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Superior Court of California
County of Los Angeles

JUN 19 2017

Sherri R. Garter, Executive Officer/Clerk
By Nancy Alvarez, Deputy

9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**

10 **COUNTY OF LOS ANGELES**

BC 6 65 6 2 8

11
12 WR FILMS ENTERTAINMENT GROUP,
INC., a California corporation,

13 Plaintiff,

14 v.

15 GUNNAR RYAN WIJK, an individual; and
16 DOES 1-10 inclusive,

17 Defendant.
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Case No.

COMPLAINT FOR:

- 1. **FRAUD (INTENTIONAL MISREPRESENTATION);**
- 2. **FRAUD (CONCEALMENT);**
- 3. **FRAUD (NEGLIGENT MISREPRESENTATION);**
- 4. **BREACH OF FIDUCIARY DUTY;**
- 5. **CONVERSION;**
- 6. **BREACH OF CONTRACT; AND**
- 7. **UNJUST ENRICHMENT.**

1 Plaintiff WR Films Entertainment Group, Inc. ("WR Inc."), by and through its attorneys,
2 brings this action against defendant Gunnar Ryan Wiik ("Wiik") and Does 1-10 inclusive, and
3 alleges, upon personal knowledge of WR Inc.'s own acts and status and upon information and
4 belief as to all other matters, as follows:

5 **NATURE OF THE ACTION**

6 1. Wiik is a co-founder and former officer, director, and board member of WR Inc.,
7 an independent film production company based in California. Throughout his tenure, which
8 ended in December 2016, Wiik abused his positions of trust and power, treating WR Inc. as
9 nothing more than a vehicle to support his expensive, self-indulgent, and wholly-undeserved
10 Hollywood lifestyle.

11 2. In 2012-2013, WR Inc. was undercapitalized and in need of additional funds.
12 However, it was not in a position to raise capital by selling newly issued shares and it needed its
13 founders to return some of their shares to WR Inc.

14 3. In April and May 2013, a small consortium of WR Inc. shareholders based in
15 Norway secured the return to WR Inc. of 8,889,675 shares,¹ worth approximately \$1,955,729,
16 from two former WR Inc. managers for the low price of \$37,934. Rather than allow WR Inc. to
17 sell those shares to recapitalize itself, Wiik fraudulently, and in violation of his fiduciary duties,
18 claimed them for himself to use for his personal benefit.

19 4. Similarly, in or around July 2013, shareholders based in the United States
20 relinquished to WR Inc., at no charge, 9,884,850 shares, worth approximately \$2,471,213, with
21 the express purpose that WR Inc. sell those shares to recapitalize itself. Again, Wiik
22 fraudulently, and in violation of his fiduciary duties, claimed them for himself to use for his
23 personal benefit.

24 5. Not content with taking millions of WR Inc.'s shares, Wiik also exploited his
25 position to take WR Inc.'s money. Pursuant to agreements between WR Inc. and Wiik, Wiik
26 was entitled to reimbursement for payments he made to WR Inc. or on its behalf. However,

27 _____
28 ¹ Throughout this Complaint, share figures are expressed as the number of shares after the 5-1
share split on November 26, 2013 and the 5-1 share split on November 19, 2015.

1 Wiik abused this agreement to fund his extravagant Hollywood lifestyle, and he submitted for
2 reimbursement hundreds of thousands of dollars of expenses that were nothing more than
3 personal indulgences. He fraudulently represented that such sums were due to him and, taking
4 him at his word, WR Inc. paid up. To this day, Wiik asserts that it is WR Inc. that owes him
5 money, but it is in fact the other way around.

6 6. Through this Complaint, WR Inc. seeks to recover the millions of shares that
7 Wiik took from it or, in the alternative, damages to compensate for the loss of those shares;
8 reimbursement of the funds that Wiik fraudulently represented were due to him, together with
9 interest; restitution for the unjust enrichment Wiik has retained at WR Inc.'s expense; costs of
10 suit; and all other damages and relief permitted by law.

11 **PARTIES**

12 7. Plaintiff WR Inc. is a limited liability company organized under the laws of
13 California, with its principal place of business at 9701 Wilshire Boulevard, 10th Floor, Los
14 Angeles, California 90212. WR Inc. is an independent multi-media company founded in 2009
15 with the purpose of producing films. WR Inc. is a wholly-owned subsidiary of WR
16 Entertainment ASA ("WR ASA"), a publicly-traded company based in Oslo, Norway. WR ASA
17 acquired ownership of WR Inc. in 2015 by means of a share exchange, whereby all WR Inc.
18 shareholders exchanged their shares in WR Inc. for shares in WR ASA.

19 8. Defendant Wiik is a Norwegian national currently residing in Los Angeles. He
20 has lived in Los Angeles since approximately 2005. He was a co-founder, officer, director, and
21 board member of WR Inc. until his resignation from all roles on December 12, 2016.

22 9. WR Inc. does not know the true names and capacities of defendants sued in this
23 Complaint as Doe 1 through Doe 10, inclusive, and therefore sues these defendants by fictitious
24 names pursuant to section 474 of the California Code of Civil Procedure. WR Inc. will amend
25 this complaint to allege the true names and capacities of Doe 1 through Doe 10, inclusive, when
26 ascertained. WR Inc. is informed and believes, and on that basis alleges, that each of the
27 defendants named herein as Doe 1 through Doe 10, inclusive, is responsible in some manner for
28 the acts and damages alleged in this complaint.

1 the Chief Financial Officer (“CFO”), Wiik exercised total control over WR Inc.’s financial
2 affairs, including raising funds, controlling the list of WR Inc.’s shareholders, and acting as the
3 point of contact with WR Inc.’s Norwegian-based shareholders, investors, and creditors (which
4 included his mother, Sissel Wiik). Wiik also managed the individuals that carried out work for
5 WR Inc., including Larsen and Holm-Johnsen, as well as Christoffer Lunde (“Lunde”), who
6 joined WR Inc. in 2011. Accordingly, and with very limited exceptions, Wiik had access to, and
7 control over, all of WR Inc., including its routine and strategic operations, finances, financial
8 data, and intellectual property.

9 15. Wiik exercised that control by regularly and routinely entering into agreements on
10 WR Inc.’s behalf without consulting other managers or board members. These agreements
11 covered a broad range of areas, including both agreements to sell shares to new or existing
12 shareholders, and the acquisition of new assets.

13 16. In 2015, Wiik and Cardwell, seeking to raise additional funds, determined that
14 they would capitalize on the popularity of the Morgan Kane series of books in Norway by
15 publicly listing the company on the Merkur Market, a multi-lateral trading facility operated by
16 the Oslo Stock Exchange in Norway.

17 17. To that end, in 2015 Wiik and Cardwell decided to incorporate WR ASA in
18 Norway, which would serve as WR Inc.’s Norwegian-based holding company. All of WR Inc.’s
19 shareholders agreed to, and did, exchange their shares in WR Inc. for shares in WR ASA. Wiik
20 and Cardwell worked with others to prepare and finalize the necessary disclosure documents, and
21 WR ASA commenced its public listing on January 13, 2016.

22 18. Tasmin Lucia-Khan (“Lucia-Khan”) joined WR Inc. in November 2015 and was
23 appointed CEO in January 2016. Simultaneous with WR ASA’s public listing, Lucia-Khan,
24 together with Wiik and Cardwell, sought to obtain additional investment in WR ASA through a
25 series of private placements. Through Lucia-Khan’s efforts, WR ASA was successful in
26 obtaining investments totaling \$3,500,000, which WR ASA received in April 2016.

27 19. Throughout 2016, WR Inc. and WR ASA worked towards commencing
28 production on the first Morgan Kane film and made significant progress in doing so. However,

1 by the end of the year it had become clear that Wiik could no longer participate as a productive
2 member of WR Inc. or WR ASA. Wiik resigned from all positions on December 12, 2016.

3 WIIK'S FRAUDULENT TAKING OF WR INC.'S SHARES

4 20. WR Inc. maintained a spreadsheet record of WR Inc.'s capitalization,
5 shareholders, and the shareholders' respective shareholdings (the "Cap Table"). From the date
6 that he joined WR Inc. in 2011, one of Lunde's key roles was to maintain the Cap Table. Lunde
7 did not have firsthand knowledge of who acquired what shareholdings, and he received all such
8 data from Wiik. When Wiik informed him that there had been a new transaction requiring an
9 update to the Cap Table, Lunde duly recorded that update. Although Wiik infrequently provided
10 Lunde with evidence to support an update to the Cap Table, he assured Lunde that Lunde could
11 trust him.

12 21. Wiik did not permit anyone other than Lunde, Eberlein, and himself to access the
13 Cap Table. On information and belief, Wiik deliberately did not share the Cap Table with others
14 at WR Inc., including other shareholders, so that he could mask his own shareholdings and
15 dealings with respect to WR Inc.'s shares.

16 22. In spring 2013, WR Inc. was undercapitalized and required additional investment.
17 Although WR Inc. could have issued new shares to sell to investors, Wiik informed the founders
18 that investors he had met with were not interested in new shares because the current shareholders
19 owned too much of WR Inc. Accordingly, the founders agreed on a recapitalization plan
20 whereby all founders would return some shares to WR Inc., which would not only dilute the
21 founders' ownership and make WR Inc. a more attractive investment, but would also provide
22 WR Inc. with a source of shares to sell to recapitalize itself.

23 23. A month or two later, in June 2013, Wiik received the last disbursement in a
24 personal loan that he had taken from four investors in WR Inc. Since August 2012, Wiik had
25 gradually borrowed more and more money from four investors: Jonny Martinsen ("Martinsen"),
26 Magne Steinmo ("Steinmo"), Geir Kristiansen, and Torgeir Voldengen. By June 2013, Wiik
27 owed them approximately \$650,000. Wiik had committed to those investors that he would repay
28

1 that debt with his shares in WR Inc.—but, as of June 2013, he had not yet transferred any shares
2 to any of them.

3 Wiik's Fraudulent Acquisition Of Larsen And Holm-Johnsen's Shares

4 24. Wiik's control over WR Inc. caused a great deal of friction between him and other
5 founders. By fall 2012, two of those founders, Larsen and Holm-Johnsen, had left WR Inc. At
6 that time, Larsen owned 4,753,375 WR Inc. shares (7.42% of WR Inc.) and Holm-Johnsen
7 owned 4,650,000 WR Inc. shares (7.26% of WR Inc.).

8 25. In accordance with the plan to recapitalize WR Inc., WR Inc. wanted to acquire
9 Larsen and Holm-Johnsen's shares. However, because of his acrimonious relationship with
10 Larsen and Holm-Johnsen, Wiik could not negotiate the acquisition of those shares himself.

11 26. In April 2013, two of WR Inc.'s investors, Martinsen and Steinmo, approached
12 Wiik and offered to broker a deal with Larsen and Holm-Johnsen to acquire their shares. Wiik
13 authorized Martinsen and Steinmo to negotiate with Larsen and Holm-Johnsen on WR Inc.'s
14 behalf and to reach an agreement to acquire their shares for WR Inc. Wiik also drafted
15 agreements that he wanted Martinsen and Steinmo to have Larsen and Holm-Johnsen sign.
16 Those agreements, which were virtually identical to each other, stated that Larsen and Holm-
17 Johnsen sold their shares on the condition that they be "immediately transferred to WR Films to
18 make it possible to obtain financing and complete the film projects."

19 27. Martinsen and Steinmo successfully reached agreements with both Larsen and
20 Holm-Johnsen. On April 30, 2013, Larsen signed the agreement drafted by Wiik, and Martinsen
21 acquired 4,639,675 of Larsen's 4,753,375 WR Inc. shares for 50,000 Norwegian kroner,
22 approximately \$8,621. On May 7, 2013, Holm-Johnsen also signed the agreement drafted by
23 Wiik, and Martinsen acquired 4,250,000 of Holm-Johnsen's 4,650,000 WR Inc. shares for
24 170,000 Norwegian kroner, approximately \$29,313. Magne Steinmo advanced these funds on
25 behalf of WR. Inc.

26 28. In accordance with the parties' agreements and intent, on or around May 31,
27 2013, Lunde registered the shares to WR Inc. in the Cap Table. Similarly, on May 31, 2013,
28

1 Eberlein updated WR Inc.'s ledger to register those shares to WR Inc. as treasury stock and to
2 record WR Inc.'s debt to Steinmo, listing Wiik as an intermediary, in the total sum of \$37,934.

3 29. In total, Larsen and Holm-Johnsen sold 8,889,675 shares for \$37,934. The fair
4 value of those shares at that time was approximately \$1,955,729, so WR Inc. stood to earn
5 almost \$1,917,795 on the trade if it resold all of the shares. As the agreements make clear,
6 Larsen and Holm-Johnsen sold their shares for this low price because they wanted WR Inc. to be
7 able to sell those shares at a profit so it could recapitalize itself and continue its operations.

8 30. On information and belief, however, Wiik never intended to honor the agreements
9 but instead intended to take advantage of the very low price paid for the shares. Rather than
10 using the shares to recapitalize WR Inc., Wiik intended to use those shares to repay his \$650,000
11 personal debt.

12 31. Accordingly, in or around June 2013, Wiik lied to both Lunde and Eberlein by
13 saying that registering the shares from Larsen and Holm-Johnsen to WR Inc. had been a mistake
14 and that they were meant to be registered to him because he was the intended buyer. Wiik also
15 concealed from Lunde and Eberlein the agreements between Martinsen, Steinmo, Larsen, and
16 Holm-Johnsen that made clear that the shares in fact belonged to WR Inc. and not Wiik.

17 32. Wiik directed Lunde to update the Cap Table to register the shares to him, and
18 Eberlein to cancel the entry in WR Inc.'s ledger. Having no reason to disbelieve Wiik, Lunde
19 and Eberlein did as they were told.

20 33. On information and belief, Wiik kept the registration of the shares to him hidden
21 from all other members of WR, Inc. so only he, Lunde, and Eberlein knew that his shareholding
22 had increased. Of the three, only Wiik knew that the shares should have been registered to WR,
23 Inc., and not to Wiik.

24 34. Wiik's fraud deprived WR Inc. of any and all benefit from its acquisition of
25 Larsen and Holm-Johnsen's shares. WR Inc. could not, and did not, sell those shares to
26 recapitalize itself or "obtain financing and complete the film projects" as Wiik, Martinsen,
27 Steinmo, Larsen, and Holm-Johnsen had intended. Instead, Wiik used those shares to replenish
28 his own shares and pay his debt to the investors.

1 35. Wiik's actions caused WR Inc. to incur a very substantial loss of 8,889,675 shares
2 that should have resulted in net proceeds of \$1,917,795 to WR. Inc. Not only did WR Inc. suffer
3 this financial loss, but it also incurred costs in seeking financing from other sources, including
4 from Wiik himself.

5 Wiik's Fraudulent Acquisition Of US Shareholders' Shares

6 36. Soon after Wiik fraudulently took the 8,889,675 shares from Larsen and Holm-
7 Johnson, he fraudulently took another 9,884,850 shares from four of the US WR Inc. founders,
8 who had likewise relinquished their shares to the company so it could recapitalize itself.

9 37. As described in paragraph 22 above, in spring 2013 Wiik told the board of WR
10 Inc. that the founders' shareholdings were preventing WR Inc. from raising money because their
11 ownership made WR Inc.'s capitalization structure unattractive to potential investors, and that
12 WR Inc. therefore had to acquire some of the founders' shares.

13 38. Wiik told the founders that for that recapitalization plan to work, all founders
14 needed to return 75% of their shares to WR Inc.

15 39. Believing that the return of shares was necessary to the company's survival, on
16 July 31, 2013, Cardwell signed a "[m]emorandum of understanding regarding the
17 recapitalization of WR Films Entertainment Group, Inc." Pursuant to that memorandum,
18 Cardwell relinquished 75% of his WR Inc. shares. The memorandum explained that he did this
19 because he understood "the necessity to recapitalize [WR Inc.] by reducing the number of its
20 shares of common stock issued to its founding officers and directors." Mimms signed an
21 identical agreement on January 22, 2014. WR. Inc. is informed and believes that Smith and Bell
22 likewise signed identical memoranda of understanding between July 2013 and January 2014.

23 40. In total, Cardwell, Smith, Mimms, and Bell (collectively the "US Shareholders")
24 relinquished to WR Inc. 9,884,850 shares, with a total fair value of approximately \$2,471,213.
25 On information and belief, as with the shares from Larsen and Holm-Johnsen, Wiik never
26 intended to use these shares to recapitalize WR. Inc.; instead, he intended to take and keep them
27 for himself, to increase his own shareholdings and repay his \$650,000 debt.

28

1 41. Wiik initially told Eberlein that Eberlein should likewise return 75% of his shares
2 to WR Inc. However, he shortly thereafter changed his story, and told Eberlein that Eberlein
3 actually needed to give his shares to Wiik personally, not to WR Inc. Wiik explained that this
4 was because he needed to be able to represent to investors and/or underwriters that he owned
5 more of WR Inc. than he currently did in order for them to invest. Eberlein, who had known and
6 worked with Wiik for over six years, trusted him, and agreed to hand over 75% of his WR Inc.
7 shares to Wiik. On information and belief, Wiik told Eberlein this story as a part of his efforts to
8 cover up his taking of the shares the US Shareholders relinquished to WR Inc.

9 42. Wiik did not give up any of his own shares, nor did he return the founders' shares
10 to WR Inc. as was agreed in the memoranda of understanding. Instead, in or around July 2013,
11 Wiik lied to Lunde and told him that the US Shareholders together with Eberlein had each
12 relinquished 75% of their shares to him personally. He then directed Lunde to update the Cap
13 Table by transferring to him 75% of each of their shareholdings, which, including Eberlein's
14 3,487,500 shares, totaled 13,372,350 shares. These shares were registered directly to Wiik
15 without ever being registered to WR Inc., reducing the paper trail that existed with the Larsen
16 and Holm-Johnsen shares.

17 43. As before, Lunde trusted Wiik and did as Wiik requested.

18 44. Wiik never disclosed to Lunde the reason why the US Shareholders and Eberlein
19 had relinquished their shares to him. He also never disclosed that the US Shareholders had
20 explicitly relinquished those shares to WR Inc., and had done so for the express purpose of
21 helping WR Inc. to recapitalize itself.

22 45. As Eberlein had access to the Cap Table, he was aware that Wiik had received the
23 shares the US Shareholders had agreed to relinquish to WR Inc., not just the shares that he had
24 agreed to hand over to Wiik. However, Eberlein believed the US Shareholders had agreed to
25 give them to Wiik rather than relinquish them to WR Inc., just as he had done. Eberlein was
26 wrong, but his agreement with Wiik meant that he had no reason to suspect Wiik of having
27 obtained any shares by fraud, and he did not in fact suspect Wiik of having done so.

28

1 46. Wiik's fraud deprived WR Inc. of any and all benefit from its acquisition of the
2 US Shareholders' shares. WR Inc. could not, and did not, sell those shares to recapitalize itself
3 as Cardwell, Smith, Mimms, and Bell had intended. Instead, Wiik used those shares to
4 recapitalize himself.

5 47. Wiik's actions caused WR Inc. to incur a very substantial loss of 9,884,850 shares
6 that should have resulted in new proceeds of \$2,471,213 to WR Inc. Not only did WR Inc. suffer
7 this financial loss, but it also incurred costs in seeking financing from other sources, including
8 from Wiik himself.

9 48. In December 2013, Wiik reached agreements with the four investors that had
10 loaned him \$650,000. Under those agreements, he would repay his debt to them with 12,941,075
11 of his WR Inc. shares, newly burgeoned by the 18,774,525 shares fraudulently obtained from
12 WR Inc. Wiik thus sold the shares at an average price of \$0.05—less than a quarter of their fair
13 value—and the entire benefit of that sale went solely to Wiik.

14 49. In total, by 2014, Wiik had taken from WR Inc. 18,774,525 WR Inc. shares worth
15 approximately \$4,426,942. Wiik used these shares to pay down \$650,000 in personal debt and to
16 increase his own shareholdings. WR Inc. received no benefit from any of the share transfers.
17 Notwithstanding the sacrifice from its shareholders—seven of whom had relinquished substantial
18 shareholdings at substantial personal loss in order to save the company—WR Inc. remained
19 undercapitalized and in need of additional finance.

20 Discovery Of Wiik's Fraud And Share Theft

21 50. As noted above, only Wiik, Lunde, and Eberlein had access to the Cap Table;
22 other shareholders and members of WR Inc. did not. Accordingly, only those three knew that
23 Wiik was the registered owner of the 8,889,675 shares from Larsen and Holm-Johnsen and the
24 9,884,850 shares from the US shareholders.

25 51. Also as noted above, Wiik not only fraudulently misrepresented to Lunde and
26 Eberlein that he was the lawful owner of all the transferred shares, but also hid from them the
27 agreements evidencing that the shares actually belonged to WR Inc.
28

1 52. It was not until approximately November 2015, in connection with WR Inc.'s
2 preparations to publicly list, that Wiik finally made the Cap Table generally available and
3 disclosed the size of each of the shareholders' shareholdings, including his own.

4 53. As a result, in November 2016, several shareholders contacted members of the
5 WR Inc. and WR ASA boards and raised concerns about the source and size of Wiik's
6 shareholdings after looking at various shareholder lists and the Cap Table. Those shareholders
7 indicated that they believed (rightly) that Wiik had wrongly obtained a large number of shares,
8 and requested that WR Inc. immediately commence an internal investigation into Wiik's
9 shareholdings. In her new position as CEO, Lucia-Khan immediately commenced that internal
10 investigation and thus began to uncover the facts of this fraud. Wiik resigned soon after the
11 investigation began and before WR Inc. reached any conclusions about the nature of his
12 shareholdings.

13 WIIK'S FRAUDULENT REIMBURSEMENTS

14 54. As described above, WR Inc. began as a small company with little capital or
15 assets. In 2012, WR Inc. was not generating any revenue and it covered the cost of its operations
16 through loans and the proceeds from selling shares. As the most active member of WR Inc. and
17 the person in control, Wiik incurred most of those operational expenses himself.

18 55. Although WR Inc. had its own bank accounts and could pay its operational costs
19 upfront, Wiik determined in 2012 that, rather than having WR Inc. pay those costs when they
20 arose, he would pay those costs on WR Inc.'s behalf and then recoup that money at a later date in
21 the form of a reimbursement.

22 56. To formalize that arrangement, on December 24, 2012, Wiik caused WR Inc. to
23 issue to him a promissory note (the "First Promissory Note"), that committed WR Inc. to paying
24 Wiik "all sums paid to [WR Inc.] on or behalf of [WR Inc.] by [Wiik] on or after July 20, 2012."

25 57. Exactly one year later, on December 24, 2013, Wiik caused WR Inc. to issue a
26 second promissory note (the "Second Promissory Note" and, together with the First Promissory
27 Note, the "Promissory Notes") to Wiik, which superseded the First Promissory Note. The
28 Second Promissory Note carried the same obligation for WR Inc.—to pay to Wiik "all sums paid

1 to [WR Inc.] on or behalf of [WR Inc.] by [Wiik] on or after July 20, 2012.” However, the
2 Second Promissory Note also stated that the balance due to Wiik would accrue “interest at the
3 rate of eight per cent (8%) compounded quarterly.” In effect, the Second Promissory Note
4 allowed Wiik to structure WR Inc.’s operating costs, which mostly were costs that he incurred,
5 as an interest-bearing loan to himself.

6 58. The Promissory Notes contained deadlines by which WR Inc. had to repay Wiik.
7 The parties subsequently extended those deadlines, and the current repayment deadline is June
8 30, 2017.

9 59. Between July 20, 2012, and January 31, 2016, Wiik informed WR Inc., through
10 Eberlein as WR Inc.’s CFO, that he had paid to WR Inc. or advanced on its behalf a total of
11 \$873,999 and demanded that he be reimbursed for all such payments. In so doing, Wiik
12 explicitly and implicitly represented to WR Inc. that the sums were legitimate expenses for
13 which he was entitled to be reimbursed.

14 60. In reliance upon Wiik’s representations that he was entitled to reimbursement for
15 those sums, WR Inc. paid to Wiik \$702,952 between July 20, 2012 and January 31, 2016.

16 61. However, an overwhelming number of those expenses were not in fact sums paid
17 to or on behalf of WR Inc.; they were Wiik’s personal expenses or expenses that Wiik submitted
18 on multiple occasions. For example, Wiik’s claims for reimbursement included: tens of
19 thousands of dollars for servicing, repairing, and washing his personal vehicles; tens of
20 thousands of dollars on facials, haircuts, makeup, men’s (and women’s) clothing; tens of
21 thousands of dollars on Wiik’s personal vacations (including to Thailand, Spain, Norway, and
22 Sweden); tens of thousands of dollars spent at restaurants, night clubs, and gay bars; thousands
23 of dollars to repay his and his mother’s credit cards; \$290 on a dog walker for his assistant’s dog;
24 and even \$80 on improvements for his remote control car. None of those expenses, nor dozens
25 of others like them, fell within the definition of expenses that Wiik was entitled to claim from
26 WR Inc. pursuant to the terms of the Promissory Notes, but he claimed them anyway.

27 62. WR Inc. did not discover Wiik’s fraud until after he left the company, when WR
28 reviewed the backup loan documentation after learning of Wiik’s actions regarding the

1 unauthorized share transfers described above. Based on that initial review, WR Inc. estimates
2 that at least \$202,837 of Wiik's expenses were either personal, or submitted on multiple
3 occasions, and not incurred on behalf of WR Inc. as he claimed. WR Inc. suspects that the true
4 figure is much higher.

5 63. To date, WR, Inc. has paid \$702,952 in expenses incurred by Wiik. The current
6 balance of the Promissory Notes is \$171,047 (\$236,678 including interest), which reflects claims
7 Wiik has submitted and requested be reimbursed. The current balance includes expenses that do
8 not fall within the scope of items for which WR Inc. is liable to Wiik under the terms of the
9 Promissory Notes.

10 64. WR Inc. is informed, and believes, that Wiik was assisted in each of the foregoing
11 acts described in Paragraphs 12 through 63, inclusive, by Does 1-10, inclusive.

12 **FIRST CAUSE OF ACTION**

13 **Fraud – Intentional Misrepresentation**

14 **(All defendants)**

15 65. WR Inc. hereby incorporates by reference each and every allegation contained in
16 paragraphs 1 through 64 above.

17 **Fraud Regarding Larsen And Holm-Johnsen's Shares**

18 66. In June and July 2013, Wiik represented to WR Inc. that the intended owner of
19 the 8,889,675 shares acquired from Larsen and Holm-Johnsen was him, rather than WR Inc.
20 That representation was false when made.

21 67. Wiik knew that representation was false at the time. Wiik knew that Martinsen
22 acquired those shares for WR Inc. so that WR Inc. could sell them and recapitalize itself. Wiik
23 also knew that Martinsen and Steinmo were acting on behalf of WR Inc. when they met with
24 Larsen and Holm-Johnsen to negotiate for the purchase of the shares, because he authorized
25 them to act on WR Inc.'s behalf. Wiik knew that Larsen and Holm-Johnsen had sold the shares
26 at a lower price than they were worth because they were being returned to WR Inc., not to Wiik.
27 Finally, Wiik drafted the contracts by which Martinsen acquired those shares for WR Inc. and
28 explicitly specified within them that the shares were to go to WR Inc.

1 68. Wiik intended to induce WR Inc. to rely on his misrepresentation in order to get
2 WR Inc. to assign the shares to him.

3 69. WR Inc. did in fact rely on that misrepresentation, as it assigned the shares to
4 Wiik. WR Inc. did not know that the misrepresentation was false. Lunde and Eberlein trusted
5 Wiik personally and as a fiduciary of WR Inc., and Wiik hid the truth from them. WR Inc. did
6 not discover Wiik's fraud until after shareholders raised questions in November 2016.

7 70. Wiik's material misrepresentation was a substantial factor in harming WR Inc.

8 71. As a direct and proximate result of Wiik's misrepresentation, WR Inc. has
9 sustained and continues to sustain damages, in an amount to be proven at trial.

10 72. In committing the acts alleged herein, Wiik is guilty of oppression, fraud, or
11 malice within the meaning of California Civil Code section 3294, entitling WR Inc. to punitive
12 damages.

13 Fraud Regarding US Shareholders' Shares

14 73. In June and July 2013, Wiik represented to WR Inc. that the intended owner of
15 9,884,850 shares relinquished by the US Shareholders was him, rather than WR Inc. That
16 representation was false when made.

17 74. Wiik knew that representation was false at the time. Wiik knew that the US
18 Shareholders had relinquished the shares to WR Inc. for the purposes of recapitalizing WR Inc.,
19 as he had agreed with them that they would do so. He also knew that each of the US
20 Shareholders that had relinquished shares to WR Inc. had done so pursuant to a contract that
21 specified that they were relinquished for the express purpose of recapitalizing WR Inc.

22 75. Wiik intended to induce WR Inc. to rely on his misrepresentation in order to
23 assign the shares to him.

24 76. WR Inc. did in fact rely on that misrepresentation as it assigned the shares to
25 Wiik. WR Inc. did not know that the misrepresentation was false. Lunde and Eberlein trusted
26 Wiik personally and as a fiduciary of WR Inc., and Wiik hid the truth from them. WR Inc. did
27 not discover Wiik's fraud until after shareholders raised questions in November 2016.

28 77. Wiik's material misrepresentation was a substantial factor in harming WR Inc.

1 78. As a direct and proximate result of Wiik's misrepresentation, WR Inc. has
2 sustained and continues to sustain damages, in an amount to be proven at trial.

3 79. In committing the acts alleged herein, Wiik is guilty of oppression, fraud, or
4 malice within the meaning of California Civil Code section 3294, entitling WR Inc. to punitive
5 damages.

6 Fraud Regarding Reimbursements

7 80. From July 20, 2012, to January 31, 2016, Wiik represented to WR Inc. that he had
8 paid to WR Inc., or advanced on its behalf, hundreds of thousands of dollars, and that WR Inc.
9 was obligated to reimburse him for such sums pursuant to the Promissory Notes. Those
10 representations were false when made.

11 81. Wiik knew those representations were false at the time. Wiik knew that the
12 majority of his expense claims concerned his personal expenditures that fell outside the scope of
13 the Promissory Notes, and that WR Inc. was not obligated to reimburse him for such payments.

14 82. Wiik intended to induce WR Inc. to rely on his misrepresentations in order to
15 reimburse his claims pursuant to the Promissory Notes.

16 83. WR Inc. did in fact rely on those misrepresentations as it reimbursed Wiik
17 pursuant to the Promissory Notes. WR Inc. did not know that the misrepresentations were false.
18 Eberlein trusted Wiik personally and as a fiduciary of WR Inc., and Wiik hid the truth from him.
19 WR Inc. did not discover Wiik's fraud until it investigated those expenses following Wiik's
20 departure from WR Inc. in December, 2016.

21 84. Wiik's material misrepresentations were a substantial factor in harming WR Inc.

22 85. As a direct and proximate result of Wiik's misrepresentations, WR Inc. has
23 sustained and continues to sustain damages, in an amount to be proven at trial.

24 86. In committing the acts alleged herein, Wiik is guilty of oppression, fraud, or
25 malice within the meaning of California Civil Code section 3294, entitling WR Inc. to punitive
26 damages.

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SECOND CAUSE OF ACTION

Fraud – Concealment

(All defendants)

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4 87. WR Inc. hereby incorporates by reference each and every allegation contained in
5 paragraphs 1 through 86 above.

6 88. WR Inc. and Wiik were in a fiduciary relationship by virtue of Wiik's role as an
7 officer and board member.

Fraudulent Concealment Regarding Larsen And Holm-Johnsen's Shares

8
9 89. Wiik intentionally failed to disclose to WR Inc. that the 8,889,675 shares acquired
10 from Larsen and Holm-Johnsen belonged to WR Inc., and not to Wiik.

11 90. WR Inc. was unaware that those shares belonged to WR Inc., and not to Wiik.

12 91. Wiik intended to deceive WR Inc. by concealing that the shares in fact belonged
13 to WR Inc., and not to him.

14 92. WR Inc. reasonably relied on Wiik's deception, *i.e.*, that the shares were Wiik's
15 and not WR Inc.'s, which resulted in harm to WR Inc.

16 93. Wiik's concealment was a substantial factor in harming WR Inc.

17 94. As a direct and proximate result of Wiik's concealment, WR Inc. has sustained
18 and continues to sustain damages, in an amount to be proven at trial.

19 95. In committing the acts alleged herein, Wiik is guilty of oppression, fraud, or
20 malice within the meaning of California Civil Code section 3294, entitling WR Inc. to punitive
21 damages.

Fraudulent Concealment Regarding US Shareholders' Shares

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23 96. Wiik intentionally failed to disclose to WR Inc. that the 9,884,850 shares
24 relinquished by the US Shareholders belonged to WR Inc., not him.

25 97. WR Inc. was unaware that those shares belonged to WR Inc., and not to Wiik.

26 98. Wiik intended to deceive WR Inc. by concealing that the shares in fact belonged
27 to WR Inc., and not to him.

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1 99. WR Inc. reasonably relied on Wiik's deception, *i.e.*, that the shares were Wiik's
2 and not WR Inc.'s, which resulted in harm to WR Inc.

3 100. Wiik's concealment was a substantial factor in harming WR Inc.

4 101. As a direct and proximate result of Wiik's concealment, WR Inc. has sustained
5 and continues to sustain damages, in an amount to be proven at trial.

6 102. In committing the acts alleged herein, Wiik is guilty of oppression, fraud, or
7 malice within the meaning of California Civil Code section 3294, entitling WR Inc. to punitive
8 damages.

9 Fraudulent Concealment Regarding Reimbursements

10 103. Wiik intentionally failed to disclose to WR Inc. that the majority of the expenses
11 he claimed pursuant to the Promissory Notes were personal expenses for which WR Inc. was not
12 obligated to reimburse Wiik pursuant to the terms of the Promissory Notes.

13 104. WR Inc. was unaware that the expenses Wiik claimed fell outside the terms of the
14 Promissory Notes.

15 105. Wiik intended to deceive WR Inc. by concealing that the expenses he claimed
16 pursuant to the Promissory Notes were personal expenses.

17 106. WR Inc. reasonably relied on Wiik's deception, *i.e.*, that it owed Wiik the sums
18 he demanded pursuant to the Promissory Notes, which resulted in harm to WR Inc.

19 107. Wiik's concealment was a substantial factor in harming WR Inc.

20 108. As a direct and proximate result of Wiik's concealment, WR Inc. has sustained
21 and continues to sustain damages, in an amount to be proven at trial.

22 109. In committing the acts alleged herein, Wiik is guilty of oppression, fraud, or
23 malice within the meaning of California Civil Code section 3294, entitling WR Inc. to punitive
24 damages.

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1 **THIRD CAUSE OF ACTION**

2 **Fraud – Negligent Misrepresentation**

3 **(All defendants)**

4 110. WR Inc. hereby incorporates by reference each and every allegation contained in
5 paragraphs 1 through 109 above.

6 Negligent Misrepresentation Regarding Larsen And Holm-Johnsen's Shares

7 111. As set forth above, Wiik represented to WR Inc. that the lawful owner of the
8 8,889,675 shares acquired from Larsen and Holm-Johnsen was him, rather than WR Inc.

9 112. That representation was false when made, and Wiik had no reasonable grounds
10 for believing the representation to be true.

11 113. Wiik intended that WR Inc. rely on that representation.

12 114. WR Inc. reasonably relied on that representation, as it was unaware that the shares
13 in fact belonged to WR Inc., rather than Wiik, which resulted in harm to WR Inc.

14 115. Wiik's representation was a substantial factor in harming WR Inc.

15 116. As a direct and proximate result of Wiik's misrepresentation, WR Inc. has
16 sustained and continues to sustain damages, in an amount to be proven at trial.

17 Negligent Misrepresentation Regarding US Shareholders' Shares

18 117. As set forth above, Wiik represented to WR Inc. that the lawful owner of the
19 9,884,850 shares relinquished by the US Shareholders was him, rather than WR Inc.

20 118. That representation was false when made, and Wiik had no reasonable grounds
21 for believing the representation to be true.

22 119. Wiik intended that WR Inc. rely on that representation.

23 120. WR Inc. reasonably relied on that representation, as it was unaware that the shares
24 in fact belonged to WR Inc., rather than Wiik, which resulted in harm to WR Inc.

25 121. Wiik's representation was a substantial factor in harming WR Inc.

26 122. As a direct and proximate result of Wiik's misrepresentation, WR Inc. has
27 sustained and continues to sustain damages, in an amount to be proven at trial.

28

1 Negligent Misrepresentation Regarding Reimbursements

2 123. As set forth above, Wiik represented to WR Inc. that he was entitled to
3 reimbursement of certain expenses pursuant to the Promissory Notes.

4 124. These representations were false when made, and Wiik had no reasonable grounds
5 for believing these representations to be true.

6 125. Wiik intended that WR Inc. rely on these representations.

7 126. WR Inc. reasonably relied on these representations, as it was unaware that it was
8 not obligated pursuant to the Promissory Notes to reimburse Wiik for the sums that he claimed,
9 which resulted in harm to WR Inc.

10 127. Wiik's representations were a substantial factor in harming WR Inc.

11 128. As a direct and proximate result of Wiik's misrepresentations, WR Inc. has
12 sustained and continues to sustain damages, in an amount to be proven at trial.

13 FOURTH CAUSE OF ACTION

14 **Breach of Fiduciary Duty**

15 **(All defendants)**

16 129. WR Inc. hereby incorporates by reference each and every allegation contained in
17 paragraphs 1 through 128 above.

18 130. WR Inc. and Wiik were in a fiduciary relationship by virtue of Wiik's role as an
19 officer and board member.

20 Breaches Of Fiduciary Duty Regarding Larsen And Holm-Johnsen's Shares

21 131. Wiik breached his fiduciary duty by engaging in self-dealing by taking from WR
22 Inc. and for himself the 8,889,675 shares WR Inc. acquired from Larsen and Holm-Johnsen
23 without ever disclosing this acquisition to the board of WR, Inc.

24 132. Wiik further breached his fiduciary duty by failing to act as a reasonably careful
25 corporate officer would have acted under the same or similar circumstances when he took for
26 himself the 8,889,675 shares WR Inc. acquired from Larsen and Holm-Johnsen for the explicit
27 purpose of recapitalizing the company.

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1 133. Wiik's breaches of his fiduciary duty were each substantial factors in harming
2 WR Inc.

3 134. As a direct and proximate result of Wiik's breaches of his fiduciary duty, WR Inc.
4 has sustained and continues to sustain damages, in an amount to be proven at trial.

5 135. In committing the acts alleged herein, Wiik is guilty of oppression, fraud, or
6 malice within the meaning of California Civil Code section 3294, entitling WR Inc. to punitive
7 damages.

8 Breaches Of Fiduciary Duty Regarding US Shareholders' Shares

9 136. Wiik breached his fiduciary duty by engaging in self-dealing by taking from WR
10 Inc. and for himself the 9,884,850 shares relinquished to WR Inc. by the US Shareholders
11 without ever disclosing this acquisition to the board of WR Inc.

12 137. Wiik further breached his fiduciary duty by failing to act as a reasonably careful
13 corporate officer would have acted under the same or similar circumstances when he took for
14 himself the 9,884,850 shares relinquished by the US Shareholders to WR Inc. for the explicit
15 purpose of recapitalizing the company.

16 138. Wiik's breaches of his fiduciary duty were each substantial factors in harming
17 WR Inc.

18 139. As a direct and proximate result of Wiik's breaches of his fiduciary duty, WR Inc.
19 has sustained and continues to sustain damages, in an amount to be proven at trial.

20 140. In committing the acts alleged herein, Wiik is guilty of oppression, fraud, or
21 malice within the meaning of California Civil Code section 3294, entitling WR Inc. to punitive
22 damages.

23 Breaches Of Fiduciary Duty Regarding Reimbursements

24 141. Wiik breached his fiduciary duty by submitting for reimbursement expenses for
25 which he knew that he was not entitled to reimbursement pursuant to the terms of Promissory
26 Notes.

27 142. Wiik further breached his fiduciary duty by failing to act as a reasonably careful
28 corporate officer would have acted under the same or similar circumstances when he demanded

1 that WR Inc. pay his personal expenses from sums that WR Inc. intended to spend on its
2 operations.

3 143. Wiik's breaches of fiduciary duty were each substantial factors in harming WR
4 Inc.

5 144. As a direct and proximate result of Wiik's breach of fiduciary duty, WR Inc. has
6 sustained and continues to sustain damages, in an amount to be proven at trial.

7 145. In committing the acts alleged herein, Wiik is guilty of oppression, fraud, or
8 malice within the meaning of California Civil Code section 3294, entitling WR Inc. to punitive
9 damages.

10 **FIFTH CAUSE OF ACTION**

11 **Conversion**

12 **(All defendants)**

13 146. WR Inc. hereby incorporates by reference each and every allegation contained in
14 paragraphs 1 through 145 above.

15 147. WR Inc. is the rightful owner of the 8,889,675 shares WR Inc. acquired from
16 Larsen and Holm-Johnsen for the express purpose of recapitalizing WR Inc. Larsen and Holm-
17 Johnsen sold those shares to Martinsen in his position as agent for WR Inc., and sold them
18 pursuant to a contract that specified that the shares were intended to go to WR Inc.

19 148. WR Inc. is also the rightful owner of the 9,884,850 shares relinquished by the US
20 Shareholders for the express purpose of recapitalizing WR Inc. The US Shareholders
21 relinquished those shares to WR Inc. pursuant to a contract that specified that they relinquished
22 them for the express purpose of recapitalizing WR Inc.

23 149. Wiik intentionally and substantially interfered with WR Inc.'s property by
24 assigning to himself the shares acquired from Larsen and Holm-Johnsen and relinquished by the
25 US Shareholders, rather than to WR Inc.

26 150. WR Inc. never consented to Wiik's assignment of the shares to himself.
27 Moreover, Wiik fraudulently concealed from WR Inc. that the shares acquired from Larsen and
28 Holm-Johnsen and relinquished by the US Shareholders belonged to WR Inc., and not to Wiik.

1 Therefore, WR Inc. was unaware at the time the shares were assigned to Wiik that those shares
2 belonged to WR Inc., and not to Wiik.

3 151. As a direct and proximate result of Wiik's conversion of WR Inc.'s shares, WR
4 Inc. has sustained and continues to sustain damages in an amount to be proven at trial.

5 **SIXTH CAUSE OF ACTION**

6 **Breach of Contract**

7 **(All defendants)**

8 152. WR Inc. hereby incorporates by reference each and every allegation contained in
9 paragraphs 1 through 151 above.

10 153. As alleged in paragraphs 56 and 57 above, on December 24, 2012, and December
11 24, 2013, WR Inc. issued the Promissory Notes to Wiik, pursuant to which Wiik agreed to
12 advance certain sums to and on behalf of WR Inc. and WR Inc. agreed to reimburse Wiik for
13 those sums.

14 154. WR Inc. fully performed its obligations, reimbursing Wiik for sums that he
15 advanced on WR Inc.'s behalf in a timely manner. Any breaches by WR Inc. are excused by
16 Wiik's breaches set forth in this Complaint.

17 155. Wiik breached the Promissory Notes by demanding that WR Inc. reimburse him
18 for sums that he did not pay to or on behalf of WR Inc., and that were instead personal expenses
19 and extravagances that fell outside the scope of the Promissory Notes. Wiik further breached
20 this agreement by charging WR Inc. interest on the amounts he improperly demanded WR Inc.
21 repay to him.

22 156. As a direct and proximate cause of Wiik's repeated, material breaches of his
23 duties and obligations under the Promissory Notes, WR Inc. has suffered substantial damages, in
24 an amount to be proven at trial.

1 **SEVENTH CAUSE OF ACTION**

2 **Unjust Enrichment**

3 **(All defendants)**

4 157. WR Inc. hereby incorporates by reference each and every allegation contained in
5 paragraphs 1 through 156 above.

6 158. Wiik has received from WR Inc. the benefit of 8,889,675 WR Inc. shares
7 relinquished to WR Inc. by Larsen and Holm-Johnsen and 9,884,850 WR Inc. shares
8 relinquished by the US Shareholders to WR Inc.—18,774,525 shares in total.

9 159. Wiik has further received benefits from WR Inc. in the form of reimbursements
10 pursuant to the Promissory Notes.

11 160. Wiik has unjustly retained these benefits at WR Inc.'s expense.

12 161. As a result of Wiik's conduct, Wiik has been unjustly enriched and WR Inc. is
13 entitled to restitution.

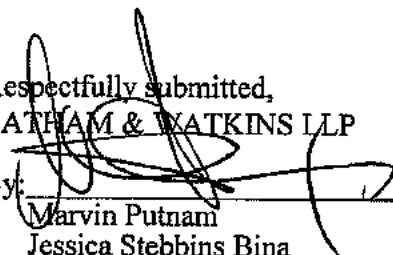
14 **PRAYER FOR RELIEF**

15 Wherefore WR Inc. prays for judgment as follows:

- 16 a. Damages according to proof (including such interest and costs as may be
17 allowed by law);
- 18 b. Punitive damages for the first, second, and fourth causes of action;
- 19 c. The return to WR Inc. by Wiik of the 18,774,525 shares that were
20 acquired by WR Inc. from Larsen and Holm-Johnsen and relinquished to
21 WR Inc. by the US Shareholders, or their fair market value;
- 22 d. Any other relief that the Court may deem just and proper.

23
24 Dated: June 19, 2017

25 Respectfully submitted,
LATHAM & WATKINS LLP

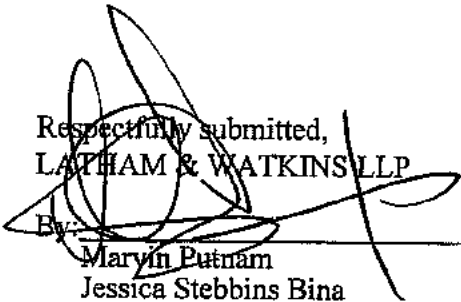
26 By: 
Marvin Putnam
27 Jessica Stebbins Bina
Attorneys for Plaintiff WR Inc.
28

DEMAND FOR JURY TRIAL

To the extent permitted by law, WR Inc. demands a trial by jury in this action of all issues so triable.

Dated: June 19, 2017

Respectfully submitted,
LATHAM & WATKINS LLP

By: 
Marvin Putnam
Jessica Stebbins Bina
Attorneys for Plaintiff WR Inc.

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