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8 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
9 COUNTY OF SANTA CLARA

10 22CV398755

11 Case No.:

12 MINDY NI, an individual,  
13 Plaintiff,

14 v.

**Complaint:**  
1. FRAUD  
2. CONVERSION  
3. UNFAIR BUSINESS PRACTICES  
4. BREACH OF CONTRACT  
[UNLIMITED JURISDICTION]

15 URBAN COMPASS, INC., a Delaware  
16 Corporation, dba Compass, a Corporation;  
17 COMPASS CALIFORNIA II, Inc., a  
California Corporation, and Does 1-50,

18 Defendants.  
19  
20  
21

22 Plaintiff MINDY NI alleges as follows:

23 INTRODUCTION

24 1. This case arises from the Defendants' fraudulent, activity/misrepresentation and  
25 breach of agreements with Plaintiff MINDY NI ("NI" or "PLAINTIFF").

26 ////

27 ////  
28

1 **PARTIES**

2 2. Plaintiff is, and at all times herein mentioned was, an individual, residing in San  
3 Jose, California.

4 3. Plaintiff is informed and believes that URBAN COMPASS, Inc. is a Delaware  
5 Corporation, with its principal place of business in New York, New York.

6 4. Plaintiff is informed and believes that COMPASS CALIFORNIA II, Inc. is a  
7 California Corporation, which maintains offices throughout California.

8 5. Plaintiff is informed and believe, and thereon allege, that, at all times relevant  
9 hereto, Defendants, including DOES 1-50, and each of them, were agents, servants, joint  
10 venturers, partners, employees and/or co-conspirators of the other Defendants named herein  
11 (collectively referred to as "Compass" or "Defendants" herein) and that, at all times relevant  
12 hereto, each of the Defendants was acting within the course and scope of said relationship with  
13 said Defendants.

14 6. Plaintiff is ignorant of the true names and capacities of Defendants sued herein as  
15 Does 1 through 50, inclusive, and therefore sue these Defendants by their fictitious names.  
16 Plaintiff is informed and believe, and thereon allege, that each of the fictitious named  
17 Defendants, Does 1 through 50, is responsible for the acts and omissions alleged herein, and/or  
18 otherwise liable to Plaintiff for payment of damages as alleged in this Statement. Plaintiff will  
19 amend this Statement to allege their true names and capacities when ascertained.

20 **Jurisdiction**

21 7. Plaintiff incorporates the allegations of Paragraphs 1 through 5, infra, into this  
22 Paragraph as if fully set forth herein.

23 8. This Court has jurisdiction over Urban Compass, Inc. and Compass California,  
24 Inc. because they do business in this State. Specifically, Defendants have purposefully availed  
25 themselves of the marketplace in California by entering into business agreements governing  
26 activities in this State in Santa Clara County.

27 **VENUE**

1           9.       Plaintiff incorporates the allegations of Paragraphs 1 through 8, infra, into this  
2 Paragraph as if fully set forth herein.

3           10.       Venue is proper because the actions giving rise to the Complaint took place in this  
4 county.

5   GENERAL ALLEGATIONS

6   *Misrepresentation by Compass*

7           11.       Plaintiff hereby incorporates the allegations of Paragraphs 1 through 10, infra,  
8 into this 21 Paragraph as if fully set forth herein.

9           12.       Plaintiff Ni is a licensed real estate professional based in San Jose.

10          13.       On or about May 24, 2019, Plaintiff signed an Independent Contractor Agreement  
11 (“Agreement”) to work as a real estate agent with Compass.

12          14.       Plaintiff was induced to enter into the Agreement based upon a “Compass  
13 Offering.” A true and correct copy of the Compass Offering is attached hereto as **Exhibit A.**

14          15.       On or about March 17, 2021, Plaintiff’s former clients Chunfeng Hao & Xiang  
15 Yao filed disciplinary action against her with Santa Clara County Association Of Realtors (Case  
16 No. PS 02-21), alleging her breach of fiduciary duty, concealment of pertinent facts, and failure  
17 to provide competent services in violation of Articles 1, 2, 9, 11 and 13 of Code of Ethics.  
18 Facing such serious legal challenges, Plaintiff promptly sought assistant from her broker,  
19 Compass employee Ms. Kathy Mehringer.

20          16.       The Compass Offering explicitly provided that upon signing the Agreement,  
21 agents such as Plaintiff would have “in house counsel and risk management directly available for  
22 all legal issues and questions.”

23          17.       As a result, Ms. Ni had to engage her own counsel to defend herself, and incurred  
24 substantial legal fees.

25   *Stock Options Fraud and Misrepresentations*

26          18.       When Plaintiff initially met a Compass recruiter, Matt Donohue, she was  
27 promised opportunities to purchase the company stock at deep discount as a 30% “Bonus”.  
28

1 19. Plaintiff has no stock trading experience or expertise, and was misled and  
2 induced misled to give up her hard-earned commission. Plaintiff did not, as she was led to  
3 believe, receive shares of Compass stock in exchange for said commission, but instead was given  
4 a "stock option grant", an option, not a share, to purchase shares of Compass stock at a per share  
5 price.

6 20. Later when Plaintiff sought to exercise the option, instead of directly receiving  
7 common stock converted from preferred stock, she was forced to pay yet more cash, for the  
8 common stock at the market price. In essence, Mr. Ni was required to pay twice for the stock that  
9 normal PRE-IPO investors or employees would have to pay for only once.

10 21. In addition to the misrepresentations of the Compass recruiter, the stock option  
11 terms were presented in a convoluted and confusing document which deceptively intertwined  
12 various concepts and terms such as of preferred stock, stock option grant, equity option amount,  
13 equity grant, common share, without clearly disclosing how preferred stock is converted to  
14 common stock that will be eventually listed on public stock exchange. A copy of that document,  
15 Plaintiff's 2021 Incentive Stock Plan, is enclosed hereto as Exhibit B.

16 22. As a directly result of Compass' misrepresentation and security fraud committed  
17 in the solicitation of employment and sale of securities, Plaintiff lost \$244,516.21. Plaintiff was  
18 deducted \$307,927 from her hard-earned commission to purchase 2,999 options, which became  
19 29,990 options after 1:10 stock split. When Plaintiff exercised the options and sold the  
20 underlying common stock, she was deducted another \$193,135.60 as purchase price for the  
21 common stock and received a net proceed of only \$63,410.79. Therefore, Plaintiff's loss is  
22 \$244,516.21 (\$307,927 - \$63,410.79).

23 *Unpaid Commission*

24 23. Plaintiff referred the sale of 637 Alamo Court, Mountain View California, to  
25 Compass. Under the agreement, Plaintiff is owed **\$8,088.75** in referral commission earned in the  
26 sale of that property. That commission has not been paid.

27 24. Plaintiff also completed the sale of 2927 Corvin Drive #193 under which she is  
28 owed a commission of \$38,350 from Compass. That commission has not been paid.

1 **FIRST CAUSE OF ACTION**

2 **Fraud**

3 **(AGAINST ALL DEFENDANTS)**

4 25. Plaintiff incorporates paragraphs 1-24 as though fully set forth herein.

5 26. Defendants willfully and intentionally engaged in fraud and deceit as defined by  
6 California Civil Code Sections 1709-1710.

7 27. Defendants willfully and intentionally misled Plaintiff as to the terms of her  
8 independent contractor agreement by and through the Compass Offering and the representations  
9 of Compass employees.

10 28. The representations made by defendants in conversations with Compass recruiter  
11 and in the Compass Offering were false and misleading at the time at which they were made. The  
12 representations were made with the purpose of persuading Plaintiff to enter the Agreement and to  
13 engage in the Compass Stock Option program.

14 29. Plaintiff reasonably relied upon Defendant's false, misleading and fraudulent  
15 misrepresentations.

16 30. As a direct and proximate result of the fraud, Plaintiff have been damaged in an  
17 amount of at least \$250,000.

18 WHEREFORE, Plaintiff prays for judgment against the Defendants as more fully set forth  
19 below.

20 **SECOND CAUSE OF ACTION**

21 **Conversion**

22 **(AGAINST ALL DEFENDANTS)**

23 31. Plaintiff hereby incorporates paragraph 1-30 as though fully set forth herein.

24 32. Defendants willfully interfered with Plaintiff's right to personal property.  
25 Defendant has withheld commissions owed to Plaintiff for the sale of multiple properties.

26 33. Defendants intentional and deceitful acts were intended to deprive Plaintiff to her  
27 right to monies.

28 34. As a result, Plaintiff was harmed in an amount to be proven at trial.

1 35. Plaintiff seeks an order from this Court disgorging all profits, benefits, and other  
2 compensation obtained by Defendants for their wrongful conduct in this matter.

3 WHEREFORE, Plaintiff prays for judgment against the Defendants as more fully set  
4 forth below.

5 **THIRD CAUSE OF ACTION**

6 **Unfair Business Practices Pursuant to California Business and Professions Code Section**

7 **17200**

8 **(AGAINST ALL DEFENDANTS)**

9 36. Plaintiff hereby incorporates Paragraphs 1-35 as though fully set forth herein.

10 37. Business and Professions Code, Section 17200 states, in pertinent part: "...unfair  
11 competition shall mean and include any unlawful, unfair or fraudulent business act or practice  
12 and unfair, deceptive, untrue or misleading...act" (Part 3 of Division 7 of the Business and  
13 Professions Code).

14 38. By their wrongful acts and omissions, Defendants engaged in unlawful and unfair  
15 business practices, by way of acting for their self-benefit and to the financial detriment of the  
16 Plaintiff.

17 39. The foregoing conduct is tantamount to the unfair conduct which Business and  
18 Professions Code Section 17200 specifically sought to prevent.

19 40. Defendant's practice is unfair because it is unethical, oppressive and scrupulous.  
20 These business practices caused Plaintiff injury in the amount of more than \$250,000.

21 WHEREFORE, Plaintiff prays for judgment against the Defendants as more fully set  
22 forth below.

23 **FOURTH CAUSE OF ACTION**

24 **Breach of Contract**

25 **(AGAINST ALL DEFENDANTS)**

26 41. Plaintiff incorporates paragraphs 1-40 as though fully set forth herein.

27 42. Plaintiff and Compass entered into the Independent Contractor Agreement on or  
28 about May 24, 2019.

1           43.     Under that Agreement, Plaintiff was to receive commissions from Compass for  
2 sales of property and for referrals which lead to sales of property.

3           44.     Plaintiff has performed all duties and obligations under the Agreement.

4           45.     Plaintiff referred Compass the sale of 637 Alamo Court, Mountain View, CA and  
5 completed the sale of 2927 Corvin Drive #193, Santa Clara California. She has not been paid the  
6 commission owed for either.

7           46.     As a direct and proximate result of Defendant's breach, the Plaintiff has suffered  
8 harm in a total amount of \$46438.75.

9           WHEREFORE, Plaintiff prays for judgment against the Defendants as more fully set  
10 forth below.

11  
12           **PLAINTIFF PRAYS FOR JUDGMENT AGAINST DEFENDANT AS FOLLOWS:**

- 13  
14           1.     That all Defendants are jointly and severally liable.  
15           2.     For compensatory, special and general damages in an amount greater than \$250,000  
16                 to be proven at trial.  
17           3.     For interest on damages at the prevailing legal rate from the due date as promised;  
18           4.     For costs of suit incurred herein;  
19           5.     Awarding appropriate equitable relief, if applicable;  
20           6.     For reasonable attorneys' fees to the extent permitted by law; and  
21           7.     For such other and further relief as the court may deem proper.

22  
23           Dated: May 23, 2022

SAC ATTORNEYS, LLP

24  
25           By:           /s/James Cai            
26                 James Cai, Esq.  
27                 Brian Barnhorst, Esq.  
28                 Jackson D. Morgus  
                  Attorneys for Plaintiff

# **Exhibit A**



# Compass Offering



Understanding the full offering of Compass support and services

## Benefits

## Compass Offering

### Marketing

- **Full service, in-house marketing agency**
- **Personalized agent brand development services**
- **Dedicated Marketing Strategist** to build out comprehensive marketing plan
- **Social media and digital marketing experts** to help with online advertising
- **In-house Graphic Designers** working with you and your Marketing Strategist on branding, listings, and more

### Support

- **Onsite IT Support**
- **Agent Success Manager** - dedicated on-boarding team to help you transfer your business
- **Product Experts** - to guide, teach, and help use the Compass tools
- **Legal Counsel** - in-house counsel and risk management directly available for all legal issues and questions
- **Recruitment team** to help source and hire assistants or team members
- **In-house Transaction Coordinators**
- **Sales management and office administrators**
- **National networking events** to help you stay knowledgeable and interconnected

### Technology

- A comprehensive suite of tools
- **CRM** to nurture relationships, close more sales, and stay one step ahead with insights powered by artificial intelligence
- **Fully interactive MLS and aggregator search capabilities** for you and your buyers
- **Compass Collections** is a curated visual workspace to collaborate with clients
- **Marketing Center** is a digital design studio to effortlessly develop print and digital marketing collateral within minutes
- **Network Tool** to identify agents across all brokerages (not just Compass) most likely to represent the ideal buyer for your listing
- **Compass Insights** - use data points to craft marketing plans, uncover new lead generation opportunities, or make key decisions on the positioning of your listing
- **Compass Markets** is real time data at your fingertips to backup recommendations and share information on the go



# **Exhibit B**

**Beginning on January 1st, 2019**

Your expected GCI for 2019 for Eligible Deals (before program deduction)	\$100,000
Investment Election (%)	20%
Agent's contribution	\$20,000
Your expected resulting GCI for Eligible Deals after your contribution	\$80,000
30% Increase	\$6,000
"Equity Option Amount"	\$26,000

After Year end  
"Equity Option Amount"

\$26,000	("Equity Option Amount" divided by the hypothetical average preferred stock price during the 2019 calendar year - \$118.57, though this price may be different at the time of the grant).
219	

Share number under your stock option grant

**Future Valuation Scenario**

If we use a 5x multiple on our current valuation

\$130,000 Potential future value of equity grant (illustrative only - not guaranteed)

Less what you might pay for the options

(\$11,300) Potential strike price of \$51.60 per common share (illustrative only - not guaranteed).

Net value after exercising

\$118,700

Less your original contribution

(\$20,000)

Value Increase (Your profit)

\$98,700

Neither Compass nor any of its stockholders, directors, officers, or employees is making any representation or promise (whether express or implied) that options have or will ever have any value, that any market exists or will ever exist for shares of Compass's common stock, or as to the current or potential future value of Compass's common stock, and by joining the program, you are agreeing that you have not relied on any such representation or promise. Note that all values in this sheet assume that upon liquidation (via an IPO, sale, or other disposition of the Company) the common shares will be at least equal to or greater than the preferred shares as of the last financing round, and the exercise price shown is as of the most recent Board meeting and is subject to change.

**Question: Why would you offer \$1.30 in stock options for every \$1.00 in commissions income?**

- It is in Compass' best interest for our Agents to be equity holders so they have a sense of ownership in the company and make decisions accordingly.

**Question: Is this the only way to have access to equity in Compass?**

- Yes. If you do not already have a stock option grant(s) and want to have equity in Compass, enrolling in this program is your only opportunity to receive Compass stock options in connection with your work this year.

**Question: What is the maximum amount of stock options I can purchase?**

- There is no "cap" on the amount of stock options you can purchase through this program. However, if you'd like to set your own cap, you'll be given the option to do so when you enroll in the program.

**Question: I want to buy less than \$10,000 in options. Why is there a \$10,000 minimum?**

- A lot of time and effort is associated with the administration of this program, hence the minimum.

*The fine print: You should consult with a tax and/or financial advisor before making a decision about exercising. Please note that an equity program option is for the purchase of common shares of Compass while the number of shares available for exercise is calculated using the weighted monthly average of the most senior preferred share price that Compass's investors paid for its preferred stock during 2019. Neither Compass nor any of its stockholders, directors, officers, or employees has made or makes any representation or any promise (whether express or implied) that any Option has value, or of the current or potential future value of, or of the existence of a market for, any UC capital stock, and you have not relied on any such representation or promise. Your options only have value to the extent the value of the common stock exceeds the exercise price specified in that option agreement. There are no guarantees on the value of your options - if the value of Compass's common stock does not increase following the award date, then the option will not have any value.*