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Attorneys for Plaintiffs
Unifiednames, Inc. and John Naruszewicz

**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

UNIFIEDNAMES, INC. d/b/a Registerfly
and JOHN NARUSZEWICZ,

Plaintiffs,

v.

KEVIN MEDINA,

Defendant.

Civil Action No.

VERIFIED COMPLAINT

Plaintiffs, Unifiednames, Inc. ("UNI") and John Naruszewicz (collectively, "Plaintiffs"), through their attorneys, Mirzaian Schoenbrodt LLP, file this Verified Complaint seeking removal of Defendant, Kevin Medina ("Defendant") as a member of UNI's board of directors, an accounting of UNI for the purpose of buying Defendant's ownership interest in UNI, judgment directing Defendant to sell his shares to UNI, and allege as follows:

FACTS

A. Jurisdiction and Venue

1. UNI is a closely-held corporation conducting business at 404 Main Street, Boonton, Morris County, New Jersey.
2. UNI is a for-profit corporation formed under the laws of New Jersey.
3. UNI has 200 shares outstanding.
4. John Naruszewicz (UNI's Vice President) owns 100 shares of UNI.

5. Defendant (who served as UNI's President and Chief Executive Officer until his removal as an officer and employee of UNI on February 12, 2007) owns the other 100 shares of UNI.
6. Defendant resides in the State of [REDACTED]
7. Defendant resided in the City [REDACTED]
[REDACTED]
8. John Naruszewicz resides at [REDACTED]
[REDACTED]
9. On February 12, 2007, UNI's board of directors authorized UNI to bring suit against Defendant for the damage his unlawful conduct has inflicted on UNI.
10. This court possesses diversity jurisdiction pursuant to 28 U.S.C. § 1332 because the amount in controversy exceeds \$75,000, exclusive of interest and costs, and this matter is between citizens of different states.
11. This court retains supplemental jurisdiction over Plaintiffs' state law claims pursuant to 28 U.S.C. § 1367.
12. Pursuant to 28 U.S.C. § 1391, venue before this court is proper because a substantial part of the events or omissions giving rise to these claims occurred in Morris County, New Jersey and this court retains personal jurisdiction over Defendant due to his New Jersey contacts (employment in New Jersey, ownership of a New Jersey corporation, and recent residence in New Jersey) at this time and there is no more convenient judicial district in which this action may otherwise be brought.

B. UNI's Business is Registering Internet Domain Names for its Customers.

13. UNI is engaged in the business of registering web site domain names on the Internet's worldwide web, among other web services.

14. To operate and maintain its business, on a monthly basis UNI must forward payments on behalf of its customers to various Internet domain name registries.

15. Upon receipt of these payments, the registries then reserve the requested Internet domain name for each of UNI's customers.

16. The registries will not reserve the requested domain names without payment of the required fees.

17. Until recently, UNI needed to maintain a monthly float of between \$1 million and \$1.5 million to advance the registry payments for its customers.

C. Defendant's Wrongful Conduct and Waste of UNI's Assets.

18. As of December 2006, UNI had 200,000 domain names reserved for its customers.

19. Due to Defendant's misfeasance and/or malfeasance, UNI has lost approximately 75,000 domain names for its customers since January 2007 because customer domain names were not reserved as requested due to UNI's failure to remit the registry fees.

20. UNI has lost these customers because Defendant has drained UNI's bank accounts of the necessary funds to maintain the required float to reserve customer domain names with the registries.

21. UNI's business volume has continued to dramatically slow due to Defendant's mismanagement.

22. A key vendor, eNom Inc., by letter dated February 5, 2007 informed Defendant that UNI will be dropped as a domain name reseller on March 9, 2007 due to alleged UNI fraud committed by Defendant against UNI's customers. See Exhibit A.

23. Defendant has wasted UNI's assets by, among others: (a) wiring \$9,000 in UNI funds on three separate occasions to pay for the company of Defendant's personal escort, (b) using UNI funds to pay the \$10,000 monthly rent on Defendant's personal penthouse residence in Miami Beach, Florida; (c) spending tens of thousands of dollars from UNI's accounts to pay for Defendant's personal credit card bills; (d) spending approximately \$6,000 of UNI's money for liposuction; and (e) unaccountably withdrawing tens of thousands of dollars in cash from UNI's accounts for Defendant's personal spending.

D. The 50-50 Shareholders' Business Relationship is Irretrievably Broken.

24. In an attempt to resolve this ongoing corporate crisis, John Naruszewicz and Defendant entered an agreement dated January 12, 2007 requiring Glenn Stansbury (UNI's Vice President) to approve all expenditures of UNI's funds. See Exhibit B.

25. Defendant has ignored the January 12, 2007 agreement and continues to use UNI's assets for his personal extravagant spending.

26. Consequently, John Naruszewicz and Defendant, as equal 50%-50% owners of UNI's stock, have reached a deadlock on decisions regarding the management of UNI and the composition of UNI's board of directors.

27. Moreover, due to recent personal conflict, their business relationship is irretrievably broken.

28. Pursuant to the shareholders agreement between John Naruszewicz and

Defendant, UNI is entitled, as a third-party beneficiary, to purchase Defendant's UNI shares upon Defendant's voluntary departure as an employee of UNI.

29. Despite Defendant's removal by the board as an employee of UNI and the request by John Naruszewcz, Defendant has refused to sell his shares.

30. Given the ongoing disputes and broken relationship between UNI's two shareholders, it is in UNI's best interests that UNI be permitted in the spirit of the shareholder agreement to purchase Defendant's shares at fair value.

31. Defendant's refusal to sell his shares has injured and continues to injure UNI and constitutes a breach of his obligations under the shareholder agreement and his obligations to UNI.

COUNT I

Breach of Fiduciary Duty – Removal of Defendant as UNI Director

32. Plaintiffs reallege the preceding paragraphs as if set forth here at length.

33. Defendant is one of three directors on UNI's board.

34. As UNI's director, Defendant has a duty to act disinterestedly in UNI's best interests for corporate governance, business management, and market opportunities.

35. Defendant has breached his duty to UNI by: using UNI's funds for his own extravagant personal expenses, wasting UNI's assets, and otherwise mismanaging UNI's funds for its business operations.

36. Defendant's actions in using UNI's assets for his own gain and in mismanaging UNI's assets in its ordinary business display Defendant's lack of disinterestedness, lack of due care, lack of good faith, and abuse of discretion.

37. Defendant's misappropriation, misuse, and mismanagement of UNI's assets

has led UNI to suffer repeated cash flow crises and an attendant loss of customers.

38. Even though UNI removed Defendant as an officer and employee on February 12, 2007, Defendant's presence on UNI's board of directors continues to disrupt UNI's operations and continues to waste UNI's business reputation, funds for operation, and other assets.

39. Despite the request of UNI's two other directors and John Naruszewicz as a 50% stockholder in UNI, Defendant has refused to voluntarily resign from UNI's board of directors.

40. Both UNI and John Naruszewicz are unable to remove Defendant from UNI's board of directors because Defendant owns a sufficient amount of shares (50%) to make his removal by a shareholder vote impossible under UNI's bylaws and related shareholder agreements.

41. As a direct and proximate result of Defendant's wrongful acts, UNI has been and continues to be injured in its business and customer relationships.

COUNT II

Unjust Enrichment to the Detriment of UNI

42. Plaintiffs reallege the preceding paragraphs as if set forth here at length.

43. As a direct and proximate result of Defendant's wrongful acts, Defendant have been personally enriched by over \$100,000.

44. Defendant's enrichment comes at the unjustified detriment to UNI whose assets Defendant took and/or wasted.

45. As a direct and proximate result of Defendant's wrongful acts, UNI has been and continues to be injured in its business and customer relationships.

COUNT III**Buy-Out of Defendant's Shares**

46. Plaintiffs reallege the preceding paragraphs as if set forth here at length.
47. The business and personal relationship between Defendant and John Naruszewicz is irretrievably broken.
48. Despite Defendant's removal by the board as an employee of UNI and the request by John Naruszewicz, Defendant has refused to sell his shares to either UNI or John Naruszewicz.
49. Due to Defendant's 50% ownership interest in UNI and his disruptive and wasteful actions, John Naruszewicz is an oppressed minority shareholder within the meaning of the Deadlocked Corporations Act, N.J.S.A. 14A-12-7.
50. In light of the ongoing and deepening conflict between Defendant and John Naruszewicz, Defendant's waste of UNI's assets, and this breakdown's interference with profitable management of UNI, it is in Plaintiffs' best interests that either UNI or John Naruszewicz be permitted to purchase Defendant's shares at fair value pursuant to N.J.S.A. 14A:12-7(1)(c) and (8).
- WHEREFORE**, UNI demands judgment in its favor and against Defendant as follows:
- (1) immediately restraining Defendant from accessing any of UNI's bank accounts;
 - (2) immediately enjoining Defendant from contacting any of UNI's vendors;
 - (3) immediately requiring Defendant to return to Glenn Stansbury of UNI all UNI property and information;

- (4) removal of Defendant from UNI's board of directors;
- (5) awarding UNI compensatory damages, punitive damages, attorneys' fees, costs of suit, pre- and post-judgment interest, and all other relief that the Court deems equitable and just;
- (6) an accounting of UNI for the purpose of determining the fair value of Defendant's shares; and
- (7) directing Defendant to sell his shares to UNI after a determination of the fair value of Defendant's shares.

MIRZAIAN SCHOENBRODT, LLP

Dated: February 12, 2007

By: /s/ Paul Castronovo

Paul Castronovo
Attorneys for Plaintiff