

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

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HUMAIRAH AKHTAR, SYED HUSSAIN-AAMIR,	:
DAKHAKHNI FAHAD ABDULHAMID H,	:
MAX FRICKER, JAYVANT HEERA, HOLGER	:
HALFMANN, KUNAL PATEL, BENJAMIN	:
KOLLOORI, DANIEL MOORE, KRISH PRABHAKAR,	:
DHANESH SHELAT, AMIR ZEBIAN AND	:
SAJAN SHAH,	:
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	:
Plaintiffs,	:
	:
	:
-against-	:
	:
JPMORGAN CHASE & CO.	:
	:
	:
Defendant.	:
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COMPLAINT

Index No.

Plaintiffs, on behalf of themselves and others similarly situated, allege:

1. Plaintiffs lost money they invested in leases or sub-leases of office space offered by a company called “Bar Works” which had its principal place of business in New York City.

PARTIES

2. Plaintiffs Humairah Akhtar, Syed Hussain-Aamir, Dakhakhni Fahad Abdulhamid H, Max Fricker, Jayvant Heera, Holger Halfmann, Benjamin Kolloori, Daniel Moore, Kunal Patel, Krish Prabhakar, Dhanesh Shelat, Amir Zebian and Sajan Shah reside in New York and other states and countries.

3. Defendant JPMorgan Chase & Co. (“JP Morgan”) is a financial services company headquartered at 270 Park Avenue in New York City. It operates through divisions organized as affiliated companies it manages and controls. It routinely engages in deceptive acts and practices for which it has been fined \$20 billion for at least the past ten years.

4. Beginning as early as 2007 and continuing to the date of this complaint, JP Morgan has violated anti-money laundering rules and other laws and regulations which govern its business, including:
 - a. In November 2013, JP Morgan agreed to pay \$13 billion to federal and state governments in settlement of claims that its securities division deceived investors in 2006 through 2007, misconduct which it admitted in an agreed statement of facts.
 - b. In January 2014, JP Morgan was fined \$2.6 billion for assisting in the Madoff Ponzi scheme and agreed to pay \$1.7 billion to the victims.
 - c. In November 2016, JP Morgan agreed to pay \$264 million in settlement of civil and criminal fines for bribery in violation of the Foreign Corrupt Practices Act.
 - d. In November 2017, JP Morgan's securities division was fined by FINRA for failing to conduct adequate background checks on 8,600 employees.
 - e. In December 2017, the Swiss financial regulators found that JP Morgan's Swiss subsidiary violated anti-money laundering rules by transferring hundreds of millions of dollars earmarked for the purchase of a company into the personal bank account of an individual without proper documentation.
5. This case concerns one more illegal scheme in which JP Morgan has been involved.
6. The acts alleged in this Complaint to have been done by JP Morgan were authorized, ordered or done by officers, agents, employees or representatives of JP Morgan while engaged in the management of JP Morgan.

7. Defendants JOHN and JANE DOEs #1 through #99 are persons and entities, the names of which are presently unknown to Plaintiffs, who participated in or received proceeds from the wrongful conduct alleged in this Complaint.

FACTS

A. The Bar Works Fraudulent Scheme

8. Bar Works, not named as a defendant, was a corporation principally owned and controlled by Renwick Haddow (“Haddow”).

9. Through Bar Works, Haddow conducted a fraudulent scheme which operated from about September 2015 to June 2017 and then collapsed.

10. On September 8, 2015, Bar Works began to offer investments stating that it had converted former restaurants, bar premises and other locations into work spaces for license or lease by professionals.

11. Bar Works offered those work spaces as an investment, charging a purchase price for the investment.

12. Bar Works claimed investors would earn revenue from ownership in work spaces from a flat monthly fee charged to customers for the work spaces and services, such as internet access, photocopying, coffee, alcoholic drinks and technical support.

13. Haddow controlled the offering materials Bar Works issued to prospective investors, including Plaintiffs.

14. The offering materials and leases, distributed from about September 2015 to January 2017, identified Bar Works’ CEO as “Jonathan Black, an experienced executive, as the “finance director/financial controller of two chains of Bars in the UK (Regent Inns PLC - market

value US\$400m)” and responsible for “a number of new ventures, including recently 'Car Share,' a car sharing App.”

15. Jonathan Black was a fiction, an alias Haddow used to hide his involvement, ownership and control in Bar Works.

16. Bar Works leases were signed in the name of “Jonathan Black”, CEO of Bar Works, or one of its affiliates.

17. Between October 2015 and June 2017, Haddow raised over \$36 million from investors, including Plaintiffs, whose investment was deposited in JP Morgan’s banking division. The monies were transferred to bank accounts around the world on Haddow’s instruction.

18. During 2017, Bar Works collapsed and stopped making payments to Plaintiffs. The U.S. Government investigated and uncovered Haddow’s fraud.

19. On July 25, 2017, Haddow was arrested in Morocco by Interpol at the request of the U.S. Government.

20. Haddow has been extradited to the U.S. where he is charged in an indictment with criminal fraud.

B. JP Morgan’s Role in the Fraudulent Scheme

21. Haddow instructed Plaintiffs to wire the funds for their investments to accounts at JP Morgan’s banking division.

22. Haddow transferred the monies in those accounts to himself and his partners in crime.

23. On December 24, 2015 and February 16, 2016, Haddow opened bank accounts in Bar Works’ name at JP Morgan, designating himself as the sole authorized signatory on each account in the account opening forms or resolutions.

24. Haddow opened the accounts identifying himself as Renwick Haddow.

25. When opening a new corporate account, JP Morgan was required by agreements with and orders obtained by government agencies to obtain from the applicant (i) two forms of identification; (ii) a tax identification number; (iii) corporate documents, including articles of incorporation and website validation; (iv) documentation listing the current officers of the corporation; (v) identifying owners with 10% or more ownership; (vi) identifying senior managers, board of directors or anyone else that has influence over the corporation; and (vii) the nature of the business, annual sales, number of employees and types of transaction and volumes expected to process through the new account.

26. To open a corporate account, JP Morgan was required to conduct an investigation of an applicant with a “Due Diligence Operations Team”. Among other things, the Due Diligence Operations Team was required to look for derogatory public information about the applicant for an account, and if there was derogatory information, to refer the applicant’s name and other part of JP Morgan called the “Anti-Money Laundering Unit”.

27. By December 2015, JP Morgan was required by know your customer (“KYC”) and anti-laundering detection (“ALD”) statutes and regulations to investigate Haddow’s past. In addition, JP Morgan was required by an order of the U.S. Treasury Department to correct past violations of KYC and ALD laws, violations which the government only discovered because JP Morgan was investigated for participation in a fraudulent scheme.

28. JP Morgan knew from information it collected from Haddow that he controlled Bar Works and by the investigation required, as alleged in paragraphs 29-30, necessarily uncovered derogatory information in public sources available on the internet. In addition, JP

Morgan had other private sources available to a financial institution to learn details about an applicant for an account.

29. For example, a search of the Internet for hits in December 2015 on “Renwick Haddow” would return in search in December 2015 derogatory information, including:

a. In 2008, the U.K. Companies Investigation Branch, an agency responsible for investigating serious corporate abuse in the U.K., disqualified Haddow from serving as a director of any company registered in the U.K. for a period of eight years.

According to an online press release, Haddow served as a director of a failed U.K. company whose investors lost all or substantially all of their investments. As part of his disqualification, Haddow consented to a schedule of unfit conduct that stated Haddow caused or allowed the now-insolvent company to make various misleading statements about its financial position and prospects.

b. In 2013, the U.K.’s Financial Conduct Authority brought a civil action against Haddow and others for running various unauthorized collective investment schemes that raised £16.9 million in funds through, among other things, misleading statements to investors.

c. In 2014, the U.K. High Court ruled that Haddow’s investment schemes were unauthorized. The ruling was publicized in the British press.

d. In 2015, the British Court of Appeals dismissed the appeals filed by Haddow and others. The ruling was publicized online.

e. In 2015, the World Policy Journal published an article available online about international Ponzi schemes. The article addressed Haddow’s criminal and civil

record and a Ponzi scheme by Haddow which cheated investors out of \$180 million by employing more than 30 shell entities and conduits in his schemes.

30. JP Morgan knew Haddow owned and controlled Bar Works because Haddow said so when he opened the JP Morgan bank accounts and provided documents to JP Morgan, but no investor knew because Haddow used his “Jonathan Black” alias, among other tricks, to solicit investment without Haddow using his name.

31. JP Morgan knew Haddow was a crook and was aiding a fraudulent scheme.

32. JP Morgan aided and assisted Haddow in carrying out his fraudulent scheme.

FIRST CAUSE OF ACTION
(Aiding and Abetting Fraud)

33. Plaintiffs reallege and incorporate paragraphs 1 through 32 as if set forth fully herein.

34. Haddow knowingly omitted and concealed from Plaintiffs material facts relating to Bar Works, including, without limitation: (i) Bar Works was a fraudulent scheme and its manager was a fictional “Jonathan Black”; (ii) investor funds were misappropriated by Haddow and his confederates; and (iii) investors could not earn guaranteed payments from their purported interests in leases and sub-leases.

35. JP Morgan aided and assisted Haddow and his partners to accomplish the wrongful acts complained of herein.

36. JP Morgan knew Haddow was conducting a fraudulent scheme and aided and assisted Haddow by (i) providing banking services to Haddow knowing Haddow’s history of fraud; (ii) continuing to accept funds and transfer money as ordered by Haddow even after the scheme was disclosed in newspapers and on the internet; and (iii) allowing Haddow to use JP

Morgan's name to give legitimacy to a fraudulent scheme.

37. JP Morgan is liable for damages to Plaintiffs in the amount of \$10 million.

SECOND CAUSE OF ACTION
(Aiding and Abetting Breach of Fiduciary Duty)

38. Plaintiffs reallege and incorporate paragraphs 1-37 as if fully set forth herein.

39. Haddow owed a fiduciary duty to Plaintiffs who entrusted Bar Works to properly invest their funds as represented in the offering materials.

40. Haddow breached his fiduciary duty by, among other things, (i) issuing false offering material; (ii) misappropriating funds for himself and confederates; and (iii) conducting a fraudulent scheme.

41. Plaintiffs suffered damages that were directly caused by Haddow's misconduct.

42. JP Morgan aided and assisted Haddow in his violations of fiduciary duty by knowingly aiding and assisting Haddow in those violations.

43. JP Morgan is liable for damages to Plaintiffs in the amount of \$10 million.

THIRD CAUSE OF ACTION
(Violation of GBL § 349)

44. Plaintiffs reallege and incorporate the paragraphs 1-43 as if fully set forth herein.

45. The elements of a cause of action to recover damages pursuant to General Business Law § 349 are: (i) the challenged acts or practices are consumer-oriented; (ii) the acts and practices were misleading in a material way; and (iii) plaintiffs suffered injury because of the deceptive acts.

46. JP Morgan persistently engages, and engaged in this case, in deceptive acts and practices which violate statutes, rule and orders which misled and injured consumers.

47. The deceptive acts and practices alleged in this complaint injured Plaintiffs in the

amount of \$10 million for which JP Morgan is liable, together with treble damages because it acted willfully and knowingly and attorneys' fees.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for judgment against JP Morgan:

- A. On the First Cause of Action, damages of \$10 million, the exact amount to be determined at trial, together with attorneys' fees and the costs and disbursements of this action.
- B. On the Second Cause of Action, damages of \$10 million, the exact amount to be determined at trial, together with the costs and disbursements of this action.
- C. On the Third Cause of Action, damages of \$10 million, the exact amount to be determined at trial and trebled as § 349 provides, attorneys' fees and the costs and disbursements of this action.
- D. For such other, further relief as the Court deems just.

Dated: New York, New York
May 9, 2018

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