



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

HIS ROYAL HIGHNESS PRINCE)
FAISAL BIN ABDULLAH BIN)
ABDULAZIZ AL SAUD,)
)
Plaintiff,)
) C.A. No.
v.)
)
HER ROYAL HIGHNESS PRINCESS)
FAHDAH HUSAIN ABDULRAHMAN)
AL-ATHEL AND NEW)
GENERATION IDEAS LLC,)
)
Defendants,)
)
and)
)
NEW GENERATION IDEAS LLC,)
AND NEW GENERATION IDEAS)
COMPANY LIMITED,)
)
Nominal Defendants.)

VERIFIED COMPLAINT

Plaintiff His Royal Highness Prince Faisal Bin Abdullah Bin Abdulaziz Al Saud ("Plaintiff"), alleges as follows for his Verified Complaint against his former spouse, Defendant formerly Her Royal Highness Princess Fahdah Husain Abdulrahman Al-Athel and now Ms. Alathel ("Defendant"), New Generation Ideas LLC ("NGI Delaware"), and New Generation Ideas Company Limited ("New Generation Cayman," and together with Defendant and NGI Delaware, the "Collective Defendants").

NATURE OF THE ACTION

1. This action concerns (a) claims for recovery of debts owed by a Delaware Limited Liability Company, NGI Delaware, to Plaintiff, as well as (b) derivative claims brought by Plaintiff against Defendant related to the Defendant's misappropriation of assets from, and mismanagement of and breaches of obligations and duties owed to, NGI Delaware and New Generation Cayman.

2. NGI Delaware's only asset is a home located at 76 Beverly Park Lane, Beverly Hills, CA 90210 (the "Property").

3. Plaintiff personally contributed assets, through loans, which were used to renovate and enhance the value of the Property.

4. Defendant misappropriated the assets of NGI Delaware for personal use.

5. Furthermore, Defendant breached fiduciary and contractual obligations and duties to properly manage NGI Delaware. Defendant failed to pay wages to NGI Delaware staff, failed to defend and cooperate in the defense of claims by former employees, and failed to pay the property tax bill for the Property.

6. Accordingly, Plaintiff is filing suit in this Court, which is the most appropriate venue to resolve this dispute. Plaintiff seeks damages for breach of fiduciary duties, breach of contract, unjust enrichment, waste, and conversion.

Plaintiff also requests an accounting, an equitable lien, and injunctive relief—all as set forth in detail below.

7. Plaintiff brings this action individually and in a double derivate capacity on behalf of NGI Delaware and New Generation Cayman to redress injuries suffered by NGI Delaware and New Generation Cayman as a direct result of Defendant's actions and inaction.

8. New Generation Cayman is named as a nominal defendant solely in a derivative capacity.

9. Plaintiff was a shareholder of New Generation Cayman at the time of the wrongdoing complained of, has continuously been a shareholder of New Generation Cayman since that time, and is currently a shareholder of New Generation Cayman.

10. New Generation Cayman was the sole member of NGI Delaware at the time of the wrongdoing complained of, has continuously been the sole member of NGI Delaware since that time, and is currently the sole member of NGI Delaware.

11. Plaintiff will adequately and fairly represent the interests of NGI Delaware and New Generation Cayman in enforcing and prosecuting their rights.

DEMAND

12. To the extent that demand is required, such demand should be deemed futile given the closely held nature of New Generation Cayman and NGI Delaware and the relationship of the parties.

13. Plaintiff and Defendant are each identified as 50% members of New Generation Cayman in the register of members. Plaintiff and Defendant serve as the two directors of New Generation Cayman. The only party, other than himself, to whom Plaintiff could make the demand is the Defendant. As alleged in this Complaint, Defendant has failed in her obligations and duties to both New Generation Cayman and NGI Delaware. Based on the allegations pleaded herein, Defendant faces a substantial risk of personal liability. Accordingly, Defendant is hopelessly conflicted in making any supposedly independent determination whether to cause NGI Delaware to sue herself. Accordingly, due to the fact that both Plaintiff and Defendant must agree to take action on behalf of New Generation Cayman, New Generation Cayman is incapable of causing NGI Delaware to bring any of the claims asserted herein.

14. Indeed, Defendant derives benefit from failing to cause, in her capacity as a director of New Generation Cayman, NGI Delaware to pursue its claims against Defendant, including the claims asserted herein. Specifically, Defendant has engaged in the misdeeds described below, including

misappropriation of assets from and breaches of fiduciary duties and contractual obligations against NGI Delaware. In her capacity as a director of New Generation Cayman, Defendant is able to prevent NGI Delaware from bringing claims to recover its losses caused by Defendant's misdeeds.

THE PARTIES

15. Plaintiff and Defendant married in July 2001.

16. Plaintiff and Defendant's divorce was finalized on April 11, 2016 in the Kingdom of Saudi Arabia.

A. New Generation Cayman

17. New Generation Cayman is a corporation formed under the laws of the Cayman Islands.

18. Plaintiff and Defendant are the sole shareholders and the sole Directors of New Generation Cayman.

19. Defendant petitioned the Grand Court of the Cayman Islands (the "Cayman Court") for the dissolution of New Generation Cayman in order to liquidate the entity and sell its assets.

20. The action before the Cayman Court is currently pending.

B. NGI Delaware

21. NGI Delaware is a limited liability company formed under the laws of Delaware.

22. The single member of NGI Delaware is New Generation Cayman.

23. Although a resolution (the “Resolution”) exists which on its face clearly appoints Plaintiff and Defendant as “Directors” of NGI Delaware, its foundation may be unsettled. In any event, even if deemed to be of sound basis, it would create competing and conflicting authority between Plaintiff and Defendant. As described above, New Generation Cayman is similarly conflicted and deadlocked.

C. Defendant

24. Defendant agreed to be responsible for the management of the Property, and at the times of the wrongdoing alleged in this Complaint continued to hold the responsibility for the management of the Property—the sole asset of NGI Delaware.

25. Defendant has at all times had sole control of NGI Delaware’s bank account, including the ability to make disbursements.

26. To the extent the Resolution is enforceable, Defendant is a manager of NGI Delaware. Moreover, whether Resolution is enforceable or not, Defendant assumed the role of, and at all relevant times herein acted as, manager of NGI Delaware.

JURISDICTION AND VENUE

27. This Court has jurisdiction over this matter pursuant to 10 *Del. C.* § 341, because this Complaint seeks equitable and injunctive relief.

28. This Court has subject matter jurisdiction over the claims set forth herein under 10 *Del. C.* § 6501 and 6 *Del. C.* § 18-111.

29. This court has personal jurisdiction over Defendant under 6 *Del. C.* § 18-109.

30. Furthermore, personal jurisdiction is proper in this Court because: (i) NGI Delaware is a Delaware limited liability company; (ii) this action concerns the internal affairs of a Delaware limited liability company; and (iii) this action concerns the actions of the parties relating to a Delaware limited liability company.

31. Moreover, New Generation Cayman, as the parent entity of the NGI Delaware subsidiary, is subject to long arm jurisdiction for claims related to NGI Delaware.

FACTUAL BACKGROUND

A. Plaintiff's Loans to NGI Delaware

32. All funds ever contributed to NGI Delaware came from Plaintiff's personal funds.

33. Preliminarily, on October 4, 2011, Plaintiff personally contributed to NGI Delaware the sum of AED 61,849,043 (\$16,875,000.00 at the then exchange rate) through a transfer from his personal bank account to NGI Delaware.

34. NGI Delaware utilized the proceeds to purchase the Property.

35. The Defendant did not make any contributions toward the purchase of the Property.

36. Plaintiff's initial contribution was deemed and agreed to be a contribution of capital to NGI Delaware.

37. Subsequently, Plaintiff made loans to NGI Delaware which were used by NGI Delaware to enhance the Property.

38. Plaintiff contributed in excess of \$41,805,000.00 to NGI Delaware, which was used for additional renovations to the Property. Plaintiff contributed the additional funds directly to NGI Delaware's bank account. These funds were not a capital contribution to NGI Delaware and instead were intended to be repaid to Plaintiff.

39. Specifically, \$27,000,000.00 was used by NGI Delaware for construction costs, including audio visual systems installation and security; \$7,640,000.00 was used for interior renovations; \$1,310,000.00 was used for exterior lighting, furnishings, and accessories; \$2,960,000.00 was used for professional fees (including architect, landscape architect, engineers, surveyors, permit expediter, and payment processor); \$1,650,000.00 went to other costs (including insurance, taxes, homeowners' association fees, legal fees, accountancy/audit fees, utilities, videographer, grading bond, corporation fees, and housewares); \$248,518.65 was used to pay taxes on the Property; \$12,425.93 was

used to pay fines for the tardy payment of taxes; approximately \$700,000.00 has been expended in attorneys' fees in defending NGI Delaware against various claims; and approximately \$285,000.00 was used to settle employee claims (collectively, the "Subsequent Funding").¹ Plaintiff intended that the Subsequent Funding was to be repaid to Plaintiff.

40. NGI Delaware agreed to and intended to repay Plaintiff for the Subsequent Funding.

41. Defendant knew that Plaintiff was providing the Subsequent Funding with the intention and expectation that Plaintiff would be repaid.

42. Defendant is already seeking dissolution of NGI Delaware's sole member. Plaintiff is concerned that Defendant may seek to sell the Property and distribute proceeds in a manner that disregards NGI Delaware's legal and/or equitable obligations to Plaintiff on account of the Subsequent Funding.

B. Defendant's Misdeeds

1. Defendant's Misappropriation

43. In June 2016, Defendant withdrew from NGI Delaware's bank account at Bank of America approximately \$1.337 million without authorization and transferred the funds to Defendant's personal bank account.

¹ Plaintiff reserves the right to add additional amounts as more information becomes available and Subsequent Funding distributions are made. For example, NGI Delaware will likely expend additional funds for attorneys' fees along with settlement funding based upon the employee litigation described herein.

44. Thereafter, through a series of transfers, Defendant paid a total of \$580,000 back into NGI Delaware's bank account.

45. Defendant did not, however, return approximately \$757,000.00. Accordingly, Defendant's retention of the funds was unauthorized by NGI Delaware and wrongful. Additionally, it constitutes theft or conversion of NGI Delaware's property.

2. *Defendant's Failure to Manage the Property*

46. Defendant agreed to manage the Property and to assume various duties with respect to managing the property. The duties Defendant agreed to undertake include, but are not limited to, timely payment of household bills, taxes, and wages of household staff.

47. Defendant was able to perform her duties and had (and has) sole access to NGI Delaware's bank account.

48. Nevertheless, despite having access to the NGI Delaware funds, Defendant has failed to pay household bills, Property taxes, and the salaries of numerous members of the household staff as related to the Property.

49. Specifically, Defendant failed to direct payment to the employees and/or failed to keep proper records of the number of hours that employees worked.

50. As a result of Defendant's failure to properly manage the Property and to pay employees, several employees have filed suit.

51. For example, in the case of one employee, Plaintiff paid in excess of \$150,000.00 to satisfy a judgment debt in favor of the employee against NGI Delaware.

52. Plaintiff funded payment in order to settle a number of additional employee claims. The employment claims settled to date amount to approximately \$285,000.00.

53. Several additional employee cases remain pending against NGI Delaware.

54. Plaintiff incurred approximately \$700,000.00 in attorneys' fees in respect of various issues relating to NGI Delaware, including particular fees incurred in litigating claims brought against NGI Delaware.

55. Defendant has failed to provide any reasonable assistance in the defense of the employee claims.

56. Further, Defendant failed to pay the property tax bill for the Property. Defendant's failure resulted in a \$12,425.93 fine for the tax year of July 1, 2017 to June 30, 2018. NGI Delaware was forced to pay not only the underlying obligation of \$248,518.65, but also the penalty.

COUNT I

(Breach of Contract Claim by Plaintiff Against NGI Delaware)

57. Plaintiff incorporates by reference as if fully set forth herein all the allegations in Paragraphs 1 through 56 of the Verified Complaint. Plaintiff brings this Count in his individual capacity directly against NGI Delaware.

58. Plaintiff provided the Subsequent Funding as loans to NGI Delaware for renovations and other expenses related to the Property, in exchange for NGI Delaware's promise to repay these loans, which at the time of the loans could have occurred within one year.

59. Plaintiff performed all the conditions, covenants, and promises required to be performed in accordance with the terms and conditions of these agreements.

60. Plaintiff expected that his loans to NGI Delaware would be repaid by NGI Delaware.

61. NGI Delaware intended to bind itself to the terms of the loans and NGI Delaware accepted the Subsequent Funding as loans.

62. NGI Delaware is obligated to repay the Subsequent Funding as loans.

63. Plaintiff's Subsequent Funding has not been repaid thus damaging Plaintiff.

64. Plaintiff's Subsequent Funding must be repaid before any equity distributions of NGI Delaware's assets.

65. As a direct and proximate result of NGI Delaware's failure to repay the Subsequent Funding, Plaintiff has suffered damages in an amount to be proven at trial.

COUNT II

(Promissory Estoppel Claim by Plaintiff Against NGI Delaware)

66. Plaintiff incorporates by reference as if fully set forth herein all the allegations in Paragraphs 1 through 65 of the Verified Complaint. Plaintiff brings this Count in his individual capacity directly against NGI Delaware.

67. NGI Delaware promised to repay the loans made by Plaintiff.

68. NGI Delaware intended to acquire the loans from Plaintiff.

69. Plaintiff relied on NGI Delaware's promise to repay him in making loans in excess of \$41,805,000.00.

70. If Plaintiff is not repaid for his contributions to NGI Delaware, unfairness would result.

71. As a direct and proximate result of NGI Delaware's failure to repay the Subsequent Funding provided by Plaintiff, Plaintiff has suffered damages in an amount to be proven at trial.

COUNT III

(Unjust Enrichment Claim by Plaintiff Against NGI Delaware)

72. To the extent Plaintiff is found not to have a remedy at law as set forth in Count I and Count II with respect to the Subsequent Funding, Plaintiff pleads this Count III in the alternative and incorporates by reference as if fully set forth herein all the allegations in Paragraphs 1 through 71 of the Verified Complaint. Plaintiff brings this Count in his individual capacity directly against NGI Delaware.

73. Plaintiff provided NGI Delaware with loans in excess of \$41,805,000.00.

74. If the Subsequent Funding is not repaid, NGI Delaware will be unjustly enriched at the expense of Plaintiff.

75. Additionally, if the loans, expenditures, and other contributions are not repaid, or Plaintiff is not otherwise equitably compensated, Defendant will be unjustly enriched.

76. If the loans, expenditures, and other contributions are not repaid, Plaintiff will be damaged.

77. Plaintiff lacks an adequate remedy at law.

COUNT IV

(NGI Delaware's Breach of Fiduciary Duty of Claim Against Defendant)

78. Plaintiff incorporates by reference as if fully set forth herein all the allegations in Paragraphs 1 through 77 of the Verified Complaint.

79. Defendant is and/or has assumed the role of manager of NGI Delaware and in that capacity owed and continues to owe NGI Delaware fiduciary obligations. By reason of her fiduciary relationship, Plaintiff owed and continues to owe NGI Delaware the highest obligations of loyalty and care.

80. Defendant violated and breached her fiduciary duties of loyalty and care.

81. Specifically, Defendant breached her fiduciary duties to NGI Delaware by engaging in bad faith, intentional misconduct, and disloyal conduct, including but not limited to misappropriating assets, failing to pay employee wages, failing to defend NGI Delaware in actions brought by former employees, failing to pay property taxes, and other inaction that reflected a conscious disregard for the best interests of NGI Delaware. Each of these acts were made in bad faith and with the intentional disregard for the interests of NGI Delaware, and with the intent that her actions would harm NGI Delaware and its property.

82. Moreover, Defendant was grossly negligent in failing to maintain the Property—NGI Delaware's sole asset—in failing to pay employee wages, failing to defend NGI Delaware in actions brought by former employees, failing to pay property taxes, and other inaction diminishing the value of NGI Delaware and

exposing NGI Delaware to liability and otherwise causing material harm to NGI Delaware.

83. Defendant's breach of her fiduciary duties resulted in significant losses, elevated attorneys' fees, fines, and other damages to NGI Delaware in an amount to be determined at trial.

84. As a direct and proximate result of Defendant's breaches of her fiduciary duties, NGI Delaware has suffered damages in an amount to be proven at trial. Plaintiff and New Generation Cayman, consequently, have suffered as well.

COUNT V

(NGI Delaware's Breach of Contract Claim Against Defendant)

85. Plaintiff incorporates by reference as if fully set forth herein all the allegations in Paragraphs 1 through 84 of the Verified Complaint. Plaintiff brings this Count in a double derivative capacity on behalf of NGI Delaware.

86. Defendant entered into a contract with NGI Delaware whereby Defendant agreed, among other things, to undertake responsibility to manage the Property and to undertake various duties with respect to the Property. This agreement was supported by good and valuable consideration, including the Defendant's use of the Property, her discretion and authority to make improvements and enhancements to the Property, and her access to funds to do so.

Defendant historically did manage the Property pursuant to this contract and had sole access to NGI Delaware's bank account.

87. By reason of her contractual relationship with NGI Delaware, Plaintiff owed and continues to owe NGI Delaware the duties of good faith, fair dealing, and due care.

88. Defendant breached and violated her obligation to perform services and duties faithfully and with reasonable care.

89. Specifically, Defendant breached her obligations and duties to NGI Delaware by engaging in bad faith and intentional and disloyal conduct, including but not limited to misappropriating assets, failing to pay employee wages, failing to defend NGI Delaware in actions brought by former employees, failing to pay property taxes, and other inaction that reflected a conscious disregard for the best interests of NGI Delaware. Each of these acts was made in bad faith and with the intentional disregard for the interests of NGI Delaware, and with the intent that her actions would harm NGI Delaware and its property.

90. Defendant's breach of her duties resulted in significant losses, elevated attorneys' fees, fines, and other damages to NGI Delaware in an amount to be determined at trial.

91. As a direct and proximate result of Defendant's unlawful conduct, NGI Delaware has suffered damages in an amount to be proven at trial. Plaintiff and New Generation Cayman, consequently, have suffered as well.

COUNT VI

(NGI Delaware's Waste of Assets Claim Against Defendant)

92. Plaintiff incorporates by reference as if fully set forth herein all the allegations in Paragraphs 1 through 91 of the Verified Complaint. Plaintiff brings this Count in a double derivative capacity on behalf of NGI Delaware.

93. Defendant wasted NGI Delaware's assets in the amount of approximately \$757,000.00.

94. NGI Delaware received no benefit from Defendant's transfer of assets. The transfer cannot be attributed to any rational business purpose.

95. Defendant's transfer of the assets served no company purpose and was made in bad faith and with the intent to harm NGI Delaware and its property.

96. As a direct and proximate result of Defendant's unlawful conduct, NGI Delaware has suffered damages in an amount to be proven at trial. Plaintiff and New Generation Cayman, consequently, have suffered as well.

COUNT VII

(NGI Delaware's Conversion of Assets Claim Against Defendant)

97. Plaintiff incorporates by reference as if fully set forth herein all the allegations in Paragraphs 1 through 96 of the Verified Complaint. Plaintiff brings this Count in a double derivative capacity on behalf of NGI Delaware.

98. Defendant wrongfully took possession of NGI Delaware's legally owned property and converted it for her personal use.

99. Specifically, Defendant misappropriated \$757,000.00. This conduct was intentional and designed to benefit Defendant at the expense of NGI Delaware and its property.

100. As a direct and proximate result of Defendant's unlawful conduct, NGI Delaware has suffered damages in an amount to be proven at trial. Plaintiff and New Generation Cayman, consequently, have suffered as well.

COUNT VIII

(NGI Delaware's Unjust Enrichment Claim Against Defendant)

101. To the extent Plaintiff, in a double derivative capacity and/or NGI Delaware, are found not to have a remedy at law as set forth in Counts IV, Count V, and Count VI, Plaintiff pleads this Count VII in the alternative and incorporates by reference as if fully set forth herein all the allegations in Paragraphs 1 through 100 of the Verified Complaint. Plaintiff brings this Count in a double derivative capacity on behalf of NGI Delaware.

102. Defendant has sole access to NGI Delaware's bank account from which she removed approximately \$757,000.00. Defendant did not use these funds for the benefit of the Property or of NGI Delaware. Defendant has not reimbursed NGI Delaware for the removed funds.

103. If Defendant does not return the approximately \$757,000.00 that she removed then she will be unjustly enriched at the expense of NGI Delaware.

104. If the removed funds are not repaid, NGI Delaware will be damaged.

105. Plaintiff, in a double derivative capacity, lacks an adequate remedy at law.

COUNT IX

(Equitable Lien Claim by Plaintiff Against NGI Delaware)

106. Plaintiff incorporates by reference as if fully set forth herein all the allegations in Paragraphs 1 through 105 of the Verified Complaint.

107. Plaintiff made substantial loans to NGI Delaware in the form of the Subsequent Funding. Plaintiff brings this Count in his individual capacity directly against NGI Delaware.

108. Plaintiff's loans were used to purchase and enhance the value of the Property and to otherwise pay for the necessary expenses related to the Property or the obligations of NGI Delaware.

109. It would be contrary to equity and good conscience for Defendant to retain a property interest acquired at the expense of Plaintiff.

110. Plaintiff intended that the Property would be held as security for the loans.

111. Plaintiff's source of recovery of the Subsequent Funding made to NGI Delaware is through the proceeds of the Property if and when it is sold. Plaintiff lacks an adequate remedy at law.

112. Accordingly, Plaintiff is entitled to an equitable lien on the Property in order to prevent unjust enrichment of the Collective Defendants and unequitable distribution of any proceeds resulting from the sale of the Property.

COUNT X

(Claim for Injunctive Relief by Plaintiff Against Defendant)

113. Plaintiff incorporates by reference as if fully set forth herein all the allegations in Paragraphs 1 through 112 of the Verified Complaint.

114. Plaintiff made substantial loans to NGI Delaware.

115. Plaintiff fears that Defendant will sell the Property and dissipate assets inequitably and without accounting for and paying the debts of NGI Delaware, including the Subsequent Funding.

116. Plaintiff is entitled to the payment of NGI Delaware's debts owed to him and/or an equitable remedy on account of his substantial contributions to NGI

Delaware as set forth herein. Plaintiff is also entitled to an equitable distribution from New Generation Cayman, which could be denied or frustrated if NGI Delaware's assets, including, principally, the Property, are liquidated and misapplied or converted.

117. Plaintiff seeks an opportunity to have an accounting conducted prior to any sale of the Property.

118. If Defendant does not distribute the assets of the Property equitably, Plaintiff will be irreparably harmed.

119. Plaintiff will be seeking a voluntary stipulation from Defendant that the *status quo* with NGI Delaware will be maintained and that there will be no sale of the Property or distribution of proceeds without agreement of both parties or a Court Order.²

120. Plaintiff seeks a permanent injunction preventing sale of the Property and the distribution of funds from NGI Delaware and New Generation Cayman without Plaintiff's consent or a Court Order.

121. Plaintiff lacks an adequate remedy at law.

² If Plaintiff's efforts to obtain a voluntary stipulation fail, Plaintiff anticipates that he will file a motion for preliminary injunction and/or a temporary restraining order.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff request the following relief from the Court:

- (i) Damages in an amount to be proven at trial as requested in Counts I-VIII together with pre- and post-judgment interest and costs as available by law;
- (ii) An accounting of the contributions made by Plaintiff to NGI Delaware;
- (iii) A permanent injunction to prevent Defendant from selling the Property and distributing assets without agreement by both parties or Court Order;
- (iv) Awarding to Plaintiff the costs and disbursements of the action, including reasonable attorneys' fees, accountants' and experts' fees, costs, and expenses; and
- (v) Any other and further relief as the Court deems just and proper.

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