

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

LAMPROS KALAMPOUKAS,

Plaintiff,

-against-

KROLL, LLC,

Defendant.

Index No. _____

COMPLAINT

Plaintiff Lampros Kalampoukas (“Plaintiff”), by and through his undersigned counsel, brings this Complaint against Defendant Kroll, LLC (“Kroll”). Plaintiff alleges as follows:

Nature of the Case

1. This case arises from Kroll’s decision to place its own business interests ahead of its professional and contractual obligations to provide a neutral, independent valuation of the shares of Alphonso Inc. (“Alphonso” or the “Company”) for purposes of a pending tender offer that was originally scheduled to close on July 22, 2025.

2. Kroll made a deliberate, unreasonable and unjustified deviation from standard practices, including its own prior practices, when valuing Alphonso’s shares that had the effect of wiping out nearly \$100 million in Alphonso’s value, dramatically reducing the value of its shares for its shareholders, including Plaintiff. It did so in order to align its valuation more closely with that of Alphonso’s counter-party, hoping to secure future business with that company.

3. In choosing to prioritize its own business interests above its obligation to provide fair and honest valuation information to its clients, Kroll failed to meet generally accepted standards of care for conducting valuations, including those set by the American Institute of Certified Public Accountants for valuation services and, in so doing, breached its contract with

certain significant stockholders of Alphonso (“Key Holders”), including Plaintiff, and its duty of good faith and fair dealing in conducting business with Plaintiff, and engaged in professional negligence.

4. Plaintiff brings this action to correct the injustices done to him by Kroll’s misconduct in failing to provide a fair market value of Alphonso’s shares.

Jurisdiction and Venue

5. Jurisdiction in this Court is proper pursuant to CPLR § 301 because Defendant Kroll is headquartered in New York and the parties consented that the courts of the State of New York shall have exclusive jurisdiction in relation to any claim arising out of the Letter of Joint Engagement for Kroll dated May 8, 2025 (the “Engagement Agreement”), which was executed by Ashish Chordia on behalf of all Alphonso Key Holders, including Plaintiff.

6. Venue in this Court is proper pursuant to CPLR § 503 because Defendant Kroll is headquartered in this county.

Governing Law

7. Plaintiff’s claims against Kroll are governed by the laws of the State of New York pursuant to Section 21 of the Attachment to the Engagement Agreement, a choice-of-law provision.

The Parties

8. Plaintiff Lampros Kalampoukas is one of the largest holders of common stock of Alphonso through either direct or indirect ownership and is eligible to participate in the pending tender offer. Mr. Kalampoukas is a party to the Stockholders’ Agreement between the Key Holders, Alphonso, and Zenith Electronics LLC (“LG”), dated December 23, 2020 (the “Stockholders’ Agreement”), and is a member of Alphonso’s Board.

9. On information and belief, Defendant Kroll is a limited liability company organized and existing under the laws of the State of Delaware with a principal place of business in New York, New York.

Factual Background

A. Alphonso And LG Enter Into A Stockholders' Agreement

10. Alphonso is a technology startup company founded in 2012 by Plaintiff, Ashish Chordia, Raghu Kodige, and others. The Company specializes in advertising technology for smart TVs. It provides a platform for advertisers to reach consumers on connected TV operating systems and builds technology to measure advertising on television, giving advertisers insights similar to those available from digital ad campaigns.

11. In December 2020, LG, an indirect wholly owned subsidiary of LG Electronics Inc. ("LGE"), acquired a majority (and controlling) interest in Alphonso. At the time of the investment, LG, Alphonso, and the Key Holders entered into a Stockholders' Agreement providing for various minority protections against the misuse of LG's newly acquired control. Most pertinent for purposes of this action, the Key Holders bargained for the right, beginning in 2024, to obtain liquidity for their shares at fair market value through either mandatory annual tender offers and/or a public listing.

B. Kroll Provides A Fair Market Value Of Alphonso For The First Tender Offer

12. The Stockholders' Agreement requires, subject to certain conditions and exceptions, LG to commence tender offers on each of March 31, 2024, March 31, 2025, and March 31, 2026. The Stockholders' Agreement further provides that, in each tender offer, LG is required to pay a price per share that is equal to Alphonso's fair market value at the time of the tender offer.

13. Under the terms of the Stockholders' Agreement, the price for each of the scheduled tender offers is determined based on a specific process. Specifically, Company directors appointed by both LG and certain Key Holders are each required to retain a valuation firm to determine the fair market value per share of Alphonso's stock as of the time of the tender offer and, if the valuations are more than 10% apart, a third valuation firm is selected to conduct its own valuation of Alphonso's fair market value per share. The final tender offer price is determined based on the average of the two closest valuations. For each of the first and second tender offers, the LG-Affiliated Directors selected KPMG Samjong Accounting Corp. ("KPMG") as LG's valuation firm, the Alphonso-Affiliated Directors selected FTI Consulting, Inc. ("FTI"), and the parties mutually selected Defendant Kroll as the third valuation firm in the event that the valuations were more than 10% apart.

14. In order to mitigate the risk of Kroll gaming its valuation, the specific mechanism by which the tender offer price would be determined (i.e., as the average of the two closest valuations) was intentionally not shared with Kroll.

15. Pursuant to the Stockholders' Agreement, in March of 2024 Alphonso initiated its first tender offer. In connection with that first tender offer, LG retained KPMG and Alphonso's Key Holders retained FTI to determine Alphonso's fair market value as of June 30, 2024 (agreed by the parties as the relevant valuation date). KPMG's valuation of the Company's shares was nearly \$25 less than FTI's valuation, leading to valuations that were more than 10% apart. As a result, Kroll (hired as an independent third party) undertook a third valuation and determined Alphonso's fair market value to be far closer to FTI's valuation than to KPMG's valuation. The tender offer price for the first tender offer was thus set at the average of the FTI and Kroll valuations.

16. Notably, in determining the fair market value of Alphonso's shares, each of the three valuation firms, *including Kroll*, calculated fair market value by first determining enterprise value and then subtracting net debt (i.e., total debt minus cash and cash equivalents), which is consistent with well-established standards as well as various prior valuations of Alphonso conducted by other valuation firms for purposes unrelated to the tender offers. Because Alphonso has no debt, the equation that each of the firms used to calculate equity value can be stated as:

$$\text{Equity Value} = \text{Enterprise Value} + \text{Cash Equivalents}$$

(the "Equity Value Definition").¹

17. The first tender offer closed in November 2024.

C. Kroll Prioritizes Its Business Interests Over Its Obligation To Conduct An Independent Valuation Pursuant to the Engagement Agreement And Generally Accepted Standards

18. In January 2025, the Key Holders exercised their contractual registration rights to force Alphonso to go public. Because the registration statement has still not been filed, however, the second-scheduled tender offer commenced. In connection with the second tender offer, LG and Alphonso obtained new valuations from KPMG and FTI, respectively. On April 30, 2025, KPMG and FTI issued their initial valuations of Alphonso's fair market value as of March 31, 2025 (the agreed valuation date for the second tender offer). Once again, and consistent with well-established standards, both KPMG and FTI calculated fair market value by first determining Alphonso's enterprise value and then subtracting its net debt (i.e., total debt minus cash and cash equivalents). Because the initial valuations were again more than 10% apart, Kroll was again retained to provide an independent valuation.

¹ In calculating enterprise value, each of the three firms used a combination of discounted cash flow ("DCF") and guideline public company multiples analyses. As defined, cash and equivalents include investments.

19. Before Kroll initiated its work on the second tender offer, both KPMG and FTI provided Kroll with their respective valuations and provided presentations to Kroll in which they advocated for their respective valuation. But unlike during its work on the first tender offer, Kroll knew the mechanism for calculating the final valuation of the previous tender offer, and therefore knew that the final valuation of Alphonso's shares in the second tender offer would be calculated by taking the average of Kroll's valuation and the valuation to which it was closest – that of either FTI or KPMG.

20. Recognizing that Kroll had reached a result closer to FTI's valuation (retained by Alphonso) during the first tender offer and, on information and belief, eager to ingratiate itself to corporate giant LGE, Kroll sought to ensure that its valuation would be closer to that of KPMG's valuation (retained by LG) during the second tender offer. To do so, it needed to obtain a per share valuation lower than the midpoint between FTI's and KPMG's respective valuations.

21. On June 18, 2025, Kroll issued its valuation report, determining Alphonso's per share fair market value as of the valuation date to be closer to KPMG's valuation than to FTI's valuation, meaning that KPMG's valuation would become the anchor from which the final valuation was calculated. Kroll's valuation resulted in an offer price for the second tender offer that was the average of the KPMG and Kroll valuations.

22. In order to achieve this result, on information and belief, Kroll intentionally eschewed generally accepted standards in favor of a materially flawed methodology in calculating fair market value, which is contrary to well-established valuation principles, contrary to the methodologies employed by KPMG and FTI, and also contrary to the methodology that *Kroll itself* employed in connection with its valuation for the first tender offer—effectively “disappearing” nearly \$100 million dollars to artificially depress the share price.

23. Specifically, in connection with the second tender offer, as Alphonso still had no debt, Kroll calculated equity value as equal to enterprise value plus cash, but instead of using total cash, Kroll instead added net cash, or “excess cash,” with that figure determined as total cash less the value of accounts payable and accrued liabilities. Kroll’s formula for determining equity value in the second tender offer can thus be stated as follows:

$$\textit{Equity Value} = \textit{Enterprise Value} + \textit{Excess Cash}$$

Tellingly (and in violation of the very standards it expressly purported to be applying), Kroll did not expressly define “net cash” or “excess cash” in its valuation report. But based on a footnote elsewhere in the report, it seems the reader was meant to infer that net cash is equal to excess cash, and that Kroll calculated excess cash by subtracting current liabilities (i.e., accounts payable and accrued liabilities) from total cash (including cash equivalents).

24. Kroll’s use of “excess cash” in determining the fair market value of Alphonso was unreasonable, unjustified, and contrary to standard practices for valuing companies like Alphonso. It required an assumption that Alphonso would generate no new cash flow (despite having sizable accounts receivable that dwarf its current liabilities with no collection issues), would be unable to borrow capital (even though Alphonso has an unused \$30 million line of credit, and no other debt outstanding), and would be required to pay its liabilities immediately with cash on hand. In effect, Kroll incorrectly, and on information and belief, purposefully incorrectly, made the implicit assumption that Alphonso had a working capital deficit of nearly \$100 million as of March 31, 2025, when Kroll itself recognized just nine months prior that Alphonso ***had no working capital deficit at all*** and its cash on hand ***increased*** between the two valuation dates. Indeed, Alphonso is among the most well capitalized of its peers in terms of both adequate working capital and lack of

debt. And because Alphonso has the ability to borrow significant sums of money if necessary, there is no reason for it to maintain nearly \$100 million in net cash on hand.

25. Kroll's use of "excess cash" in calculating equity value, in place of total cash, appeared to be a last-minute change to its calculations. In fact, the term "excess cash" appears only twice in Kroll's 82-page report. And while Kroll refers to excess cash in tables on pages 17 and 53 of the report, the text of Kroll's conclusion states simply (and falsely) that the valuation "added the balance of cash and equivalents as of March 31, 2025" without any reference to excess cash.

26. As a result of Kroll's hasty and unjustified departure from standard practice in applying an unsupported methodology, Alphonso's equity value was reduced by nearly \$100 million, dramatically decreasing the value of Plaintiff's holdings. Keeping all else constant, if Kroll had used total cash (rather than "excess cash")—as each of KMPG and FTI had done in both tender offers, and as Kroll itself had done in connection with the first tender offer—its ultimate value would have been closer to FTI's valuation, and the final tender offer price (based on an average of Kroll's and FTI's valuations) would have been over \$10 per share higher than the price ultimately offered.

27. Nothing in Kroll's valuation report for the second tender offer provided any explanation for its unreasonable departure from standard practice. Further, when asked for an explanation of its methodology shortly after its report was issued, Kroll refused to justify its use of the "excess cash" methodology, or to explain why it changed methodologies between its two valuations of Alphonso, which were conducted only nine months apart.

28. Since that time, Kroll has refused to provide any explanation despite further requests that it do so, and it has not corrected its valuation.

D. Kroll's Intentionally Erroneous Analysis Violates Generally Accepted Standards

29. Kroll's refusal to explain the reason for its methodology is not surprising, as there is no rational explanation for its decision to dramatically deviate from standard practice in applying the "excess cash" methodology. When asked, Kroll did not attempt to justify its apparent assumption that Alphonso would generate no new cash flow, that Alphonso would be unable to borrow capital if necessary, or that its liabilities would come due immediately and need to be paid with cash on hand. Indeed, those assumptions are contradicted by the undisputed fact that Alphonso is among the most well capitalized companies of its peers in terms of working capital—with current assets (e.g. accounts receivable) that significantly exceed all of its current liabilities, no outstanding debt, and an untapped line of credit. Kroll has offered nothing to dispute these facts.

30. Further underscoring that there was no rational justification for Kroll's departure from standard practice for determining equity value, it made no adjustment to account for purported "excess cash" when assessing multiples for comparable companies in connection with its use of its guideline public company analysis to determine enterprise value. Despite determining that the six comparable companies it used for that analysis were sufficiently similar to Alphonso so as to provide reliable valuation multiples, and even though four of the six comparables do not hold the level of cash that Kroll purportedly believed was necessary for Alphonso to operate, Kroll made no comparable adjustment to the equity values of the comparable firms based on so-called operating cash needs.

31. Kroll's valuation report states that it was issued "in accordance with the Statements on Standards for Valuation Services No. 1 as promulgated by the American Institute of Certified Public Accountants ("AICPA")." This statement is false.

32. The AICPA standards state that a “detailed report should include,” amongst other things, “Valuation approaches and methods considered,” “Valuation approaches and methods used,” and “Valuation adjustments.” SSVS No. 1 at .51 (Detailed Report); see also .71 (Summary Report). The AICPA standards go on to state that the “valuation analyst should identify the valuation methods used under each valuation approach and the rationale for their use.” *Id.* at .60 (Valuation Approaches and Methods Used).

33. Kroll’s report does not adhere to these standards. Instead, it relegates its definition of “excess cash” to a single clause in a single footnote in its 82-page report, without any description of how that definition was chosen. And it makes the false statement that its analysis “added the balance of cash and equivalents” in its much more prominent conclusion. Nor does Kroll’s report include any rationale for its departure from standard practice and the methodology it used for the valuation provided just nine-months prior. When asked for such an explanation, Kroll provided only a brief response that failed to justify any of the numerous, and erroneous, assumptions it had made.

34. As a result, Kroll’s determination of Alphonso’s fair market value for purposes of the second tender offer was clearly erroneous, in violation of generally accepted valuation practices and the Statements on Standards for Valuation Services No. 1 published by the AICPA, and breached its contract with Plaintiff to provide an independent assessment of Alphonso’s fair market value, to the detriment of Plaintiff as an Alphonso shareholder.

Causes of Action

First Cause of Action Against Kroll

(Breach of Contract)

35. Plaintiff repeats and realleges the foregoing allegations as though they were fully set forth here.

36. Plaintiff and Kroll were among the parties to the Engagement Agreement, which continues to bind and define aspects of their relationship. They reached agreement on the material terms of the Engagement Agreement, which included, among other things, Kroll's obligation to provide an independent valuation to determine the Scheduled Tender Fair Market Value, as that term is defined by the Engagement Agreement.

37. The Key Holders, including Plaintiff, have complied with all of their obligations under the Engagement Agreement, including payment of professional service fees to Defendant.

38. In breach of the Engagement Agreement, Kroll failed to provide the Scheduled Tender Fair Market Value. Specifically, Kroll employed an incorrect accounting methodology by considering "excess cash" rather than total cash and cash equivalents as it had done just nine months prior and as has been done for years by every other valuation firm that has conducted a valuation of Alphonso. When asked why it abruptly changed its methodology, Kroll failed to provide an explanation, in violation of generally accepted valuation practices.

39. Kroll's breach led to nearly \$100 million in corporate value being wiped away, dramatically decreasing the value of Plaintiff's shares of Alphonso for purposes of the pending tender offer, and depriving Plaintiff of the value of the professional service fees paid to Defendant.

40. As a direct, proximate and foreseeable result of Kroll's breach, Plaintiff has been damaged in an amount to be determined at trial.

Second Cause of Action Against Kroll

(Breach of the Implied Covenant of Good Faith and Fair Dealing)

41. Plaintiff repeats and realleges the foregoing allegations as though they were fully set forth here.

42. In addition to its breach of the express terms of the Engagement Agreement, Kroll breached the Engagement Agreement's implied covenant of good faith and fair dealing by elevating its own business interests over its contractual obligation to provide an independent fair market valuation by adhering to generally accepted valuation practices.

43. Kroll arbitrarily and unreasonably applied an incorrect valuation methodology without justification in violation of the accepted standards of practice, on information and belief, with the purpose of reducing the value of Alphonso's shares to ingratiate itself with LG. Doing so has unfairly prevented Plaintiff (and other Alphonso stockholders eligible to participate in the pending tender offer) from receiving the fair market value of those shares in the upcoming tender offer.

44. Kroll's application of an incorrect valuation methodology deprived Plaintiff of the benefit of the bargain agreed to when signing the Engagement Agreement.

45. As a direct, proximate and foreseeable result of Kroll's breach, Plaintiff has been damaged in an amount to be determined at trial.

Third Cause of Action Against Kroll

(Professional Negligence/Malpractice)

46. Plaintiff repeats and realleges the foregoing allegations as though they were fully set forth here.

47. In accepting the Engagement Agreement, Kroll took on a duty of care to Plaintiff that required it to adhere to the accepted standards of practice in conducting fair market valuation analyses.

48. Kroll deviated from that standard of care when it applied an incorrect valuation methodology for valuing the equity of a company such as Alphonso and failed to provide any justification or rationale for its chosen methodology.

49. Kroll's failure to adhere to the accepted standards of practice led to nearly \$100 million in corporate value being wiped away, dramatically decreasing the price to be paid to Plaintiff (and other Alphonso stockholders) in connection with the upcoming tender offer.

50. As a direct, proximate and foreseeable result of Kroll's negligence, Plaintiff has been damaged in an amount to be determined at trial.

Fourth Cause of Action Against Kroll

(Declaratory Relief)

51. Plaintiff repeats and realleges the foregoing allegations as though they were fully set forth here.

52. An actual controversy has arisen between Plaintiff and Kroll in that Kroll has unreasonably and without justification applied an incorrect accounting methodology that does not comply with generally accepted standards of practice, on information and belief, in order to undervalue Alphonso's shares to the detriment of Plaintiff and for purposes of ingratiating itself with LG.

53. Plaintiff respectfully seeks a declaration that the valuation Kroll provided in its June 18, 2025 report does not reflect the Tender Fair Market Value of Alphonso, as that term is defined by the Engagement Agreement.

54. Such a declaration will clarify the legal relations between the parties.

Fifth Cause of Action Against Kroll

(Declaratory Relief)

55. Plaintiff repeats and realleges the foregoing allegations as though they were fully set forth here.

56. An actual controversy has arisen between Plaintiff and Kroll in that Kroll has failed to adhere to the accepted standards of practice in conducting fair market valuation analyses, including as set forth by the Statements on Standards for Valuation Services No. 1 published by the AICPA.

57. Plaintiff respectfully seeks a declaration that Kroll's June 18, 2025 valuation report violates generally accepted standards of practice, including the Statements on Standards for Valuation Services No. 1 published by the AICPA by (i) applying unsupportable assumptions in its analysis, and (ii) failing to provide any rationale for its departure from standard practices.

58. Such a declaration will clarify the legal relations between the parties.

Prayer for Relief

WHEREFORE, Plaintiff respectfully requests:

- (a) damages in amounts to be determined at trial, together with pre-judgment interest at the maximum rate allowable by law;
- (b) reasonable costs and expenses incurred in this action, including, to the extent applicable, counsel fees;
- (c) a declaration that the valuation Kroll provided in its June 18, 2025 (i) does not reflect the Tender Fair Market Value of Alphonso, and (ii) violates the generally accepted standards of practice, including the Statements on Standards for Valuation Services No. 1 published by the AICPA; and
- (c) such other relief as the Court deems just and proper.

Dated: July 15, 2025

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By: /s/ Deborah K. Brown

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