



IN THE CIRCUIT COURT OF MOBILE COUNTY, ALABAMA

BENJAMIN MURPHY, WILLIAM DULL,)
LINDSAY BLANKENSHIP,)
ALEXANDER BLANKENSHIP, GAIL)
WILSON, LOUIE WILSON, individually)
and derivatively on behalf of INNOMED)
ONE, LLC, and INNOMED FIVE, LLC,)

Plaintiffs,)

v.)

PETER FALKNER, CARLA FALKNER,)
and INNOVATIVE MEDICINE)
PARTNERS, LLC,)

Defendants.)

CIVIL ACTION NO.

VERIFIED COMPLAINT

COMES NOW Benjamin Murphy, William Dull, Lindsay Blankenship, Alexander Blankenship, Gail Wilson, and Louie Wilson, individually and derivatively on behalf of InnoMed One, LLC, and InnoMed Five, LLC (collectively “Plaintiffs”), and hereby file their Complaint, and alleges as follows:

INTRODUCTION

The Plaintiffs have invested more than \$2,000,000.00 in InnoMed One, LLC and InnoMed Five, LLC (“IMP Subsidiaries”) to commercialize medical devices expected to solve critical problems for patients experiencing issues with fertility and reproductive health. Innovative Medicine Partners, LLC (“IMP”) is the member-manager of the IMP Subsidiaries. Defendants Peter T. Falkner and Carla W. Falkner (collectively “the Falkners”) are IMP’s de facto managers and two of IMP’s four members. IMP, under the Falkners’ control, has raised more than \$10,000,000.00 in funds from over one hundred investors across nine states. Through various acts of fraud and deception, the Falkners have diverted the foregoing funds from IMP Subsidiaries for their own personal enrichment while

simultaneously defrauding the Plaintiffs, nearly bankrupting IMP Subsidiaries, and jeopardizing the development of critical technologies.

PARTIES

1. Plaintiffs Lindsay Blankenship and Alexander Blankenship, MD, (“the Blankenships”) and Gail Wilson and Louie Wilson, MD, (“the Wilsons”) are, and were at all material times, adult residents of Mobile, Alabama.
2. Plaintiffs Benjamin Murphy and William Dull, are and were at all material times, adult residents of Atlanta, Georgia.
3. Defendants Carla and Peter Falkner are, and were at all material times, adult residents of Mobile, Alabama.
4. IMP is an Alabama limited liability company with its principal place of business in Mobile County, Alabama. InnoMed One, LLC and InnoMed Five, LLC are both Alabama limited liability companies with their principal places of business in Mobile County, Alabama.

JURISDICTION AND VENUE

5. Upon information and belief, this Court has jurisdiction over the Falkners as they are Alabama citizens.
6. This Court has jurisdiction over IMP, InnoMed One, and InnoMed Five as all are Alabama limited liability companies with their principal places of business is in Mobile County, Alabama.
7. All parties entered into agreements, governed by Alabama laws, which give rise to the Plaintiffs’ claims. As such, venue is proper in the Circuit Court of Mobile County, Alabama.

FACTS

I. Company History

8. IMP was initially registered as a legal entity in 2014 under the name of “Innovative Medicine, LLC”.
9. In 2017, Innovative Medicine, LLC became Innovative Medicine Partners, LLC (“IMP”). IMP was created to own and manage subsidiary companies that create and commercialize medical devices and medical innovations.
10. Defendant Carla Falkner is the chief operating officer and co-founder of IMP. Carla Falkner is also the registered agent of InnoMed One and InnoMed Five. Defendant Peter Falkner is the chief executive officer and co-founder of IMP. Together, the Falkners are 50% equity owners of IMP who act as de facto managers.
11. Kirby Plessala and Deneen Plessala (“the Plessalas”) are the remaining co-founders and 50% equity owners of IMP.
12. The Falkners and the Plessalas are the only members of IMP and IMP is a member-manager of the IMP Subsidiaries.
13. The Falkners have maintained control, full visibility, and access to corporate bank accounts since IMP’s inception. The Falkners are in fiduciary positions for IMP and IMP owes fiduciary duties to IMP Subsidiaries.
14. Since 2017, IMP has established numerous subsidiary entities for the purpose of holding and developing unique medical device intellectual property (“IP”) and advancing that IP through common developmental milestones, including: prototyping, clinical trials, regulatory approval, and commercialization.
15. IMP established InnoMed One, InnoMed Two, InnoMed Five, InnoMed Seven and InnoMed Eight. InnoMed Two was divested, and Plaintiffs are not members in InnoMeds Seven and

Eight. As such, this Complaint focuses on Defendants misuse of funds and mismanagement related to InnoMed One and InnoMed Five.

16. InnoMed One, formed January 3, 2017, and InnoMed Five, formed February 19, 2019, were created to invent and develop innovative medical devices in the field of fertility.
17. InnoMed One's primary goal was to commercialize SemSecure IUI Delivery System ("SemSecure").
18. InnoMed Five's primary goal was to develop additional IP which utilizes aspects of SemSecure on its technology and aims to enhance the likelihood of egg implantation and ultimately improve fertility and common patient evaluation procedures. InnoMed Five also endeavored to obtain FDA approval and commercialize its IP.

II. The Falkners' Fundraising Scheme

19. In 2017, the Falkners began conducting fundraising activities for IMP Subsidiaries, and Peter Falkner was the primary solicitor and spokesperson.
20. Peter Falkner wore medical attire, including scrubs and White Coats, during his interactions with Plaintiffs and portrayed himself as a member of the medical community.
21. The Falkners provided Plaintiffs with private placement memoranda, valuation booklets, pitch decks, budget projections, projected returns, timelines of returns, use of proceeds, and pertinent information about their backgrounds ("Investor Materials").
22. Plaintiffs relied on the Investor Materials before investing in IMP Subsidiaries.
23. In 2017, the Falkners provided the following projected return timeline for InnoMed One to Plaintiffs:

	Global Market	Market Penetration	Market Share	Royalty Percentage	Royalty Fee and Profit	Payout to 1% Owners
Licensing Fee					2,000,000	20,000
2018	90,000,000	25.00%	22,500,000	20.00%	4,500,000	45,000
2019	90,000,000	30.00%	27,000,000	20.00%	5,400,000	54,000
2020	90,000,000	35.00%	31,500,000	20.00%	6,300,000	63,000
2021	90,000,000	40.00%	36,000,000	20.00%	7,200,000	72,000
2022	90,000,000	45.00%	40,500,000	20.00%	8,100,000	81,000
2023	90,000,000	45.00%	40,500,000	20.00%	8,100,000	81,000
2024	90,000,000	45.00%	40,500,000	20.00%	8,100,000	81,000
Total Projected Revenue					49,700,000	497,000
Annual return on \$50,000 investment with complete delivery package priced at \$50 per unit at a 20% royalty rate on sales.						97.324%

24. According to the 2017 Investor Materials, regulatory clearance for SemSecure would be achieved by 2018, with a licensing deal being established, and returns to investors by 2018.
25. As milestones in IMP Subsidiaries were missed, adjusted Investor Materials were developed, which still portrayed near-term FDA approval and commercialization.
26. In March 2021, InnoMed One Investor Materials showed that approximately \$1,200,000.00 was required to complete the SemSecure project, with completion in early 2022.

III. Plaintiffs' Investments

27. On or around June 22, 2017, the Blankenships met with Peter Falkner at Dr. Blankenship's office. During the foregoing meeting, Peter Falkner provided the Blankenships with Investor Materials, represented that he graduated from Auburn University, attended veterinarian school at Auburn University, and earned his master's degree at the University of Alabama in Birmingham. Peter Falkner made representations about his wealth and specifically noted that he was still receiving royalties from license agreements for his previous patents and work in laparoscopic surgical inventions.

28. As a result of Peter Falkners' representation during the foregoing meeting, the Blankenships made an initial capital investment of \$50,000.00 into InnoMed One and subsequently invested \$715,000.00 into InnoMed One, InnoMed Two, and InnoMed Five.
29. On or around November 28, 2017, Plaintiff Benjamin Murphy had a phone conversation with Peter Falkner and was later provided Investor Materials. During the foregoing phone conversation, Peter Falkner told Plaintiff Benjamin Murphy that he graduated from Auburn University, attended veterinarian school at Auburn University, and earned his master's degree at the University of Alabama in Birmingham. Peter Falkner also represented that SemSecure would be commercialized by 2019.
30. As a result of Peter Falkners' representations during the foregoing phone conversation, Benjamin Murphy made an initial capital contribution of \$50,000.00 and subsequently invested more than \$200,000.00 into InnoMed One, InnoMed Two and InnoMed Five.
31. On or around June 25, 2017, the Wilsons met with Peter Falkner, in person, and Peter Falkner provided them with the Investor Materials, confirmed that the founders were not receiving payment and would not be paid until SemSecure was commercialized.
32. As a result of Peter Falkners' representation during the foregoing meeting, the Wilsons made initial capital contributions of \$100,000.00 in InnoMed One and subsequently invested \$400,000.00 into InnoMed One, InnoMed Two and InnoMed Five.
33. On or around April 19, 2021, Plaintiff William Dull met with Peter Falkner, in person, and was provided Investor Materials. William Dull specifically asked Peter Falkner about IMP's litigation history, were there any outstanding payables, and were the founders paying themselves. Peter Falkner responded to each of the foregoing questions in the negative. Peter Falkner emphasized that commercialization of SemSecure was near completion.

34. As a result of Peter Falkners' representations during the foregoing meeting, William Dull made initial capital contributions of \$250,000.00 into InnoMed One and InnoMed Five. On or about August 20, 2021, William Dull entered into a loan agreement with InnoMed One for a bridge loan of \$300,000.00.
35. The Plaintiffs' contributed a total of \$2,022,500.00 to IMP Subsidiaries, which purchased their membership interests in IMP Subsidiaries.
36. Upon initial capital contributions, the Plaintiffs executed Joinder and Subscription Agreements with IMP Subsidiaries, and they are all Class II Members of IMP Subsidiaries.
37. Approximately one hundred Class II Members, across nine states, have contributed nearly \$10,200,000.00 in funds to multiple IMP Subsidiaries which purchased their membership interests in IMP Subsidiaries. Capital contribution approximations by year are as follows:

FUNDED ENTITIES	2017	2018	2019	2020	2021	Sub Total	Total
InnoMed One, LLC	\$925,000	\$815,000	\$473,010	\$175,000	\$2,262,550	\$4,650,560	\$10,192,850
InnoMed Two, LLC	\$390,000	\$833,760	\$2,668,950	\$20.00	Divested	\$3,892,730	
InnoMed Five, LLC	\$0.00	\$0.00	\$50,010	\$1,497,500	\$102,050	\$1,650,010	

IV. The Falkners' Misrepresentations and Failed Disclosures

38. The Investor Materials contained inaccurate information that Plaintiffs relied on. Specifically, the Falkners misrepresented their credentials and abilities to serve in their current executive positions.
39. Peter Falkner claimed to have multiple degrees, including a major in biology, minor in chemistry and master's in clinical research. However, according to the National Student Clearinghouse, Peter Falkner has never obtained any higher education degree.
40. Peter Falkner held himself out as a wealthy medical device entrepreneur who had "been involved with many global corporations as an executive team member". Peter Falkner

specifically told Plaintiffs during their initial conversations and due diligence meetings that he was still receiving monthly royalty payments from prior medical device inventions. Upon information and belief, Peter Falkner is not listed as an inventor of any prior medical devices. Upon information and belief, Peter Falkner has never previously held any C-suite or executive level positions as claimed in Investor Materials and verbal statements to the Plaintiffs. Similarly, Carla Falkner represented she had “over 20 years of experience in operations and management of a multi-million-dollar corporation”. Upon information and belief, Carla Falkner only held a single previous role as Secretary/Treasurer at her father’s business, MC Williams Contracting, which went into insolvency.

41. The Falkners touted themselves as credible businesspeople during their initial conversations with Plaintiffs but failed to disclose their bankruptcy proceedings. Peter Falkner failed to disclose his 2015 bankruptcy proceeding that was reopened in 2021, and Carla Falkner failed to disclose her 2012 bankruptcy proceeding.
42. On or about April 19, 2021, Peter Falkner falsely represented to Plaintiff William Dull that there were neither payables on the books nor were the founders being paid. According to financial statements inadvertently sent to Plaintiff Benjamin Murphy by IMP’s accounting firm, Crow Shields Bailey (“CSB”), Peter Falkner received the following monthly distributions:

Peter Falkner Monthly Self-Distributions

April 2021	\$25,000.00
May 2021	\$51,450.00
June 2021	\$50,000.00
July 2021	\$93,198.54
August 2021	\$46,000.00
September 2021	\$47,000.00

43. According to financial statements inadvertently sent to Plaintiff Benjamin Murphy by CSB, Carla Falkner distributed to herself over \$100,000.00 from InnoMed One between January 2021 and September 2021.
44. According to documentation forms from InnoMed Two, scant financial reports from June 2022, and financial statements inadvertently sent to Plaintiff Benjamin Murphy by CSB, the Falkners have distributed to themselves approximately \$5,000,000.00 of IMP Subsidiaries' investor funds.
45. In addition to self-distributions, the Falkners requested CSB to begin accruing a monthly sum of \$50,000.00 to Peter Falkner and Carla Falkner as Founder payables. To date, the InnoMed One's Founder payables total approximately \$2,000,000.00.
46. The Falkners' accrued Founder payables were not disclosed to the Plaintiffs prior to their investments and acted as a method to double dip into the company coffers and maximize their personal gains. Similarly, the Falkners' self-distributions were not projected in the InnoMed One budgets that were provided to Plaintiffs prior to their initial contributions.
47. The Falkners failed to disclose IMP's and IMP subsidiaries' litigation history to the Plaintiffs. On or around April 19, 2021, Plaintiff William Dull asked Peter Falkner about the company's litigation history and he did not disclose IMP's litigation with prior general counsel, Harry Satterwhite, or prior litigation with Dr. Frankie Erdman and Solberger & Smith. Notably, the foregoing lawsuits included several claims of fraud, theft, deceit, and breach of contract.
48. InnoMed One and InnoMed Five are governed by their respective Operating Agreements ("Operating Agreements"). Plaintiffs were provided copies of Operating Agreements. The Operating Agreements require the companies "to provide the Members with an annual financial statement of the Company, within one hundred twenty (120) days following the end of each Fiscal Year."

49. IMP, under the control of the Falkners, failed to distribute financial statements to its Class II Members per the Operating Agreements.
50. On April 22, 2022, Plaintiffs issued a demand letter requesting that the Falkners, *inter alia*, release financial statements (“Demand Letter”).
51. The Falkners released scant financial reports in June 2022, after nearly five years of non-compliance with their Operating Agreements.
52. InnoMed Five’s Financial Report for 2021 and Quarters One and Two of 2022 reflected an ending cash balance of \$106.00 after beginning with \$151,515.00 in working capital.
53. InnoMed One’s Financial Report for 2021 and Quarters One and Two of 2022 reflected an account balance of \$16.00 after receiving more than \$2,200,000.00 in capital contributions and cash infusion in 2021.
54. IMP, under the control of the Falkners, have failed to achieve regulatory clearance, even though InnoMed One has received more capital than initially, and incrementally, pitched as necessary to Plaintiffs. To date, no IP has been commercialized.
55. The Alabama Securities Commission (“ASC”) has commenced an investigation into the Falkners’ misconduct. On or about September 19, 2022, the ASC issued the Falkners a Cease and Desist Order which ordered them to immediately cease and desist from further offers or sales of any security, within or from the state of Alabama. The ASC specifically highlighted that the Falkners misrepresented material facts, made untrue statements, and omitted material facts to Class II Members in connection with the sale and purchase of securities.
56. According to the ASC, the securities sold by the Falkners to Class II Members were neither registered, nor subject to a perfected exception from registration in Alabama at the time of solicitation or sale and were offered, and sold, in violation of the Alabama Securities Act.

57. The Falkners never filed Form D, a Federal and State requirement used to file a notice of exempt offering of securities with the U.S. Securities and Exchange Commission and the ASC.
58. The Falkners failed to disclose an outstanding subpoena from the ASC requesting financial and corporate records due to their misconduct and continued lack of a Form D filing for InnoMed One and InnoMed Five.
59. According to the ASC's investigation, the Falkners have used IMP's and IMP Subsidiaries' investor funds to afford a lavish personal lifestyle. Specifically, the Falkners have paid their children's tuition from IMP's bank account which contains identifiable IMP Subsidiaries' investor funds. The Falkners have also paid for personal utilities, meals, international flights, and over \$60,000.00 in Amazon expenses.

V. Fiduciary Duties and Contractual Obligations

60. As mentioned above, the Falkners are members of IMP and IMP is the member-manager of IMP Subsidiaries. Specifically, the Falkners have maintained nearly exclusive control of IMP's and IMP Subsidiaries' management and operations since inception.
61. The InnoMed Operating Agreements are governed by the Alabama Limited Liability Law of 2014. As such, IMP owes the fiduciary duty of loyalty and care to IMP Subsidiaries. However, if the Court finds that IMP did not owe fiduciary duties to the Plaintiffs, IMP's actions while under control of the Falkners, amounts to a gross violation of the implied contractual covenant of good faith and fair dealing.
62. Furthermore, according to the InnoMed Operating Agreement, executed by IMP, IMP shall not be relieved "from liability for any Claims and Expenses to the extent such Claims and Expenses are finally determined by a court of competent jurisdiction to have arisen out of gross negligence or willful misconduct." Similarly, IMP "shall not be entitled to indemnification hereunder

against Claims and Expenses to the extent such Claims and Expenses are finally determined by a court of competent jurisdiction to have arisen out of gross negligence or willful misconduct.”

VI. Compliance with Rule 23.1 of the Alabama Rules of Civil Procedure

63. Plaintiffs, who are current Class II Members of IMP Subsidiaries and were Class II Members of IMP Subsidiaries at all relevant times, have continuously demanded the Falkners, acting as de facto managers of IMP, to correct their wrongs against IMP Subsidiaries and its Class II Members.
64. Plaintiffs fairly and adequately represent the interests of similarly situated Class II Members.
65. Plaintiffs issued a Demand Letter to the Falkners on April 22, 2022, and demanded that the Falkners, *inter alia*, resign from their current positions, comply with their Operating Agreements, discontinue all fraudulent activities, and repay all funds they fraudulently took from IMP and IMP Subsidiaries.
66. On or about August 2022, Plaintiffs scheduled mediation in front of Judge John J. Goger to obtain the actions Plaintiffs currently seek through this Complaint. Mediation was scheduled to proceed August 17, 2022, and the Falkners, through counsel, agreed to appear. However, less than twelve hours prior to the scheduled mediation, the Falkners refused to participate.
67. Plaintiffs have satisfied Rule 23.1 of the Alabama Rules of Civil Procedure. However, if the Court finds that Plaintiffs did not, any further demands to the Falkners, or IMP under the control of the Falkners, would be futile as the Falkners have refused to amicably redress or acknowledge their wrongs to Plaintiffs and IMP Subsidiaries.

COUNT 1-FRAUD
(Direct Action Against the Defendants)

68. Plaintiffs repeat, reallege, and incorporate all factual allegations of the Complaint as if repeated and set forth verbatim herein.

69. The Falkners, acting as de facto managers of IMP, willfully or recklessly made misrepresentations about their educational backgrounds, professional experiences, and business acumen.
70. Peter Falkner specifically advertised himself in Investment Materials as follows: “Peter hails from Auburn University, majoring in biology with a chemistry minor. He then attended University of Alabama in Birmingham where he earned his master’s degree in clinical research with an emphasis on translational science.” According to the National Student Clearinghouse, to date, Peter Falkner never obtained the degrees he advertised.
71. Peter Falkner misrepresented that he worked with multiple global companies in the area of surgical research and device development, and he trained surgeons across the world.
72. Carla Falkner misrepresented that she had “over 20 years of experience in operations and management of a multi-million-dollar corporation.”
73. Peter Falkner willfully or recklessly wore scrubs and White Coats to depict himself as a member of the medical community.
74. The Falkners’ educational backgrounds, professional experiences, and business acumen were crucial factors in Plaintiffs’ decisions to invest in IMP Subsidiaries.
75. The Falkners willfully or recklessly misrepresented that IMP, and its subsidiaries, had no prior litigation.
76. IMP’s litigation history was a crucial factor in Plaintiffs’ decisions to invest in IMP Subsidiaries.
77. The Falkners willfully or recklessly told Plaintiffs that they would not receive payment from IMP.
78. The Falkners willfully or recklessly told Plaintiffs that there were no Founder payables on the books.

79. The Falkners willfully or recklessly told Plaintiffs that they would commercialize IP for InnoMed One by 2018, then again by early 2022.
80. IMP's payment structure, financial distributions, and the timeline for IP commercialization were crucial factors in Plaintiffs' decision to invest in IMP Subsidiaries.
81. Plaintiffs reasonably relied on the Falkners' misrepresentations, which led them to collectively invest over \$2,000,000.00 in IMP Subsidiaries.
82. Class II Members relied on the Falkners' misrepresentations, which led them to collectively invest over \$10,000,000.00 in IMP Subsidiaries.
83. The Falkners' misrepresentations proximately caused Plaintiffs to suffer damages.

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against the Defendants for compensatory damages, punitive damages, preliminary and permanent injunctive relief, attorneys' fees, interest, costs, and all other damages to which they are entitled.

COUNT 2-FRAUD
(Derivative Action Against the Defendants)

84. Plaintiffs repeat, reallege, and incorporate all factual allegations of the Complaint as if repeated and set forth verbatim herein.
85. The Falkners, acting as de facto managers of IMP, willfully or recklessly continued to misrepresent their educational backgrounds, professional experiences, and business acumen after Plaintiffs' initial investments.
86. The Falkners, acting as de facto managers of IMP, willfully or recklessly continued to misrepresent IMP's payment structure, financial distributions, litigation history, and the timeline for IP commercialization after Plaintiffs' initial investments.
87. The Falkners, acting as de facto managers of IMP, willfully or recklessly misrepresented that they distributed themselves approximately \$5,000,000.00 from investor funds to IMP Subsidiaries to date.

88. Carla Falkner, acting as a de facto manager of IMP, willfully or recklessly misrepresented that she distributed to herself over \$100,000.00 from InnoMed One between January 2021 and September 2021.
89. Peter Falkner, acting as a de facto manager of IMP, willfully or recklessly misrepresented that he distributed to himself over \$312,000.00 from InnoMed One between April 2021 and September 2021.
90. The Falkners, acting as de facto managers of IMP, willfully or recklessly misrepresented that they requested CSB to begin accruing a monthly sum of \$50,000.00 to them as Founders' payables.
91. Plaintiffs reasonably relied on the Falkners' misrepresentations, as de facto managers of IMP, which proximately caused them to suffer damages.

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against the Defendants for compensatory damages, punitive damages, preliminary and permanent injunctive relief, attorneys' fees, interest, costs, and all other damages to which they are entitled.

COUNT 3- FRAUDULENT MISREPRESENTATION OF MATERIAL FACTS
(Direct Action Against the Defendants)

92. Plaintiffs repeat, reallege, and incorporate all factual allegations of the Complaint as if repeated and set forth verbatim herein.
93. As explained above, the Falkners willfully or recklessly made misrepresentations about their educational backgrounds, professional experiences, and business acumen.
94. As explained above, the Falkners willfully or recklessly made misrepresentations about IMP's payment structure, financial distributions, and the timeline for IP commercialization.
95. As explained above, the Falkners willfully or recklessly made misrepresentations about IMP's litigation history.

96. The Falkners' educational backgrounds, professional experiences, and business acumen were crucial factors in Plaintiffs' decisions to invest in IMP Subsidiaries.
97. IMP's payment structure, financial distributions, timeline for IP commercialization, and litigation history were crucial factors in Plaintiffs' decision to invest in IMP Subsidiaries.
98. Plaintiffs reasonably relied on the Falkners' misrepresentations.
99. The Falkners' misrepresentations proximately caused Plaintiffs to suffer damages.

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against the Defendants for compensatory damages, punitive damages, preliminary and permanent injunctive relief, attorneys' fees, interest, costs, and all other damages to which they are entitled.

COUNT 4- FRAUDULENT MISREPRESENTATION OF MATERIAL FACTS
(Derivative Action Against the Defendants)

100. Plaintiffs repeat, reallege, and incorporate all factual allegations of the Complaint as if repeated and set forth verbatim herein.
101. As explained above, the Falkners willfully or recklessly continued to make misrepresentations about their educational backgrounds, professional experiences, and business acumen after initial investments.
102. As explained above, the Falkners willfully or recklessly continued to make misrepresentations about IMP's payment structure, financial distributions, and the timeline for IP commercialization.
103. As explained above, the Falkners willfully or recklessly continued to make misrepresentations about IMP's litigation history.
104. Plaintiffs reasonably relied on the Falkners' misrepresentations.
105. The Falkners' misrepresentations proximately caused Plaintiffs to suffer damages.

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against the Defendants for compensatory damages, punitive damages, preliminary and permanent injunctive relief, attorneys' fees, interest, costs, and all other damages to which they are entitled.

COUNT 5-FRAUDULENT SUPPRESSION OF MATERIAL FACTS
(Direct Action Against the Defendants)

106. Plaintiffs repeat, reallege, and incorporate all factual allegations of the Complaint as if repeated and set forth verbatim herein.
107. The Falkners, acting as de facto managers of IMP, had a duty to disclose material facts to Plaintiffs about their educational backgrounds, business acumen, and professional experiences, prior to Plaintiffs' purchase of membership interests in IMP Subsidiaries and prior to entering a business and fiduciary relationship.
108. The Falkners had a duty to communicate material facts to Plaintiffs about their plans to commercialize IP, IMP's payment structure, plans for financial distributions, and litigation history, prior to Plaintiffs' purchase of memberships interests in IMP Subsidiaries and prior to entering a business and fiduciary relationship.
109. The Falkners willfully or recklessly concealed material facts about their educational backgrounds.
110. Peter Falkner willfully or recklessly concealed the material fact that he had never gained a higher education degree.
111. The Falkners willfully or recklessly concealed their bankruptcy filings.
112. The Falkners were specifically asked about IMP's litigation history and willfully concealed material facts about IMP and IMP Subsidiaries' prior litigation.
113. The Falkners willfully or recklessly concealed IMP's true payment structure, financial distributions, and timeline for IP commercialization.

114. The Falkners, acting as de facto managers of IMP, were obligated to communicate the foregoing material facts to Plaintiffs prior to their purchase of membership interests in IMP Subsidiaries and prior to entering a fiduciary relationship.

115. The Falkners' fraudulent suppression of material facts proximately caused Plaintiffs to suffer actual damages.

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against the Defendants for compensatory damages, punitive damages, preliminary and permanent injunctive relief, attorneys' fees, interest, costs, and all other damages to which they are entitled.

COUNT 6-FRAUDULENT SUPPRESSION OF MATERIAL FACTS
(Derivative Action Against the Defendants)

116. Plaintiffs repeat, reallege, and incorporate all factual allegations of the Complaint as if repeated and set forth verbatim herein.

117. The Falkners, acting as de facto managers of IMP, had a duty to disclose material facts to Plaintiffs about their educational backgrounds, business acumen, and professional experiences.

118. The Falkners, acting as de facto managers of IMP, had a duty to communicate material facts about their plans to commercialize IP, IMP's payment structure, plans for financial distributions, and litigation history.

119. The Falkners, acting as de facto managers of IMP, continued to willfully or recklessly conceal material facts about their educational backgrounds, bankruptcy filings, IMP's litigation history, IMP's true payment structure, financial distributions, and timeline for IP commercialization.

120. The Falkners, acting as de facto managers of IMP, were obligated to communicate the foregoing material facts because of IMP's fiduciary positions.

121. IMP's fraudulent suppression of material facts proximately caused Plaintiffs to suffer actual damages.

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against the Defendants for compensatory damages, punitive damages, preliminary and permanent injunctive relief, attorneys' fees, interest, costs, and all other damages to which they are entitled.

COUNT 7-DECEIT
(Direct Action Against the Defendants)

122. Plaintiffs repeat, reallege, and incorporate all factual allegations of the Complaint as if repeated and set forth verbatim herein.
123. The Falkners willfully or recklessly misrepresented material facts about their educational backgrounds, professional experiences, and business acumen to induce Plaintiffs into making capital contributions in IMP Subsidiaries.
124. The Falkners knew, or should have known, that misrepresenting their educational backgrounds, professional experiences, and business acumen would induce the Plaintiffs to invest in IMP Subsidiaries.
125. The Falkners knew, or should have known, that misrepresenting material facts about the timeline for commercializing SemSecure would induce Plaintiffs to invest in IMP Subsidiaries.
126. The Falkners knew, or should have known, that misrepresenting material facts about IMP's litigation history would induce Plaintiffs to invest in IMP Subsidiaries.
127. The Falkners knew, or should have known, that concealing their bankruptcy history would induce the Plaintiffs to invest in IMP Subsidiaries.
128. The Falkners knew, or should have known, that misrepresenting their intent to commercialize IP would induce Plaintiffs to invest in IMP Subsidiaries.
129. The Falkners knew, or should have known, that misrepresenting IMP's payment structure and plans for financial distributions would induce Plaintiffs to invest in IMP Subsidiaries.
130. Plaintiffs reasonably relied on Falkners' misrepresentations and concealment of material facts.

131. Plaintiffs were damaged as a proximate cause of the Falkners' misrepresentations.

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against the Defendants for compensatory damages, punitive damages, preliminary and permanent injunctive relief, attorneys' fees, interest, costs, and all other damages to which they are entitled.

COUNT 8-DECEIT
(Derivative Action Against the Defendants)

132. Plaintiffs repeat, reallege, and incorporate all factual allegations of the Complaint as if repeated and set forth verbatim herein.

133. The Falkners willfully or recklessly continued to misrepresent material facts about their educational backgrounds, professional experiences, bankruptcy history, business acumen, their timeline for commercializing SemSecure, IMP's payment structure and plans for financial distributions.

134. The Falkners knew, or should have known, that continuing to misrepresent their educational backgrounds, professional experiences, bankruptcy history, business acumen, their timeline for commercializing SemSecure, IMP's payment structure and plans for financial distributions would induce Plaintiffs to believe IMP was a viable manager.

135. Plaintiffs reasonably relied on Falkners' misrepresentations and concealment of material facts.

136. Plaintiffs were damaged as a proximate cause of the Falkners' misrepresentations.

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against the Defendants for compensatory damages, punitive damages, preliminary and permanent injunctive relief, attorneys' fees, interest, costs, and all other damages to which they are entitled.

COUNT 9-FRAUDULENT DECEIT
(Direct Action Against the Defendants)

137. Plaintiffs repeat, reallege, and incorporate all factual allegations of the Complaint as if repeated and set forth verbatim herein.

138. The Falkners willfully asserted and suggested untrue verbal and written statements about their educational backgrounds, professional experiences, and business acumen to induce Plaintiffs into making capital contributions in IMP Subsidiaries.
139. The Falkners willfully suppressed true facts about their educational backgrounds, professional experiences, and business acumen to induce Plaintiffs into making capital contributions in IMP Subsidiaries.
140. The Falkners willfully suppressed facts about IMP's litigation history with the intent to induce Plaintiffs into making capital contributions in IMP Subsidiaries.
141. The Falkners willfully suppressed facts about IMP's payment structure, plans for financial distributions, and plans for IP commercialization with the intent to induce Plaintiffs into making capital contributions into IMP Subsidiaries.
142. Plaintiffs reasonably relied on the Falkners' misrepresentations which proximately caused their damages.

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against the Defendants for compensatory damages, punitive damages, preliminary and permanent injunctive relief, attorneys' fees, interest, costs, and all other damages to which they are entitled.

COUNT 10-FRAUDULENT DECEIT
(Derivative Action Against the Defendants)

143. Plaintiffs repeat, reallege, and incorporate all factual allegations of the Complaint as if repeated and set forth verbatim herein.
144. The Falkners willfully continued to assert and suggest untrue verbal and written statements about their educational backgrounds, professional experiences, and business acumen to induce Plaintiffs into believing IMP was a viable manager for IMP Subsidiaries.

145. The Falkners willfully continued to suppress true facts about their educational backgrounds, professional experiences, and business acumen to induce Plaintiffs into believing IMP was a viable manager for IMP Subsidiaries.
146. The Falkners willfully continued to suppress facts about IMP's litigation history with the intent to induce Plaintiffs into believing IMP was a viable manager for IMP Subsidiaries.
147. The Falkners willfully suppressed facts about IMP's payment structure, plans for financial distributions, and plans for IP commercialization with the intent to induce Plaintiffs into believing IMP was a viable manager for IMP Subsidiaries.
148. Plaintiffs reasonably relied on the Falkners' misrepresentations which proximately caused their damages.

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against the Defendants for compensatory damages, punitive damages, preliminary and permanent injunctive relief, attorneys' fees, interest, costs, and all other damages to which they are entitled.

COUNT 11-BREACH OF FIDUCIARY DUTIES
(Derivative Action Against IMP)

149. Plaintiffs repeat, reallege, and incorporate all factual allegations of the Complaint as if repeated and set forth verbatim herein.
150. InnoMed One and InnoMed Five are manager-managed limited liability companies, and IMP manages InnoMed One and InnoMed Five.
151. As mentioned above, the Falkners are 50% equity owners of IMP and act as de facto managers of IMP. Carla Falkner has signed and executed corporate documents as IMP's manager, and she is IMP's registered agent.
152. The Falkners owe fiduciary duties to IMP, and IMP owes fiduciary duties to InnoMed One, InnoMed Five, and its Members. Specifically, IMP owes IMP Subsidiaries and Plaintiffs a duty of good faith and fair dealing.

153. IMP, under the control of the Falkners, has breached its fiduciary duties to the Plaintiffs, InnoMed One, and InnoMed Five by failing to act with loyalty towards the company, engaging in self-dealing, mismanaging investor funds, ignoring their Operating Agreements, not distributing financial records as required, and all additional misconduct inflicted by the Falkners as described in all factual allegations.
154. Plaintiffs, who are current Class II Members of IMP Subsidiaries and were Class II Members of IMP Subsidiaries at all relevant times, have continuously demanded the Falkners, acting as de facto managers of IMP, to correct their wrongs against IMP Subsidiaries and its Class II Members.
155. Plaintiffs fairly and adequately represent the interests of similarly situated Class II Members.
156. Plaintiffs issued a Demand Letter to the Falkners on April 22, 2022, and demanded that the Falkners, inter alia, resign from their current positions, comply with their Operating Agreements, discontinue all fraudulent activities, and repay all funds they fraudulently took from IMP and IMP Subsidiaries.
157. On or about August 2022, Plaintiffs scheduled mediation in front of Judge John J. Goger to obtain the actions Plaintiffs currently seek through this Complaint. Mediation was scheduled to proceed August 17, 2022, and the Falkners, through counsel, agreed to appear. However, less than twelve hours prior to the scheduled mediation, the Falkners refused to participate.
158. Plaintiffs have satisfied Rule 23.1 of the Alabama Rules of Civil Procedure. However, if the Court finds that Plaintiffs did not, any further demands to the Falkners, or IMP under the control of the Falkners, would be futile as the Falkners have refused to amicably redress or acknowledge their wrongs to Plaintiffs and IMP Subsidiaries.
159. The Plaintiffs have been damaged as a proximate cause of the IMP's breach of fiduciary duties.

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against IMP for compensatory damages, punitive damages, preliminary and permanent injunctive relief, attorneys' fees, interest, costs, and all other damages to which they are entitled.

COUNT 12-BREACH OF CONTRACT
(Derivative Action Against IMP)

160. Plaintiffs repeat, reallege, and incorporate all factual allegations and Count 11 (Breach of Fiduciary Duties) of the Complaint as if repeated and set forth verbatim herein.
161. InnoMed One and InnoMed Five are both governed by their respective Operating Agreements.
162. The foregoing Operating Agreements were valid and binding contractual agreements between IMP and IMP Subsidiaries.
163. The Plaintiffs have performed their contractual obligations.
164. IMP, under the control of the Falkners, has not performed its obligations. Specifically, IMP breached 8.5 of the Operating Agreements which requires the Manager to "provide Members with an annual financial statement of the Company, within one hundred twenty (120) days following the end of each Fiscal Year".
165. IMP also breached 8.1 of the Operating Agreements which requires the Manager to, *inter alia*, accomplish the corporate purposes of the IMP Subsidiaries. As mentioned above, to date, no IP has been commercialized and the IMP Subsidiaries are nearly insolvent.
166. As a result of IMP's breach of the Operating Agreements, the Plaintiffs have been damaged.

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against IMP for compensatory damages, punitive damages, preliminary and permanent injunctive relief, attorneys' fees, interest, costs, and all other damages to which they are entitled.

COUNT 13-BREACH OF GOOD FAITH AND FAIR DEALING
(Derivative Action Against IMP)

167. Plaintiffs repeat, reallege, and incorporate all factual allegations, Count 11 (Breach of Fiduciary Duties), and Count 12 (Breach of Contract) of the Complaint as if repeated and set forth verbatim herein.
168. Carla Falkner is the chief operating officer of IMP and the registered agent of InnoMed One and InnoMed Five. Peter Falkner is the chief executive officer of IMP. Together, the Falkners are 50% equity owners of IMP and two of the four IMP members. The Falkners exercise nearly exclusive control of IMP, as de facto managers, and IMP is a member-manager of IMP Subsidiaries.
169. Pursuant to Alabama Law, the covenant of good faith and fair dealing is expressly implied in all contracts and no limited liability company agreement may eliminate the foregoing.
170. IMP has not performed in good faith the obligations imposed by the Operating Agreements. IMP's willful misconduct, under the control of the Falkners, includes gross mismanagement of investor funds, fraud, and waste of corporate assets.
171. IMP's breach of the implied covenant of good faith and fair dealing proximately caused harm to IMP Subsidiaries.

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against IMP for compensatory damages, punitive damages, preliminary and permanent injunctive relief, attorneys' fees, interest, costs, and all other damages to which they are entitled.

COUNT 14- CONVERSION
(Derivative Action Against the Defendants)

172. Plaintiffs repeat, reallege, and incorporate all factual allegations of the Complaint as if repeated and set forth verbatim herein.

173. As evidenced above, Plaintiffs are Class II Members of IMP Subsidiaries, and they have property interests in IMP Subsidiaries.
174. As evidenced above, the Falkners, acting as de facto managers of IMP, have interfered with and misused the IMP Subsidiaries' property.
175. The Falkners converted IMP Subsidiaries' funds, through IMP bank accounts, to pay for their children's tuition, personal utilities, meals, and international flights.
176. The Falkners have wrongfully and without right, converted IMP Subsidiaries' property, millions of dollars, for their benefit and IMP Subsidiaries have been deprived because of the Falkners' conversion.
177. The Falkners, acting as de facto managers of IMP, have retained actual possession of the IMP Subsidiaries' property by misusing and mismanaging investor funds.
178. IMP Subsidiaries have been damaged as a proximate cause of the foregoing conversion.

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against the Defendants for compensatory damages, punitive damages, preliminary and permanent injunctive relief, attorneys' fees, interest, costs, and all other damages to which they are entitled.

COUNT 15-GROSS MISMANAGEMENT
(Derivative Action Against IMP)

179. Plaintiffs repeat, reallege, and incorporate all factual allegations and Count 11 (Breach of Fiduciary Duties) of the Complaint as if repeated and set forth verbatim herein.
180. IMP, under the control of the Falkners, has fiduciary duties to ethically manage IMP Subsidiaries.
181. IMP, under the control of the Falkners, have grossly mismanaged IMP Subsidiaries which has resulted in substantial damages to IMP Subsidiaries.

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against IMP for compensatory damages, punitive damages, preliminary and permanent injunctive relief, attorneys' fees, interest, costs, and all other damages to which they are entitled.

COUNT 16- WASTE OF CORPORATE ASSETS
(Derivative Action Against IMP)

182. Plaintiffs repeat, reallege, and incorporate all factual allegations and Count 11 (Breach of Fiduciary Duties) of the Complaint as if repeated and set forth verbatim herein.
183. As mentioned above, InnoMed One was formed on January 3, 2017, for the purpose of inventing and developing innovative medical devices in the field of fertility, and InnoMed One's primary goal was to commercialize SemSecure IUI Delivery System.
184. As a direct and proximate cause of the Falkners' misconduct, while acting as de facto managers of IMP, the corporate purpose of InnoMed One was never fulfilled.
185. There was no legitimate corporate purpose for the Falkners' misconduct. Specifically, there is no legitimate corporate purpose to use IMP Subsidiaries' funds to pay for the Falkners' children's tuition, personal meals, utilities, and international flights.
186. There was no legitimate corporate purpose for the Falkners, acting as de facto managers of IMP, to pay themselves millions of dollars from investor funds instead of commercializing the company's IP.
187. As a direct and proximate cause of the Falkners' waste of corporate assets, while acting as de facto managers of IMP, IMP Subsidiaries have been damaged.

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against the IMP for compensatory damages, punitive damages, preliminary and permanent injunctive relief, attorneys' fees, interest, costs, and all other damages to which they are entitled.

COUNT 17- UNJUST ENRICHMENT
(Direct and Derivative Action Against the Falkners)

188. Plaintiffs repeat, reallege, and incorporate all factual allegations of the Complaint as if repeated and set forth verbatim herein.
189. The Falkners fraudulently induced the Plaintiffs to invest in IMP Subsidiaries.
190. The Falkners have held and spent Class II Members' investments, which belong to IMP Subsidiaries.
191. The Falkners gained full control and access to Class II Members' investments, through fraudulent misrepresentations about their educational backgrounds, business acumen, and professional experiences.
192. The Falkners have used millions of investor funds to support their lavish lifestyle at the expense of the Plaintiffs and IMP Subsidiaries.
193. Plaintiffs and IMP Subsidiaries suffered damages as a direct and proximate result of the Falkners' unjust enrichment.

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against the Falkners for compensatory damages, punitive damages, preliminary and permanent injunctive relief, attorneys' fees, interest, costs, and all other damages to which they are entitled.

COUNT 18-CONSPIRACY
(Derivative Action Against the Defendants)

194. Plaintiffs repeat, reallege, and incorporate all factual allegations of the Complaint as if repeated and set forth verbatim herein.
195. As evidence above, the Falkners, acting as de facto managers of IMP, have wrongfully and without right, converted IMP Subsidiaries' property, millions of dollars, for their benefit and IMP Subsidiaries have been deprived because of the foregoing conversion. Furthermore, the

Falkners, acting as de facto managers of IMP, have retained actual possession of the IMP Subsidiaries' property by misusing and mismanaging investor funds.

196. As evidenced above, the Falkners acted in concert and as de facto managers of IMP to engineer their fundraising scheme which resulted in Plaintiffs contributing more than \$2,000,000.00 to IMP Subsidiaries and the Falkners mismanaging these funds.

197. Plaintiffs suffered damages as a direct and proximate result of the foregoing conspiracy.

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against the Defendants for compensatory damages, punitive damages, preliminary and permanent injunctive relief, attorneys' fees, interest, costs, and all other damages to which they are entitled.

COUNT 19-SECURITIES FRAUD
(Direct and Derivative Action Against the Defendants)

198. Plaintiffs repeat, reallege, and incorporate all factual allegations of the Complaint as if repeated and set forth verbatim herein.

199. As evidenced above, the Falkners, acting as de facto managers of IMP, engaged in a fundraising scheme which induced the Plaintiffs to make capital contributions into IMP Subsidiaries.

200. The Falkners made untrue statements, written and verbal, of material facts about their education and professional experiences.

201. The Falkners omitted material facts about their true educational backgrounds, professional experiences, and business acumen.

202. The Falkners omitted material facts about IMP's litigation history, IMP's true payment structure, plans for financial distributions, and plans for IP commercialization.

203. On or about September 19, 2022, the ASC issued the Falkners a Cease and Desist Order which ordered them to immediately cease and desist from further offers or sales of any security, within or from the state of Alabama.

204. The ASC specifically highlighted that the Falkners misrepresented material facts, made untrue statements, and omitted material facts to Class II Members in connection with the sale and purchase of securities.

205. According to the ASC, the securities sold by the Falkners to Class II Members were neither registered, nor subject to a perfected exception from registration in Alabama at the time of solicitation or sale and were offered and sold in violation of the Alabama Securities Act.

206. The foregoing securities fraud proximately caused the Plaintiffs' damages.

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against the Defendants for compensatory damages, punitive damages, preliminary and permanent injunctive relief, attorneys' fees, interest, costs, and all other damages to which they are entitled.

WHEREFORE, Plaintiffs respectfully request the following relief:

- a. that damages be awarded to Plaintiffs in an amount to be proven at trial together with pre-judgment interest, and post-judgment interest;
- b. the Falkners be removed from their current positions with IMP;
- c. the Falkners relinquish all prior company records, files, prototypes, inventory and accounts (bank accounts, accounting firm, website, etc.);
- d. the Falkners be ordered to repay all funds distributed to them during the last eighteen months that exceeds the \$160,000.00 outlined in the budget presented to investors;
- e. the Falkners repay in full of the \$300,000.00 bridge loan to William Dull;
- f. the Falkners repay any personal loans taken out against any IMP entities;
- g. the Falkners repay any founder payables and/or outstanding loans between IMP entities to be immediately forgiven;
- h. that all unassigned IP related to InnoMed One and InnoMed Five to be assigned to its applicable subsidiary;

- i. that Plaintiffs be awarded their attorneys' fees and costs in bringing this action on behalf of IMP Subsidiaries;
- j. that Plaintiffs receive such other and further relief as is just and proper.

PLAINTIFFS RESPECTFULLY DEMAND TRIAL BY JURY

Respectfully submitted this 29th day of September, 2022.

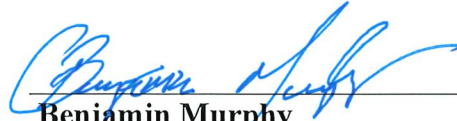
s/ Ben H. Harris, III.

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VERIFICATION

I, Benjamin Murphy, after being duly sworn, have read the foregoing Verified Complaint. To the best of my knowledge and belief, I swear and affirm that the factual allegations contained in the Verified Complaint are based upon my personal knowledge are true and accurate. I further swear and affirm that the allegations based upon information and belief are true and accurate, to the best of my knowledge.


Benjamin Murphy

In the State of Georgia

County of DeKalb

Sworn to and subscribed before me,

this 28th day of September, 2022

Francis C. Dorfman

Signature of Notary Public

Commission Expiration: January 3, 2025



DEFENDANTS TO BE SERVED VIA PROCESS SERVER AS FOLLOWS:

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