19 (c) Davis has been sued by one of his former co-owners of DTA.

20 (d) Davis threatened Steiner in his role as the mediator who brokered the  
21 Settlement Agreement with Rickel and charged no fee.

22 (e) Davis stiffed his lawyers at O’Melveny & Myers for \$1,000,000 in legal  
23 fees.

24 (f) Davis is embroiled in litigation with a DTA investor.

25 (g) Davis litigated with the business’ broker-dealer.

26 (h) Davis’s company has had a high rate of employee turnover—and  
27 settlements for wrongful and constructive termination claims—due to his abrasive, imperious, and  
28 arrogant management style.

1 (i) Davis has even locked horns with his opponent’s lawyers.

2 68. Davis is a chronic stranger to the truth. A serial liar, he boastfully takes credit for  
3 things that he did not accomplish—like the success of Auction.com and discovering Palantir—  
4 and shifts blame to others for his failures—like an abortive Twitter offering, dropping out of  
5 college, and his failed real estate business. Davis is untethered to reality. He has even lied about  
6 initiating this very lawsuit for declaratory relief—telling people he never sued his stepfather!

7 69. Particularly egregious are Davis’s fabrications about the launch of the DTA  
8 business and his instrumental role in its success. The truth is that Rickel was a very successful  
9 businessman when, out of kindness, he invited Davis to join Rickel’s new business. At the time,  
10 Davis did not know a PPM from an MP3.

11 70. Davis cannot be trusted with management of the business and the hundreds of  
12 millions of dollars entrusted to his stewardship; nor can he be trusted to pay Rickel the millions of  
13 dollars that he unquestionably owes now and will owe in the future. Beside the fact that he is a  
14 pathological liar, unstable, and erratic, Davis’s judgment and ability to function on a day-to-day  
15 basis are hopelessly impaired by his serious and untreated drug and wine addiction. He abuses  
16 prescription drugs, opioids, and sleeping pills. His recollection is clouded by his addiction  
17 problem, and he is not clear-headed, nor a clear thinker.

18 71. Davis is rarely sober, cannot safely drive a car, and employs a security guard to be  
19 his driver. With multiple car accidents, he is such a menace that he is not allowed to drive his  
20 children. A man who cannot be trusted to safely drive a car due to his chronic insobriety is not fit  
21 to serve as a fiduciary managing other people’s money.

22 **CAUSES OF ACTION**

23 **FIRST CAUSE OF ACTION**

24 **(Anticipatory Breach of Contract Against Davis)**

25 72. Plaintiff hereby refers to Paragraphs 1 through 71, inclusive hereof, and  
26 incorporates the same herein by reference.

27 73. Rickel and Davis entered into a binding, enforceable contract when they executed  
28 the Settlement Agreement.





1 vehicles for investing hundreds of millions of dollars of new investor money in Palantir and other  
2 promising companies such as 23andMe, HIMS, Nikola Motors and Juul, among others;

3 (b) Davis has willfully and deliberately concealed that he purchased the other  
4 50% of DTA which receives management and other fees as well as a 20% carried interest;

5 (c) Davis has willfully and deliberately concealed the receipt of management  
6 fees that have been paid in connection with these investments whether directly or indirectly;

7 (d) Davis has willfully and deliberately concealed the nature, extent and amount  
8 of brokerage fees that he has received whether directly or indirectly;

9 (e) Davis has willfully and deliberately concealed forming DTA Master Equity,  
10 LLC, a Delaware holding company, to consolidate all his interests;

11 (f) Davis has willfully and deliberately concealed these investments and  
12 machinations from Rickel in order to deprive him of receiving his rightful share of the joint  
13 venture's profits; and

14 (g) Davis is seeking to minimize Rickel's profits by assessing bogus and  
15 inflated expenses.

16 86. As a direct and proximate result of Davis's breaches of fiduciary duty, Rickel has  
17 sustained damages in a presently unascertainable sum, but in no event less than \$50,000,000,  
18 according to proof, together with interest thereon at the rate of 10% per annum until fully paid.

19 87. Davis's conduct was malicious, fraudulent, willful, despicable, and engaged in  
20 with a conscious disregard of Rickel's rights, thereby entitling Rickel to an award of punitive  
21 damages in an amount to be determined at trial.

22 **FOURTH CAUSE OF ACTION**

23 **(Fraudulent Concealment Against Davis)**

24 88. Plaintiff hereby refers to Paragraphs 1 through 87, inclusive hereof, and  
25 incorporates the same herein by reference.

26 89. At the time Davis entered into the Settlement Agreement, he knowingly,  
27 deliberately and willfully concealed that he had no intention of honoring his promises,  
28 representations, duties, obligations, and responsibilities under the Settlement Agreement, and

1 instead, he fully intended to do all of the unlawful acts alleged above in order to deprive Rickel  
2 from receiving the benefits provided under the Settlement Agreement.

3 90. Prior to the time that Davis signed the Settlement Agreement, Rickel was ignorant  
4 of his stepson's treachery and fraudulently concealed intentions, and Rickel reasonably relied on  
5 Davis's promises and representations.

6 91. Davis's active concealment of, failure to disclose, and suppression of the above  
7 material facts was fraudulent.

8 92. At all times material hereto, Davis was under a duty to disclose the concealed facts  
9 to his stepfather since Rickel was relying upon his stepson's performance of his promises,  
10 representations, duties, responsibilities and obligations under the Settlement Agreement, and  
11 Rickel would not have signed it had the true facts been revealed.

12 93. Davis intentionally concealed and actively suppressed the foregoing facts with the  
13 intent to defraud and deceive his stepfather into signing the Settlement Agreement, release his  
14 valuable claims against Davis, and thereby clear the way for him to engage in the reprehensible  
15 conduct described above.

16 94. As a direct and proximate result of Davis's fraudulent concealment, Rickel has  
17 sustained damages in a presently unascertainable sum, but in no event less than \$50,000,000,  
18 according to proof, together with interest thereon at the rate of 10% per annum until the said sum  
19 is paid in full.

20 95. Davis's conduct was malicious, fraudulent, willful, despicable and engaged in with  
21 a conscious disregard of Rickel's rights, thereby entitling Rickel to an award of punitive damages  
22 in an amount to be determined at trial.

23 **FIFTH CAUSE OF ACTION**

24 **(Accounting Against Davis)**

25 96. Plaintiff hereby refers to Paragraphs 1 through 95, inclusive hereof, and  
26 incorporates the same herein by reference.

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(h) For such other, further, and different relief as the Court may deem just and proper.

DATED: December 7, 2020

GREENBERG GLUSKER FIELDS CLAMAN & MACTINGER LLP

By: \_\_\_\_\_  
PIERCE O'DONNELL  
Attorneys for Defendant and Cross-Complainant KENNETH D. RICKEL

GREENBERG GLUSKER FIELDS  
CLAMAN & MACTINGER LLP  
2049 Century Park East, Suite 2600  
Los Angeles, California 90067

# **EXHIBIT A**

4/29/14

# Agreement between Alex Davis and Ken Rickel

1. The purpose of this agreement is to resolve all claims between ~~Alex~~ Alex Davis and Ken Rickel pertaining to their ~~ownership~~ ownership and operation of ~~Omni~~ Omnicore Technology Solutions, ~~ITD II~~ <sup>ITD II</sup> and related ~~business~~ business operations.

2 Fund

(X) of which \$250,000 already has been paid

2. Alex Davis ~~is~~ ~~paying~~ paying to Ken Rickel the sum of ~~\$900,000~~ <sup>\$900,000</sup> (X) in full satisfaction of all ~~claims of Ken Rickel to be paid~~ claims of Ken Rickel to be paid at all claims of Ken Rickel outside fund which sum Ken Rickel acknowledges.

3. 100 shares


3. With respect to the Fund, Ken Rickel shall be entitled to 1/2 of Alex Davis's share (50%) of the Fund on deals ~~existing~~ <sup>existing</sup> as of ~~the date of this agreement~~ of today (ie, 25%) and 1/4 of Alex Davis's share (50%) of all deals on a going forward basis (ie, 12 1/2%).

Leanne Stein

4. With respect to the Fund's Series KR, Alex Davis will receive 1/2 of the profits made by ~~Ken Rickel~~ Series KR. ~~(The amount of profits made by Ken Rickel)~~

5. This grant is intended to be replaced by a formal written grant to be typed by the parties. Until done, however, this grant shall remain in full force and effect.

6. ~~The parties~~ Except for the obligations set forth in the grant, the parties hereby release each other for all claims, known and unknown, and the parties expressly waive the provisions of Civil Code Section 1542.

  
Alex Davis April 29, 2019

  
Ken Kicker

Bruce Friedman  
Brent C. Fink

# **EXHIBIT B**

Dated 4/29/2014

RE: Agreement between Alex Davis and Ken Rickel

1. The purpose of this agreement is to resolve all claims between Alex Davis and Ken Rickel pertaining to their ownership and operation of Disruptive Technology Solutions ("the Fund"), DTA II, and Disruptive Technology Advisers and related business operations.
2. Alex Davis is paying to Ken Rickel the sum of \$900,000, of which \$210,000 already has been paid, in full satisfaction of all claims of Ken Rickel to the Fund and all claims of Ken Rickel outside the Fund receipt which Ken Rickel acknowledges.
3. With respect to the Fund, Ken Rickel shall be entitled to  $\frac{1}{4}$  of Alex Davis's 50% share of the Fund on deals existing as of today (i.e., 25%) and  $\frac{1}{4}$  of Alex Davis's 50% share of all deals on a going forward basis (i.e. 12.5%).
4. With respect to the Fund's Series KR, Alex Davis will receive  $\frac{1}{4}$  of the profits made by Series KR.
5. The agreement is intended to be replaced by a formal written agreement to be signed by the parties. Until done, however, this agreement shall remain in full force and effect.
6. Except for the obligation set forth in this agreement, the parties hereby release each other from all claims, known and unknown, and the parties expressly waive the provisions of Civil Code Section 1542.

Signed: Alexander J. Davis

Signed Ken Rickel