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**SUPERIOR COURT-CIVIL
MICHAEL JOSEPH DONOVAN
CLERK/MAGISTRATE**

December 21, 2020

BY HAND

Suffolk Superior Court
Business Litigation Session
3 Pemberton Square, 12th Floor
Boston, MA 02108

Re: *George L. Cushing, et. al v. Gerald V. Sheehan, et. al. and T.J. Sheehan, et. al., as nominal defendants*

Dear Sir/Madam:

Enclosed for filing please find the following:

- 1.) Plaintiffs', George L. Cushing, et.al, complaint against Defendants', Gerald V. Sheehan, et. al.; Civil Action Cover Sheet; Verifications from both Plaintiffs to be filed along with the Complaint.
- 2.) A check in the amount of \$325.00 for the filing of this complaint, any additional fees associated and the purchase of summonses for service on the Defendants.

Please do not hesitate to contact me with questions.

Very truly yours,



Bill Weinreb

Cc: All Counsel of Record

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, SS.

SUPERIOR COURT DEPARTMENT
OF THE TRIAL COURT
BUSINESS LITIGATION SESSION
C.A. NO. _____

GEORGE L. CUSHING, *as trustee of trusts established for the benefit of Timothy G. Sheehan and John T. Sheehan*, and TIMOTHY G. SHEEHAN, *individually, and, with George L. Cushing as trustee of trusts established for the benefit of Timothy G. Sheehan and John T. Sheehan, derivatively on behalf of* T.J. SHEEHAN DISTRIBUTING INC., BEECHWOOD DISTRIBUTORS, INC., CRAFT BEER GUILD DISTRIBUTING OF NEW YORK LLC, UB DISTRIBUTORS LLC, TRI-VALLEY BEVERAGE, INC., ENGLISH KILLS REALTY LLC, AND EK2 REALTY, LLC.

Plaintiffs,

v.

GERALD V. SHEEHAN, *individually and in his capacities as trustee and/or shareholder and/or director*, MAUREEN T. SHEEHAN, *individually and in her capacity as trustee and/or director*, MARGARET SHEEHAN, *in her capacity as director*, CHARLES E. CLAPP III, *as trustee of trusts established for the benefit of Margaret Sheehan, Anne Landers and Susan Sheehan*, and L. KNIFE & SON, INC.,

Defendants.

-and-

T.J. SHEEHAN DISTRIBUTING INC., BEECHWOOD DISTRIBUTORS, INC., CRAFT BEER GUILD DISTRIBUTING OF NEW YORK LLC, UNION BEER DISTRIBUTORS LLC, TRI-VALLEY BEVERAGE, INC., AND CHARLES E. CLAPP, *as trustee of the trusts established for the benefit of Christopher Sheehan, Elizabeth Sheehan, and Matthew Sheehan*.

Nominal Defendants.

COMPLAINT

I. Preliminary Statement

1. After years of concerted and good-faith efforts to resolve this family business dispute, Plaintiffs are forced to bring this action as a last resort to put a stop to the unlawful behavior of the family patriarch, Gerald Sheehan (“Gerald”), who is abusing his fiduciary powers over businesses owned by his children. Plaintiffs include Gerald’s son, Timothy Sheehan (“Tim”), and the trustee of trusts held for the benefit of Tim and his brother, John Sheehan (“John”).

2. Defendants Gerald and Maureen Sheehan (“Maureen”) are the parents of eight children: Tim, John, Chris, Susan, Elizabeth, Margaret, Matt, and Anne (collectively, “the Siblings”). When Gerald’s father-in-law died, Gerald assumed control of his wife’s family business, a local alcoholic-beverage distributorship serving southeastern Massachusetts. For nearly 40 years, two of Gerald’s children, Tim and John, have helped transform this regional family business into a national powerhouse known as the Sheehan Family Companies (the “Sheehan Family Companies” or the “Companies”), which include a group of 19 alcoholic-beverage distributorships serving 13 states, a beer importer serving all 50 states, and significant real estate holdings.

3. Developing the Sheehan Family Companies into one of the largest and most successful collections of alcoholic-beverage distributorships in the nation cost Tim and John decades of hard work and sacrifice. Both gave up steady jobs in a bet on the family business, invested large sums of their own money, and uprooted their families several times to manage distributorships in different states. Only Tim, John, and their brother Chris were willing to make

those sacrifices; their parents and other siblings chose to rely on them to transform the Sheehan Family Companies into an engine of family wealth.

4. To induce Tim, John, and Chris (together, the “Active Siblings”) to make those sacrifices on the family’s behalf, and to compensate them for their risk-taking and hard work, the family members agreed that whenever an opportunity arose to acquire a new distributorship located outside of Massachusetts, the Active Siblings would have the option to purchase a total of 60% of the new distributorship’s equity, with the remaining 40% available to be purchased in eight equal shares by all eight Siblings (the “60/40 Agreement”). Today, five of the largest Sheehan Family Companies by revenue are “60/40 Companies”—ones in which the Active Siblings collectively own approximately 75% of the equity and the other Siblings own the remaining 25%.¹ The remaining Sheehan Family Companies are “1/8 Companies”—ones in which each Sibling owns approximately 1/8 or 12.5% of the equity. As a result of this arrangement, any misappropriation of wealth from the Sheehan Family Companies as a whole—and any redistribution of wealth from a 60/40 Company to a 1/8 Company—disproportionately harms the Active Siblings—Tim, John, and Chris.

5. Largely for estate tax planning purposes, all of the Siblings’ equity in the Sheehan Family Companies is held for their sole benefit in irrevocable trusts, which in many cases, were created by Gerald. There are 16 trusts in all: two for each Sibling. Accordingly, the Siblings own the Sheehan Family Companies beneficially rather than outright. In the case of Tim and John, since 2017, two trustees administer their personal trusts: Maureen (their mother) and George Cushing (an attorney and plaintiff in this action). As a legal matter, Maureen and George Cushing

¹ Pursuant to the 60/40 Agreement, the three Active Siblings collectively own 60% of the equity in each 60/40 Company, plus 3/8 of the remaining 40% of the equity, for a total of 75%.

(“Cushing”) serve as co-trustees, but as a practical matter, Cushing is often left out of the picture and only informed of actions after-the-fact.

6. Although the Siblings beneficially own nearly 100% of each Company’s equity through their trusts, Gerald and Maureen exercise nearly complete control over each Company’s governance. That is because Maureen is a trustee of each Sibling’s trusts, and Gerald either owns all of each Company’s voting shares and/or is the voting trustee of a voting trust to which all of the Company’s voting equity has been assigned. In addition, Gerald and Maureen serve (or at relevant times served) as corporate directors and/or officers of certain Sheehan Family Companies.

7. Gerald and Maureen’s control of the Sheehan Family Companies at the trustee, shareholder, and corporate director levels imposes on them fiduciary duties to avoid self-dealing and to act with the utmost good faith and loyalty to Tim, John, and the other beneficial owners. But they have violated their fiduciary duties by treating the Sheehan Family Companies as their personal piggybank, taking vindictive employment actions against Tim to the Companies’ detriment, and redistributing wealth from the 60/40 Companies to the 1/8 companies in order to benefit themselves and certain inactive stockholders at Tim and John’s expense.

8. Although Gerald was once an enthusiastic proponent of the 60/40 Agreement as a way to induce Siblings such as Tim and John to work hard and sacrifice for the entire family’s benefit, now that Tim and John have served Gerald’s purposes by doing just that, he has vowed to “level the stacks” among the eight Siblings by redistributing wealth from the 60/40 Companies to himself and certain inactive stockholders.

9. Gerald and Maureen have accomplished this result by treating the Sheehan Family Companies—wholly separate and independent companies—as if they are formal corporate affiliates that are organized under a single holding company, when in fact, they are not. By treating

L. Knife & Son, Inc., a 1/8 Company, as if it were the 60/40 Companies' corporate parent, which it is not, Gerald and Maureen have siphoned profits from the 60/40 Companies into L. Knife, effectively misappropriating them.

10. Specifically, Gerald and Maureen have caused L. Knife to charge the 60/40 Companies over ***\$80 million*** in fabricated "management fees" unsupported by formalized agreements and documented only through a one-line invoice, as well as millions of dollars in interest on intercompany loans. These "management fees" and interest payments have been used to finance Gerald and Maureen's flagrantly wasteful spending, including (i) a salary to Gerald exceeding ***\$40 million*** over the past several years; (ii) a salary to Maureen (who performs no work for the Companies) in amounts approaching \$3 million; (iii) Gerald and Maureen's purchases of ***tens of millions of dollars' worth of expensive artwork, furniture, automobiles, real estate, and women's jewelry*** for their own exclusive use; and (iv) charitable contributions to their pet charities in their own names in amounts that vastly exceed the amount of shareholder distributions issued. While Tim and John do not oppose charitable endeavors, and are enthusiastic supporters of the Sheehan Family Foundation (the "Foundation"), a charitable giving foundation established to administer and exercise oversight over the Companies' charitable donations, as of late Gerald has used a separate corporate account to engage in charitable giving unchecked by the Foundation's board. In the wake of COVID-19, the Sheehan Family Companies have been forced to undertake layoffs; all the while, Gerald has gifted at least hundreds of thousands of dollars and potentially more in Company funds to his own pet charities for personal reasons.

11. Though Gerald and Maureen's lavish lifestyles have in large part been paid for through the profits of the 60/40 Companies, Gerald and Maureen have failed to declare a single distribution to the 60/40 shareholders from the 60/40 Companies. Instead, Gerald and Maureen

use contrived “management fees” to funnel profits from the 60/40 Companies into L. Knife, to support Gerald and Maureen’s lavishness.

12. Gerald and Maureen have also taken other actions that have decreased the holdings of the 60/40 stakeholders, as well as the value of the 60/40 Companies. They have done so by, among other things: (i) selling a 5% equity stake in one of the 60/40 entities without Tim’s, Cushing’s or John’s knowledge or permission and (ii) diverting real estate opportunities away from 60/40 Companies and towards 1/8 Companies so that the latter can charge the former excessive rent (in one instance for vacant warehouse space). As set forth in greater detail below, these flagrant fiduciary breaches have had the effect of arrogating wealth to Gerald and Maureen, while depriving Tim and John of the fruits of their labor.

13. Plaintiffs do not bring this action lightly. They have done all that they can to avoid litigation. Gerald and Maureen have, however, forced Plaintiffs’ hands by violating their solemn duties as trustees and company directors to protect Tim and John’s interests, and by draining millions of dollars in value from the Sheehan Family Companies (and disproportionately from the 60/40 Companies) to enrich themselves and others of their choosing. Plaintiffs have been forced to bring this action in order to preserve Tim and John’s fair share of the family businesses they worked so long and hard to build, and to safeguard all of the family companies from Gerald’s mismanagement.

II. Parties

14. Plaintiff George L. Cushing is a resident of Portland, Maine. He has been a member of the Bar of the Commonwealth of Massachusetts since 1970 and his practice focuses on estate and trust matters, including acting as a fiduciary. As a practicing attorney, Cushing maintains offices in Woburn and Boston, Massachusetts and in Portsmouth, New Hampshire. Cushing was

appointed by Gerald as a co-trustee of two trusts created for the benefit of Tim and two trusts created for the benefit of John. Cushing makes the allegations pre-dating his appointment upon information and belief.

15. Plaintiff Timothy G. Sheehan is an individual who maintains residences in Chatham, Massachusetts and Key Largo, Florida. Tim, along with his seven siblings, is a beneficial owner of each of the Sheehan Family Companies. From 1983 until September 2019, Tim was continuously employed by one or more of the Companies.

16. Defendants Gerald V. Sheehan and Maureen T. Sheehan are a married couple who reside in Duxbury, Massachusetts. They have eight adult children: Tim, John, Christopher Sheehan (“Chris”), Susan Sheehan (“Susan”), Elizabeth Sheehan (“Elizabeth”), Margaret Sheehan (“Margaret”), Matt Sheehan (“Matt”), and Anne Landers (“Anne”). Gerald serves as an officer and/or director of several of the Sheehan Family Companies and retains voting control of the Sheehan Family Companies, because in the case of each company he either owns all voting shares issued by the company or is the trustee of a trust that owns the voting stock of the company. Maureen is a trustee of the 16 trusts that own the Sheehan Family Companies for the Siblings’ benefit.

17. Defendant Margaret Sheehan is, upon information and belief, a resident of Lyme, New Hampshire. Margaret is also an officer and/or director of several of the Sheehan Family Companies, including L. Knife, an entity organized under the laws of Massachusetts. Through her activities on the boards of several of the Sheehan Family Companies, including L. Knife, Margaret has directed activities towards the Commonwealth of Massachusetts and participated in activities in the Commonwealth that have caused injury to Plaintiffs. Margaret is also the beneficiary of trusts with their principal places of administration in the Commonwealth of Massachusetts.

18. Defendant Charles E. Clapp, III (“Clapp”) is being named as a Defendant in his capacity as a trustee of six of the trusts that own equity in Sheehan Family Companies: The Margaret Sheehan Trust established in 1969, the Margaret Sheehan 1984 Trust, the Susan Sheehan Trust established in 1969, the Susan Sheehan 1984 Trust, the Anne Sheehan Trust established in 1969, and the Anne Sheehan 1984 Trust. Clapp administers these trusts, in whole or in part, from his office in Boston, Massachusetts, which is his usual place of business.

19. Defendant L. Knife & Son Inc. is a Massachusetts corporation with its principal place of business in Kingston, Massachusetts.

20. Nominal Defendant T.J. Sheehan Distributors Inc. is a Delaware corporation with its principal place of business in Liverpool, NY.

21. Nominal Defendant Tri-Valley Beverage, Inc. is a New York corporation with its principal place of business in Westmoreland, New York.

22. Nominal Defendant Beechwood Distributors Inc. is a Delaware corporation with its principal place of business, in New Berlin, Wisconsin.

23. Nominal Defendant UB Distributors LLC is a New York limited liability company with its principal place of business in the New York City area.

24. Nominal Defendant Craft Beer Guild Distributing of New York LLC is a New York limited liability company with its principal place of business in the Hudson Valley, New York.

25. Defendant Clapp is separately being named as a nominal defendant in his capacity as trustee of the following trusts, which own equity in the Sheehan Family Companies: the Christopher Sheehan Trust established in 1969, the Elizabeth Sheehan Trust established in 1969, the Matthew Sheehan Trust established in 1969, the Christopher Sheehan 1984 Trust, the Elizabeth Sheehan 1984 Trust, and the Matthew Sheehan 1984 Trust. These trusts are irrevocable, donative

trusts created in the County of Suffolk in Commonwealth of Massachusetts in March 1969 and May 1984 for the named sibling beneficiaries.

III. Jurisdiction and Venue

26. Plaintiffs bring this action pursuant to M.G.L. c. 203E § 1001, M.G.L. c. 231A, § 1, and the common law of the Commonwealth of Massachusetts.

27. All 16 of the trusts that own equity in the Sheehan Family Companies are administered, at least in part, in the Commonwealth of Massachusetts, including Suffolk County.

28. The Court has original jurisdiction over this action pursuant to M.G.L. c. 212, § 3, because the amount in controversy exceeds \$25,000, and M.G.L. c. 214, § 1, which provides jurisdiction over claims and/or relief brought in equity.

29. This Court has personal jurisdiction over Defendants Gerald, Maureen, and Clapp pursuant to M.G.L. c. 203E § 202(b), which provides that the trustee of any trust having its principal place of administration in the Commonwealth of Massachusetts submits to the jurisdiction of the Commonwealth of Massachusetts regarding any matter involving the trust. Massachusetts state courts also have personal jurisdiction over Gerald, Maureen and Clapp as residents of Massachusetts.

30. This Court has personal jurisdiction over Defendant Margaret Sheehan because she is an officer of L. Knife, a corporation with its principal place of business in the state of Massachusetts, and has purposely availed herself of the forum by directing activities towards the state that have caused injury to Plaintiffs. This Court also has personal jurisdiction over Defendant Margaret Sheehan pursuant to M.G.L. c. 203E, § 202.

31. This Court has personal jurisdiction over L. Knife & Son, Inc. because it is a Massachusetts corporation with its principal place of business in Massachusetts.

32. This Court has personal jurisdiction over the Nominal Defendants pursuant to M.G.L. c. 223A § 3. These entities purposefully availed themselves of the Commonwealth's jurisdiction by transacting business with L. Knife & Son, Inc., which is incorporated and headquartered in Massachusetts; by contracting for services in Massachusetts; and by transacting business with trusts, trustees, and controllers that are located in Massachusetts.

33. Venue is proper in Suffolk County pursuant to M.G.L. c. 223, §§ 1, 8(2) because it is the county of Clapp's usual place of business, the county of one of Cushing's usual places of business, and the county in which certain of the Sheehan Family Companies that are parties to this action usually held annual board and shareholder meetings.

IV. The Origins Of The Sheehan Family Companies

34. The Sheehan Family Companies are a collection of 19 independent alcoholic-beverage distributorships operating in 13 different states, as well as a full-service importer of alcoholic beverages that operates in all 50 states.

35. The Companies trace their origins to the late 1800s, when Tim and John's great-grandfather established a small business in Plymouth, Massachusetts, that today is known as L. Knife & Son, Inc. ("L. Knife"). In 1934, L. Knife entered into an exclusive distribution agreement with Anheuser-Busch, the largest brewer of beer in the United States. L. Knife has operated since that time as a distributor of alcoholic beverages—including as the exclusive distributor of iconic Anheuser-Busch brands such as Budweiser, Bud Light, and Michelob—throughout southeastern Massachusetts, Cape Cod, Martha's Vineyard and Nantucket. Another Sheehan Family Company, Seaboard Products Co. ("Seaboard"), is the exclusive distributor of Anheuser-Busch products in northeastern Massachusetts (Essex County). Gerald became the president of L. Knife in 1963 and of Seaboard in 1968.

36. What began as a pair of regional Massachusetts distributorships grew into a score of different companies in 13 different states once Tim, John, and their brother Chris came of age and entered the family business. These three brothers put in decades of hard work and sacrifice, relocating their families numerous times, in order to acquire new businesses and foster the growth of numerous additional distributorships outside of Massachusetts, including in New York, Wisconsin, California, Connecticut, Kentucky, Maine, Maryland, New Hampshire, New Jersey, Rhode Island, Vermont, Virginia, and Washington, D.C.

V. Ownership And Control Of The Sheehan Family Companies

37. The Sheehan Siblings own virtually all of the equity in the Sheehan Family Companies, but Gerald controls the Companies. He controls each of the Sheehan Family Companies through one of two means, depending on the Company in question: he either (i) owns all of the voting shares in the Company or (ii) is the voting trustee of a voting trust that holds all of the Company's voting equity. Gerald is also a director and/or officer of many of the Companies. As such, he has a fiduciary duty to exercise the utmost care, honesty, good faith, and loyalty to the Companies' other equity-holders, *i.e.*, the Siblings.²

38. The Siblings' equity in the Companies is divided among 16 trusts: two trusts for each Sibling. Eight of the trusts—one for each Sibling—were created in March 1969 (the “1969 Trusts”). The other eight—likewise one for each Sibling—were created in May 1984 (the “1984 Trusts”) (together with the 1969 Trusts, “the Trusts”). The 1969 Trusts created for the benefit of Tim and John are referred to herein as the “Tim 1969 Trust” and the “John 1969 Trust,” respectively. Likewise, the 1984 Trusts created for the benefit of Tim and John are referred to

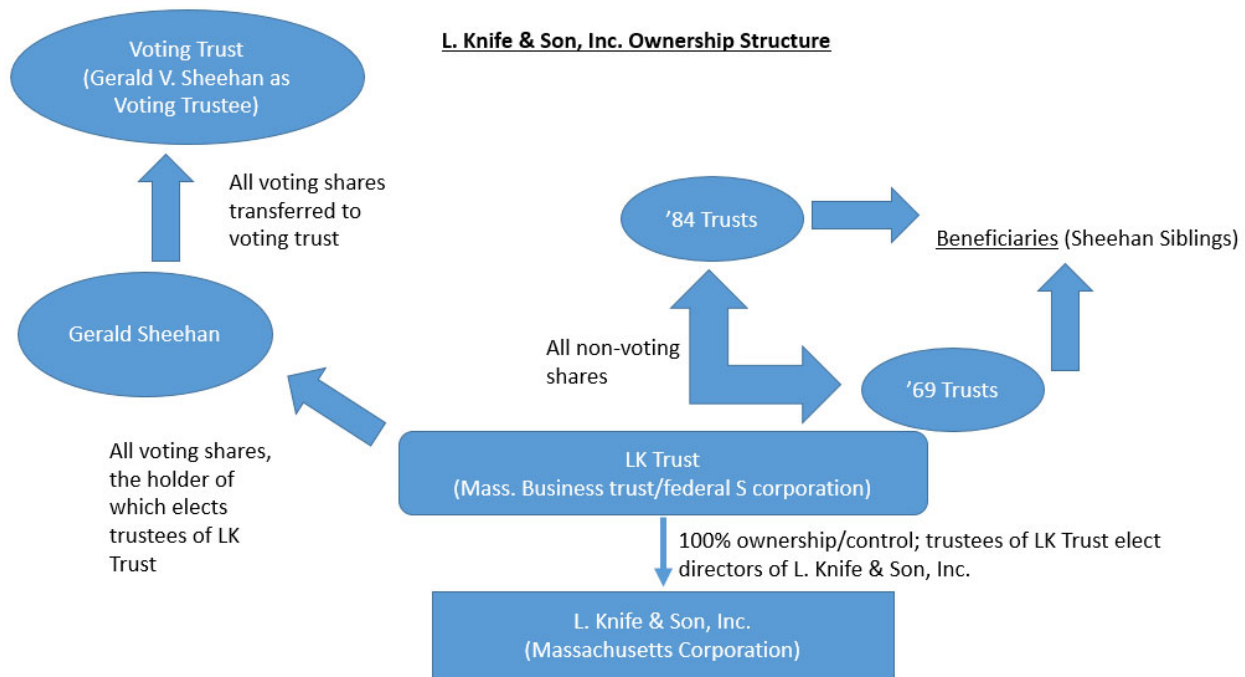
² A review of the ownership structure of each of the Sheehan Family Companies is unnecessary for the purposes of Plaintiffs' claims. The Complaint provides an overview of the ownership of L. Knife, the original Sheehan Family Company, as well as each of the 60/40 Companies.

herein as the “Tim 1984 Trust” and the “John 1984 Trust,” respectively. Maureen has served as a trustee of each trust since it was created. In that capacity, she owes fiduciary duties to the beneficiaries of the Trusts, *i.e.*, the Siblings.

39. Gerald has violated his fiduciary duties to Tim and John by causing the 60/40 Companies, which are majority-owned by Tim, John, and Chris, to pay excessive and unwarranted amounts to L. Knife and certain other 1/8 Companies, which are owned equally by all of the Siblings. He has also violated his fiduciary duties to Tim and John by causing L. Knife to pay him and Maureen tens of millions of dollars that neither has earned. Maureen has violated her fiduciary duties to Tim and John as trustee of their equity-holding trusts by failing to redress Gerald’s excessive and unwarranted transfer of wealth from the 60/40 Companies to 1/8 Companies and his looting of wealth from L. Knife.

A. L. Knife and Son, Inc.

40. L Knife is a Massachusetts S Corporation. Since 2001, all shares of L. Knife have been owned by a Massachusetts Business Trust called LK Trust. Each Sibling beneficially owns approximately one eighth of LK Trust’s non-voting shares, which are held in the Siblings’ 1969 and 1984 Trusts. Gerald owns all of the voting shares in LK Trust and has placed them in a voting trust of which he is the sole voting trustee. For convenience, LK Trust is referred to in this Complaint as L. Knife, because owning a given number and type of shares in LK Trust is legally tantamount to owning an identical number and type of shares in L. Knife. The below diagram illustrates the control and ownership structure of L. Knife:



41. Gerald has been a director and officer of L. Knife since no later than 1989. Maureen was a director of L. Knife from 1998 to 2018. Margaret has been an officer of L. Knife since no later than June of 2017. As directors and/or officers, Gerald, Maureen, and Margaret owed (and Gerald and Margaret still owe) fiduciary duties of care, honesty, good faith, and loyalty to the company's shareholders, including shareholders such as Tim and John who are beneficial owners of L. Knife shares held for them in trust.

42. At all relevant times, Gerald, as the controlling shareholder of a closely-held entity, owed a heightened duty of loyalty to L. Knife's other shareholders, including shareholders such as Tim and John whose shares are held for them in trust.

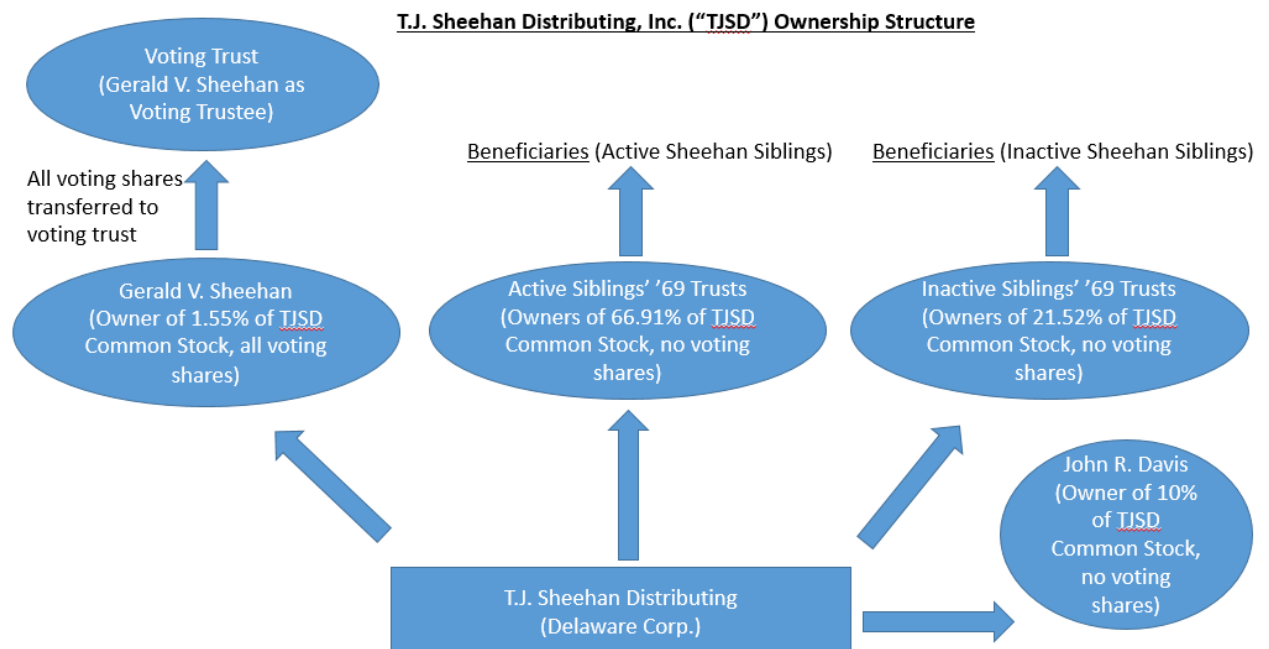
43. At all relevant times, as a trustee of trusts that hold Tim and John's L. Knife shares for their benefit, Maureen has owed fiduciary duties to Tim and John in the management of those assets.

B. The Structure of the 60/40 Companies

i. T.J. Sheehan Distributing, Inc. ("TJSD")

44. TJSD, located in the Syracuse area of New York state, is a Delaware S Corporation. It was the first non-Massachusetts distributorship that the Siblings acquired (in 1983), and the first Sheehan Family Company subject to the 60/40 Agreement.

45. The Active Siblings' 1969 Trusts collectively own 66.91% of outstanding TJSD common stock, none of which are voting shares. The remaining ("Inactive") Siblings' 1969 Trusts collectively own 21.52% of outstanding TJSD common stock, none of which are voting shares. A non-family member, John R. Davis ("Davis"), owns 10% of outstanding TJSD common stock, none of which are voting shares. Gerald owns 1.55% of outstanding TJSD common stock, all of which are voting shares. Gerald has placed his TJSD voting shares in a voting trust of which he is the sole voting trustee. A diagram detailing this ownership and control structure is below:



46. Gerald has been a director of TJSD since 1983. Maureen was a director of TJSD for a period of time after its acquisition in 1983, but is no longer one. Margaret has been an officer and director of TJSD since no later than June 2017. As directors and/or officers, Gerald, Maureen, and Margaret owed (and Gerald and Margaret still owe) fiduciary duties of care, honesty, good faith, and loyalty to TJSD's shareholders, including shareholders such as Tim and John whose shares are held for them in trust.

47. At all relevant times, as the sole controlling shareholder of a closely-held entity, Gerald owed a duty of loyalty to the other TJSD shareholders, including shareholders such as Tim and John whose shares are held for them in trust.

48. At all relevant times, as a trustee of trusts that hold Tim and John's TJSD shares for their benefit, Maureen owed fiduciary duties of good faith and loyalty to Tim and John in the management of those assets.

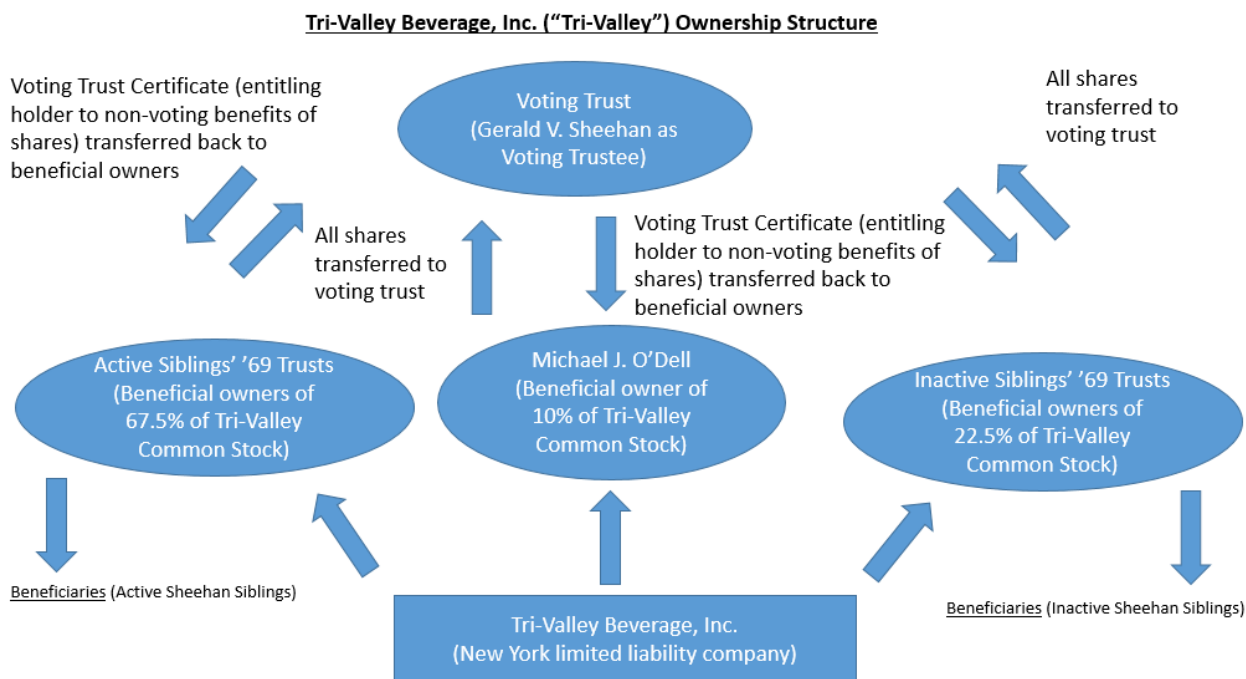
ii. Tri-Valley Beverage, Inc. ("Tri-Valley")

49. Tri-Valley is a New York S Corporation located in Westmoreland, New York. It was acquired by the Siblings in 1983 subject to the 60/40 Agreement.

50. The Active Siblings' 1969 Trusts cumulatively own 67.5% of outstanding Tri-Valley common stock, all of which are voting shares. The Inactive Siblings' 1969 Trusts cumulatively own 22.5% of outstanding Tri-Valley common stock, all of which are voting shares. In 2017, Maureen, without authorization from her co-trustee, Cushing, sold shares in Tri-Valley such that non-family member Michael J. O'Dell holds 10% of Tri-Valley common stock, all of which are voting shares.

51. Although Gerald owns no Tri-Valley stock, since February 15, 1999, he has been the sole voting trustee of a voting trust to which all outstanding Tri-Valley shares have been

assigned. The Siblings' 1969 Trusts remain beneficial owners of their respective shares, as evidenced by voting trust certificates issued pursuant to a voting trust agreement. A diagram detailing this ownership and control structure is below:



52. Gerald has been a director of Tri-Valley since 1983. Maureen was a director of Tri-Valley for a period of time after its acquisition in 1983. Margaret has been an officer and director of Tri-Valley since no later than June 2017. As directors and/or officers, Gerald, Maureen, and Margaret owed (and Gerald and Margaret still owe) fiduciary duties of care, honesty, good faith, and loyalty to Tri-Valley's shareholders, including shareholders such as Tim and John whose Tri-Valley shares are held for them in trust.

53. At all relevant times, as the voting trustee of a voting trust that controls the voting rights of all Tri-Valley stock, Gerald has owed a fiduciary duty of loyalty to the voting trust's beneficiaries, including the Tim 1969 Trust and the John 1969 Trust. Additionally, as the

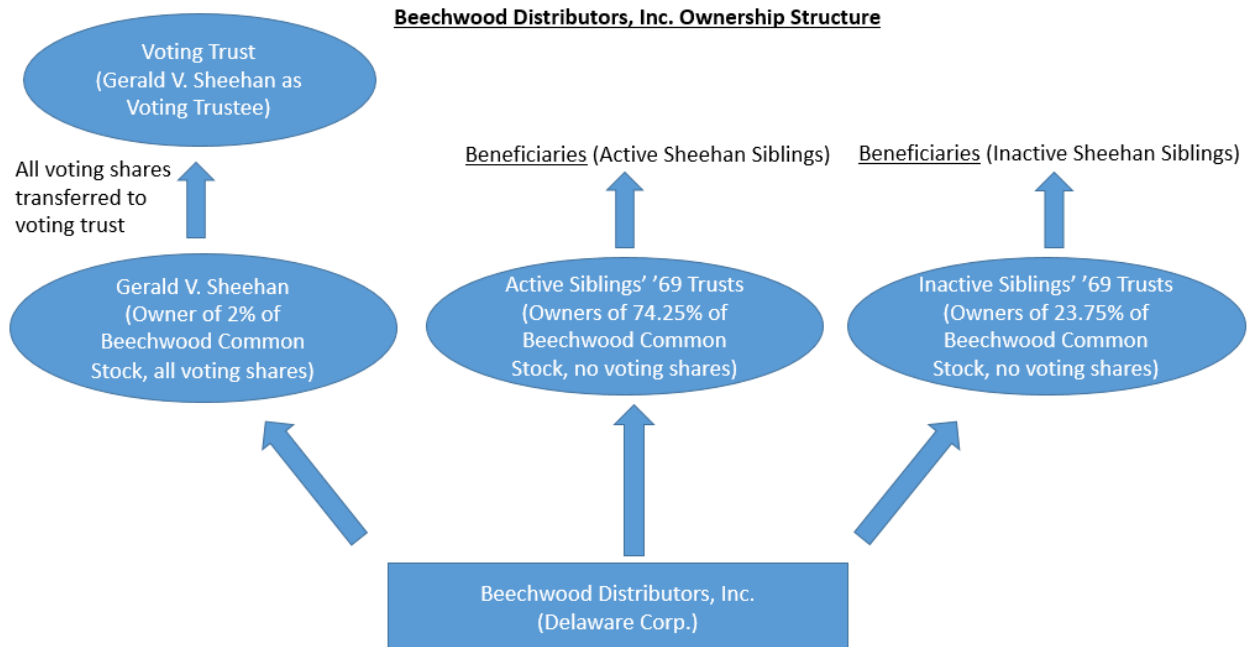
controlling shareholder of Tri-Valley through his control of the voting stock, Gerald has owed a duty of loyalty to the other stockholders of Tri-Valley.

54. At all relevant times, as a trustee of trusts that hold Tim and John's Tri-Valley shares for their benefit, Maureen has owed fiduciary duties of good faith and loyalty to Tim and John in the management of those assets.

iii. Beechwood Distributors, Inc. ("Beechwood")

55. Beechwood, located in New Berlin, Wisconsin, is a Delaware S Corporation. It was acquired by the Siblings in 1987 subject to the 60/40 Agreement.

56. The Active Siblings' 1969 Trusts collectively own 74.25% of outstanding Beechwood common stock, none of which are voting shares. The Inactive Siblings' 1969 Trusts collectively own 23.75% of outstanding Beechwood common stock, none of which are voting shares. Gerald owns 2% of outstanding Beechwood common stock, all of which are voting shares. Gerald has placed his Beechwood voting shares into a voting trust of which he is the sole voting trustee. A diagram detailing this ownership and control structure is below:



57. Gerald has been a director of Beechwood since 1987. Maureen was a director of Beechwood for a period of time after its acquisition in 1987. Margaret has been an officer and director since no later than June 2017. As Beechwood directors and/or officers, Gerald, Maureen, and Margaret owed (and Gerald and Margaret still owe) fiduciary duties of care, honesty, good faith, and loyalty to the Beechwood's shareholders, including shareholders such as Tim and John whose Beechwood shares are held for them in trust.

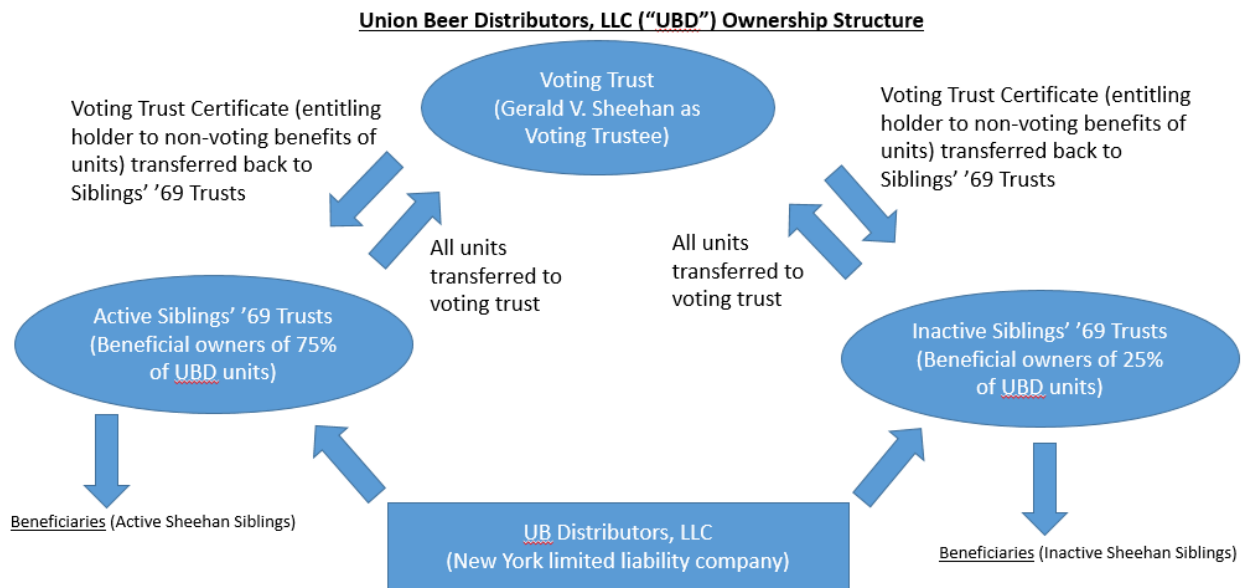
58. At all relevant times, as the sole controlling shareholder of a closely-held entity, Gerald has owed a duty of loyalty to the other Beechwood shareholders, including shareholders such as Tim and John whose Beechwood shares are held for them in trust.

59. At all relevant times, as a trustee of trusts that hold Tim and John's Beechwood shares for their benefit, Maureen has owed fiduciary duties of good faith and loyalty to Tim and John in the management of those assets.

iv. **UB Distributors, LLC (“UBD”)**

60. UBD, located in the New York City area, is a New York limited liability company. It was acquired by the Siblings in 1996 subject to the 60/40 Agreement.

61. The Active Siblings’ 1969 Trusts collectively own 75% of outstanding UBD membership units. The Inactive Siblings’ 1969 Trusts collectively own 25% of outstanding UBD membership units. Although Gerald owns no UBD membership units, since January 1, 2001, he has been the sole voting trustee of a voting trust to which all UBD membership units have been assigned. The Siblings’ 1969 Trusts remain beneficial owners of their respective membership units, as evidenced by voting trust certificates issued to the Siblings’ 1969 Trusts pursuant to a voting trust agreement. A diagram detailing this ownership and control structure is below:



62. Gerald was the President of UBD until June 2017, and in that capacity he owed fiduciary duties to UBD’s unitholders, including unitholders such as Tim and John whose trusts hold UBD voting trust certificates for their benefit.

63. At all relevant times, as the trustee of a voting trust that controls the voting rights in all UBD units, Gerald has owed a fiduciary duty of loyalty to the voting trust's beneficiaries, including the Tim 1969 Trust and the John 1969 Trust. Additionally, as the controlling shareholder of UBD through his control of all UBD membership units, Gerald owed a duty of loyalty to UBD unitholders such as Tim and John, whose trusts hold UBD voting trust certificates for their benefit.

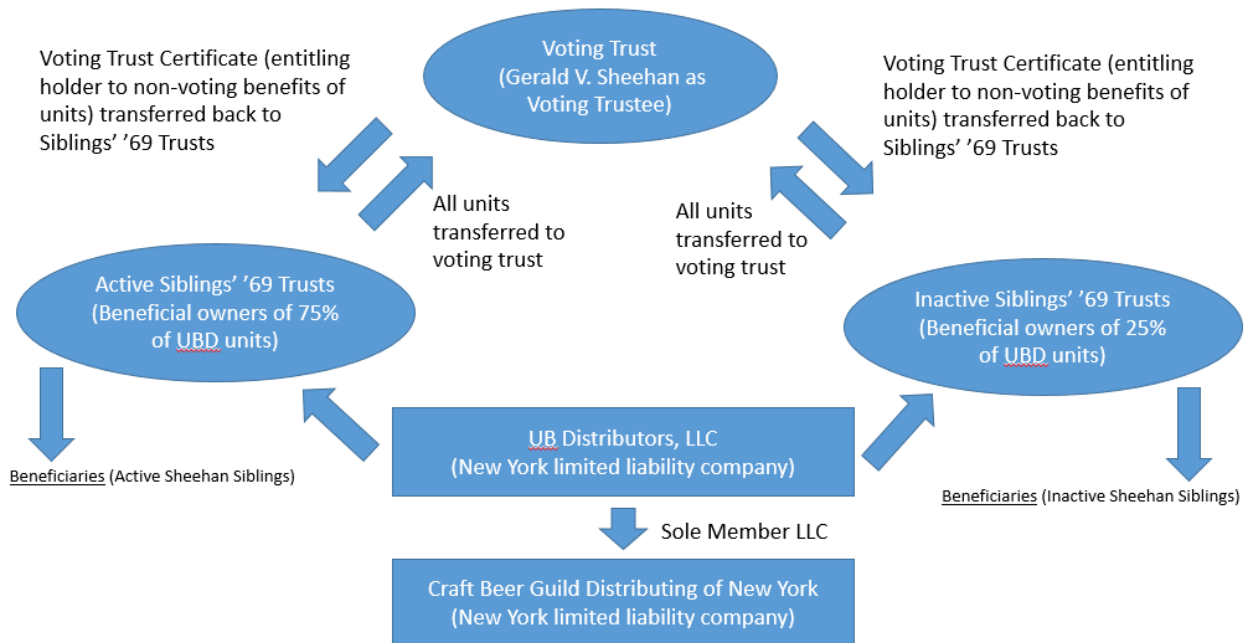
64. At all relevant times, as a trustee of trusts that held Tim and John's UBD units (and now hold corresponding UBD voting trust certificates), Maureen has owed fiduciary duties of good faith and loyalty to Tim and John in the management of those assets.

v. Craft Beer Guild Distributing Of New York LLC ("Craft New York")

65. Craft New York, located in New Paltz, New York, is a New York limited liability company. It was created in 2012 subject to the 60/40 Agreement.

66. Craft New York was organized as a member-managed LLC with UBD as its sole member. Craft New York's ownership and control structure is therefore essentially identical to UBD's: the Active and Inactive Siblings beneficially own 75% and 25% of the company, respectively, and Gerald controls the company in his capacity as sole voting trustee of a UBD voting trust. A diagram detailing this ownership and control structure is below:

Craft Beer Guild Distributing Of New York LLC ("Craft New York") Ownership Structure



67. Gerald was the President of Craft New York until June 2017 and in that capacity owed fiduciary duties to Craft New York's beneficial owners, including beneficial owners such as Tim and John, whose ownership derives from UBD voting trust certificates held for them in trust. Additionally, as the controlling shareholder of Craft New York through his control of UBD, Gerald owed a duty of loyalty to the other stockholders of UBD.

68. At all relevant times, as the voting trustee of a voting trust that controls UBD and thus Craft New York, Gerald has owed a fiduciary duty of loyalty to Craft New York's beneficial owners, including beneficial owners such as Tim and John whose ownership derives from UBD voting trust certificates held for them in trust.

69. At all relevant times, as a trustee of trusts that held Tim and John's units (and now hold corresponding voting trust certificates) in Craft New York's parent company, UBD, Maureen has owed fiduciary duties of good faith and loyalty to Tim and John in the management of those assets.

VI. The 1/8 Companies

70. The remaining Sheehan Family Companies are all 1/8 Companies, *i.e.*, companies beneficially owned in equal shares of 12.5% by the Siblings through their 1969 and/or 1984 Trusts. The 1/8 Companies include L. Knife, along with multiple real estate LLC's—including Eight Mates LLC ("Eight Mates"), English Kills Realty LLC and EK2 Realty, LLC (together, "English Kills" and collectively with Eight Mates, the "Real Estate LLCs")—that were created for the purpose of owning real estate related to the Sheehan Family Companies. The 1/8 Companies also include the following entities: St. Killian Importing, Inc.; Legends, Ltd., Inc.; Specialty Beverage LLC; Hunterdon Brewing Co. LLC; Craft Guild Manager Inc.; Craft Beer Guild Holding Company LLC; Craft Beer Guild Distributing of California LLC; Craft Beer Guild Distributing of Los Angeles LLC; Legends Distributing of Washington, DC LLC; Craft Beer Guild Distributing of Rhode Island LLC; Craft Beer Guild Distributing of Maine LLC; Craft Beer Guild Distributing of Vermont LLC; Craft Beer Guild Distributing of Connecticut LLC; Craft Realty Manager Inc.; Lanier Lane Realty LLC; Whitehouse Realty New Jersey LLC; and Beacham Street Realty LLC.

VII. The Growth Of The Sheehan Family Companies Under The 60/40 Agreement

71. The Active Siblings (Tim, John, and Chris) are chiefly responsible for the enormous growth and financial success of the Sheehan Family Companies. They founded, managed, and grew many of the Companies' non-Massachusetts distributorships that sell Anheuser-Busch beverages, and sales of those beverages represent the lion's share of the Companies' revenues. Establishing those distributorships cost the Active Siblings decades of hard work and sacrifice, in part because Anheuser-Busch has strict criteria for who may distribute its products.

72. Anheuser-Busch has long maintained that the wholesale distribution of malt beverages requires highly personalized promotion and sales service efforts by a brand manager

who has a substantial equity stake in the business and works in the geographic region where the sales are made. It therefore will sign a distribution agreement with a wholesaler only if the latter appoints an “equity agreement manager” or “EAM” who satisfies those criteria.³ Anheuser-Busch also requires that the EAM have day-to-day operating control over the distributor’s business, including promoting, marketing, pricing, selling, advertising, merchandising, delivering and servicing Anheuser-Busch products; hiring and terminating all employees with any responsibility for any of those activities; managing the business on a day-to-day basis; and making capital expenditures. Anheuser-Busch places great importance on the selection of an EAM and will not approve a person for the position—and therefore will not enter into a related wholesale distribution agreement—unless it has confidence in the EAM’s knowledge, commitment, and abilities. Being an EAM is thus a sought-after, prestigious, and well-paying position within the beer distribution industry, albeit one that requires much hard work and sacrifice compared to many other jobs.

73. For nearly two decades after Gerald became president of L. Knife, Anheuser-Busch’s requirements for distributors effectively prevented the Sheehan Family Companies from expanding their relationship with Anheuser-Busch. That is because Anheuser-Busch was unwilling to approve Gerald’s appointment as the EAM of any new distributorships. The Companies’ inability to expand this relationship did not end until 1983, when Tim became the first Sibling to agree to enter the family business and break the drought in increasing the Companies’ footprint.

³ By 1997, Anheuser-Busch had standardized these requirements in an “Amended Wholesaler Equity Agreement” that mandates, among other things, that: (i) the EAM live and work in the distributor’s Anheuser-Busch territory (or its corresponding media coverage area); and either (ii) own at least 25% of the distributor’s equity, or (iii) own at least 10% of the distributor’s equity with an option to purchase an additional 15% within a period of eight years or upon the death of current owner(s).

74. Tim learned the beer-distribution business in his youth by working full-time at L. Knife during summers and school breaks. After graduating from college, Tim began a promising career as a corporate analyst at Anheuser-Busch in St. Louis, Missouri and started pursuing an MBA in finance and marketing to further burnish his credentials in the industry.

75. In 1983, the Sheehan Family Companies acquired an Anheuser-Busch distributorship in Syracuse, New York. At Gerald's urging, Tim agreed to serve as the EAM of the Syracuse distributorship, which was renamed TJ Sheehan Distributors or TJSD. At the time, the Syracuse distributorship had essentially no book value, and a long history of net operating losses, including for the prior year. In accordance with Anheuser-Busch's requirements, Tim had to leave his lucrative position as an Anheuser-Busch corporate analyst where he had been working for years, relocate his family to Syracuse, borrow \$51,000 to purchase 51% of TJSD's equity, and personally guarantee the financial commitments of the acquired company. Tim quickly found a home at his new station in Syracuse, turning the company's profitability around within a matter of a few years.

76. Four years later, in 1987, John Sheehan (who by then was himself working for Anheuser-Busch in St. Louis) identified an opportunity to acquire another Anheuser-Busch distributorship, Beechwood, in Wisconsin. As a condition of approving that purchase, Anheuser-Busch demanded that Tim relocate from New York to Wisconsin and become Beechwood's EAM. On information and belief, Anheuser-Busch made that demand because Tim had been successful as the EAM of TJSD, transforming it in just four years from an unprofitable company into a thriving and well-run business.

77. Tim was reluctant to leave TJSD and become Beechwood's EAM. He did not want to forfeit his 51% equity stake in TJSD to a successor EAM because he had substantially increased

the value of that equity through his success in running the company. He also did not want to uproot his family for the second time in five years and move them from New York to Wisconsin.

78. To address these issues, which seemed likely to recur, Gerald, Maureen, and the Siblings collectively conceived of a solution designed both to induce Tim to make this move and to encourage additional Siblings to become active in the Sheehan Family Companies: the 60/40 Agreement. This agreement was reached during an in-person meeting overseen by one of the Companies' attorneys, Gordon Ehrlich ("Attorney Ehrlich"), and has been confirmed in writing numerous times over the years in family meeting minutes and in various memoranda prepared by family members and/or Attorney Ehrlich.

79. The 60/40 Agreement entitles Siblings who are Active Siblings at the time any new non-Massachusetts distributorship is acquired to purchase a total of 60% of the equity in the new distributorship, with the remaining 40% available to be purchased in eight equal shares by all eight Siblings. To qualify as an Active Sibling at the time of a new acquisition, the Sibling must be a full-time Sheehan Family Companies employee and be willing to relocate as needed to help establish and manage new distributorships.

80. An implied term of the 60/40 Agreement is that Active Siblings will have a remunerative role in the management of Sheehan Family Companies and will receive distributions from the 60/40 Companies. Without those financial incentives/rewards, the 60/40 Agreement would not have served its intended purpose of inducing Tim, John, and Chris to join and/or continue serving the family business as Active Siblings.

81. Since 1987, Tim, John, and Chris have made substantial sacrifices for the benefit of the Sheehan Family Companies in reliance on the 60/40 Agreement. Specifically:

a. In October 1987, Tim agreed to forfeit part of his equity stake in TJSD, relocate his family from New York to Wisconsin, and become the EAM of Beechwood.

b. In or around February 1989, at Gerald's request, John left a lucrative job as a financial analyst in wholesaler financial planning at Anheuser-Busch in St. Louis and relocated his family to Wisconsin to join Beechwood and train to become Tim's successor as Beechwood's EAM.⁴

c. In or around 1993, Chris relocated to Syracuse, New York, to take a position at TJSD.

d. In or around 1993, Tim left his job as EAM of Beechwood and relocated from Wisconsin to Massachusetts to become EAM of Seaboard, an existing Sheehan Family Companies distributorship. John then replaced Tim as Beechwood's EAM. Under John's leadership, Beechwood's revenues are approximately 14 times what they were when John took over.

e. In 1996, after gaining Anheuser-Busch's confidence through his three years of work at TJSD, Chris was approved as EAM of the newly-acquired UBD distributorship and relocated his family from Syracuse to New York City in order to assume that position.

79. In 2000, Anheuser-Busch demanded that Gerald step down as EAM of L. Knife because it had lost confidence in his abilities. Tim was approved to succeed Gerald as EAM of L. Knife, becoming one of very few individuals in Anheuser-Busch's 165-year history to have ever been approved, without any conditions or stipulations, as an EAM four separate times.

80. The 60/40 Agreement has been an engine of wealth for the entire Sheehan family, enabling the Companies to grow into one of the largest distributors of Anheuser-Busch beverages

⁴ Another requirement in Anheuser-Busch wholesale distribution agreements is that every distributor identify and employ a "successor EAM" who meets Anheuser-Busch's approval.

(and other alcoholic beverages) in the country. Without the benefits promised to Active Siblings under that Agreement—including an ongoing remunerative role in the Sheehan Family Companies’ management and distributions from the 60/40 Companies—Tim, John and Chris would not have been willing to make the sacrifices needed to acquire and nurture new Anheuser-Busch distributorships. Tim and John not only expanded the Sheehan Family Companies’ geographic reach, thus expanding the total amount of profits that each of the Siblings share; they also, through their superior management skills, grew L. Knife and Beechwood, respectively, into the second- and third-largest distributors in the Sheehan family network as measured by both revenue and volume, further enriching the family.

VIII. Gerald’s Actions To Aggrandize His Own Power At The Companies’ Expense

81. Notwithstanding the profound contributions that Tim has made to the development of the Sheehan Family Companies, over time, Gerald has taken steps to aggrandize his own role in the Sheehan Family Companies’ operations and to minimize Tim’s. These steps have harmed the Companies and jeopardized their future success, in violation of Gerald’s fiduciary duties as controlling equity-holder and director to exercise his powers with the utmost care, honesty, good faith, and loyalty.

82. From approximately 2003 to 2012, the Sheehan Family Companies employed a Board of Advisors (the “Board”) that met on a roughly quarterly basis to review distributorship financials, discuss operations, and strategize about the long-term business plan of the Companies. The Board was composed of one Active Sibling, one Inactive Sibling, and four independent members. Over time, the independent member positions were filled by veteran executives with board experience and ties to large and/or publicly-traded companies such as Anheuser-Busch,

IBM, Fleet Bank, L.L. Bean, IDEXX Laboratories, Welch's, the Dr. Pepper/Snapple Group and Lands' End. John served as the Chairman of the Board throughout its existence.

83. Among other areas of responsibility, the Board oversaw the management of the various Sheehan Family Companies to ensure that the interests of the Active and Inactive Siblings were both protected. As the Board gained more familiarity with the Sheehan Family Companies, it began increasingly to focus on a long-term strategy for the business that included succession planning. As part of that process, the Board sought to identify and groom potential successors to Gerald (at that time in his mid- to late-seventies) as the primary point person for day-to-day operation and control of the Sheehan Family Companies.

84. Ultimately, the Board identified Tim as the individual best-suited for that role because of his long tenure with the Companies, his experience in the industry, his strong relationship with Anheuser-Busch, and his business acumen. By this time, Tim was a 20-year veteran of the Companies with experience working as the EAM of four different distributorships.

85. Over the course of eight years, the Board closely monitored Tim's performance and leadership skills as he was gradually promoted through a series of positions, including Chief Administrative Officer, Chief Operating Officer, and, finally, Chief Executive Officer of L. Knife. During this time, Tim was primarily responsible for overseeing the finances, budgeting, operations and strategic acquisitions of all Sheehan Family Companies. Under his watch, and through his personal efforts, the Siblings consummated major acquisitions of distributorships in states all along the Eastern Seaboard.

86. As Tim grew in prominence at the Companies, Gerald's excesses and inappropriate behavior increasingly came into focus. In a 2011 memorandum to the board of L. Knife, for

example, Tim recounted the “daily” feedback he received from employees, business partners, and employees of business partners about Gerald’s “impatience, arrogance, and disrespect for others.”

87. By 2012, the Board became convinced that Gerald should take on a decreased role within the Companies, concluding that proper succession planning required Gerald to phase out of day-to-day involvement with the Sheehan Family Companies because Tim was prepared to run the business.

88. This impending loss of control prompted Gerald to take action to aggrandize his own power at the Companies’ expense. In or around March 2012, Gerald sent a letter to Tim “demoting” him from CEO to EAM of L. Knife. Upon information and belief, Gerald took this action not only to preserve his own power but to thwart further inquiry into his wrongful activities.

89. The Board, understandably, reacted negatively to Tim’s demotion, writing to Gerald in April 2012 that:

The Board of Advisors respectfully disagrees with your decision to demote Tim, by stripping him of his duties as the CEO of the L. Knife Companies, if indeed that is what you have done ... We believe the following evidence supports our position: An extensive two-day evaluation process led us to the firm conclusion that Tim Sheehan is doing a good job as CEO of L. Knife ... Additionally, we are concerned by your decision to strip the CEO title and responsibilities from Tim due, in part, to the fact that this decision is the direct opposite of our recommendation, and because we believe that there are no grounds to make such a decision. Finally, the means of communicating this information to Tim was unfortunate, as it was done in an unfair and unprofessional manner. In light of these actions, and the new management structure you have just implemented, we are seriously concerned about the future growth of this business. We believe this is a high-risk strategy for the business and we urge you to reverse your decision regarding Tim, in a timely manner, in order to stabilize the business. As a board, we feel that if you continue on the same path, the value of the enterprise will be greatly diminished.

90. Gerald responded to the legitimate concerns articulated in this correspondence by unilaterally disbanding the Board. Since that time, the Board has never been reconstituted.

IX. Gerald And Maureen's Breaches Of Their Duties

91. Gerald's dismissal of the Board is only one example of the types of conduct that he has engaged in over the years. He, together with Maureen, has repeatedly caused injury to the trusts held for the benefit of Tim and John through a variety of actions that have had the effect of enriching themselves, to Tim and John's financial detriment.

A. Gerald And Maureen Pay Themselves Exorbitant Salaries In Contravention Of Their Fiduciary Duties To Plaintiffs

i. Gerald's Compensation

92. In 2005, the Sheehan Family Companies engaged Watson Wyatt to perform a market assessment of compensation paid to top executives at the Sheehan Family Companies. Watson Wyatt determined that Gerald's then-current salary of \$3.5 million per year represented **559%** of the median total cash compensation paid by the Sheehan Family Companies' competitors to similarly-titled executives. In other words, the survey showed that Gerald was being paid over five times the salary of others occupying similar positions in the industry.

93. Rather than reduce his own compensation in response to Watson Wyatt's findings, Gerald increased it. Between 2011 and 2016, Gerald caused L. Knife to pay him total compensation in amounts that exceeded \$7 million in many years and, upon information and belief, approached \$10 million in certain years.

94. In 2018, Gerald caused L. Knife to pay him \$4.26 million in total compensation, even though the Companies collectively reported a pre-tax loss in 2018 for the first time in their 100+ year history and also increased their bank debt substantially during that fiscal year. Had Gerald paid himself a more appropriate salary, the harmful impact of these negative financial events could have been mitigated.

95. Upon information and belief, Gerald has caused L. Knife to pay him total compensation in excess of \$45 million over approximately 5 years (2015-2019).

96. Gerald determined the amount of these payments unilaterally and arbitrarily, without following any deliberative process. Among other things, he did not take into account the Companies' financial performance or the compensation paid to similarly-situated executives in the alcoholic beverage distribution industry.

97. For example, the annual compensation of at least \$7 million paid by Gerald to himself in certain years was: (i) approximately 11 times greater than the salary received by the next-highest paid individual working at the Sheehan Family Companies during that same time; and (ii) approximately 19 times greater than the salary received by the "upper quartile" of similarly situated executives and/or directors surveyed by the National Beer Wholesalers' Association in 2020. It was also approximately twice the size of the annual salary that the Watson Wyatt survey deemed excessive as far back as 2005.

98. The amount of compensation Gerald caused L. Knife to pay him far exceeds the value of Gerald's actual contributions to the Companies, and is not commensurate with the salaries paid to executives of similar experience and ability within the alcoholic beverage distribution industry.

99. Gerald's compensation is not fair in dealing or fair in price, and is therefore in breach of his fiduciary duties as an officer and director of L. Knife, and as a voting trustee of voting trusts established to control L. Knife.

100. Maureen, in her capacity as trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust, has failed to investigate, challenge or otherwise attempt

to enjoin these conflicted acts and/or omissions taken by Gerald, thereby breaching the fiduciary duties she owes as trustee to the beneficiaries of the Trusts.

ii. Maureen's Salary And Compensation

101. Between 2011 and 2017, Gerald used his authority as voting trustee, controller, director, and/or officer of L. Knife to cause the company to pay Maureen total compensation in amounts that exceeded \$400,000 each year and that cumulatively total at least \$2.8 million. Upon information and belief, Maureen has also accrued approximately \$700,000 in retirement benefits as a result of that compensation.

102. Gerald determined the amount of the payments unilaterally and arbitrarily, without following any deliberative process, and without taking into account the Companies' financial performance or the compensation paid to similarly-situated employees in the alcoholic beverage distribution industry.

103. Maureen's compensation has far exceeded the value of her actual contributions to the Companies. Indeed, Maureen did not provide *any* professional services to L. Knife or any of the Sheehan Family Companies during this time period, yet received compensation that made her one of the companies' ten highest-paid employees. There is no reason that Maureen should have drawn any salary at all, much less a salary among the highest in the company.

104. Maureen's compensation is therefore not fair in dealing or fair in price, and Gerald's authorization of such payments is in breach of his fiduciary obligations as a trustee, controlling shareholder, and officer/director of L. Knife.

105. Maureen, in her capacity as trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust, has failed to investigate, challenge or otherwise attempt to enjoin these conflicted acts and/or omissions taken by Gerald, indeed she has profited from

them, thereby breaching the fiduciary duties she owes as trustee to the beneficiaries of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust.

B. Gerald And Maureen Convert Corporate Funds For Their Own Personal Benefit In Contravention Of Their Fiduciary Duties To Plaintiffs

i. Use Of Corporate Funds For Personal Expenditures

106. Gerald has regularly used his authority as voting trustee, controlling shareholder of a closely-held corporation, director, and/or officer in bad faith to cause the Sheehan Family Companies to pay for items and/or services intended for the exclusive use and enjoyment of him and/or Maureen.

107. Gerald has caused one or more of the Sheehan Family Companies to purchase expensive artwork and antiques that are housed primarily at his personal residence and intended for the exclusive use and enjoyment of himself, Maureen and their selected guests. At least a portion of this artwork and these antiques was at one time valued at over \$30 million. Upon information and belief, Gerald caused the Sheehan Family Companies to pay inflated prices for this artwork as a means of supporting an art studio run by his daughter, Susan, and recently began offering some of that artwork for sale at Susan's studio at a commission rate of 30%. Gerald has done this to buy Susan's support and favor, despite her lifelong disapproval of Gerald's management of the family business.

108. Gerald has caused one or more of the Sheehan Family Companies to purchase expensive furniture and vintage automobiles that are housed primarily at his personal residence and intended for the exclusive use and enjoyment of himself, Maureen, and their selected guests.

109. Gerald has caused one or more of the Sheehan Family Companies to purchase expensive jewelry and clothing that is either kept at his personal residence for the exclusive use

and enjoyment of Maureen or gifted by Gerald to other family members or female acquaintances of his selection.

110. These transactions were unreasonable, promoted Gerald and Maureen's personal interests at the expense of Tim and John's interests, as well as those of the other shareholders in the Sheehan Family Companies, and amount to a waste of assets that materially harmed the Sheehan Family Companies' finances. By authorizing these transactions Gerald breached his fiduciary duties as voting trustee, controlling shareholder of a closely-held corporation, director, and/or officer. Gerald also unilaterally determined the personal expenses that he would require the Companies to pay without following any deliberative process, which would have required him to defend the payments and identify a legitimate business purpose for them. The Companies did not receive anything of value in return for paying Gerald and Maureen's personal expenses.

111. By causing one or more of the Sheehan Family Companies to pay for items and/or services intended for the exclusive use and enjoyment of him and/or Maureen, Gerald has breached his fiduciary duties as an officer, as a director, as a voting trustee of trusts established to control L. Knife, Tri-Valley, and UBD, and as a controlling shareholder of the 60/40 Companies.

112. Maureen, in her capacity as trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust, has failed to investigate, challenge or otherwise attempt to enjoin these conflicted acts and/or omissions taken by Gerald, indeed she has benefited from them, thereby breaching the fiduciary duties she owes to the beneficiaries of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust.

ii. Use Of Corporate Funds For Personal Real Estate Expenditures

113. In addition to his various roles within the Sheehan Family Companies' operating entities, Gerald is also the manager of multiple LLC's—including the Real Estate LLCs—that

were created for the purpose of owning real estate related to the Sheehan Family Companies. The Siblings' 1969 Trusts are equal 1/8 owners of the membership interests in the Real Estate LLCs.

114. Gerald has from time to time utilized his authority as manager of the Real Estate LLCs in bad faith to cause those entities to fund certain real estate transactions or improvements intended for the exclusive use and enjoyment of himself and/or Maureen, thereby breaching the fiduciary duties he owes as trustee, director and officer, and/or controlling shareholder of a closely held business entity.

115. For example, in 2016 Gerald utilized his control over Eight Mates and its real estate trust to engineer a sale of certain valuable real estate in Plymouth, Massachusetts to himself for far less than market value. Upon information and belief, this real estate would be worth more than \$8 million if marketed for its highest value and best use as a 64-lot residential subdivision. Instead, Gerald sold the property to himself in a non-arm's-length transaction for a purchase price of approximately \$3.5 million. Upon information and belief, Gerald was motivated to transfer this property to himself for far less than fair market value for subsequent use as a valuable tax deduction.

116. Similarly, Gerald and Maureen also utilize several other real estate properties owned by Eight Mates as vacation homes for their personal use and enjoyment. At one of these properties, Gerald caused Eight Mates to spend, upon information and belief, approximately \$1.3 million to construct a purely cosmetic stone wall. Gerald has also caused Eight Mates to spend, upon information and belief, approximately \$800,000 to complete excessive interior home renovations within another one of the properties. Upon information and belief, Gerald also causes Eight Mates and/or the Sheehan Family Companies to help pay for a staff of household employees to maintain his vacation properties and/or his primary residence.

117. These transactions were unreasonable, promoted the personal interests of Gerald and Maureen at the expense of the interests of the Plaintiffs, and amounted to a waste of assets that materially harmed the Real Estate LLCs' finances. Gerald unilaterally determined the personal expenses that he would require the Companies to pay without following any deliberative process that would have required him to defend the payments or identify a legitimate business purpose. The Companies did not receive anything of value in return for paying Gerald and Maureen's personal expenses.

118. Gerald has breached his fiduciary duties as a manager of the Real Estate LLCs in authorizing such expenses.

119. Maureen, in her capacity as trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust, has failed to investigate, challenge or otherwise attempt to enjoin these conflicted acts and/or omissions taken by Gerald, indeed she has benefited from them, thereby breaching the fiduciary duties she owes as trustee to the beneficiaries of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust.

C. Maureen Sells Five Percent Of The Trusts' Tri-Valley Equity Without Disclosure To Plaintiffs

120. On December 19, 2016, Gerald appointed Cushing to serve as Maureen's co-trustee for the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust.

121. By Stock Purchase and Sale Agreement dated January 1, 2017, Maureen, purporting to act as sole trustee of the Siblings' 1969 Trusts, agreed to sell a 10% interest in Tri-Valley to a non-family member named Michael O'Dell for the below-market price of \$567,433. By virtue of this sale, the Tim 1969 Trust and the John 1969 Trust's ownership interests in Tri-Valley were diluted, and Maureen thus breached the fiduciary duties she owes as trustee to the beneficiaries of those two trusts.

122. Cushing had no knowledge of this transaction at the time it was consummated even though Gerald had by that time appointed him as Maureen's co-trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust. Maureen did not consult with her co-trustee prior to signing off on this transaction on behalf of the Tim 1969 Trust and the John 1969 Trust, nor did she inform Cushing of this impending transaction at the time he was appointed as co-trustee. Maureen, similarly, did not consult with Tim and John (the beneficiaries of the aforementioned trusts) prior to diluting their beneficial interests in Tri-Valley by 5% cumulatively.

123. Upon information and belief, Gerald unilaterally dictated the terms of this transaction, including the purchase price and the amount by which the Siblings' respective beneficial interests were diluted, and demanded that Maureen approve these terms on behalf of the Trusts. Gerald thereby breached the fiduciary duties he owes as trustee, director and officer, and/or controlling shareholder of a closely held business entity, Tri-Valley.

124. Maureen, in her capacity as trustee of the Tim 1969 Trust and the John 1969 Trust, breached her fiduciary duties and/or engaged in a void transfer in authorizing the transfer of these interests.

125. Margaret, in her capacity as director and/or officer of Tri-Valley either assisted Gerald and Maureen in taking these actions, or, alternatively, failed to properly investigate, challenge, or attempt to enjoin Gerald and Maureen's wrongdoing.

126. The sale of these interests has also had the effect of depriving Tim and John of the fruits of the bargain under the 60/40 agreement, in breach of Gerald and Maureen's implied contractual obligation to maintain Tim and John's ownership stakes in such companies.

D. Gerald Diverts Assets Away From Certain Sheehan Family Companies And Towards Others In Contravention Of His Fiduciary Duties To Plaintiffs

i. Use Of Illegitimate Management Fees To Transfer Value From 60/40 Companies To 1/8 Companies

127. In recent years, Gerald has also used his authority to cause each of the Sheehan Family Companies to pay excessive “management fees” to L. Knife (a 1/8 Company) as reimbursement for certain purported expenses that are, in reality, illegitimate. These purported management fees have the effect of taking revenues and profits away from the 60/40 Companies and diverting them to L. Knife, where they are employed in large part to support Gerald and Maureen’s excessive salaries and personal expenditures. These “management fees” thus have the effect of creating a large-scale wealth transfer from the equity holders of the 60/40 companies to Gerald and Maureen.

128. L. Knife charges these fees to the other Sheehan Family Companies in a one-line invoice that contains no description of the services allegedly rendered. Gerald then exercises his control over the accounting staff and operating accounts of the various companies to cause these invoices to be paid on a monthly basis, and at year-end if Gerald claims that a “true up” is required to defray higher-than-anticipated expenses.

129. While management fees are not unusual in the corporate context, in the case of the Sheehan Family Companies, the amount of the purported management fees is not negotiated as part of an arms-length transaction. Rather, the “management fees” are used to pay the salaries, overhead and other expenses associated with a “corporate staff” of between 50-60 employees who work out of the L. Knife office and are superficially available to the other distributorships for use as consultants in certain operational areas (such as sales, marketing, human resources, IT, and finance). The compensation paid to Gerald and Maureen is also included as an expense item reimbursed to L. Knife through “management fees.”

130. In recent years, these “management fees” have ballooned in size to an appreciable portion of each company’s gross revenues. From 2012 through 2019:

- a. UBD paid L. Knife \$33,602,402.44 in management fees;
- b. Beechwood paid L. Knife \$24,317,135.16 in management fees;
- c. TJSD paid L. Knife \$10,471,327.66 in management fees;
- d. Tri-Valley paid L. Knife \$8,044,011.35 in management fees; and
- e. Craft New York paid L. Knife \$1,585,989.19 in management fees.

In total, these records reflect that Gerald caused the 60/40 Companies to pay L. Knife the cumulative sum of \$78,020,865.80 in “management fees,” far beyond the value of any management services actually provided to the 60/40 Companies.

131. In addition, although the 60/40 Companies have been required to pay L. Knife “management fees” for many years, the magnitude of those fees has increased considerably over time. For example, Gerald utilized his authority as voting trustee, director and officer to increase the “management fees” payable by the 60/40 Companies by the cumulative sum of \$2,343,905 from 2017 to 2018, as follows:

- a. Increasing the “management fees” payable by UBD from \$3,786,435 million to \$4,609,810 million (*i.e.*, a 22% increase);
- b. Increasing the “management fees” payable by Beechwood from \$2,390,408 million to \$3,188,062 million (*i.e.*, a 33% increase);
- c. Increasing the “management fees” payable by TJSD from \$1,022,093 to \$1,364,446 (*i.e.*, a 33% increase);
- d. Increasing the “management fees” payable by Tri-Valley from \$734,580 to \$975,989 (*i.e.*, a 33% increase); and

- e. Increasing the “management fees” payable by Craft New York from \$377,758 to \$516,872 (*i.e.*, a 37% increase).

132. The “management fees” charged to the 60/40 Companies do not represent legitimate expenses. Rather, Gerald manufactures these illusory expenses in bad faith so that he can finance his own excessive salary and effect a large scale transfer of value among the Siblings by using the ruse of management fees to funnel cash from the 60/40 Companies to L. Knife, a 1/8 Company.

133. Gerald determines the amount of the fees unilaterally without following any deliberative process that would: (i) take into account the financial performance of each of the Companies during a particular year; (ii) consider the extent to which the 60/40 Companies actually utilized the services of the corporate staff (if at all); or (iii) analyze the potential alternatives for the 60/40 Companies to procure similar services in their home markets. A fair process would conclude that charging the 60/40 Companies fees in such massive amounts represents an unnecessary and duplicative expense because, in actual practice, most of the 60/40 Companies do not utilize the services of the corporate staff, and instead procure those services locally through their own operating budgets.

134. The “management fees” are also unfair because they do not correlate in any way to services actually received by the Companies. Rather, because Gerald unilaterally allocates the expenses of the L. Knife corporate staff among the Sheehan Family Companies as a function of their respective sales volumes (*i.e.*, their sale of “case equivalents”), he intentionally places the heaviest burden on the five 60/40 Companies that distribute the largest volume of product.

135. This result is particularly inequitable because the expense of maintaining the L. Knife corporate staff does not rise or fall in direct correlation to volume of product sold by the

Sheehan Family Companies. Moreover, the 1/8 Companies (which are typically smaller and less sophisticated) rely heavily on that staff for their operational needs, whereas the 60/40 Companies (which are generally more mature operations) largely perform those functions for themselves. Gerald has thus deliberately created a skewed construct whereby the Sheehan Family Companies that utilize the corporate staff the least pay the most to employ that staff, thus enabling Gerald to effectively loot the 60/40 Companies to draw excessive and unwarranted salaries for himself and his wife.

136. Gerald's imposition of unwarranted management fees has the effect of depleting the balance sheets of the 60/40 Companies, which adversely affects their day-to-day business operations, impacts their ability to make acquisitions, and disadvantages them in comparison to the 1/8 Companies in the event of a future sale of the Sheehan Family Companies. By directing these fees be paid, Gerald thereby breached the fiduciary duties he owes as a voting trustee of trusts established to control L. Knife, Tri-Valley, and UBD, as a director and officer, and as a controlling shareholder of the 60/40 Companies.

137. Maureen, in her capacity as trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust, has failed to investigate, challenge or otherwise attempt to enjoin these acts and/or omissions taken by Gerald in bad faith, thereby breaching the fiduciary duties she owes as trustee to the beneficiaries of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust.

138. Clapp, as trustee for the trusts created for the benefit of Margaret, Susan and Anne, had notice of these breaches of duty and was not a bona fide purchaser of the value received by those trusts as a result of the breaches.

139. Margaret, in her capacity as director and/or officer of TJSD, Tri-Valley and Beechwood either assisted Gerald in taking these actions, or, alternatively, failed to properly investigate, challenge, or attempt to enjoin Gerald's wrongdoing.

140. Additionally, these management fees have the effect of transferring wealth away from the 60/40 Companies to fund the costs of operating the 1/8 Companies, thus frustrating the fruits of the bargain struck under the 60/40 Agreement, under which Tim and John expected to realize increased value as a result of their active participation in the Sheehan Family Companies.

**ii. Use Of Cash Management Systems And Interest Arbitrage To
Transfer Value From 60/40 Companies To 1/8 Companies**

141. Gerald has utilized his control of the Companies in bad faith to cause the Sheehan Family Companies to implement a so-called "cash management system" that, in reality, operates primarily to divert assets away from the 60/40 Companies and towards L. Knife.

142. Gerald has established L. Knife as the central hub for a constant stream of cash transfers between and among the Sheehan Family Companies that are accounted for as intra-company debits and credits. When the 60/40 Companies act as debtors to L. Knife in these transfers, Gerald typically causes the transactions to be treated as loans accruing interest at rates between 5% and 7%. By contrast, when the 60/40 Companies act as creditors to L. Knife in these transfers, Gerald typically causes the transactions to be treated as loans accruing interest at rates as low as 1%. Gerald alone determines the arbitrary rate of interest that will be applied to these transfers.

143. Because of Gerald's financial manipulations, the 60/40 Companies have been net debtors in the transactions effectuated through the cash management system, and have been required to pay L. Knife the net sum of \$6,024,122 to satisfy the interest that accumulated at Gerald's hand-picked rates.

144. Upon information and belief, Gerald justifies this free-flow of cash between and among the Sheehan Family Companies, and the resulting interest payments, by analogizing the individual companies to separate divisions of the same corporation. However, the Sheehan Family Companies are not separate divisions of the same corporation. They are a series of distinct legal entities that, pursuant to the 60/40 Agreement, are owned by the Siblings in different proportions. Knowing this, Gerald implemented the cash management system in bad faith so that he can “level the stacks” of value among the Siblings by using interest arbitrage and the subterfuge of a cash management system to funnel cash in the form of interest payments from the 60/40 Companies to a 1/8 Company, L. Knife. Doing so has enabled Gerald to finance his own lavish lifestyle, including his excessive salary paid by L. Knife, and to raid the Companies’ coffers for personal expenses, such as artwork, real estate, and jewelry.

145. Gerald unilaterally and arbitrarily determines when operational cash from the 60/40 Companies will be flushed through the cash management system without first following any deliberative process that would: (i) consider the benefit to 60/40 Companies of retaining excess cash on their own balance sheet for investment or operational purposes; (ii) take into account the financial performance of each of the Companies during a particular year; (iii) analyze the outsized role of management fees in allegedly necessitating the 60/40 Companies to become net debtors to L. Knife; or (iv) set the rate of interest (if any) by reference to prevailing market conditions.

146. The cash management system transfers are also unfair because, by virtue of Gerald’s use of interest arbitrage, L. Knife benefits financially no matter what side of the transaction it is on. This is because Gerald permits L. Knife to collect above-market interest rates when it acts as a creditor and below-market interest rates when it acts as a debtor.

147. The cash management system has the effect of depleting the balance sheets of the 60/40 Companies, which adversely affects their day-to-day business operations, impacts their ability to make acquisitions, and disadvantages them in comparison to the 1/8 Companies in the event of a future sale of the Sheehan Family Companies.

148. By causing the 60/40 Companies to participate in this cash management system, Gerald has breached his fiduciary duties as an officer, as a director, as a voting trustee of trusts established to control Tri-Valley and UBD, and as a controlling shareholder of the 60/40 Companies.

149. Maureen, in her capacity as trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust, has failed to investigate, challenge or otherwise attempt to enjoin these acts and/or omissions taken by Gerald in bad faith, thereby breaching the fiduciary duties she owes as trustee to the beneficiaries of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust.

150. Clapp, as trustee for the trusts created for the benefit of Margaret, Susan and Anne, had notice of these breaches of duty and was not a bona fide purchaser of the value received by those trusts as a result of the breaches.

151. Margaret, in her capacity as director and/or officer of TJSD, Tri-Valley and Beechwood either assisted Gerald in taking these actions, or, alternatively, failed to properly investigate, challenge, or attempt to enjoin Gerald's wrongdoing.

152. Additionally, these lending practices have the effect of transferring wealth away from the 60/40 Companies to fund and transfer wealth to the 1/8 Companies, thus frustrating the fruits of the bargain struck under the 60/40 Agreement, under which Tim and John expected to realize increased value as a result of their active participation in the Sheehan Family Companies.

iii. Use Of Shareholder Distributions To Transfer Value From 60/40 Companies To Inactive Siblings

153. Gerald has utilized his authority as voting trustee, director and officer in bad faith to structure the payment of shareholder distributions to the Siblings in a manner that diverts value away from Plaintiffs and towards the trusts created for the benefit of the Inactive Siblings, thereby breaching the fiduciary duties he owes as trustee, director and officer, and/or controlling shareholder of a closely held business entity.

154. Although the 60/40 Companies have been highly profitable during many years of their existence, they have *never* (and in some cases for more than three decades) declared regular discretionary cash distributions to their shareholders (other than to defray tax liabilities). Instead, using the cover of management fees and the so-called cash management system described, *supra*, Gerald has funneled excess cash from the 60/40 Companies to L. Knife. From there, Gerald utilizes his authority to issue quarterly shareholder distributions to the Siblings' trusts exclusively through that entity (a 1/8 Company).

155. Gerald has structured shareholder distributions in this manner in bad faith to serve his purpose of "leveling the stacks" by diverting assets away from Plaintiffs and towards the trusts created for the benefit of the Inactive Siblings. Each of the 60/40 Companies and L. Knife are "S Corporations," and, as a consequence, are required to make any distributions to all shareholders on a per-share basis. If Gerald had caused the 60/40 Companies to utilize their excess cash to issue regular discretionary distributions to their shareholders, the trusts established for the benefit of the Active Siblings would have received up to 75% of the total value of those distributions. But because Gerald instead directed this excess cash to L. Knife and caused distributions to be made from that entity, the Active Siblings' trusts received only 37.5% of the total value. The trusts created for the Inactive Siblings, meanwhile, each received 12.5% of the value of these

distributions instead of the approximately 5% they would have been entitled to receive had the distributions been issued directly from the 60/40 Companies.

156. Gerald has also caused additional harm to one of the 60/40 Companies through his bad-faith efforts to cover up the insidious effects of this scheme. A non-Sheehan family member, Davis, is a 10% shareholder in TJSD. Because Davis does not own equity in L. Knife, and because Gerald has never regularly declared shareholder distributions through TJSD (a 60/40 Company), Davis has never received a regular shareholder distribution in connection with his ownership stake.

157. Upon information and belief, Davis has periodically complained to Gerald about this discrepancy. As a means to assuage Davis' concerns and prevent him from exposing this ongoing inequity, Gerald has caused TJSD to make a series of sweetheart loans to Davis. Specifically, TJSD has made at least ten separate personal loans to Davis in the cumulative sum of approximately \$1.29 million. With the interest that has accrued, the outstanding balance of these loans as of 2018 was \$1.86 million. Upon information and belief, Gerald has informed Davis that he will not ever be required to fully pay off these loans and, instead, has periodically caused TJSD to forgive portions of this loan in lieu of making shareholder distributions to Davis.

158. Gerald unilaterally and arbitrarily determines how distributions should be made to shareholders without first following any deliberative process that would: (i) take into account the financial performance of each of the Companies during a particular year; (ii) consider the benefit to the 60/40 Companies of declaring distributions for their own shareholders; or (iii) analyze the costs of making loans to non-Sheehan family shareholders in lieu of issuing distributions.

159. By failing to issue distributions from the 60/40 Companies for self-interested reasons and instead transferring wealth to L. Knife, Gerald has breached his fiduciary duties as an officer, as a director, and as a controlling shareholder of TJSD.

160. By issuing a series of sweetheart loans to Davis, Gerald has breached his fiduciary duties as an officer, as a director, as a voting trustee of trusts established to control Tri-Valley and UBD, and as a controlling shareholder of the 60/40 Companies.

161. Maureen, in her capacity as trustee of the trusts established for the benefit of Tim and John, has failed to investigate, challenge or otherwise attempt to enjoin these acts and/or omissions taken by Gerald in bad faith, thereby breaching the fiduciary duties she owes as trustee to the beneficiaries of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust.

162. Clapp, as trustee for the trusts created for the benefit of Margaret, Susan and Anne, had notice of these breaches of duty and was not a bona fide purchaser of the value received by those trusts as a result of the breaches.

163. Margaret, in her capacity as director and/or officer of TJSD, Tri-Valley and Beechwood either assisted Gerald in taking these actions, or, alternatively, failed to properly investigate, challenge, or attempt to enjoin Gerald's wrongdoing.

164. Additionally, the failure to issue such distributions in favor of funneling funds to the 1/8 Companies has the effect of frustrating the fruits of the bargain struck under the 60/40 Agreement, under which Tim and John expected to realize additional distributions as a result of their active participation in the Sheehan Family Companies.

iv. Diversion Of Corporate Opportunities From 60/40 Companies To 1/8 Companies

165. Gerald has utilized his authority as voting trustee, director and officer in bad faith to cause numerous corporate opportunities (or potential opportunities) to be diverted away from the 60/40 Companies and towards one or more 1/8 Companies.

1. TJSD Real Estate Opportunity

166. In 1983, when TJSD was first acquired by the Sheehan Family Companies, the opportunity arose for TJSD to purchase the warehouse in Liverpool, New York where its operations are based (the “Liverpool Warehouse”). At the time, TJSD’s finances would have permitted it to pursue that investment opportunity. Instead, Gerald caused the warehouse to be purchased by L. Knife.

167. More recently, Gerald caused TJSD to fund a \$1.5 million expansion of the Liverpool Warehouse at its own expense and has also required TJSD to pay L. Knife annual rent (which was increased by 19% for no legitimate reason in 2018) to lease the expanded space paid for by TJSD, in addition to the otherwise egregious rental amounts TJSD has been charged annually since its acquisition in 1983. L. Knife charged TJSD \$480,000 annually for the first five years of its tenancy in the building, effectively having TJSD pay more in rent than the entire purchase price of the building, in less than five years.

168. Gerald took these actions in bad faith so that he could “level the stacks” of value among the Siblings by diverting the Liverpool Warehouse away from TJSD (a 60/40 Company) and towards L. Knife (a 1/8 Company). In so doing, Gerald deprived TJSD of a real estate investment opportunity that eventually ripened into an improved capital asset that has delivered, and continues to deliver, a consistent revenue stream for its owners. This action, along with the ever-increasing rent, had the effect of depleting the balance sheet of TJSD, which adversely affects its day-to-day business operations, impacts its ability to make acquisitions, and disadvantages it in comparison to the 1/8 Companies in the event of a future sale of the Sheehan Family Companies.

169. Gerald’s actions were in breach of his duties as an officer, director and controller of TJSD.

170. Maureen, in her capacity as trustee of the trusts established for the benefit of Tim and John, has failed to investigate, challenge or otherwise attempt to enjoin these acts and/or omissions taken by Gerald in bad faith, thereby breaching the fiduciary duties she owes as trustee to the beneficiaries of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust.

171. Clapp, as trustee for the trusts created for the benefit of Margaret, Susan and Anne, had notice of these breaches of duty and was not a bona fide purchaser of the value received by those trusts as a result of the breaches.

172. Margaret, in her capacity as director and/or officer of TJSD either assisted Gerald in taking these actions, or, alternatively, failed to properly investigate, challenge, or attempt to enjoin Gerald's wrongdoing.

173. The diversion of this corporate opportunity has also had the effect of frustrating the fruits of the bargain struck under the 60/40 Agreement, under which Tim and John expected to realize additional value as a result of their active participation in the Sheehan Family Companies.

2. UBD Real Estate Opportunity

174. Shortly after UBD was acquired by the Sheehan Family Companies, it was presented with an opportunity to exercise an option to purchase the warehouse in Brooklyn, New York where its operations are based (the "Brooklyn Warehouse"). At that time, UBD's finances would have permitted it to pursue that investment opportunity. Instead, Gerald caused the warehouse to be purchased by English Kills, again depriving the 60/40 owners of a rightful, bargained-for business opportunity.

175. When UBD vacated the Brooklyn Warehouse in 2017 in favor of new space in Secaucus, New Jersey, Gerald required UBD to continue paying rent to English Kills to lease the space in Brooklyn (which for long periods remained largely vacant despite a vibrant lease market

in metro NYC) in addition to its new rent obligations in Secaucus. At approximately the same time, Gerald raised UBD's annual rent at the vacated Brooklyn Warehouse by \$1,629,486.

176. Gerald took these actions in bad faith so that he could "level the stacks" of value among the Siblings by diverting the Brooklyn Warehouse away from UBD (a 60/40 Company) and towards English Kills (a 1/8 Company). In so doing, Gerald deprived UBD of a real estate investment opportunity that has delivered a consistent revenue stream for its owner. He then compounded that financial harm to UBD by causing it to pay duplicative rent for unused warehouse space, while also raising that wholly unnecessary rent obligation by over \$1.6 million in 2017 for no legitimate reason. These actions have depleted the balance sheet of UBD, which adversely affects its day-to-day business operations, impacts its ability to make acquisitions, and disadvantages it in comparison to the 1/8 Companies in the event of a future sale of the Sheehan Family Companies.

177. Gerald's actions are in contravention of his duties as a director, officer, voting trustee, and controller of UBD.

178. Maureen, in her capacity as trustee of the Tim 1969 Trust and the John 1969 Trust, has failed to investigate, challenge or otherwise attempt to enjoin these acts and/or omissions taken by Gerald in bad faith, thereby breaching the fiduciary duties she owes as trustee to the beneficiaries of the Tim 1969 Trust and the John 1969 Trust.

179. Clapp, as trustee for the trusts created for the benefit of Margaret, Susan and Anne, had notice of these breaches of duty and was not a bona fide purchaser of the value received by those trusts as a result of the breaches.

180. The diversion of this corporate opportunity has had the effect of frustrating the fruits of the bargain struck under the 60/40 Agreement, under which Tim and John expected to realize additional value as a result of their active participation in the Sheehan Family Companies.

3. Beechwood Corporate Opportunity

181. In late 2016, Beechwood was presented with an opportunity to acquire certain valuable rights to a beverage portfolio located in Wisconsin. John, as the EAM of Beechwood, investigated this opportunity and met with the potential sellers on multiple occasions to discuss the parameters of a potential deal.

182. Despite the fact that the opportunity had been presented to Beechwood, Gerald (without justification) caused an acquisition vehicle controlled by L. Knife, rather than Beechwood, to make the initial purchase offer. Further, Gerald attempted to dilute Plaintiffs' existing ownership interests in Beechwood through a newly-created entity that would have taken part in the acquisition.

183. Ultimately, the potential seller walked away from the transaction. In so doing, the seller noted that it was "not receptive to offers from L. Knife," but would have been willing to deal with Beechwood because of its "favorable reputation among Wisconsin breweries and other relevant craft brewers."

184. Gerald took these actions in bad faith in a failed effort to "level the stacks" of value among the Siblings by diverting the Wisconsin business opportunity away from Beechwood (a 60/40 Company) and towards L. Knife (a 1/8 Company), while, at the same time, attempting to dilute Tim and John's existing beneficial ownership in Beechwood.

185. Gerald's actions were in derogation of his duties as an officer, director, and controller of Beechwood.

186. Maureen, in her capacity as trustee of the trusts established for the benefit of Tim and John, has failed to investigate, challenge or otherwise attempt to enjoin these acts and/or omissions taken by Gerald in bad faith, thereby breaching the fiduciary duties she owes as trustee to the beneficiaries of the Tim 1969 Trust and the John 1969 Trust.

187. Clapp, as trustee for the trusts created for the benefit of Margaret, Susan and Anne, had notice of these breaches of duty and was not a bona fide purchaser of the value received by those trusts as a result of the breaches.

188. The diversion of this corporate opportunity has had the effect of frustrating the fruits of the bargain struck under the 60/40 Agreement, under which Tim and John expected to realize additional value as a result of their active participation in the Sheehan Family Companies.

**E. Gerald and Maureen Direct Exorbitant Contributions To Their
Pet Charities In Contravention Of Their Fiduciary Duties To
Plaintiffs**

**1. Gerald Directs Excessive “Gifts” Of Corporate Funds To His
Personal Charitable Account**

189. Decades ago, the Siblings voted to establish a foundation known as the Sheehan Family Foundation (the “Foundation”) that was intended to serve as the official vehicle through which the Sheehan Family Companies pursue charitable endeavors. The Siblings further agreed to fund the Foundation with annual contributions of \$250,000 per year during the fiscal years in which the Sheehan Family Companies achieved a certain level of profitability.

190. Tim and John have been enthusiastic proponents of the Foundation for years, and Tim serves on its board of directors. Unfortunately, however, Gerald and Maureen have frustrated the mission of the Foundation by hijacking the charitable endeavors of the Sheehan Family Companies to further their own personal interests.

191. Rather than using the official channels to make reasonable contributions in line with the charitable giving policy, Gerald and Maureen have resorted to non-official means to make donations to their pet charities. Gerald and Maureen exclusively control a donor-advised charitable gift fund at Fidelity Investments (the “Fidelity Account”). Over the objections of Tim and others, the Fidelity Account has been increasingly funded by Gerald in recent years through “gifts” from L. Knife. Gerald utilized his authority as voting trustee, director and officer in bad faith to cause L. Knife to make gifts of:

- a. \$3,511,351.10 to the Fidelity Account on December 26, 2012;
- b. \$423,927.00 to the Fidelity Account on December 19, 2013;
- c. \$130,258.29 to the Fidelity Account on April 9, 2014;
- d. \$5,000,000.00 to the Fidelity Account on December 31, 2014;
- e. \$158,074.89 to the Fidelity Account on July 11, 2016;
- f. \$10,000,000.00 to the Fidelity Account on December 29, 2016;
- g. \$6,599,750.00 to the Fidelity Account at the conclusion of 2017; and
- h. \$7.3 million to the Fidelity Account at the conclusion of 2018.

192. Unlike donations made through the Foundation, the Siblings have no input into these charitable contributions.

193. These contributions do not augment the business profile of the Companies, and instead are donations in Gerald and Maureen’s names to pet charities, such as Gerald’s alma maters, St. Peter’s Prep, a high school in New Jersey, and the College of the Holy Cross.

194. Gerald authorized the 2018 gift in the amount of \$7.3 million despite the fact that the Sheehan Family Companies reported a pre-tax *loss* in 2018 for the first time in its 100+ year history and also increased its bank debt substantially during that fiscal year. Had Gerald forgone

the payment of this gift to the Fidelity Account, the impact of these negative financial events could have been mitigated.

195. Upon information and belief, in total, Gerald has caused L. Knife to make gifts to the Fidelity Account in the cumulative sum of at least \$33.5 million. By contrast, the Sheehan Family Foundation has not received any contributions from the Sheehan Family Companies during that same time frame.

196. By directing these payments, Gerald has breached the fiduciary duties he owes as director and officer, and/or controlling shareholder of L. Knife.

197. The gifts directed by Gerald in these excessive amounts were unreasonable, did not promote the best interests of Plaintiffs, and amounted to a waste of assets that materially harmed corporate finances.

198. Maureen, in her capacity as trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust, has failed to investigate, challenge or otherwise attempt to enjoin these conflicted acts and/or omissions taken by Gerald in bad faith, thereby breaching the fiduciary duties she owes as trustee to the beneficiaries of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust.

2. Gerald And Maureen Donate Corporate Funds To Their Pet Charities

199. Upon information and belief, Gerald caused L. Knife to make gifts to the Fidelity Account rather than the Foundation so that he and Maureen could control the money free from the oversight of the Foundation and its directors (such as Tim).

200. Gerald and Maureen have directed donations from the Fidelity Account to various recipients in the cumulative sum of at least \$9,643,580.23. Upon information and belief, that sum

has increased substantially since December 2016 through additional donations directed from the Fidelity Account that have not been disclosed to Tim and John.

201. All decisions regarding the amounts and recipients of these donations were made by Gerald and Maureen unilaterally. In the vast majority of instances, these decisions were motivated not by a desire to further the business interests of the Sheehan Family Companies, but rather by a desire to aggrandize Gerald and Maureen's personal reputations for charity through sizable donations to pet causes. For example, Gerald and Maureen have caused the Fidelity Account to:

- a. Gift the cumulative sum of \$3.03 million to Gerald's alma mater of St. Peter's Prep (a Jesuit high school located in Jersey City, New Jersey) in at least four separate donations. Upon information and belief, at least a portion of these donations were made under Gerald's name to fund a series of scholarships known as the "Gerald V. Sheehan, '48 Academic Scholarships."
- b. Gift the cumulative sum of \$2.2 million to the Campaign for Catholic Schools (a nonprofit organization that publicly recognizes Gerald as a member of its Board of Trustees), in five separate donations. Upon information and belief, some or all of these donations were made in the name of Gerald and/or Maureen.
- c. Gift \$1.55 million to Gerald's alma mater, the College of the Holy Cross (located in Worcester, Massachusetts), in June 2015. Upon information and belief, this donation was made under the name of "Gerald V. Sheehan" to fund a scholarship known as the "Gerald Sheehan Class of '52 Scholarships." By virtue of this donation, Gerald was recognized by name on the 2015 Holy Cross Honor Roll of

Donors as part of a “President’s Council” that is touted publicly by the school as its “premier annual giving society.”

202. Most recently, and perhaps most egregiously, Gerald authorized a gift of nearly \$450,000 from the Companies’ charitable account in July 2020 to the Whale and Dolphin Conservation. While Tim and John do not oppose conservation efforts, this donation has come at a time when the Sheehan Family Companies have had to lay off multiple employees due to the effects of COVID-19. Rather than directing these funds to preserve the jobs of those everyday workers that labor to make the Sheehan Family Companies a success, Gerald has instead directed funds towards purported charitable efforts made namely to aggrandize his own reputation.

IX. Post-Settlement Effort Breaches of Duty

A. Gerald And Maureen Act In Bad Faith Following the Onset of Mediation

203. Tim and John have, for several years, attempted to temper the excesses of Gerald and Maureen, in the hopes of avoiding litigation against their family members. Loathe to bring suit, Tim and John attempted instead to mediate their dispute with their parents.

204. On September 8, 2017, Tim (through counsel) presented Gerald and Maureen’s counsel with a complaint and document preservation notices. By agreement dated November 21, 2017, Tim agreed to temporarily forestall filing litigation in favor of a mediation process subject to certain conditions. As part of this agreement, the parties also tolled all applicable statutes of limitations as of September 12, 2017.

B. Appointment Of New Directors

205. While the mediation was pending, Gerald exercised his authority as voting trustee sometime in 2018 to amend the governing documents of one or more Sheehan Family Companies to add new directors named Charles M. Farkas (“Farkas”) and Michael K. Lauf (“Lauf”). To date, Plaintiffs have not been afforded the opportunity to review the official documentation purporting

to name Farkas and Lauf as directors, nor have they been informed of the compensation that these new directors are being paid for their service.

206. Plaintiffs have no first-hand knowledge of the process by which Farkas and Lauf were identified and vetted by Gerald before being named as directors, and are similarly unaware of the credentials of either individual to oversee the operations of an alcohol distribution business. Upon information and belief, Gerald was introduced to Farkas and Lauf by an individual named Jack Connors, Jr. (“Connors”), who is known to Gerald from their mutual involvement in one or more charitable endeavors. Connors is the Chairman Emeritus and Co-Founder of the Campaign for Catholic Schools, which—as alleged, *supra*—was the recipient of five separate donations in the cumulative sum of \$2.2 million from the Fidelity Account. Gerald also serves on the Board of Trustees for the Campaign for Catholic Schools alongside Connors.

207. By correspondence dated January 11, 2019, March 20, 2019, May 20, 2019 and November 18, 2019, Tim and John (through counsel) placed Farkas and Lauf on notice of the various breaches of fiduciary duty detailed in this complaint and requested that they take appropriate action in their capacity as directors. To date, Plaintiffs are unaware of any such action taken by either Farkas or Lauf.

208. Upon information and belief, Gerald did not appoint Farkas and Lauf in a legitimate effort to alter the governance of the Sheehan Family Companies, but rather did so in bad faith to hold these new directors out as “independent,” when, in reality, both Farkas and Lauf are controlled by and beholden to Gerald because of: (i) his unilateral power as voting trustee to remove them as directors; and (ii) their mutual beneficial relationships with Connors.

C. Termination Of Tim's Employment

209. As alleged, *supra*, Tim was approved as the EAM for L. Knife in 2000, and was continuing to serve in that role at the time the parties began mediating this dispute. Under Tim's stewardship, L. Knife consistently rated as one of the Sheehan Family Companies' best-performing distributorships by revenue, volume and profitability. L. Knife also received numerous industry awards, such as being named as the 2017 Diageo/Guinness Wholesaler of the Year for the entire United States and recognition in March 2018 as a recipient of an Eastern U.S. Gold Crown award.

210. However, following Tim's decision to initiate the mediation, Gerald summarily informed Tim by one-page letter dated October 9, 2018 that he had been replaced as L. Knife EAM. In this correspondence, Gerald stated that Tim was also being placed on "administrative leave" because he had purportedly risked the company's compliance with the Anheuser-Busch EAM requirements by making "the decision to change [his] residency to Florida in late 2017 and implement[ing] that change in early 2018."

211. Tim, through counsel, objected strenuously to this adverse employment action. Specifically, counsel for Gerald, Farkas and Lauf were informed on multiple occasions that contrary to Gerald's unfounded assertions, Tim did not become a permanent legal resident of Florida until 2020 and at all relevant times remained a Massachusetts resident. For these reasons, Tim, through counsel, demanded that Gerald, Farkas, and Lauf reconsider Tim's suspension. Gerald and his handpicked directors refused to do so.

212. Instead, Gerald continued to perpetuate the fiction he had created by informing numerous important beer-industry contacts over the course of late 2018 and 2019 that Tim had left the industry and moved to Florida. Then, Gerald escalated matters further by taking the additional

step of terminating Tim from his 36-year employment with the Sheehan Family Companies by means of a one-page letter dated September 16, 2019. This letter also barred Tim from any further access to the offices of a Sheehan Family Company of which he is a beneficial shareholder.

213. At no time prior to Tim's termination did any of the Defendants reach out to Tim directly or through counsel to inquire about his residency, which is inconsistent with L. Knife's standard employment practices. Nor did either of Gerald's handpicked directors take this straightforward investigative step. Had any of them done so, they would have learned that, although Tim had taken some estate and tax planning measures in Florida (where he owns real estate), he had at all times remained a Massachusetts resident and filed his 2018 federal and state tax returns as a Massachusetts resident. Tim also spent the vast majority of his working days in 2018 at L. Knife's Massachusetts office when he was not otherwise engaged in business travel (a fact that should be well known to Gerald because he also maintains an office at that location). Upon information and belief, Gerald and the other Defendants refrained from engaging in a fulsome investigation of Tim's residency, and instead demoted Tim in bad faith for contrived reasons. In addition L. Knife has refused to reimburse Tim for approximately \$11,000 for bona fide company expenses and to return the contents of his office, which largely consist of his personal property.

214. Gerald's unjustified demotion and subsequent termination of Tim has harmed, and will continue to harm, the relationship Tim has carefully cultivated with Anheuser-Busch over the past forty years. The Anheuser-Busch Agreement is a personal services contract that is entered into by Anheuser-Busch based upon its trust in the integrity, business acumen, and work ethic of the individual named as EAM. In part because it is so challenging to receive approval to become

an Anheuser-Busch EAM, it is a sought-after, prestigious, and well-paying position within the beer distribution industry.

215. Prior to Gerald's demotion and subsequent termination of Tim, Anheuser-Busch had not, upon information and belief, raised any concerns with Gerald or the Sheehan Family Companies regarding Tim's residency. Irrespective of the bad faith position taken by Gerald, Anheuser-Busch has never considered an EAM's state of residency a condition of holding the position, provided that the EAM lives and work in the distributor's Anheuser-Busch territory (or its corresponding media coverage area), and meets the requirements of the Equity Agreement. Nowhere in the Anheuser-Busch Equity Agreement does it refer to a state of residence requirement. Nor does L. Knife have a policy, formal or informal, that mandates a state of residency for its employees. Anheuser-Busch was informed of Tim's suspension on the same day as Tim through a one-page letter from Gerald stating that "in view of Tim Sheehan's change of residency to Florida, Kevin O'Connor, who was the Approved Successor Manager, has replaced Tim Sheehan as EAM." Because the Equity Agreement requires that the EAM for L. Knife be given 10% of the company's equity with the option to acquire an additional 15%, Gerald's decision to baselessly fire Tim will likely have the effect of diluting all of L. Knife's shareholders.

216. Upon information and belief, Gerald acted in bad faith to inform Anheuser-Busch and Tim of this action contemporaneously so that Tim would not have a chance to defend himself or reveal the true facts of the situation prior to the disclosure to Anheuser-Busch. Gerald then compounded this wrongdoing by spreading false rumors to important business contacts that Tim had left the beer industry. In so doing, Gerald has irreparably harmed Tim's business reputation and thereby affected his future job opportunities in a tightly-knit industry—the only industry in which Tim has worked in his adult life.

217. Gerald's actions are in breach of his fiduciary duties as a director, officer, voting trustee and controlling shareholder of L. Knife.

218. Maureen, in her capacity as trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust, has failed to investigate, challenge or otherwise attempt to enjoin these acts and/or omissions taken by Gerald in bad faith against her beneficiaries.

D. Charitable Giving to Pet Charities Continues

219. While the mediation was pending, the Sheehan Family Companies (i) paid Gerald \$4.2 million in salary during the 2018 fiscal year; and (ii) recently transferred the amount of \$7.3 million to the Fidelity Account.

220. Gerald did not inform Tim before causing these funds to be transferred. Upon information and belief, the transfer was part of a bad-faith effort to remove funds before Tim could take judicial action to enjoin the wrongful payments.

221. As alleged, *supra*, Gerald's conflicted payment of \$11.5 million to himself and/or Maureen was not fair in dealing or price. This is particularly true because the Sheehan Family Companies reported a pre-tax *loss* in 2018 for the first time in its 100+ year history and also increased its bank debt substantially during that fiscal year. Had Gerald refrained from making these exorbitant payments to himself and Maureen, the impact of these negative financial events could have been mitigated.

222. These self-interested transactions have the effect of depleting the balance sheets of the 60/40 Companies, which adversely affects their day-to-day business operations, impacts their ability to make acquisitions, and disadvantages them in comparison to the 1/8 Companies in the event of a future sale of the Sheehan Family Companies.

223. Gerald's actions are in breach of his fiduciary duties as a director, officer, voting trustee and controlling shareholder of L. Knife.

224. Maureen, in her capacity as trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust, has failed to investigate, challenge or otherwise attempt to enjoin these acts and/or omissions taken by Gerald in bad faith.

E. Announcement Of Targeted Charitable Giving Policy

225. On December 14, 2018, Gerald's counsel disclosed that the "board" of the Sheehan Family Companies had "considered and adopted a charitable giving policy and guidelines" pursuant to which the "total charitable giving [for 2018] would be 0.75% of projected total revenues, calculated to be about \$7.3 million."

226. At all times prior to 2018, Gerald had gifted funds to the Fidelity Account from 1/8 Companies that were owned equally by the Siblings' 1969 Trusts and 1984 Trusts. On its face, the so-called "policy" announced by Gerald in December 2018 appeared to continue this practice of treating all Siblings equally for purposes of bearing the cost of Gerald's self-interested gifts. Tim would soon learn that was not the case.

227. Specifically, in early 2019 the chief financial officer of L. Knife circulated a message to certain Sheehan Family Companies employees stating that:

On your April financial statement, you will notice a charge in GM Contributions for calendar year 2018. This charge represents your Division's charitable contribution as determined by the Board of Directors.

The principal criteria for allocating the charitable contribution are as follows:

- The Division must have been profitable in at least 2 out of the last 3 years
- The Division must have a positive net book value

If these two criteria were met, the aggregate contribution was allocated among the companies based on their respective share of c/e volume delivered over the same three year period.

A substantially identical message was circulated in December 2019 with respect to the 2019 calendar year.

228. By virtue of these messages, it is now apparent that the alleged charitable “policy” approved by Gerald and his handpicked directors represents a stark departure from prior practice because it does *not* require *all* Sheehan Family Companies to bear the burden of the exorbitant gifts directed by Gerald to the Fidelity Account. Rather, only those Sheehan Family Companies who meet certain financial thresholds are required to contribute. And Gerald has carefully engineered these thresholds in bad faith so that the 60/40 Companies will bear the heaviest burden of funding these gifts.

229. For example, four of the 60/40 Companies primarily owned by Plaintiffs meet the arbitrary financial thresholds set by Gerald, while the vast majority of the remaining 1/8 Companies owned equally by all the Siblings do not. Upon information and belief, Gerald also set the temporal element of the profitability threshold at “2 out of the last 3” years so that the abysmal financial performance of UBD in 2018—which included substantial debt, an operating loss and negative cash flow, precipitated by Gerald’s financially and operationally disastrous decision to relocate the business to another state—would not preclude Gerald from requiring that company to make what Plaintiffs estimate to have been an approximately \$2 million gift to the Fidelity Account in 2018.

230. The net effect of the newly-announced “charitable giving policy” is therefore to target the 60/40 Companies for disproportionate charitable contributions (approximately 75% of the entire amount in 2018) in order to deplete their balance sheets, which adversely affects their day-to-day business operations, impacts their ability to make acquisitions, and disadvantages them in comparison to the 1/8 Companies in the event of a future sale of the Sheehan Family Companies.

231. Gerald's actions are in breach of his duties as an officer, director, voting trustee of the voting trusts governing Tri-Valley and Craft New York, and as a controller of the 60/40 Companies.

232. Maureen, in her capacity as trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust, has failed to investigate, challenge or otherwise attempt to enjoin these acts and/or omissions taken by Gerald in bad faith.

233. Clapp, as trustee for the trusts created for the benefit of Margaret, Susan and Anne, had notice of these breaches of duty and was not a bona fide purchaser of the value received by those trusts as a result of the breaches.

234. Margaret, in her capacity as director and/or officer of Tri-Valley either assisted Gerald in taking these actions, or, alternatively, failed to properly investigate, challenge, or attempt to enjoin Gerald's wrongdoing.

235. These actions have also had the effect of frustrating the fruits of the bargain struck under the 60/40 Agreement, under which Tim and John expected to realize additional value as a result of their active participation in the Sheehan Family Companies; by causing the 60/40 Companies to disproportionately bear the burden of this charitable spending, these actions have the effect of undercutting the fundamental purpose of the agreement.

F. Curtailing Access To Company Books And Records

236. By letter dated January 31, 2019, Margaret, who served as "of counsel" to the Companies, informed Cushing and the other Sheehan Family Companies shareholders that, effective immediately, the companies would disseminate a "quarterly financial summary" to shareholders as their sole and exclusive source of information regarding the business and would no longer "provide financial or other information about the [Sheehan Family Companies'] financial performance, management decisions, or other managerial information directly to

beneficiaries of the 1969 and 1984 Trusts.” This new policy cuts off access to critical financial and operational information that had, for decades, always been made available to Tim and John by virtue of their status as beneficial owners.

237. Upon information and belief, Gerald acted to deny Plaintiffs full access to corporate books and records as part of a bad faith effort to make it more difficult for Plaintiffs to uncover the very types of breaches of fiduciary duty detailed in this complaint.

238. Maureen, in her capacity as trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust, has failed to investigate, challenge or otherwise attempt to enjoin these acts and/or omissions taken by Gerald in bad faith.

239. Margaret, in her capacity as director and/or officer of L. Knife, TJSD, Tri-Valley and Beechwood either assisted Gerald in taking these actions, or, alternatively, failed to properly investigate, challenge or attempt to enjoin Gerald’s wrongdoing.

X. Demand Futility Allegations

240. Plaintiffs are shareholders, were shareholders at the time of the wrongdoing alleged herein, and have remained shareholders continuously since the time of their acquisition of shares in TJSD, Tri-Valley, Beechwood, and Craft New York. UBD is wholly controlled by Craft New York.

241. The boards of TJSD, Tri-Valley and Beechwood owed and continue to owe their stockholders fiduciary duties to act in the best interests of the companies and their stockholders.

242. The boards of TJSD, Tri-Valley and Beechwood are incapable of disinterestedly and independently considering a demand to commence and vigorously prosecute this action.

243. The boards of TJSD, Tri-Valley and Beechwood each consist of four individuals: Gerald, Margaret, Farkas and Lauf. None of these four individuals qualifies as disinterested and independent under the law.

244. As the manager of English Kills, Gerald owed and continues to owe fiduciary duties to act in the best interests of English Kills and their stockholders and/or members.

245. Gerald Sheehan is conflicted and self-interested in each of the transactions set forth above. For several of the transactions constituting corporate waste, Gerald has directly reaped substantial financial benefits, in the form of increased compensation to himself and his wife, as well as material benefits in the form of artwork, furniture, and real estate. Gerald has also reaped substantial benefits by diverting revenues, assets and opportunities to the 1/8 Companies, in which certain inactive shareholders to whom he is related own a greater economic stake. Finally, Gerald has reaped a tangible material benefit to himself in the form of charitable contributions made in his name that were disproportionately paid for by the 60/40 Companies.

246. Margaret also cannot qualify as a disinterested and independent director for several reasons. As an Inactive Sibling, Margaret is a beneficiary of trusts that benefit from the diversion of funds from the 60/40 Companies to the 1/8 Companies. Given the allegations in the Complaint regarding Gerald's attempt to funnel wealth and opportunities from the 60/40 Companies to the 1/8 Companies, Margaret Sheehan is self-interested in the transactions. Additionally, Margaret is not independent due to her ties to Gerald Sheehan, her father and the principal beneficiary of the fiduciary breaches alleged in this action. Margaret derives her income primarily from the Sheehan Family Companies, through both distributions provided to her trust and wages paid to her as a Sheehan Family Companies officer and/or consultant. Gerald Sheehan, in turn, holds exclusive voting power over the Sheehan Family Companies, and thus has the ability to control Margaret's

distributions and income. Margaret thus does not qualify as a disinterested and independent director.

247. Neither Farkas nor Lauf qualify as independent directors because they serve at the pleasure of Gerald Sheehan, who has the unilateral power as voting trustee to remove them as directors.

248. Additionally, the manager of Craft New York and UBD, Paul Bussiere, owed and continues to owe Craft New York and UBD stockholders fiduciary duties to act in the best interests of those companies.

249. Bussiere is not an independent manager under the law. Bussiere is subject to removal from his position by Gerald, who has exclusive control of the voting shares of Craft New York and UBD. Upon information and belief, Bussiere's primary source of income is as an employee of several of the Sheehan Family Companies. Gerald exclusively controls each of the entities that employ Bussiere due to the fact that Gerald owns or controls the voting shares of each such Company. At the time that Bussiere was appointed President, CEO, or Manager of the Companies, including Craft New York and UBD, Gerald expressly indicated that Bussiere's appointment would not affect Gerald's control over the Companies, and that Gerald would "continue in [his] current role overseeing and making all final decisions at the family companies, with Paul's input as [Gerald] see[s] fit." Bussiere is thus not an independent manager.

250. Demand is also futile under the law because the challenged transactions are also not subject to the business judgment rule. Each transaction alleged in this Complaint is a self-interested transaction by a conflicted controlling shareholder that is subject to an entire fairness standard of review under the law.

COUNT I
TRUSTEE BREACH OF FIDUCIARY DUTY
(By Tim and Cushing Against Gerald Sheehan in his Capacity as Trustee)

251. Plaintiffs reallege and incorporate by reference herein paragraphs 1 through 250, above.

252. Gerald owes Tim and Cushing a fiduciary duty because he is the trustee of the voting trusts that control the voting rights over Tim's and John's ownership interests, held in trusts for which Cushing serves as trustee, including in Tri-Valley and UBD.

253. Gerald owes Tim and Cushing fiduciary duties because he is the trustee of LK Trust, which is the business trust that holds Tim's and John's ownership interests in L. Knife, held in trusts for which Cushing serves as trustee.

254. Gerald breached the duties that he owes to Tim and/or Cushing by virtue of his role as a trustee of the L. Knife business trust by acting in bad faith to cause and/or permit L. Knife to engage in the following conflicted transactions that were not fair in dealing or price to the companies:

- a. Paying Gerald salary in the cumulative amount of at least \$46.87 million;
- b. Paying Maureen salary in the cumulative amount of at least \$2.8 million; and
- c. Making gifts to the Fidelity Account in the cumulative amount of at least \$33.5 million.

255. Gerald breached the duties that he owes to Tim and/or Cushing as the voting trustee of the voting trust that holds Tim and John's interests in Tri-Valley by acting in bad faith to cause and/or permit Maureen to dilute Tim's and John's ownership interest in Tri-Valley without authorization from Cushing, her co-trustee of the Tim 1969 Trust and the John 1969 Trust, and without prior disclosure to Tim or Cushing.

256. Gerald breached the duties that he owes to Tim and/or Cushing as trustee of the trusts holding Tim and John's interests in Tri-Valley and UBD by acting in bad faith to cause and/or permit the 60/40 Companies to engage in a number of transactions that were not fair in dealing or price:

- a. Payment of several million dollars in management fees from Tri-Valley and UBD to L. Knife;
- b. Payment of excessive interest from Tri-Valley and UBD to L. Knife;
- c. Refusing to declare shareholder distributions through Tri-Valley and UBD and instead routing all such distributions through L. Knife; and
- d. Targeting Tri-Valley and UBD (in addition to the other 60/40 Companies) for disproportionate contributions to gifts made to the Fidelity Account through the contrived "charitable giving policy."

257. Gerald breached the duties that he owes to Tim and/or Cushing as a trustee holding Tim and John's interests in UBD by acting in bad faith to cause and/or permit the diversion of the opportunity to purchase the Brooklyn Warehouse from UBD to English Kills and subsequently causing UBD to pay above-market annual rent for that space even after it was vacated by UBD in favor of the Secaucus location; these actions were not in fair dealing or fair in price.

258. Gerald breached the duties that he owes to Tim by acting in bad faith to cause and/or permit L. Knife to demote and subsequently terminate him from the position of Anheuser-Busch EAM and place him on administrative leave for contrived reasons.

259. Gerald breached the duties that he owes to Tim and/or Cushing as a trustee holding Tim and John's interests in L. Knife, Tri-Valley and/or UBD by acting in bad faith to cause L.

Knife, Tri-Valley and/or UBD to use corporate funds to purchase artwork, furniture, automobiles, and jewelry for the exclusive use and enjoyment of Gerald, Maureen and their selected guests.

260. Tim has standing to assert this claim because, among other reasons, as a beneficiary of the Tim 1969 Trust and the Tim 1984 Trust, he is an equitable shareholder in the Sheehan Family Companies, and his trustee, Maureen, has refused to investigate, challenge, or enjoin the foregoing issues.

261. Cushing has standing to assert this claim as Maureen's co-trustee of the Tim 1969 Trust, the Tim 1984 Trust, the John 1969 Trust, and the John 1984 Trust.

262. The foregoing breaches of fiduciary duty were the result of acts or omissions taken by Gerald in bad faith, intentionally, with reckless indifference to Tim and Cushing's interests, and/or as a result of his own individual malfeasance.

263. As a direct and proximate result of the foregoing, Plaintiffs have suffered, and will continue to suffer, damages in an amount to be determined at trial.

COUNT II
TRUSTEE BREACH OF FIDUCIARY DUTY
(By Tim and Cushing Against Maureen as Trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust)

264. Plaintiffs reallege and incorporate by reference herein paragraphs 1 through 263, above.

265. Maureen owes Tim fiduciary duties because she is the trustee of the Tim 1969 Trust and the Tim 1984 Trust.

266. Maureen owes Cushing fiduciary duties because she is his co-trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust.

267. Maureen breached the duties that she owes to Tim and/or Cushing by failing to protect trust property and/or enforce claims of the Tim 1969 Trust, the John 1969 Trust, the Tim

1984 Trust, and the John 1984 Trust by engaging in transactions that were not fair in dealing or price, including in connection with the following conflicted transactions that were not fair in dealing or price:

- a. Paying Gerald salary in the cumulative amount of at least \$46.87 million;
- b. Paying Maureen salary in the cumulative amount of at least \$2.8 million;
- c. Making gifts to the Fidelity Account in the cumulative amount of at least \$33.5 million;
- d. Using corporate funds to purchase artwork, furniture, automobiles, and jewelry for the exclusive use and enjoyment of Gerald, Maureen and their selected guests.
- e. Payment of nearly \$80 million in management fees from the 60/40 Companies to L. Knife;
- f. Payment of at least \$6.02 million in interest from the 60/40 Companies to L. Knife;
- g. Refusing to declare shareholder distributions through the 60/40 Companies and instead routing all such distributions through L. Knife;
- h. Targeting the 60/40 Companies for disproportionate contributions to gifts made to the Fidelity Account;
- i. Diverting the opportunity to purchase the Liverpool Warehouse from TJSD to L. Knife and subsequently causing TJSD to pay for a substantial addition to the warehouse and to pay L. Knife above-market annual rent for that space; and
- j. Diverting the opportunity to purchase the Brooklyn Warehouse from UBD to English Kills and subsequently causing UBD to pay above-market annual rent for that space even after it was vacated by UBD in favor of the Secaucus location; and

- k. Attempting to divert the opportunity to buy beverage brand rights from Beechwood to L. Knife.

268. Maureen breached the duties that she owes to Tim and/or Cushing by failing to protect trust property and/or enforce claims of the Tim 1969 Trust and the John 1969 Trust by diluting Tim's ownership interest in Tri-Valley without authorization from her co-trustee and without prior disclosure to Tim and Cushing.

269. The foregoing breaches of fiduciary duty were the result of acts or omissions taken by Maureen in bad faith, intentionally, and/or with reckless indifference to Plaintiffs' interests.

270. As a direct and proximate result of the foregoing, Plaintiffs have suffered, and will continue to suffer, damages in an amount to be determined at trial.

COUNT III
AIDING AND ABETTING TRUSTEE BREACH OF FIDUCIARY DUTY
(By Tim and Cushing Against Gerald Individually)

271. Plaintiffs reallege and incorporate by reference herein paragraphs 1 through 270, above.

272. Maureen owes Tim fiduciary duties because she is the trustee of the Tim 1969 and Tim 1984 Trusts of which he is a beneficiary.

273. Maureen owes Cushing fiduciary duties because she is his co-trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust.

274. As alleged, *supra*, in Count II, Maureen has breached the foregoing fiduciary duties that she owes to Tim and Cushing.

275. Gerald knows of Maureen's breaches of fiduciary duty.

276. Gerald has actively participated and/or substantially assisted in encouraging Maureen's breaches of fiduciary duty to the degree that he cannot reasonably be held to have acted

in good faith because he caused and/or permitted L. Knife to engage in the following conflicted transactions that were not fair in dealing or price:

- a. Paying Gerald salary in the cumulative amount of at least \$45 million;
- b. Paying Maureen salary in the cumulative amount of at least \$2.8 million; and
- c. Making gifts to the Fidelity Account in the cumulative amount of at least \$33.5 million.

277. Gerald has actively participated and/or substantially assisted in encouraging Maureen's breaches of fiduciary duty to the degree that he cannot reasonably be held to have acted in good faith because he caused and/or permitted Maureen to dilute Tim's and John's ownership interest in Tri-Valley without authorization from her co-trustee of the Tim 1969 Trust and the John 1969 Trust, and without prior disclosure to Tim and Cushing.

278. Gerald has actively participated and/or substantially assisted in encouraging Maureen's breaches of fiduciary duty to the degree that he cannot reasonably be held to have acted in good faith because he caused and/or permitted the Sheehan Family Companies to engage in conflicted transactions, including but not limited to the following transactions that were not fair in dealing or price:

- a. Payment of nearly \$80 million in management fees from the 60/40 Companies to L. Knife;
- b. Payment of at least \$6.02 million in interest from the 60/40 Companies to L. Knife;
- c. Refusing to declare shareholder distributions through the 60/40 Companies and instead routing all such distributions through L. Knife;
- d. Targeting the 60/40 Companies for disproportionate contributions to gifts made to the Fidelity Account;

- e. Diverting the opportunity to purchase the Liverpool warehouse from TJSD to L. Knife and subsequently causing TJSD to pay L. Knife above-market annual rent for that space, including space that TJSD paid to build;
 - f. Diverting the opportunity to purchase the Brooklyn warehouse from UBD to English Kills and subsequently causing UBD to pay above-market annual rent for that space even after it was vacated by UBD in favor of the Secaucus location;
 - g. Attempting to divert the opportunity to buy beverage brand rights from Beechwood to L. Knife; and
 - h. Using corporate funds to purchase artwork, furniture, automobiles, and jewelry for the exclusive use and enjoyment of Gerald, Maureen and their selected guests.
279. As a direct and proximate result of the foregoing, Plaintiffs have suffered, and will continue to suffer, damages in an amount to be determined at trial.

COUNT IV
SHAREHOLDER DUTY OF GOOD FAITH AND LOYALTY AND BREACH OF
FIDUCIARY DUTY
(By Tim And Cushing Against Gerald As Shareholder)

280. Plaintiffs reallege and incorporate by reference herein paragraphs 1 through 279, above.

281. L. Knife is a close corporation because it has a small number of stockholders, no ready market for its corporate stock, and substantial majority stockholder participation in the management, direction and operations of the corporation. Gerald is the 100% owner of L. Knife's voting stock.

282. Cushing, acting on behalf of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust, is a shareholder in L. Knife by virtue of the combined 25% share of equity owned by those trusts in L. Knife's Class B non-voting stock.

283. As a shareholder in a Massachusetts close corporation, Gerald owes Tim, Cushing, and the other L. Knife shareholders a fiduciary duty of utmost good faith and loyalty.

284. Gerald is a controlling stockholder of TJSD and Beechwood because he is a shareholder of those companies and controls 100% of the stockholder voting power in those companies.

285. Gerald is also effectively a controlling stockholder of Tri-Valley, Craft New York, and UBD by virtue of his control of the voting trusts that hold all of the voting power over the entities.

286. TJSD, Beechwood, Tri-Valley, Craft New York, and UBD, *i.e.*, the 60/40 Companies, are close corporations because they have a small number of stockholders, no ready market for their corporate stock, and substantial majority stockholder participation in their management, direction and operations.

287. Cushing, acting on behalf of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust, is a shareholder and/or member of the 60/40 Companies by virtue of the equity owned by those trusts in those companies. Tim is a beneficial shareholder of the 60/40 Companies by virtue of the shares in those companies held for him in trust.

288. As a controlling stockholder of the 60/40 Companies, Gerald owes those companies and their shareholders and/or members (including Tim and Cushing) fiduciary duties of loyalty, care and full disclosure.

289. Gerald breached his duties as a controlling shareholder of L. Knife by causing or permitting L. Knife to engage in the conflicted transactions outlined above, including but not limited to the following conflicted transactions that were not fair in dealing or price:

- a. Paying Gerald salary in the cumulative amount of at least \$46.87 million;

- b. Paying Maureen salary in the cumulative amount of at least \$2.8 million;
- c. Making gifts to the Fidelity Account in the cumulative amount of at least \$33.5 million; and
- d. Using corporate funds to purchase artwork, furniture, automobiles, and jewelry for the exclusive use and enjoyment of Gerald, Maureen and their selected guests.

290. Gerald breached the foregoing shareholder fiduciary duties by causing or permitting L. Knife to demote and subsequently terminate Tim from the position of Anheuser-Busch EAM for contrived reasons.

291. Gerald breached his shareholder fiduciary duties to Tim and Cushing by acting in bad faith to cause and/or permit Maureen to dilute Tim's and John's ownership interest in Tri-Valley without authorization from Cushing, her co-trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust, and without prior disclosure to Tim or Cushing.

292. Gerald breached his shareholder fiduciary duties to the 60/40 Companies by acting in bad faith to cause and/or permit them to engage in the following transactions that were not fair in dealing or price:

- a. Payment of nearly \$80 million in management fees from the 60/40 Companies to L. Knife;
- b. Payment of at least \$6.02 million in interest from the 60/40 Companies to L. Knife;
- c. Refusing to declare shareholder distributions through the 60/40 Companies and instead routing all such distributions through L. Knife;
- d. Targeting the 60/40 Companies for disproportionate contributions to gifts made to the Fidelity Account; and

- e. Using corporate funds to purchase artwork, furniture, automobiles, and jewelry for the exclusive use and enjoyment of Gerald, Maureen and their selected guests.

293. Gerald breached his fiduciary duties to the shareholders of TJSD by diverting the opportunity to purchase the Liverpool Warehouse from TJSD to L. Knife and subsequently causing TJSD to pay L. Knife above-market annual rent for that space, including space that TJSD itself paid to construct.

294. Gerald breached his fiduciary duties to UBD by diverting the opportunity to purchase the Brooklyn Warehouse from UBD to English Kills and subsequently causing UBD to pay above-market annual rent for that space even after it was vacated by UBD in favor of the Secaucus location.

295. Gerald breached his fiduciary duties to Beechwood shareholders by attempting to divert the opportunity to buy beverage brand rights from Beechwood to L. Knife.

296. The foregoing breaches of fiduciary duty were the result of acts or omissions taken by Gerald in bad faith, intentionally, and/or with reckless indifference to Tim and Cushing's interests.

297. To the extent demand is necessary, it is futile as respects TJSD, Beechwood, Craft New York, UBD and Tri-Valley because those entities are each controlled by a board of directors that is self-interested and not independent for the reasons set forth above. Demand is at least unnecessary as respects L. Knife because Gerald owes direct duties to the shareholders in L. Knife under Massachusetts law. Demand is also at least unnecessary as respects Gerald's bad faith conduct to dilute Tim and John's equity in Tri-Valley (as held in trust by Cushing) because Gerald owes direct duties to shareholders in Tri-Valley under New York law. Demand is also unnecessary

as respects the refusal to declare dividends by the 60/40 Companies because Gerald owes direct duties to shareholders of the 60/40 Companies under the laws of New York and Delaware.

298. Tim has standing to assert this claim because, among other reasons, as a beneficiary of the Tim 1969 Trust and the Tim 1984 Trust, he is an equitable shareholder in the Sheehan Family Companies, and his trustee, Maureen, has refused to investigate, challenge, or enjoin the foregoing issues.

299. Cushing has standing to bring this claim as trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust.

300. As a direct and proximate result of the foregoing, Plaintiffs have suffered, and will continue to suffer, damages in an amount to be determined at trial.

COUNT V
OFFICER AND DIRECTOR BREACH OF FIDUCIARY DUTY
(By Tim and Cushing Against Margaret Sheehan and Gerald Sheehan in their Capacities as Officers and/or Directors)

301. Plaintiffs reallege and incorporate by reference herein paragraphs 1 through 300, above.

302. As an officer and/or director, Gerald owes fiduciary duties to TJSD, Tri-Valley, Beechwood and L. Knife and to Tim and Cushing as shareholders and/or members of those companies.

303. As the manager of the Real Estate LLCs, Gerald owes fiduciary duties to those companies and to their stockholders and/or members.

304. As an officer and/or director, Margaret owes fiduciary duties to TJSD, Tri-Valley, Beechwood and L. Knife and to Tim and Cushing as shareholders and/or members of those companies.

305. Gerald and Margaret breached the duties that they owe as directors and/or officers of TJSD, Tri-Valley and Beechwood, by acting in bad faith to cause and/or permit the following transactions that were not fair in dealing or price:

- a. Payment of several million dollars in management fees from TJSD, Tri-Valley and Beechwood to L. Knife;
- b. Payment of excessive interest from TJSD, Tri-Valley and Beechwood to L. Knife;
- c. Refusing to declare shareholder distributions through TJSD, Tri-Valley and Beechwood and instead routing all such distributions through L. Knife; and
- d. Targeting TJSD, Tri-Valley and Beechwood for disproportionate contributions to gifts made to the Fidelity Account; and
- e. Using corporate funds to purchase artwork, furniture, automobiles, and jewelry for the exclusive use and enjoyment of Gerald, Maureen and their selected guests

306. Gerald and Margaret breached the duties they owe as directors and/or officers of Tri-Valley by allowing Maureen to dilute Tim's and John's ownership interest in Tri-Valley without authorization from Cushing, her co-trustee of the Tim 1969 Trust and the John 1969 Trust, and without prior disclosure to Tim or Cushing;

307. Gerald and Margaret breached the duties they owe as directors and/or officers of L. Knife by acting in bad faith to cause and/or permit L. Knife to engage in the conflicted transactions outlined above, including but not limited to the following conflicted transactions that were not fair in dealing or price:

- a. Paying Gerald salary in the cumulative amount of at least \$46.87 million;
- b. Paying Maureen salary in the cumulative amount of at least \$2.8 million;

- c. Making gifts to the Fidelity Account in the cumulative amount of at least \$33.5 million; and
- d. Using corporate funds to purchase artwork, furniture, automobiles, and jewelry for the exclusive use and enjoyment of Gerald, Maureen and their selected guests.

308. Gerald breach the duties he owes as the manager of the Real Estate LLCs by engaging in the conflicted transactions outlined above, including but not limited to the following conflicted transactions that were not fair in dealing or price:

- a. Using his control over Eight Mates to orchestrate a sale of real estate in Plymouth, Massachusetts to himself for less than its market value;
- b. Using properties owned by Eight Mates as vacation homes for his own and his wife's personal enjoyment; and
- c. Causing Eight Mates to fund \$1.3 million in cosmetic improvements to one of his vacation homes.

309. To the extent demand is necessary, it is futile as respects TJSD, Beechwood and Tri-Valley because those entities are each controlled by a board of directors that is self-interested and not independent for the reasons set forth above. To the extent it is necessary, demand is also futile as respects English Kills because those entities are managed by Gerald who is self-interested for the reasons set forth above. Demand is at least unnecessary as respects L. Knife because Gerald owes direct duties to the shareholders of L. Knife under Massachusetts law. Demand is also at least unnecessary as respects Eight Mates because Gerald owes direct duties to the shareholders and/or members of Eight Mates under Massachusetts law. Demand is also at least unnecessary as respects Gerald and Margaret's bad faith conduct to dilute Tim and John's equity in Tri-Valley (as held in trust by Cushing) because Gerald and Margaret owe direct duties to shareholders of Tri-

Valley under New York law. Demand is also unnecessary as respects the refusal to declare dividends through TJSD, Tri-Valley and Beechwood because Gerald and Margaret owe direct duties to the shareholders of those companies under the laws of New York and Delaware.

310. Tim has standing to assert this claim because, among other reasons, as a beneficiary of the Tim 1969 Trust and the Tim 1984 Trust, he is an equitable shareholder in the Sheehan Family Companies, and his trustee, Maureen, has refused to investigate, challenge, or enjoin the foregoing issues.

311. Cushing has standing to assert this claim as trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust.

312. The foregoing breaches of fiduciary duty were the result of acts or omissions taken by Margaret and Gerald in bad faith, intentionally, with reckless indifference to Tim and Cushing's interests, and/or as a result of his own individual malfeasance.

313. As a direct and proximate result of the foregoing, Plaintiffs have suffered, and will continue to suffer, damages in an amount to be determined at trial.

COUNT VI
BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING
(By Tim Against Gerald and Maureen Individually
and in Their Capacities as Trustees)

314. Plaintiffs reallege and incorporate by reference herein paragraphs 1 through 313, above.

315. The 60/40 Agreement is a valid and legally enforceable agreement that is supported by adequate consideration.

316. Tim has fully performed his duties under the 60/40 Agreement.

317. Every contract, including the 60/40 Agreement, is subject to an implied covenant of good faith and fair dealing.

318. In contravention of that covenant, Gerald and Maureen, through their actions to reduce and devalue Tim's equity in the 60/40 Companies undertaken in bad faith and with improper motive, have sought to deprive Tim of the fruits of the 60/40 Agreement, and violated Tim's reasonable expectation that the 60/40 Companies in which he obtained equity would not be devalued to benefit the 1/8 Companies by Gerald and Maureen.

319. Specifically, Gerald and Maureen have taken numerous actions to "level the stacks" between the siblings by reducing and devaluing equity in the 60/40 Companies to benefit the 1/8 Companies, including but not limited to:

- a. Payment of nearly \$80 million in management fees from the 60/40 Companies to L. Knife;
- b. Payment of at least \$6.02 million in interest from the 60/40 Companies to L. Knife;
- c. Refusing to declare shareholder distributions through the 60/40 Companies and instead routing all such distributions through L. Knife;
- d. Targeting the 60/40 Companies for disproportionate contributions to gifts made to the Fidelity Account;
- e. Diverting the opportunity to purchase the Liverpool Warehouse from TJSD to L. Knife and subsequently causing TJSD to pay L. Knife above-market annual rent for that space;
- f. Directing the sale of equity in Tri-Valley, a 60/40 Company, to a third-party without authorization from the co-trustee of the Tim 1969 Trust and the John 1969 Trust, and without prior disclosure to Plaintiffs. Because Tri-Valley is a 60/40 Company and therefore owned to a greater extent by the Active Siblings, the sale was

particularly dilutive of Tim's ownership interest and partially unwound the ownership stake to which he was entitled under the 60/40 Agreement;

- g. Diverting the opportunity to purchase the Brooklyn Warehouse from UBD to English Kills and subsequently causing UBD to pay above-market annual rent for that space even after it was vacated by UBD in favor of the Secaucus location; and
- h. Attempting to divert the opportunity to buy beverage brand rights from Beechwood to L. Knife.

320. These actions destroy and injure the right of Tim to receive the benefits of the 60/40 Agreement by significantly reducing the value of his stakes, which he obtained at significant personal sacrifice, in the 60/40 Companies. These actions further violate Tim's reasonable expectations that the 60/40 Companies would not be devalued to benefit to the 1/8 Companies.

321. As a direct and proximate result of Defendants' breach of the covenant, Tim has suffered and will continue to suffer substantial and irreparable harm and other damages.

COUNT VII
UNJUST ENRICHMENT
(By Tim and Cushing Against Gerald and Maureen Individually)

322. Plaintiffs reallege and incorporate by reference herein paragraphs 1 through 321, above.

323. Gerald and/or Maureen caused or permitted the Sheehan Family Companies and Real Estate LLCs to engage in the following conflicted transactions:

- a. Paying Gerald salary in the cumulative amount of at least \$46.87 million;
- b. Paying Maureen salary in the cumulative amount of at least \$2.8 million;
- a. Causing Eight Mates to sell real estate in Plymouth, Massachusetts to Gerald for less than its market value;

- b. Allowing Gerald and/or Maureen to use property owned by Eight Mates as vacation homes for their personal enjoyment;
 - c. Causing Eight Mates to fund \$1.3 million in cosmetic improvements to one of Gerald and/or Maureen's vacation homes;
 - c. Making gifts to the Fidelity Account in the cumulative amount of at least \$33.5 million; and
 - d. Using corporate funds to purchase artwork, furniture, automobiles, and jewelry for the exclusive use and enjoyment of Gerald, Maureen and their selected guests.
324. Gerald and Maureen have been enriched by the retention of these personal benefits.
325. It is against the fundamental principles of justice, equity and good conscience to permit Gerald and Maureen to retain these personal benefits in these circumstances.
326. Tim has standing to assert this claim because, among other reasons, as a beneficiary of the Tim 1969 Trust and the Tim 1984 Trust, he is an equitable shareholder in the Sheehan Family Companies, and his trustee, Maureen, has refused to investigate, challenge, or enjoin the foregoing issues.
327. Cushing has standing to assert this claim as trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust.

COUNT VIII
UNJUST ENRICHMENT
(By Tim and Cushing Against L. Knife & Son)

328. Plaintiffs reallege and incorporate by reference herein paragraphs 1 through 327, above.
329. Gerald and/or Maureen caused or permitted several of the Sheehan Family Companies to engage in the following transactions, to the benefit of L. Knife:

- a. Payment of nearly \$80 million in management fees from the 60/40 Companies to L. Knife;
- b. Payment of at least \$6.02 million in interest from the 60/40 Companies to L. Knife;
- c. Transferring cash from 60/40 Companies to L. Knife and/or another 1/8 Company for no consideration without treating that transaction as a loan on the company balance sheet;
- d. Refusing to declare shareholder distributions through the 60/40 Companies and instead routing all such distributions through L. Knife;
- e. Diverting the opportunity to purchase the Liverpool Warehouse from TJSD to L. Knife and subsequently causing TJSD to pay L. Knife above-market annual rent for that space; and
- f. Attempting to divert the opportunity to buy beverage brand rights from Beechwood to L. Knife.

330. L. Knife has been enriched by the retention of these benefits.

331. It is against the fundamental principles of justice, equity and good conscience to permit L. Knife to retain these benefits in these circumstances.

332. Tim has standing to assert this claim because, among other reasons, as a beneficiary of the Tim 1969 Trust and the Tim 1984 Trust, he is an equitable shareholder in the Sheehan Family Companies, and his trustee, Maureen, has refused to investigate, challenge, or enjoin the foregoing issues.

333. Cushing has standing to assert this claim as trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust.

COUNT IX
UNJUST ENRICHMENT
(By Tim and Cushing Against Clapp as Trustee for Trusts Created For the Benefit of Margaret, Susan and Anne)

334. Plaintiffs reallege and incorporate by reference herein paragraphs 1 through 333, above.

335. As alleged, *supra*, Gerald and/or Maureen breached their fiduciary duties to Plaintiffs by acting in bad faith to cause and/or permit the Sheehan Family Companies to engage in the following transactions that were designed to “level the stacks” of value between and among the Siblings:

- a. Payment of nearly \$80 million in management fees from the 60/40 Companies to L. Knife;
- b. Payment of at least \$6.02 million in interest from the 60/40 Companies to L. Knife;
- c. Refusing to declare shareholder distributions through the 60/40 Companies and instead routing all such distributions through L. Knife;
- d. Targeting the 60/40 Companies for disproportionate contributions to gifts made to the Fidelity Account;
- e. Diverting the opportunity to purchase the Liverpool Warehouse from TJSD to L. Knife and subsequently causing TJSD to pay L. Knife above-market annual rent for that space;
- f. Diverting the opportunity to purchase the Brooklyn Warehouse from UBD to English Kills and subsequently causing UBD to pay above-market annual rent for that space even after it was vacated by UBD in favor of the Secaucus location; and
- g. Attempting to divert the opportunity to buy beverage brand rights from Beechwood to L. Knife.

336. Clapp, as trustee for the trusts created for the benefit of Margaret, Susan and Anne, has been enriched by the transfers of value effectuated through Gerald and/or Maureen's breaches of fiduciary duty.

337. Clapp, as trustee for the trusts created for the benefit of Margaret, Susan and Anne, had notice of Gerald and/or Maureen's breaches of fiduciary duty and was not a bona fide purchaser of the value received by those trusts.

338. It is against the fundamental principles of justice, equity and good conscience to permit Clapp, as trustee for the trusts created for the benefit of Margaret, Susan and Anne, to retain these benefits in these circumstances.

339. The imposition of a constructive trust is necessary in these circumstances to restore Plaintiffs with the foregoing benefits unjustly obtained by Clapp, as trustee for the trusts created for the benefit of Margaret, Susan and Anne.

340. Tim has standing to assert this claim because, among other reasons, as a beneficiary of the Tim 1969 Trust and the Tim 1984 Trust, he is an equitable shareholder in the Sheehan Family Companies, and his trustee, Maureen, has refused to investigate, challenge, or enjoin the foregoing issues.

341. Cushing has standing as the trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust.

COUNT X
Declaratory Judgment
(By Tim and Cushing Against All Defendants Individually
and in Their Representative Capacities)

342. Plaintiffs reallege and incorporate by reference herein paragraphs 1 through 341, above.

343. There is an actual controversy between the parties as to the amount of salary that would be fair in dealing or price for the Sheehan Family Companies to pay Gerald.

344. There is an actual controversy between the parties as to whether it is fair in dealing or price for the Sheehan Family Companies to pay Maureen a salary.

345. There is an actual controversy between the parties as to whether it is fair in dealing or price for the Sheehan Family Companies to make charitable gifts to the Fidelity Account.

346. There is an actual controversy between the parties as to whether the “charitable giving policy” discussed *supra* is lawful and proper.

347. There is an actual controversy between the parties as to whether it is fair in dealing or price for the Sheehan Family Companies to pay for art, furniture, automobiles, jewelry and personal entertainment intended for the exclusive use and benefit of Gerald and Maureen.

348. There is an actual controversy between the parties as to whether it is fair in dealing or price for the Real Estate LLCs to provide real property or pay for real estate improvements intended for the exclusive use and benefit of Gerald and Maureen.

349. There is an actual controversy between the parties as to whether it is fair in dealing or price for Tim and John’s beneficial equitable ownership interest in Tri-Valley to have been diluted.

350. There is an actual controversy between the parties as to whether it is fair in dealing or price for the 60/40 Companies to pay L. Knife management fees out of proportion to the actual services received.

351. There is an actual controversy between the parties as to whether it is fair in dealing or price for the 60/40 Companies to pay L. Knife disproportionate interest on intra-company transfers through the cash management system.

352. There is an actual controversy between the parties as to whether it is fair in dealing or price for TJSD to continue paying L. Knife above-market rent to occupy the Liverpool Warehouse that TJSD should have been given the opportunity to purchase for itself.

353. There is an actual controversy between the parties as to whether it is fair in dealing or price for UBD to continue paying English Kills above-market rent to occupy the largely vacated Brooklyn Warehouse that UBD should have been given the opportunity to purchase for itself.

354. There is an actual controversy between the parties as to whether acquisitions of distributorships by the Sheehan Family Companies outside of Massachusetts are subject to the 60/40 Agreement.

355. There is an actual controversy between the parties as to whether L. Knife was justified in demoting and subsequently terminating Tim from the EAM position for contrived reasons.

356. There is an actual controversy between the parties as to whether Gerald and Maureen's refusal to declare shareholder distributions through the 60/40 Companies is lawful and proper.

357. There is an actual controversy between the parties as to whether Defendants' effort to curtail Plaintiffs' access to the books and records of the Sheehan Family Companies as reflected in Margaret's January 31, 2019 letter referenced *supra* is lawful and proper.

358. The resolution of this dispute by the entry of judgment declaring the rights of the parties is necessary and appropriate under the existing facts and circumstances.

359. A declaratory judgment will serve a useful purpose in clarifying and settling the legal relationship between Plaintiffs, Defendants, and the Siblings.

360. A declaratory judgment will afford Plaintiffs relief from the uncertainty, insecurity and controversy giving rise to this proceeding.

PRAYERS FOR RELIEF

WHEREFORE, Plaintiffs respectfully request that this Court:

- a. Enter judgment for Plaintiffs, and against Defendants, on Counts I through X of this Complaint;
- b. Award Plaintiffs damages against Defendants in an amount to be determined at trial;
- c. Enter a declaratory judgment that Gerald and Maureen have breached their fiduciary duties;
- d. Enter a declaratory judgment: (i) that Gerald has improperly and unlawfully paid and is continuing to improperly and unlawfully pay himself a salary in excess of that paid to similarly-situated executives in the alcohol distribution industry; (ii) that Maureen has improperly and unlawfully collected and is continuing to improperly and unlawfully collect a salary from the Sheehan Family Companies; (iii) that Gerald and Maureen making gifts from the Sheehan Family Companies to the Fidelity Account constitutes a breach of their respective duties; (iv) that the “charitable giving policy” referenced *supra* is unlawful and improper; (v) that Gerald and Maureen’s use of corporate funds for personal expenditures such as artwork, furniture, automobiles, jewelry, and personal entertainment is improper and unlawful; (vi) that L. Knife’s practice of invoicing the 60/40 Companies for management fees is improper and unlawful; (vii) that L. Knife’s practice of transferring monies or charging interest to other Sheehan Family Companies through the cash management system is improper and unlawful; (viii) that L. Knife is improperly collecting rent from TJSD to occupy the Liverpool Warehouse; (ix) that Gerald and Maureen’s act of allowing English Kills to collect rent from UBD to occupy the Brooklyn Warehouse constitutes a breach of their duties and is improper and unlawful; (x) that any acquisitions made by the Sheehan Family Companies outside of Massachusetts are subject to the 60/40 Agreement, which is a binding and enforceable agreement; (xi) that Tim’s termination as EAM for L. Knife was unlawful and improper; (xii) that the Gerald and Maureen’s refusal to declare shareholder distributions through the 60/40 Companies is unlawful and improper; (xiii) that Defendants’ efforts to curtail Plaintiffs’ access to the books and records of the Sheehan Family Companies is unlawful and improper; (xiv) that it is not fair in dealing or price for the Real Estate LLCs to provide real property or pay for real estate improvements intended for the exclusive use and benefit of Gerald and Maureen, and that such transactions constitute a breach of Gerald and Maureen’s duties; and (xv) that the dilution of Plaintiffs’ ownership stake in Tri-Valley was unlawful and improper.

- e. Enter a declaratory judgment and/or permanent injunctive relief requiring that: (i) Tim be reinstated as EAM for L. Knife; (ii) that any acquisitions by the Sheehan Family Companies outside of Massachusetts shall be subject to the 60/40 Agreement, which is a binding and enforceable agreement; (iii) the 60/40 Companies be required to declare shareholder distributions annually in the normal course of business; and (iv) Plaintiffs be granted access to the books and records of the Sheehan Family Companies consistent with their legal rights.
- f. Enter a declaratory judgment and/or permanent injunctive relief prohibiting Gerald and Maureen from engaging in any further breaches of trust;
- g. Order Defendants⁵ to pay money, restore property or disgorge by other means any property, money or thing of value that has been wrongfully transferred to Defendants, including, without limitation, attorneys' fees paid on Defendants' behalf by one or more of the Sheehan Family Companies;
- h. Trace, impose a constructive trust, or establish a lien over any property, money or thing of value that has been wrongfully transferred to Defendants;
- i. Void any transaction that has wrongfully transferred any property, money or thing of value to Defendants;
- j. Order Gerald and Maureen to account in their capacity of trustees of the Voting Trusts⁶, the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust;
- k. Appoint a special fiduciary to take possession of property held in the Voting Trusts, the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust and/or properly administer those trusts;
- l. Appoint a special fiduciary to replace any successor trustees named by Gerald with respect to the Voting Trusts;
- m. Suspend and/or remove Gerald, Maureen, and Clapp as directors and officers of the 60/40 Companies, 1/8 Companies and Real Estate LLCs;
- n. Suspend and/or remove Gerald as trustee of the Voting Trusts and void his appointment of any successor trustees;
- o. Suspend and/or remove Maureen as trustee of the Tim 1969 Trust, the John 1969 Trust, the Tim 1984 Trust, and the John 1984 Trust;

⁵ The term "Defendants" as used here does not refer to the nominal defendants named in this Verified Complaint.

⁶ The term "Voting Trusts" as used herein shall refer to the voting trusts for each of L. Knife, TJSD, Tri-Valley, Beechwood, and UBD.

- p. Reduce and/or deny compensation to Gerald and Maureen in their capacity as trustees;
- q. Impose a constructive trust and/or appoint a special fiduciary to take possession of any voting interest held by Defendants in the 60/40 Companies, 1/8 Companies or Real Estate LLCs;
- r. Award Plaintiffs pre- and post-judgment interest, costs and attorneys' fees; and
- s. Grant Plaintiffs such other and further relief as this Court may deem just and proper.

JURY DEMAND

Plaintiffs hereby respectfully request a trial by jury on all claims so triable.

Respectfully submitted,

GEORGE L. CUSHING, in his capacity as trustee,
and TIMOTHY G. SHEEHAN


By their attorneys,



Bill Weinreb

QUINN EMANUEL URQUHART &
SULLIVAN LLP

Dated: December 21, 2020

CIVIL ACTION COVER SHEET	DOCKET NO(S) B.L.S.	Trial Court Of Massachusetts Superior Court Department County: SUFFOLK
PLAINTIFF(S) George L. Cushing, as trustee of trusts established for the benefit of Timothy G. Sheehan and John T. Sheehan, and Timothy G. Sheehan, individually, and with George L. Cushing as trustee of trusts established for the benefit of Timothy G. Sheehan and John T. Sheehan, derivatively on behalf of T.J. Sheehan Distributing Inc., Beechwood Distributors, Inc., Craft Brewing Company of New York, Union Beer Distributors of New York, and Tri-Valley Beverages, Inc.		DEFENDANT(S) See attached Appendix A
ATTORNEY, FIRM NAME, ADDRESS AND TELEPHONE Board of Bar Overseers number William Weinreb, BBO# 557826 Quinn Emanuel Urquhart & Sullivan, LLP, 111 Huntington Avenue, Suite 520, Boston MA 02199 (617) 712-7108		ATTORNEY (if known)
Origin Code Original Complaint Original Complaint		
TYPE OF ACTION AND TRACK DESIGNATION (See reverse side) CODE NO. TYPE OF ACTION (specify) TRACK IS THIS A JURY CASE? * _____ See below _____ (B) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Type of Action: BA.1; BA3.; BB.1; Track Designation (B)		
The following is a full and detailed statement of the facts on which plaintiff relies to determine eligibility in to The Business Litigation Session.		
<p>This action is a complex business dispute pertaining to Defendants' breaches of fiduciary duties as directors and controlling shareholder of the Sheehan Family Companies (a group of 19 alcoholic beverage distributorships serving 13 states, a beer importer serving all 50 states, and significant real estate holdings), as trustee of the voting trusts in which control of certain Sheehan Family Companies is vested, and as trustee of the donative trusts that possess, beneficially or otherwise, equity in the Sheehan Family Companies. Although Timothy Sheehan, John Sheehan, and their six siblings beneficially own nearly all of the equity in the Sheehan Family Companies, the Companies are controlled by the Siblings' parents, Gerald and Maureen Sheehan, who either own all of the voting stock in the entities or control such stock through their roles as trustees of trusts that hold such stock. Gerald and Maureen Sheehan have systematically exploited their control of the Sheehan Family Companies, treating the Companies as a source of personal funds to finance the payment of wildly excessive salaries to themselves; to purchase jewelry, real estate and clothes that have no business purpose; and to engage in company-funded charitable giving to enhance their own reputations. Gerald and Maureen have also improperly diverted funds, corporate assets, and corporate opportunities from certain of the Companies where Timothy and John Sheehan own greater equity stakes, into other companies with different equity structures, even though the companies are distinct legal entities. And in return for Timothy Sheehan's attempt to police these excesses and improprieties, Gerald Sheehan has terminated Timothy Sheehan from his position with the Companies, where he has served for nearly thirty years. Given the scale of this dispute, the magnitude of the ongoing harms at risk, and the multiplicity and complexity of the issues, Plaintiffs respectfully submit the case as eligible for the Business Litigation Session and requests admission thereto.</p>		
* A Special Tracking Order shall be created by the Presiding Justice of the Business Litigation Session at the Rule 16 Conference.		
PLEASE IDENTIFY, BY CASE NUMBER, NAME AND COUNTY, ANY RELATED ACTION PENDING IN THE SUPERIOR COURT DEPARTMENT.		
"I hereby certify that I have complied with the requirements of Rule 5 of the Supreme Judicial Court Uniform Rules on Dispute Resolution (SJC Rule 1:18) requiring that I provide my clients with information about court-connected dispute resolution services and discuss with them the advantages and disadvantages of the various methods."		
DATE: <u>December 21, 2020</u>	Signature of Attorney on Record 	

CIVIL ACTION COVER SHEET

INSTRUCTIONS

SELECT CATEGORY THAT BEST DESCRIBES YOUR CASE

BA.1 claims relating to the governance and conduct of internal of entities
BA.2. claims relating to employment agreements
BA.3. claims relating to liability of shareholders, directors, officers, partners etc.

BB.1 shareholder derivative claims
BB.2 claims relating to or arising out of securities transactions

BC.1 claims involving mergers, consolidation, sales of assets, issuance of debt, equity and like interests

BD.1 claims to determine the use or status of, or claims involving, intellectual property
BD.2 claims to determine the use or status of, or claims involving, confidential, property or trade secret information
BD.3 claims to determine the use or status, or claims involving restrictive covenants

BE.1 claims involving breaches of contract or fiduciary, fraud, misrepresentation business torts or other violations involving business relationships

BF.1 claims under the U.C.C. involving complex issues
BG.1 claims arising from transactions with banks, investment bankers

BH.1 claims for violation of antitrust or other trade regulation laws
BH.2 claims of unfair trade practices involving complex issues

BL.1 malpractice claims by business enterprises against professionals

BJ.1 claims by or against a business enterprise to which a government entity is a party

BK.1 other commercial claims, including insurance, construction, real estate and consumer matters involving complex issues

TRANSFER YOUR SELECTION TO THE FACE SHEET

EXAMPLE:

CODE NO.	TYPE OF ACTION (SPECIFY)	TRACK	IS THIS A JURY CASE?
		*	
BD3	Restrictive covenants	(B)	Yes No

DUTY OF THE PLAINTIFF. The plaintiff, or plaintiff's counsel, shall set forth, in the face sheet a statement specifying in full detail the facts upon which the plaintiff then relies for "presumptive" entry into the Business Litigation Session. A copy of the civil action cover sheet shall be served on all defendants, together with the complaint.

DUTY OF THE DEFENDANT. Should the defendant contest the entry into the Business Litigation Session, the defendant shall file with the answer (or dispositive motion) a statement specifying why the action does not belong in the Business Litigation Session. Such Statement shall be served with the answer (or dispositive motion).

A CIVIL ACTION COVER SHEET MUST BE FILED WITH EACH COMPLAINT.

FAILURE TO COMPLETE THIS COVER SHEET THOROUGHLY AND ACCURATELY MAY RESULT IN THE TRANSFER OF THIS ACTION FROM THE BUSINESS LITIGATION SESSION TO ANOTHER APPROPRIATE SESSION OF THE SUPERIOR COURT.

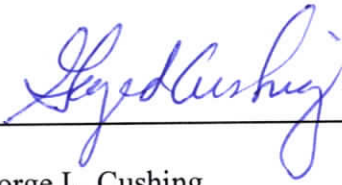
* A special tracking order shall be created by the presiding justice of the Business Litigation Session at the Initial Rule 16 Conference.

BLS Civil Action Cover Sheet Appendix A

Defendants: Gerald V. Sheehan, individually and in his capacities as trustee and/or shareholder and/or director, Maureen T. Sheehan, individually and in her capacity as trustee and/or director, Margaret Sheehan, in her capacity as director, Charles E. Clapp III, as trustee of trusts established for the benefit of Margaret Sheehan, Anne Landers, and Susan Sheehan, and L. Knife & Son, Inc., and, as nominal defendants, T.J. Sheehan Distributing Inc., Beechwood Distributors, Inc., Craft Beer Guild Distributing of New York LLC, Union Beer Distributors LLC, Tri-Valley Beverage, Inc., and Charles E. Clapp, as trustee of the trusts established for the benefit of Christopher Sheehan, Elizabeth Sheehan, and Matthew Sheehan.

VERIFICATION

I, George L. Cushing, hereby declare under the pains and penalties of perjury that I was appointed trustee to the Timothy Sheehan 1969 Trust, the Timothy Sheehan 1984 Trust, the John Sheehan 1969 Trust, and the John Sheehan 1984 Trust on December 19, 2016. I further declare under the pains and penalties of perjury that, through trusts for which I am a trustee, I held shares in or was a member of, or these shares or memberships devolved on me by operation of law from the prior trustees, T.J. Sheehan Distributing Inc., Beechwood Distributors, Inc., Craft Brewing Company of New York, Union Beer Distributors of New York, and Tri-Valley Beverages, Inc., as of December 19, 2016. The allegations in the complaint that post-date December 19, 2016, are pled to the best of my knowledge, information, and belief. The allegations that pre-date December 19, 2016, are pled upon information and belief.



George L. Cushing

Dated: December 16 2020

VERIFICATION

I, Timothy G. Sheehan, hereby declare under the pains and penalties of perjury that the factual allegations contained in this Verified Complaint are true and accurate to the best of my knowledge, information, and belief on this 14 day of December, 2020. I further declare under the pains and penalties of perjury that, through trusts for which I am a beneficiary, I was a beneficial shareholder or member of T.J. Sheehan Distributing Inc., Beechwood Distributors, Inc., Craft Brewing Company of New York, Union Beer Distributors of New York, and Tri-Valley Beverages, Inc., at the time of the transactions described herein.



Timothy G. Sheehan

Dated: December 14, 2020