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

Nigel John Eccles, Lesley Jayne Ross Eccles, Thomas Gordon Griffiths, Robat Jones, Chris Stafford, Ashek Ahmed, Andrew Allan, Alexandra Amos as personal representative of the Estate of Jay Amos, Jeannice Angela, Ken Berman, Alex Bird, Duncan Blair, Cameron Boal, Ehi Borha, Jesse Boskoff, Geoff Bough, Michael Branchini, Daniel Brown, Kelli Buchan, Charlene Burns, William Carroll, Dave Cavino, Shree Chowkwale, Coral House Services Limited, Chris Corbellini, Jim Croft, Cyrus David, Davidson Family Revocable Trust, James Doig, Ryan Doner, Kevin Dorren, Payom Dousti, Carl Ekman, Ryan Faber, Jason Faria, Victoria Farquhar, Rory Fitzpatrick, Adriana Estrada Genao, Mitchell Gillespie, Alan Goldsher, Will Green, Melanie Grier, Justin Hanke, Ryan Hansen, Peter Henderson, Matthew Hevia, Andrew Heywood, Steven Holmes, Justin M. Hume, Greg Humphreys, F Residual LLC, Tim Jackson, Cory Jez, Thanyaluk Jirapech-umpai, Devashish Kandpal, Michael Kane, Alan Karamehmedovic, Marcus Kelman, David Kerr, Galina Kho, Dylan Kidder, Sarah Killarney-Ryan, Allan Kilpatrick, Ali King, Steven King, David Knapp, Mike Kuchera, Angela Romano Kuo, Jesse Lambert, Amy Langridge, Diomira Lawrence, John Lightbody, Frank LoCascio, Andy Love, Kristen Lu, Gary Ma, Kevin MacPherson, Max Manders, John Mangan, Sunjay Mathews, Caroline McDowall, Julie McElrath (Anderson), Kevin McFlynn, Eileen McLaren, Martin McNickle, Dan Melinger, Andrew Mellicker, Rayna Mengel, Matt Millen, Josh Moelis, Vince Monical, Jen Mordue, Eilidh Morrison, Simon Murdoch, Anders Murphy, Matthew Musico, James Newbery, Owen O'Donnell, Xavier Oliver-Duocastella, Mark Peters, Michael Peterson, Michael Pine, Richard Melmon Trust, Thomas Richards, Shawn Rinkenbaugh, Ian Ritchie, Justine Sacco, Nicholas Sharp, Scott Shay, Jake Silver, Keith Sterling, David Stess, John Sutherland, Warrick Taylor, Stuart Tonner, John Venizelos, Kyle Wachtel, Lynne Wallace, Walleye Investments, LLC, Brendan Waters, Skye Welch, Mark Williams, Ross Wilson, Kristian Woodsend, Kris Young, and Alexander Zelvin,

Plaintiffs,

Index No:

COMPLAINT

v.

Shamrock Capital Advisors, LLC, Shamrock Capital Growth Fund III, LP, Shamrock FanDuel Co-Invest LLC, Shamrock FanDuel Co-Invest II, LP, KKR & Co., Inc., Fan Investor Limited, Fan Investors L.P., Michael LaSalle, Edward Oberwager, Andrew Cleland, Matthew King, Carl Vogel, David Nathanson, Fastball Holdings LLC, Fastball Parent 1 Inc., Fastball Parent 2 Inc., PandaCo, Inc., FanDuel Inc., and FanDuel Group, Inc.,

Defendants.

1. In May 2018, FanDuel was poised to take off. The New York-based daily fantasy sports company had agreed to terms for a merger with the European bookmaker Paddy Power Betfair, and the Supreme Court was considering whether to abolish the federal prohibition on sports gambling. For the proposed merged company, the opportunity was enormous. The combination of FanDuel's brand, user base, and platform with Paddy Power Betfair's bookmaking expertise, capital, and other U.S. gaming assets would put the merged company in the pole position to capture the budding U.S. sports gambling market. It was an opportunity FanDuel's founders and former employees had dreamt about during the decade they spent building the Company.

2. Before the merger documents were signed, the Supreme Court issued its opinion: states could legalize sports gambling. Defendants—the private equity firms that invested in FanDuel and the board of directors that they installed—moved quickly. They closed the deal without a shareholder vote and without considering the impact of the nascent sports gambling market.

3. This case is about how the benefits of the Paddy Power Betfair merger were taken by the Defendants. Defendants' late-stage investments entitled them to the first $559 million from the deal; Plaintiffs, which include FanDuel's founders, early investors, and more than 100 former employees, were entitled to share in everything above that threshold. Because the consideration received in the merger was stock, Defendants had to value that stock before distributing it. But Defendants never sought a valuation of the shares FanDuel received in the merger, let alone an independent and unbiased one. By any known estimate, those shares were worth billions. Less than one year before, Defendants themselves had valued FanDuel as a stand-alone company at $1.2 billion.

4. When it came time to distribute the shares FanDuel received, however, Defendants got greedy. Defendants selected a "price" not to exceed $559 million—substantially below the actual value of the shares and designed to ensure Defendants would capture the entire upside of the merger. As a result, Defendants walked away with shares worth billions, and Plaintiffs were left with nothing.

NATURE OF THE ACTION

5. Plaintiffs include the five founders of FanDuel Ltd., more than 100 former employees, and several of the Company's early investors. Plaintiffs each owned common shares and/or vested options to purchase common shares of FanDuel. The founders obtained their equity interests as compensation for their years of service, a decade spent building FanDuel into the innovative leader in daily fantasy sports. The former employees also earned their equity interests in FanDuel as compensation for their years of service, sometimes borrowing money from family or friends to purchase options so they could invest in the company they were working tirelessly to build. FanDuel's early investors purchased their common shares outright.

6. Defendants include two late-stage investors in FanDuel—the private equity firms Shamrock Capital Advisors, LLC, and KKR & Co., Inc.—and members of FanDuel's board of directors at the time of the Paddy Power Betfair merger—Mike LaSalle, Ted Oberwager, Andrew Cleland, Matt King, Carl Vogel, and David Nathanson. As described in more detail below, each Defendant director had substantial personal and/or financial ties to private equity firms with investments in FanDuel. More than two-thirds of the directors had ties with KKR and Shamrock.

7. FanDuel began in 2009 at the South by Southwest film, interactive media, and music festival. In the Texas heat that spring, the founders created daily fantasy sports, a game now enjoyed by millions of Americans. Daily fantasy sports is a game of skill in which sports fans compete against each other to win prizes in large, single-day contests by selecting fantasy rosters of professional athletes and earning points based on how those athletes perform on the field.

8. As daily fantasy sports took hold across the country, FanDuel grew from fledgling start-up with 10 employees and $250,000 in annual revenue to a company with over 400 employees and $125 million in annual revenue. In five years, "FanDuel" went from a catchphrase to a ubiquitous brand that was the driving force in a multibillion-dollar industry. And in 2017, just one year before the

merger transaction at issue here, Defendants valued FanDuel at $1.2 billion as part of a proposed merger with another daily fantasy sports company, DraftKings, and as part of a capital structure reorganization that ultimately occurred when that merger fell through.

9. There is no indication that FanDuel's value decreased after Defendants agreed upon a $1.2 billion valuation. To the contrary, the opportunities for FanDuel only continued to expand, and the regulatory environment only continued to improve.

10. In early spring 2018, FanDuel began discussing the possibility of another merger, this time with Paddy Power Betfair, a highly capitalized European sportsbook. The companies agreed to terms shortly before the Supreme Court of the United States declared unconstitutional a federal law that prohibited states from legalizing sports gambling. That May 2018 decision, *Murphy v. National Collegiate Athletic Association*, 584 U.S. ___ (2018), provided an opportunity for FanDuel (and the newly proposed merged company) to capture a new and highly lucrative market: sports gambling.

11. FanDuel closed the deal with Paddy Power Betfair in July 2018. The merger created a U.S. sports betting and fantasy sports juggernaut. It was a perfect marriage. FanDuel provided a ubiquitous brand, large customer base, and world class technology platform, while Paddy Power Betfair brought the bookmaking expertise and access to capital necessary to thrive in the wake of the *Murphy* decision. It is no surprise that this combination produced the leading sports gaming company in the United States.

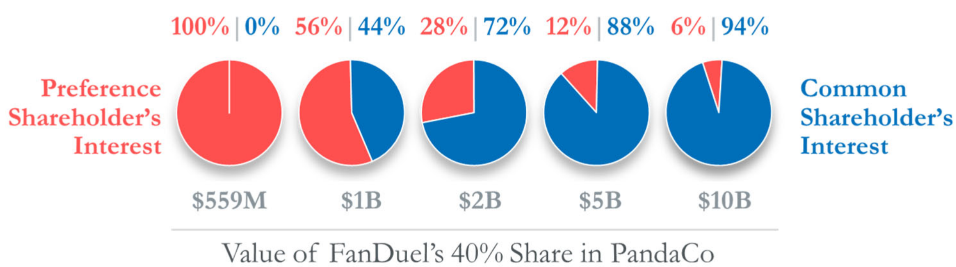
12. The companies structured the transaction so that both FanDuel shareholders and Paddy Power Betfair would receive stock in the newly created merged company, originally called PandaCo and now doing business as FanDuel Group. FanDuel shareholders received an approximately 40% stake of the new FanDuel Group; Paddy Power Betfair received the other 60%.

13. The nature of the merger as a stock-for-stock transaction reflected both sides' belief in the tremendous potential of the merged company. The market shouted in agreement: Paddy Power

Betfair saw its own market capitalization increase by more than $2.2 billion in the weeks following the announcement of the deal.

14. FanDuel's success, and the value provided by its merger with Paddy Power Betfair, should have been shared by all FanDuel shareholders.

15. That did not happen because Defendants had other self-interested ideas. At the time of the Paddy Power Betfair merger, there were two kinds of shareholders in FanDuel: preferred and common. Defendants KKR and Shamrock principally owned preferred shares. Under the terms of FanDuel's Articles of Association, preferred shareholders got the first $559 million in PandaCo stock. The common shareholders, like Plaintiffs, were to receive the rest. The effect of this structure was that the absolute number of shares preferred shareholders received in PandaCo decreased as the value of each PandaCo share increased. Simply put, the higher the value of PandaCo, the lower the number of PandaCo shares the preferred shareholders were entitled to keep for themselves:



16. For shareholders, like KKR and Shamrock, that owned a greater percentage of preferred shares than common shares, acknowledging that the value of FanDuel's PandaCo shares was above $559 million meant diluting the number of shares they ultimately received.

17. As controlling shareholders and directors on FanDuel's board, Defendants owed fiduciary obligations to Plaintiffs. Defendants had to exercise the utmost good faith, act in the best interest of all shareholders, and refrain from using their control over FanDuel to the detriment of the common shareholders. In other words, Defendants had a responsibility to maximize FanDuel's value for its common shareholders. At a minimum, this meant that Defendants had to assess the fair value

of the shares in the newly merged company, satisfy the preference shareholders' right of first payment, and allocate the remaining shares among the common shareholders.

18. Based on the soaring market for sports gambling, the FanDuel shareholders' 40% stake in PandaCo far exceeded the $559 million owed to the preferred shareholders as part of their right of first payment. As such, had Defendants been faithful to their fiduciary obligations, FanDuel's common shareholders would own shares in FanDuel Group today.

19. Instead, Defendants rushed to close the merger with Paddy Power Betfair, distributed the proceeds from the transaction—shares in the new FanDuel Group—exclusively to themselves and other preferred shareholders, and never ascertained the fair value of the shares as required. In essence, Defendants sold FanDuel to themselves at an artificially low price (*i.e.*, one below $559 million). In so doing, Defendants maximized their own shares in PandaCo by eliminating the common shareholders' interests in the newly merged company. Defendants deprived Plaintiffs of the ability to share in the upside of the new FanDuel Group—a multi-billion-dollar enterprise fueled by the brand, platform, and user base that Plaintiffs built and were entitled to as FanDuel common shareholders.

20. The conflicted Defendant directors and the private equity firms that were controlling shareholders took no steps to protect the common shareholders' interests. Defendants failed to obtain an independent and fair valuation of FanDuel's 40% interest in the new merged company. Defendants did not appoint a special committee to provide independent advice to the board on how to distribute FanDuel's 40% interest in accordance with the Company's Articles of Association. In fact, the vote to approve the manner in which Defendants distributed the shares was not unanimous; the *only* independent director abstained. And Defendants never sought the approval of the common shareholders—the founders, former employees, and early investors of FanDuel—for any aspect of the transaction or distribution, which nullified the common shareholders' interest in the Company.

21. The new FanDuel Group has become the largest online sports gaming operator in the United States, with over $285 million in gaming revenue in 2018 and more than 50% annual growth. And it has already met pre-merger internal projections of FanDuel's revenue from U.S. sports betting: notably, FanDuel projected that its revenues—as a stand-alone company—would triple in the event of a favorable Supreme Court decision. And all this has occurred with only a handful of states having legalized online sports betting to date.

22. Defendants now enjoy the entire upside of the new FanDuel Group for themselves.

23. Plaintiffs seek to recover in this lawsuit the hundreds of millions of dollars for their interests in FanDuel that were misappropriated by Defendants' knowing breaches of their fiduciary duties, disgorgement of Defendants' ill-gotten gains, a constructive trust, and all other relief to which Plaintiffs are entitled as a result of Defendants' wrongful course of conduct.

JURISDICTION AND VENUE

24. This Court has subject matter jurisdiction over the dispute under the New York Constitution, N.Y. Const. Art. 6, § 7(a), and the Uniform Civil Rules for the Supreme and the County Court, § 202.70. The principal claims in this action involve breaches of fiduciary duty and statutory or common law violations arising out of business dealings for which the amount in dispute, exclusive of punitive damages, interests, costs, disbursements, and counsel fees, is greater than $500,000.

25. This Court has personal jurisdiction over Defendants under Civil Practice Law and Rules ("CPLR") §§ 301 and 302. As explained in detail below, many of the Defendants reside in New York or, in the case of the corporate Defendants, are authorized to transact business in the state. Defendants not domiciled in New York engaged in transactions within the state that gave rise to this action. *See* N.Y. Bus. Corp. § 1314(b), CPLR § 302(a).

26. Venue is proper in this Court under CPLR § 503 because, as described below, at least one of the parties resides in New York County. In addition, a substantial part of the events giving rise

to the claims occurred in New York County. Defendants negotiated, executed, and celebrated the Paddy Power Betfair merger in New York. And, on information and belief, nearly all discussions by and among Defendants on the exercise of KKR and Shamrock's drag along right (discussed below), the value of the FanDuel shareholders' 40% interest in the new merged company, and the distribution of that interest under FanDuel's Articles of Association, occurred either in New York or on phone calls with New York participants.

27. Moreover, New York is the most convenient venue for this dispute. A majority of the Defendants reside and/or conduct business in the state. Although FanDuel was incorporated in Scotland, its headquarters have been in New York since 2011. Most of FanDuel's staff and executive team were located in New York. Board meetings were held in New York throughout 2017 and 2018, and teleconference board meetings, of which there were approximately eight a year, typically included at least one New York participant. New York was where the officers and directors of FanDuel directed, coordinated, and controlled the Company's activities.

28. FanDuel's business also had a strong nexus to New York. Approximately 97% of FanDuel's revenue was derived from the United States, with New York customers accounting for 10-15% of the Company's total revenue. Indeed, by 2015, FanDuel had over 250,000 New York customers. In terms of operations, FanDuel maintained its bank accounts in the U.S. and its website and mobile applications on U.S. servers. And FanDuel has acknowledged its strong nexus to New York by designating New York law as controlling its terms of service.

THE PARTIES

I. Plaintiffs

29. Plaintiff Nigel John Eccles resides in Mamaroneck, New York. He is a co-founder of FanDuel and was the Company's Chief Executive Officer and a Director until his departure in

November 2017. At the time of FanDuel's merger with Paddy Power Betfair, Nigel Eccles owned 282,842 FanDuel common shares.

30. Plaintiff Lesley Jayne Ross Eccles resides in Mamaroneck, New York. She is a co-founder of FanDuel and was the Company's Executive Vice President of Marketing until June 2016. She then served as a Director of FanDuel until August 2017. At the time of FanDuel's merger with Paddy Power Betfair, Lesley Eccles owned 72,734 FanDuel common shares.

31. Plaintiff Thomas Gordon Griffiths resides in Carlsbad, California. Griffiths is a co-founder of FanDuel and was the Chief Product Officer of the Company until his departure in December 2017. Griffiths was also a Director of FanDuel until his resignation from the Company's board in August 2017. At the time of FanDuel's merger with Paddy Power Betfair, Griffiths owned 154,980 FanDuel common shares.

32. Plaintiff Robat Jones resides in North Berwick, Scotland. Jones is a co-founder of FanDuel and was Vice President of Design until his departure in December 2017. At the time of FanDuel's merger with Paddy Power Betfair, Jones owned 72,566 FanDuel common shares.

33. Plaintiff Chris Stafford resides in Edinburgh, Scotland. Stafford is a co-founder of FanDuel and was the Company's Head of Technology before his departure in 2016. At the time of FanDuel's merger with Paddy Power Betfair, Stafford owned 72,566 FanDuel common shares.

34. Plaintiffs Ashek Ahmed, Jeannice Angela, Ehi Borha, Daniel Brown, Dave Cavino, Chris Corbellini, Cyrus David, Jason Faria, Adriana Estrada Genao, Will Green, Matthew Hevia, Devashish Kandpal, Alan Karamehmedovic, Galina Kho, Dylan Kidder, Mike Kuchera, Angela Romano Kuo, Frank LoCascio, Gary Ma, Sunjay Mathews, Dan Melinger, Rayna Mengel, Shawn Rinkenbaugh, Jake Silver, and David Stress are former employees or agents of FanDuel who owned FanDuel common shares, vested options to purchase FanDuel common shares, or both, at the time of FanDuel's merger with Paddy Power Betfair and who reside in New York State.

35. Plaintiffs Alexandra Amos as personal representative of the estate of Jay Amos (Fort Lauderdale, Florida), Ken Berman (Brookline, Massachusetts), Alex Bird (Edinburgh, United Kingdom), Duncan Blair (Edinburgh, United Kingdom), Cameron Boal (Glasgow, United Kingdom), Jesse Boskoff (Austin, Texas), Geoff Bough (King of Prussia, Pennsylvania), Michael Branchini (Montvale, New Jersey), Kelli Buchan (Edinburgh, United Kingdom), Charlene Burns (London, United Kingdom), William Carroll (Indianapolis, Indiana), Shree Chowkwale (San Diego, California), Coral House Services Limited (Glasgow, United Kingdom), Jim Croft (Musselburgh, United Kingdom), James Doig (Edinburgh, Scotland), Ryan Doner (Hoboken, New Jersey), Payom Dousti (Kenmore, Washington), Carl Ekman (East Saltoun, United Kingdom), Ryan Faber (Westport, Connecticut), Victoria Farquhar (Edinburgh, United Kingdom), Rory Fitzpatrick (Edinburgh, United Kingdom), Mitchell Gillespie (Austin, Texas), Alan Goldsher (Chicago, Illinois), Melanie Grier (Edinburgh, United Kingdom), Justin Hanke (Knoxville, Tennessee), Ryan Hansen (Tinton, New Jersey), Peter Henderson (Edinburgh, United Kingdom), Andrew Heywood (Edinburgh, United Kingdom), Steven Holmes (Edinburgh, United Kingdom), Justin M. Hume (Austin, Texas), Greg Humphreys (Charlottesville, Virginia), Cory Jez (Salt Lake City, Utah), Thanyaluk Jirapech-umpai (Edinburgh, United Kingdom), Michael Kane (Hoboken, New Jersey), Marcus Kelman (Dalgety Bay, United Kingdom), David Kerr (Falkirk, United Kingdom), Sarah Killarney-Ryan (Edinburgh, United Kingdom), Allan Kilpatrick (Larbert, United Kingdom), Ali King (Edinburgh, United Kingdom), Steven King (Edinburgh, United Kingdom), David Knapp (Rutherford, New Jersey), Jesse Lambert (Philadelphia, Pennsylvania), Amy Langridge (Edinburgh, United Kingdom), Diomira Lawrence (Las Vegas, Nevada), John Lightbody (Glasgow, United Kingdom), Andy Love (Dunfermline, United Kingdom), Kristen Lu (Culver City, California), Kevin MacPherson (Jersey City, New Jersey), Max Manders (Musselburgh, United Kingdom), John Mangan (San Diego, California), Caroline McDowall (Glasgow, United Kingdom), Julie McElrath (Anderson) (Edinburgh, United Kingdom), Kevin

McFlynn (Glasgow, United Kingdom), Eileen McLaren (Edinburgh, United Kingdom), Martin McNickle (Edinburgh, United Kingdom), Andrew Mellicker (Sauk Rapids, Minnesota), Matt Millen (Red Bank, New Jersey), Josh Moelis (Marina Del Rey, California), Jen Mordue (Edinburgh, United Kingdom), Eilidh Morrison (Edinburgh, United Kingdom), Anders Murphy (Edinburgh, United Kingdom), Matthew Musico (Fairfield, Connecticut), James Newbery (Edinburgh, United Kingdom), Owen O'Donnell (Glasgow, United Kingdom), Xavier Oliver-Duocastella (Edinburgh, United Kingdom), Michael Peterson (Marina Del Rey, California), Michael Pine (Nashville, Tennessee), Thomas Richards (Norwalk, Connecticut), Justine Sacco (Los Angeles, California), Nicholas Sharp (Austin, Texas), Scott Shay (Austin, Texas), Keith Sterling (Kinghorn, United Kingdom), John Sutherland (Eskbank, United Kingdom), Warrick Taylor (Belmont, California), Stuart Tonner (Edinburgh, United Kingdom), John Venizelos (Tempe, Arizona), Kyle Wachtel (Hoboken, New Jersey), Lynne Wallace (Edinburgh, United Kingdom), Brendan Waters (Glasgow, United Kingdom), Skye Welch (Edinburgh, United Kingdom), Mark Williams (Lake Worth, Florida), Ross Wilson (Inverness, United Kingdom), Kristian Woodsend (Haddington, United Kingdom), Kris Young (Glasgow, United Kingdom) and Alexander Zelvin (Monroe Township, New Jersey) are former employees or agents of FanDuel who owned FanDuel common shares, vested options to purchase FanDuel common shares, or both, at the time of FanDuel's merger with Paddy Power Betfair.

36. Plaintiffs Andrew Allan (Glasgow, United Kingdom), Davidson Family Revocable Trust (Atherton, California), Kevin Dorren (Edinburgh, United Kingdom), F Residual LLC (Delaware) Timothy Jackson (London, United Kingdom), Vince Monical (Piedmont, California), Simon Murdoch (Hindhead, United Kingdom), Mark Peters (San Francisco, California), Richard Melmon Trust (Redwood City, California), Ian Ritchie (Edinburgh, United Kingdom), and Walleye Investments LLC (New York, New York) are various early investors in FanDuel who owned FanDuel

common shares, options to purchase FanDuel common shares, or both, at the time of FanDuel's merger with Paddy Power Betfair.

37. Among Plaintiffs are five former members of FanDuel's board of directors, including its former Chairman. Plaintiffs collectively owned in excess of 945,000 shares of FanDuel common shares and options to purchase FanDuel common shares. Plaintiffs' shares totaled approximately 10% of the total outstanding common shares at the time of the merger, over 90% of the common shares held by FanDuel's former employees and founders, and over 80% of the common shares held by non-conflicted shareholders.

II. Defendants

38. Mike LaSalle is a resident of California. LaSalle was a director of FanDuel at the time of the Company's merger with Paddy Power Betfair. LaSalle was appointed to the FanDuel board in 2014 by Defendant Shamrock Capital Advisors, LLC, where he has worked since 2001 and is currently a partner.

39. Ted Oberwager is a resident of New York. Oberwager was a director of FanDuel at the time of the Company's merger with Paddy Power Betfair. Oberwager was appointed to the FanDuel board in 2015 by Defendant KKR & Co., Inc., where he has worked since 2008 and currently serves as a director and a member of the Technology, Media and Telecommunications Growth equity investments team within KKR's Private Equity platform.

40. Andrew Cleland is a resident of New York. Cleland was a director of FanDuel at the time of the Company's merger with Paddy Power Betfair. Cleland was appointed to the FanDuel board in 2012 by Comcast Ventures, where he has worked since 2011 and currently serves as a managing director. At the time of the merger, Comcast, a telecommunications conglomerate that owns Comcast Ventures, held at least a 14.14% interest in FanDuel A Preference Shares.

41. Matt King is a resident of New York. King was a director and the CEO of FanDuel at the time of the Company's merger with Paddy Power Betfair. King was appointed to these positions upon Nigel Eccles' departure in November 2017. King previously served as a director of Defendant KKR & Co., Inc., where he worked for 11 years. King owned FanDuel A Preference Shares and received, or is set to receive, payments and benefits in connection with the Paddy Power Betfair merger in excess of $10 million.

42. Carl Vogel is a resident of Colorado. Vogel was a director of FanDuel at the time of the Company's merger with Paddy Power Betfair. Vogel was appointed to the FanDuel board in 2017. On information and belief, Vogel was appointed based on his close relationship with Defendant KKR & Co., Inc., where he serves as a senior industry advisor. On information and belief, despite being present on the board for only a matter of months, Vogel stood to gain a sizable management carve-out (potentially in excess of $1 million) upon completion of the merger transaction.

43. David Nathanson is a resident of California. Nathanson was a director of FanDuel at the time of the Company's merger with Paddy Power Betfair. Nathanson was appointed to the FanDuel board in November 2017. On information and belief, Nathanson was appointed based on his close relationship with Defendant Shamrock Capital Advisors, LLC. Nathanson is the chairman of Falcon Waterfree Technologies. On information and belief, despite being present on the board for only a matter of months, Nathanson stood to gain a sizable management carve-out (potentially in excess of $1 million) upon completion of the Company's merger with Paddy Power Betfair.

44. KKR & Co., Inc.; Fan Investor Limited; and Fan Investors L.P. (collectively "KKR"), is an investment firm that manages multiple alternative asset classes, including private equity and venture capital investments. KKR & Co., Inc. is incorporated in Delaware and headquartered in New York, New York. KKR has over $200 billion in assets under management. KKR invested in FanDuel in 2014 and 2015, holding its shares in two nominating companies, Fan Investor Limited and Fan

Investors L.P. At the time of FanDuel's merger with Paddy Power Betfair, KKR held approximately 21% of the A Preference Shares of the Company. Under the Articles of Association of FanDuel applicable at the time of the merger, KKR was designated a "Dragging Shareholder," meaning that it, along with the other Dragging Shareholder, had the right to force all shareholders to accept a qualifying offer to sell their shares in the Company. KKR exercised this drag along right on June 30, 2018, when it accepted the offer for all shares of FanDuel made by PandaCo, Inc., as part of the merger.

45. Shamrock Capital Advisors, LLC; Shamrock Capital Growth Fund III, LP; Shamrock FanDuel Co-Invest LLC; and Shamrock FanDuel Co-Invest II, LP (collectively "Shamrock"), is an investment firm with a history of investing in the media, entertainment, and communications sectors. Shamrock has over $1.5 billion in assets under management. Shamrock invested in FanDuel in 2014, holding its shares in a nominating company, Shamrock Capital Growth Fund III, LP. At the time of FanDuel's merger with Paddy Power Betfair, Shamrock held approximately 15% of FanDuel A Preference Shares. Under the FanDuel Articles of Association applicable at the time of the merger, Shamrock was designated a "Dragging Shareholder." Shamrock exercised this drag along right on June 30, 2018, when it accepted PandaCo, Inc.'s offer for all shares of FanDuel made as part of the merger.

46. PandaCo, Inc. ("PandaCo") is a Delaware corporation established on May 18, 2018, and registered to transact business in the County of New York, New York. PandaCo was formed as a wholly owned subsidiary of TSE Holdings Ltd.—which in turn is a wholly owned subsidiary of Paddy Power Betfair—to effectuate the merger between Paddy Power Betfair and FanDuel. On June 30, 2018, PandaCo made the offer to acquire all the shares of FanDuel in exchange for an approximately 40% equity interest in PandaCo.

47. FanDuel Group, Inc. and FanDuel Inc. ("FanDuel Group") are Delaware corporations headquartered in New York, New York. FanDuel Group runs a number of websites and phone applications, including FanDuel Sportsbook, The Duel, numberFire, DRAFT, TVG, Betfair

Casino, FanDuel Sportsbook WV, and FanDuel Sportsbook PA. On information and belief, FanDuel Group is the operating corporate form of PandaCo, Inc.

48. Fastball Holdings LLC, Fastball Parent 1 Inc., and Fastball Parent 2 Inc. (collectively "Fastball Holdings") is a Delaware limited liability company formed on May 23, 2018, with a principal place of business in New York, New York. Fastball Holdings was formed by its "Initial Members," which included King, Oberwager, and LaSalle, in their role as representatives of the FanDuel Dragging Shareholders KKR and Shamrock and the former preferred shareholders of FanDuel. On information and belief, Fastball Holdings was formed for the sole purpose of participating in the transaction between FanDuel and Paddy Power Betfair and is referenced in the transaction documents as "FD Holdings." On information and belief, the current board of managers of Fastball Holdings includes three managers: one appointed by KKR, one appointed by Shamrock, and one appointed by Comcast Ventures. On information and belief, the board of Fastball Holdings consists of three of the Defendant directors of FanDuel. Fastball Holdings holds an aggregate number of 3,914,298 shares (or approximately 39.1%) of PandaCo.

III. Relevant Third Parties

49. FanDuel Ltd. ("FanDuel" or the "Company") is a Scottish private limited company formed on November 12, 2007, by Plaintiffs Nigel Eccles, Lesley Eccles, Griffiths, Jones, and Stafford. FanDuel ran the online fantasy sports contest platform www.fanduel.com in the United States through its U.S. subsidiary, FanDuel Inc., a Delaware corporation with headquarters in New York, New York. The Company was effectively dissolved after the Paddy Power Betfair merger.

50. Flutter Entertainment plc ("Flutter"), formerly known as Paddy Power Betfair plc ("PPB"), is a bookmaking business created by the 2015 merger of Paddy Power and Betfair and is listed on the London Stock Exchange. Flutter operates under a number of different brands, including

Paddy Power, Betfair, and TVG. At the relevant time, Paddy Power Betfair was the parent company of TSE Holdings Ltd. and Betfair Interactive US LLC.

51. Betfair Interactive US LLC ("BIU") is a Delaware limited liability company formed in 2013. BIU is a subsidiary of Paddy Power Betfair that held, either itself or through its U.S. subsidiaries, the U.S. assets and operations of Paddy Power Betfair, namely horse racing cable networks TVG Network and TVG2, as well as their related online betting networks.

52. TSE Holdings Ltd. ("TSE Holdings") is a U.K. private limited company, subsidiary of Paddy Power Betfair, and, at the relevant time, owner of BIU. TSE Holdings—through BIU and its U.S. subsidiaries—was engaged in the business of providing an online gaming platform in the U.S. In order to effectuate the merger between FanDuel and Paddy Power Betfair, TSE Holdings formed PandaCo and contributed the equity of BIU together with approximately $145 million in cash (in excess of any of BIU's cash on hand at the time of closing).

FACTUAL ALLEGATIONS

I. The Beginning

53. FanDuel's predecessor company, Hubdub Ltd., was incorporated on November 12, 2007, by Plaintiffs Nigel Eccles, Lesley Eccles, Griffiths, Jones, and Stafford. Its first product was a news-prediction site, which allowed users to place wagers on current events such as "Who will be the next President?" and "Which organization will be the first to deploy a manned mission to Mars?"

54. Despite receiving early venture funding, Hubdub's growth stalled. But Hubdub revealed a new opportunity to the FanDuel founders. Realizing that sports was one of Hubdub's most active categories, the founders refocused on the untapped potential of fantasy sports.

55. At the time, fantasy sports in the United States involved a group of players (usually friends) forming a league to compete over the course of a sports season in either head-to-head or multi-player contests. The players put together fantasy teams by picking sports stars from the NFL,

NBA, MLB, or NHL, among others. As the season progressed, each fantasy team scored points based on the on-field performance of the sports stars on its virtual roster. Each player in a fantasy sports league typically paid an entry fee, which would be paid back to players as prize money based on how well their teams performed.

56. While fantasy sports were popular in 2009, the pace of play was slow, opportunities to engage with other sports fans around the country were limited, and the mobile experience was poor. FanDuel's founders revolutionized fantasy sports by reconceptualizing fantasy sports into single-day or week-long contests against groups of other fans from across the country and developing a mobile platform that allowed users to take the game with them.

II. The FanDuel Story

57. When it entered the U.S. fantasy sports market, FanDuel's main competitors were ESPN, Yahoo, and CBS, which all had millions of users participating in fantasy sports leagues hosted on their respective websites. The competitive landscape for the existing world of fantasy sports was dense and filled with large, highly capitalized media conglomerates.

58. FanDuel's founders recognized that the only way to compete was to innovate. They created a new fantasy sports product and, in the process, launched what has become a multibillion-dollar industry—daily fantasy sports. Instead of players competing over the course of an entire sports season, FanDuel collapsed the game into a single day and allowed users to play against much larger groups. FanDuel also automated league management by taking entry fees and paying out prizes. And unlike the dated U.S. fantasy sports platforms that existed at the time, FanDuel designed its product so that players could manage the games entirely through their phones. With these innovations, FanDuel helped create a market for a new fantasy sports product that was highly profitable.

59. FanDuel grew rapidly from the summer of 2011 through 2015. It moved its headquarters to New York to better serve its target market of U.S. fantasy sports enthusiasts. The

Company's headcount expanded from 12 to almost 500 as FanDuel's user base grew to almost two million. By early 2015, revenues had grown to more than $125 million annually.

60. FanDuel redefined fantasy sports and became the leader in the U.S. daily fantasy sports market in just five years. FanDuel's products and success garnered many awards, including TechCrunch's Best Entertainment, Sport or Leisure Startup Award (2010), Mashable Sports' Innovation Index Award (2012), and the Fantasy Sports Trade Association's Best Fantasy Contest (2013) and Best Daily Fantasy Product (2014) awards. Business Insider named the Company a Silicon Alley 100 company (2014), and Scotland IS named it the Company of the Year (2012).

61. FanDuel's success drew others into the market. By 2015, FanDuel's main competitor was DraftKings. Fresh off raising more than $500 million at a valuation north of $1 billion, DraftKings started a marketing war to draw users away from FanDuel and other less established daily fantasy sports websites. To compete with this advertising blitz, FanDuel raised $275 million in the summer of 2015. FanDuel's advertising campaign amounted to a significant capital outlay, but it solidified FanDuel's user base, brand, and reputation among U.S. daily fantasy sports consumers.

III. A Proposed Merger of Equals

62. In May 2016, the FanDuel board of directors and DraftKings board of directors signed a letter of intent relating to a potential merger. The combination, which was formally agreed to in November 2016, was to be a "merger of equals" with each company's shareholders receiving 50% of the equity of the combined company.

63. Defendants Oberwager and LaSalle, as directors of FanDuel and representatives of KKR and Shamrock, negotiated the DraftKings merger agreement as part of the FanDuel negotiating committee. In so doing, they and the rest of the FanDuel board (including Defendant Cleland) determined that FanDuel and DraftKings were of broadly equivalent value, based on factors such as the companies' respective financial conditions and market positions.

64. To effectuate the merger, FanDuel's capital structure had to be simplified into a single class of common shares. Over time, FanDuel had undergone several funding rounds, which resulted in an equity structure that included multiple preferred share classes, along with common shares. To reorganize each class of FanDuel preferred shares that then existed into common shares, the Company elected to run a "simulated waterfall" based on Article 83 of the FanDuel Articles of Association (the "waterfall provision").

65. Article 83 describes the order of priority for the distribution of Company assets as part of "any winding up" of FanDuel. This provision provides that on a winding up of the Company, preferred shareholders shall recover no more than the Subscription Price of their preferred shares, and the remaining balance shall be paid entirely to common shareholders on a *pro rata* basis:

> [F]irst, an aggregate amount equal to the Subscription Price of each A Preference Share less any amount previously paid on such A Preference Share (whether pursuant to article 82.1.1, this article 83.1.1 or otherwise) shall be paid on each such share. If the amount of any particular distribution pursuant to this article 83.1.1 is insufficient to satisfy such entitlements in full, then the A Preference Shareholders shall participate in such distribution in the proportions that their respective entitlements bear to one another. For the avoidance of doubt, ***the aggregate amount payable on each A Preference Share*** (whether pursuant to article 82.1.1, this article 83.1.1 or otherwise) ***shall not exceed the Subscription Price of such A Preference Share and, once an aggregate amount equal to the Subscription Price of such A Preference Share has been paid, such share's entitlement shall have been satisfied in full*** and such A Preference Share shall automatically convert into a Deferred Share; and second, subject to article 91.3, ***any balance remaining shall be shared among the holders of Ordinary Shares***, *pro rata* according to the numbers of such shares held by them respectively. (Emphasis added.)

66. In late 2016 or early 2017, members of the FanDuel negotiation committee, as representatives of various classes of FanDuel shareholders, negotiated an implied fully diluted equity valuation for FanDuel of $1.2 billion to run in the "simulated waterfall" under Article 83. Defendants Oberwager and LaSalle, as representatives of KKR and Shamrock, led these extensive negotiations;

the representatives of other preferred shareholders, including Defendant Cleland, agreed with the valuation, as did a majority of the FanDuel shareholders.

67. In June 2017, the Federal Trade Commission and two state attorneys general challenged the proposed merger between FanDuel and DraftKings. In July, the companies decided to abandon the proposed merger.

IV. FanDuel's New Capital Structure After the Proposed DraftKings Merger

68. After abandoning the DraftKings merger, FanDuel collapsed its existing capital structure into fewer classes of shares. That simplification was agreed to as part of a set of "Transaction Termination Arrangements" supported by the FanDuel board of directors and other major shareholders, including Defendants KKR and Shamrock, and approved by the FanDuel shareholders.

69. Under the Transaction Termination Arrangements, which took effect in the summer of 2017, the capital structure of FanDuel was largely simplified into two classes of shares: FanDuel A Preference Shares ("preferred shares") and FanDuel New Ordinary Shares ("common shares"). The board (including Defendants Cleland, Oberwager, and LaSalle) again used the $1.2 billion valuation for this reorganization.

70. The Transaction Termination Arrangements also defined the rights that attached to FanDuel's preference shares, reinforcing that the preferred shares would be entitled to priority only up to their Subscription Price. The Subscription Price, as defined in the Articles of Association and the Transaction Termination Arrangements, is the price at which each preference share was issued and serves as the maximum redeemable value of the share.

71. FanDuel's Articles of Association limited the "rights to income" of the preference shares to their Subscription Price, whether that was in the issuance of dividends (Article 82) or other distributions paid by the Company, such as under a winding up under the waterfall provision (Article

83). In other words, regardless of how valuable FanDuel became, the total value of FanDuel's preference shares would never be worth more than the sum total of their Subscription Price.

72. On information and belief, at the time of the reorganization of FanDuel's capital structure in the summer of 2017, the Subscription Price of FanDuel's preference shares was about $555 million.

73. Because the preferred shareholders were entitled to only the Subscription Price of their shares, amounts above $555 million belonged entirely to the common shareholders, including Plaintiffs here. As the Transaction Termination Arrangements explained, under the Company's Articles of Association, "once the FanDuel A Preference Shares have participated in any income or capital return (as set out above), the FanDuel New Ordinary Shareholders will share such remaining amount *pro rata* according to the number of FanDuel New Ordinary Shares held by each FanDuel New Ordinary Shareholder."

V. The Board Hires Moelis & Company

74. After abandoning the proposed merger with DraftKings in July 2017, FanDuel remained an industry-leading U.S. daily fantasy sports brand with over 40% market share of the U.S. daily fantasy sports market, and annual revenues in excess of $125 million.

75. In December 2017, the conflicted board of directors—controlled by KKR and Shamrock—set out to explore financing alternatives for the Company. FanDuel appointed investment bank Moelis & Company ("Moelis") to run the process.

76. On information and belief, Moelis presented several financing alternatives to the FanDuel board, which at that time included Defendants King, LaSalle, Oberwager, Cleland, Nathanson, and Vogel. These alternatives included an acquisition, a capital raise, and a potential merger with Paddy Power Betfair, a large British sports betting company with a small U.S. presence.

In the United States, Paddy Power Betfair operated horse racing cable networks TVG Network and TVG2 and related websites, as well as several smaller ventures.

77. The Moelis presentation did not include an analysis of the potential value of a new company formed by a merger between Paddy Power Betfair and FanDuel or any synergies created by combining the two companies. Nor did it include an assessment of the potential value of FanDuel (either by itself or as part of a merged company) if the Supreme Court cleared the way for states to legalize sports betting.

78. On information and belief, Moelis instead presented potential investors with an appendix to its presentation—prepared at least in part by FanDuel itself—that indicated that FanDuel would be substantially more valuable if the Supreme Court overturned the federal prohibition on state-sanctioned sports gambling. That analysis assumed annualized revenue gains for FanDuel ranging from $20 to $35 million in year 1 (2018) to $490 to $815 million in year 5 (2022), assuming FanDuel obtained a conservative 5% share of the U.S. sports betting market. When combined with the expected growth of the daily fantasy sports business, FanDuel was projected to earn more than $1.1 billion in revenue within five years at an average year-over-year revenue growth of greater than 50%. This suggests a valuation for FanDuel—as a stand-alone company—of more than $10 billion, a valuation almost 18 times the Subscription Price of FanDuel's preference shares.

VI. The FanDuel-Paddy Power Betfair Merger

79. In March and April 2018, Defendants began discussions with Paddy Power Betfair about a possible merger.

A. The Term Sheet & the Impact of Article 83

80. On information and belief, FanDuel and Paddy Power Betfair agreed to initial terms on April 28, 2018. The term sheet outlined a merger in which a new company, called PandaCo, would own and operate both FanDuel's daily fantasy sports business and Paddy Power Betfair's U.S.

operations. PandaCo, which now operates as the new FanDuel Group, would also receive cash from Paddy Power Betfair to fund its operations.

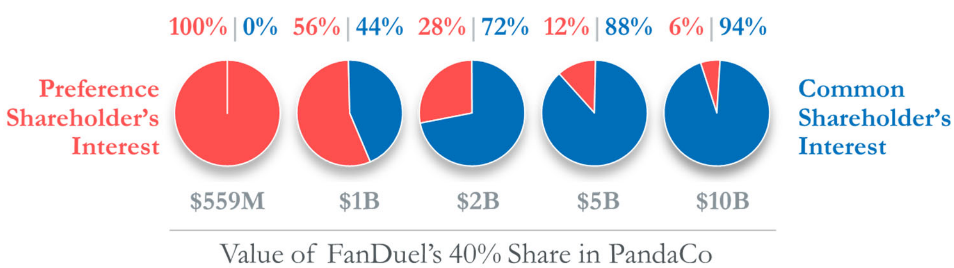
81. Through the proposed merger, FanDuel's shareholders would receive approximately 40% of the shares in PandaCo with Paddy Power Betfair receiving the remaining 60%.

82. On information and belief, Defendants knew that the waterfall provision of Article 83 of FanDuel's Articles of Association would govern distribution of the Company's stake in PandaCo among its shareholders. Under Article 78.9 of FanDuel's Articles of Association, the portion of "aggregate consideration" owed to a shareholder as a result of a merger transaction (like the one here) was "the same portion of the aggregate consideration" that would have been owed had the consideration been distributed by the Company "in accordance with the provisions of Article 83."

83. Indeed, as discussed above, Defendants had run a "simulated waterfall" at $1.2 billion less than a year before. And an August 2017 restated investment agreement among Defendants KKR and Shamrock and the common shareholders of FanDuel expressly provided that any endeavors to achieve certain events, such as a merger, would be in accordance with the rights of shareholders under the FanDuel Articles of Association. Moreover, Defendants KKR and Shamrock acknowledged in their restated investment agreement that they, along with any director nominated by them, would distribute the aggregate proceeds of a merger in accordance with the FanDuel Articles.

84. The shareholder communications and transaction documents described more fully below further support Defendants' knowledge of their obligations under Articles 83, including the Contribution Agreement among FanDuel, Paddy Power Betfair, and PandaCo, which outlines the terms of the merger, and the formal PandaCo offer letter, which FanDuel accepted to complete the merger itself. Both are documents Defendants negotiated (and, in the case of the offer letter, signed) as FanDuel's directors and controlling shareholders.

85. Because the consideration received in the merger was shares, and Defendants owned more preference shares than common shares, the ownership interest and number of shares Defendants took in PandaCo would decrease as the value of FanDuel's 40% interest increased. For example, if valued at $1 billion, the FanDuel preferred shareholders would receive 56% of FanDuel's allotted shares in PandaCo, and the common shareholders would receive 44%. At a valuation of $5 billion, the preferred shareholders would receive 12% to the common shareholders' 88%. As the pie charts below show, the only way Defendants could maximize their ownership of FanDuel's allotted shares in PandaCo was to run the waterfall at a "value" equal to $559 million or below. As described below, this is exactly what Defendants decided to do:



B. *Murphy v. National Collegiate Athletic Association*

86. Sports betting in the United States had a long and checkered history, with the reputations of several professional and amateur sports having been jeopardized by notorious events. Reacting to these scandals, the Professional and Amateur Sports Protection Act ("PASPA"), a 1992 law, barred any state that had not already done so (essentially, all states except Nevada) from legalizing sports betting.

87. Two weeks after Paddy Power Betfair and FanDuel signed the term sheet, the U.S. Supreme Court decided *Murphy v. National Collegiate Athletic Association*. The decision invalidated PASPA and opened the way for states to legalize sports gambling.

88. Since *Murphy*, New Jersey, New York, Illinois, Pennsylvania, West Virginia, Mississippi, Delaware, Indiana, Iowa, Arkansas, Colorado, Michigan, Tennessee, New Hampshire,

Montana, North Carolina, the District of Columbia, Oregon, New Mexico, and Rhode Island have all legalized or implemented sports betting. Many other states' legislatures—such those in as California, Kentucky, Missouri, South Carolina, Kansas, Louisiana, Oklahoma, Maryland, and Massachusetts—have introduced bills that would similarly legalize sports gambling. Many of the states that have legalized sports betting plan to allow both online and/or mobile betting.

C. Defendants Knew That *Murphy* Was a Game-Changer for FanDuel

89. On information and belief, Defendants knew that the *Murphy* decision dramatically improved the market for, and significantly increased the value of, FanDuel. The day after the decision, financial reports predicted that the valuations of FanDuel and DraftKings could top $3 billion each. *See* Douglas A. McIntyre, *Valuations of DraftKings and FanDuel Could Top $3 Billion Each*, 24/7 WALL ST (May 15, 2018), https://247wallst.com/media/2018/05/15/valuations-of-draftkings-and-fanduel-could-top-3-billion-each/. Both companies were in a prime position to capitalize on the newly opened sports gambling market.

90. Industry commentator and FanDuel investor, Bradley Tusk of Tusk Ventures, commented to ESPN that the *Murphy* decision doubled the value of his company's equity stake in FanDuel with more to come: "[O]nce states start legalizing sports betting and it becomes common practice, it could be more like five times." Polina Marinova, *What Legal Sports Betting Means For the Future of FanDuel and DraftKings*, FORTUNE (May 15, 2018), https://fortune.com/2018/05/15/sports-betting-fanduel-draftkings/. Similarly, on information and belief, Defendants knew, or should have known, about the appendix to Moelis's presentation demonstrating that the opportunity to participate in sports gambling would add billions to FanDuel's value as a stand-alone company.

91. When the *Murphy* decision was announced on May 14, 2018, the proposed deal between FanDuel and Paddy Power Betfair was not yet public. In its first full day of trading following the *Murphy* decision, Paddy Power Betfair's stock price increased from €71.05 to €76.60 a share. That

evening, news of Paddy Power Betfair's acquisition of FanDuel was reported by Reuters. *See* Padraic Halpin, *Paddy Power Betfair in discussions to buy FanDuel*, REUTERS (May 16, 2018), https://www.reuters.com/article/us-fanduel-m-a-paddy-power/paddy-power-betfair-in-discussions-to-buy-fanduel-idUSKCN1IH0JJ. The market's recognition of the incredible potential of a Paddy Power Betfair and FanDuel merger sent Paddy Power Betfair's stock soaring—all the way up to €90.35 a share once the deal was officially announced on May 23, 2018. In all, Paddy Power Betfair added more than $2.2 billion in market capitalization in the wake of the merger reports.

92. On information and belief, Defendants knew of the market's reaction to both *Murphy* and the announcement of the Paddy Power Betfair merger. By implication, Defendants knew that FanDuel's 40% interest in the proposed merged company was worth significantly more than the preferred shareholders' $559 million Subscription Price. (The approximately $4 million increase since the reorganization of FanDuel's capital structure, when the Subscription Price was $555 million, occurred as a result of interest owed on certain preferred shares that originated as convertible debt.)

93. The market, as well as everyone involved in the deal negotiations (including Defendants), recognized that PandaCo would combine the best of both companies at the most opportune time. Paddy Power Betfair itself publicly acknowledged in a March 2019 investor presentation that sports gambling in the United States represents a "huge market opportunity" with "proven consumer demand" and that the unique combination of Paddy Power Betfair and FanDuel has the company "well-positioned for success."

94. Much of the newly merged company's potential affirmed the work and decisions made by the FanDuel founders and other Plaintiffs in building FanDuel. Paddy Power Betfair acknowledged, for example, that FanDuel had created a brand with "ubiquitous awareness among the customer segment" that gave the new merged company an "advantage" and "leading brand" as it "rigorously" pursued U.S. opportunities, both in fantasy sports and sports gambling. *See* Liz Mullen,

FanDuel Group is quick out of gates on gambling, NEW YORK BUSINESS JOURNAL (Aug. 28, 2018, 12:28 PM), https://www.bizjournals.com/newyork/news/2018/08/28/fanduel-group-is-quick-out-of-gates-on-gambling.html; Paddy Power Betfair 2018 Preliminary Results (Mar. 6, 2019), https://www.paddypowerbetfair.com/~/media/Files/P/Paddy-Power-Betfair/documents/ppb-2018-prelims-presentation.pdf.

VII. The Defendants Wipe Out the Common Shareholders

95. The board of directors of FanDuel, including Defendants LaSalle, Oberwager, Vogel, King, Cleland, and Nathanson, acted quickly to close the Paddy Power Betfair merger.

96. On information and belief, the board of directors of FanDuel met shortly after the *Murphy* decision to vote on the merger. The board first voted unanimously to proceed with the Paddy Power Betfair merger. Then, without seeking a valuation of the PandaCo shares the FanDuel shareholders would receive in the merger, the board voted to "price" those shares so as not to exceed $559 million. This second vote was not unanimous: the only unconflicted board member, Andrin Bachman, abstained.

97. Six of the seven FanDuel directors were conflicted, either because of their relationships with KKR and Shamrock, or because of their personal and financial interest in the completion of the Paddy Power Betfair merger. Notably, at the time of the board votes:

- King, a decade-long former KKR employee, stood to receive in excess of $10 million in benefits from the transaction. On information and belief, King also had an indirect interest in the merger transaction as a result of investments in KKR, which held FanDuel preferred shares.

- Vogel, a senior industry advisor to KKR, stood to benefit from the deal in the form of a management carveout that promised him a set payment on sale of the Company. On information and belief, Vogel also had an indirect interest in the merger transaction as a result of investments in KKR, which held FanDuel preferred shares.

- Oberwager was (and still is) employed by KKR and was appointed as a director of FanDuel in that capacity. Oberwager also had an indirect interest in the merger transaction as a result of interests he held in private equity funds that held FanDuel preferred shares.

- LaSalle was (and still is) a partner at Shamrock and was appointed as a director of FanDuel in that capacity. LaSalle also had an indirect interest in the merger transaction as a result of interests he held in private equity funds that held FanDuel preferred shares.

- Cleland was (and still is) a managing director at Comcast Ventures, which as a preferred shareholder stood to benefit substantially from the plan to wipe out the ordinary shareholders by running the Article 83 waterfall at a price well below the fair valuation of PandaCo. Cleland also had an indirect interest in the merger transaction as a result of interests he held in private equity funds that held FanDuel preferred shares.

- Nathanson stood to benefit from the deal in the form of a management carveout, which promised him a set payment on sale of the Company. On information and belief, he was appointed as a director of FanDuel based on his close relationship to Shamrock.

98. These six directors were not independent. Instead, their self-interest stood in the way of their fiduciary obligations to the common shareholders of the Company—obligations that the Defendants were aware of and acknowledged.

99. Each of the six conflicted directors breached their fiduciary duties to Plaintiffs and other common shareholders by failing to value the consideration FanDuel shareholders were to receive in the Paddy Power Betfair merger—approximately 40% of the shares of PandaCo.

100. Instead, the six conflicted directors selected an illegitimate "price"—conveniently set so as not to exceed the $559 million Subscription Price of the FanDuel A Preference Shares.

101. This low "price" was a sham. It did not reflect the fair value of what 40% of PandaCo was worth. Nor did it reflect any independent or unbiased attempt to value that interest. Among other things, the "price" failed to account for the fair value of FanDuel or the synergies that would be created by the combination of FanDuel's platform, name recognition, and daily fantasy sports business, with the access to capital and gaming acumen of Paddy Power Betfair in light of the post-*Murphy* legalization of sports gambling.

102. For example, on information and belief, at the time of the merger, Defendants had access to financial modeling regarding the size of the sports betting market in the United States and FanDuel's likely share as a stand-alone company. The analysis also included valuation guidance in the form of a set of comparable companies and their respective values. This financial modeling showed a value for FanDuel alone that far exceeded that of the Subscription Price of FanDuel preference shares and significant upside potential for the Company with the legalization of sports gambling. Based on this information, Defendants knew that the value of PandaCo (with the synergies created by the merger) far exceeded the Subscription Price of the FanDuel preferred shares.

103. Moreover, on information and belief, KKR, Shamrock, and other FanDuel preference shareholders with limited partners and investors acknowledged to those partners and investors that the "price" of PandaCo shares adopted by Defendants did not reflect their true value.

104. Finally, this so called "price" did not even reflect the value of FanDuel itself, as a stand-alone company, without the merger or the opportunities created by *Murphy*. As discussed above, Defendants valued FanDuel at $1.2 billion less than a year earlier. The Company did not update that valuation in the intervening months. Nor were there any board actions suggesting that FanDuel mysteriously lost more than half its value under the Defendants' leadership. To the contrary, according to FanDuel, business was booming.

105. On information and belief, the six conflicted directors did not take any safeguards to prevent their self-interest from infecting their decision making. Defendants did not use the information available to them to perform a fair valuation or ask Moelis or any other independent party for a valuation of the 40% interest in PandaCo that the FanDuel shareholders received as a result of the merger. Nor did Defendants condition the completion of the Paddy Power Betfair merger on a majority vote of the common shareholders. Nor did these conflicted directors appoint a special

committee, let alone an independent one, that was empowered to freely select its own advisors and definitively recommend board action.

106. Defendants' actions violated the FanDuel Articles of Association and their fiduciary obligations to FanDuel's common shareholders. The Articles of Association expressly state that FanDuel's preferred shareholders are not entitled to receive more in value than the Subscription Price of their shares. Yet that is exactly what the conflicted Defendant directors and Defendant controlling shareholders accomplished through the actions described above. By failing to properly value the "aggregate consideration" received in FanDuel's merger with Paddy Power Betfair, Defendants gave themselves shares with a real value that was substantially greater than the total Subscription Price of FanDuel preference shares.

107. The result of the conflicted directors' actions was that when FanDuel distributed shares of PandaCo to its preferred shareholders (including Defendants KKR and Shamrock) under the waterfall provision of Article 83, those shareholders received shares worth far more than the Subscription Price of their preferred shares. Plaintiffs, the founders, employees, and early investors in FanDuel, as well as the other common shareholders, received nothing.

VIII. Defendants Take Steps to Conceal and Insulate Their Wrongdoing

108. The Defendant directors could not have accomplished their scheme without help. KKR, Shamrock, PandaCo (and by extension the new FanDuel Group), and Fastball Holdings each knowingly provided substantial assistance in a number of respects. Most notably, these Defendants negotiated self-serving terms in the merger agreement, provided the corporate form for insulating the PandaCo shares received by FanDuel in the merger, and forced the close of the merger without opportunity for the FanDuel common shareholders to read the relevant documents.

A. Defendants Create a Pretext for Their Selection of a Self-Serving Price

109. On May 23, 2018—nine days after the *Murphy* decision—FanDuel, by and through Defendant King, its CEO and a former KKR director, signed a Contribution Agreement with Paddy Power Betfair and PandaCo that outlined the terms of the merger. Several parties were involved in the negotiation of the Contribution Agreement beyond those that signed, including—by express reference in the agreement itself—Defendants KKR, Shamrock, and Fastball Holdings. Conspicuously absent from the negotiations was anyone representing the interests of FanDuel or the common shareholders that was not beholden to KKR and Shamrock.

110. Under the Contribution Agreement, Paddy Power Betfair was to contribute to PandaCo its U.S. assets, along with $145 million in cash, in exchange for 60% of PandaCo. FanDuel would contribute its share capital in exchange for 40% of PandaCo. And PandaCo, in turn, would issue shares to the Paddy Power Betfair and FanDuel shareholders in accordance with the agreed upon 60/40 split. Because the Paddy Power Betfair merger was a stock-for-stock transaction, the parties to the Contribution Agreement—FanDuel, PandaCo, and Paddy Power Betfair—did not need to select an absolute dollar value for the PandaCo shares that were issued. Nevertheless, the Contribution Agreement purported to do just that. It set a "Signing Date Share Price" for a single share of PandaCo.

111. The Signing Date Share Price was not based on, and did not reflect, a fair valuation of PandaCo. On information and belief, Defendants (notably, King, LaSalle, Oberwager, KKR, Shamrock, and Fastball Holdings, who negotiated the terms) encouraged the inclusion of this Signing Date Share Price. Doing so provided an (illegitimate) basis for the Defendant directors to understate the value of PandaCo shares when distributing them pursuant to the Article 83 waterfall provision. To wit, the Contribution Agreement states that for the purpose of distributing the PandaCo shares among FanDuel shareholders, the cash value of each share is equal to the Signing Date Share Price.

112. The self-serving nature of the Contribution Agreement containing language pretending to control the FanDuel board of directors' distribution of the PandaCo shares is self-evident. None of the Defendants had the authority to enter into a contractual agreement with a third party (here Paddy Power Betfair and PandaCo) that obviated their fiduciary duties to FanDuel and its common shareholders (including the Plaintiffs). Nonetheless, KKR, Shamrock, Fastball Holdings, and the individual directors negotiating the Contribution Agreement used the language of the agreement as cover for their plan to maximize their share of PandaCo to the detriment of the Plaintiffs.

113. Defendants had a fiduciary obligation to obtain a fair, independent valuation of the PandaCo shares for the purpose of distributing them to the FanDuel shareholders. They failed to do so. Had Defendants abided by their duties and not aided other Defendants in breaching them, Plaintiffs would own PandaCo shares today. Instead, Defendants used the illegitimate Signing Date Share Price in the Contribution Agreement as a fig leaf while they distributed the PandaCo shares only to themselves, leaving Plaintiffs with nothing.

B. KKR and Shamrock Prevent a Shareholder Vote

114. On June 30, 2018, FanDuel simultaneously received an official offer from PandaCo and a "Drag Along Notice" from KKR and Shamrock that explained that the two Defendants were accepting the PandaCo offer on behalf of all FanDuel shareholders. The Notice was signed by Oberwager on behalf of KKR and LaSalle on behalf of Shamrock. It states, in relevant part:

> We, the undersigned, constitute Dragging Shareholders for the purposes of the articles of association of FanDuel Limited (the ***Articles***) and confirm that we have irrevocably accepted the Offer.
>
> ***
>
> Please note that while the terms of the Offer state that, subject to the terms thereof, the Offer shall remain open until August 1, 2018, ***our acceptance of the Offer and exercise of the Drag Along Right entitles us to require each FanDuel Stockholder to accept the Offer*** and permit Completion prior to such date. (Second emphasis added.)

115. The Articles of Association limit KKR and Shamrock's drag along right. Article 78.1 gives Dragging Shareholders "the right to instruct and require all Called Shareholders to: (1) accept the Offer that the Dragging Shareholders wish to accept; and (2) sell and transfer all of their shares to the Offeror (or as the Offeror may direct) in acceptance of that Offer." But that offer must meet certain conditions. Under Article 1.1 of the same Articles of Association, the "Offer" had to be based on "bona fide arm's length terms."

116. At least two terms of the PandaCo offer did not meet this standard. *First*, as described above, the Contribution Agreement purported to dictate the manner in which FanDuel's board of directors executed certain provisions of FanDuel's Articles of Association, *e.g.*, the Article 83 waterfall provision. *Second*, the so-called Signing Date Share Price did not reflect an actual, independent valuation of PandaCo as a going concern—either before or after the *Murphy* decision.

117. More than mere formality, KKR and Shamrock's exercise of their drag along right to accept the PandaCo offer prevented a vote of all FanDuel shareholders on the Paddy Power Betfair merger, which was otherwise required by FanDuel's Articles of Association. The FanDuel shareholders were not even provided an opportunity to read the offer itself before it was accepted, as the offer letter and the Drag Along Notice were delivered simultaneously. Indeed, the FanDuel shareholders were never given a copy of the Contribution Agreement. The communications from the Company to all shareholders regarding the merger conveniently left out this document, shielding the Defendants' decision to insert the self-serving Signing Date Share Price, and the allegedly compulsory use of it in the Article 83 waterfall, from scrutiny.

C. Defendants Shield Their Ill-Gotten Gains

118. On information and belief, upon acceptance of the PandaCo offer by KKR and Shamrock, Defendants caused the FanDuel shareholders' PandaCo shares to be transferred to Fastball Holdings. Fastball Holdings is an entity controlled by KKR and Shamrock and owned entirely by the

former preferred shareholders of FanDuel. It was created by Defendants King, Oberwager (on behalf of KKR), and LaSalle (on behalf of Shamrock) for the exclusive purpose of holding FanDuel's stock in PandaCo in a new company outside the reach of FanDuel's Articles of Association and Defendants' fiduciary obligations to FanDuel's common shareholders.

119. Fastball Holdings was central to Defendants' scheme to capture the upside of the merger. Representatives of Fastball Holdings participated in the negotiation of the Contribution Agreement, which provided that Fastball Holdings would cause the transfer of all PandaCo shares owned by FanDuel shareholders to Fastball Holdings upon acceptance of the PandaCo offer by the Dragging Shareholders. The PandaCo offer to the FanDuel shareholders, in turn, provided that acceptance of that offer by KKR and Shamrock's drag along right would grant Fastball Holdings a call option for the FanDuel shareholders' PandaCo shares.

120. Defendants' use of Fastball Holdings was detrimental to Plaintiffs' interests in a number of ways. Most notably, Fastball Holdings enabled the Defendant directors to execute the waterfall and wind up the Company in the summer of 2018 because Fastball Holdings exercised its call option immediately after KKR and Shamrock accepted the PandaCo offer. This furthered Defendants' scheme to use a self-serving and artificially low "price" for FanDuel's interest in PandaCo because the longer Defendants waited to execute the waterfall after the merger transaction, the more obvious it would become that FanDuel's 40% interest in PandaCo was worth more than $559 million.

121. Waiting also created a problem for Defendants because the deal afforded Paddy Power Betfair certain future call options for the PandaCo stock now held by Fastball Holdings. At that time, Defendants will want to ensure the full value of PandaCo is recognized. Using Fastball Holdings as a reason to initiate the Article 83 waterfall immediately after the merger allowed Defendants to dramatically undervalue PandaCo in the short term, while preserving their ability to seek the highest possible valuation down the road to maximize their return on the shares they took from Plaintiffs.

D. The Founders Do Not Receive Proper Notice of the Merger

122. On or about July 3, 2018, the Chief Legal Officer of FanDuel, Christian Genetski, emailed the FanDuel shareholders. The subject of the email was "Shareholder Materials re PPB Merger." The Company, however, did not send the communication to Plaintiffs Nigel Eccles, Lesley Eccles, Griffiths, and Jones, which deprived those Plaintiffs of the opportunity to stop the conflicted directors from distributing the PandaCo shares without properly valuing them.

123. The Genetski email distributed a series of shareholder communications relating to the pending FanDuel merger with Paddy Power Betfair, including a transaction summary, the Drag Along Notice, and the PandaCo offer letter. The email also included a "280G" disclosure and request for consent concerning the tax treatment of benefit arrangements that would be provided to King and other FanDuel executives upon completion of the merger.

124. The email also indicated that FanDuel shareholders would receive, either by mail or through an electronic copy, an individual shareholder letter. The individual shareholder letters would provide an overview of the Offer/Drag Along process through which the transaction was consummated, along with a table demonstrating the details of each individual shareholder's holdings and the consideration the shareholder would receive.

125. On information and belief, at no time did the Company, acting under the control of Defendant King and the other conflicted Defendant directors, distribute a copy of the Contribution Agreement to any of the common shareholders. By failing to do so, Defendants denied them the opportunity to be fully informed of the terms of the merger and obscured the fact that the conflicted directors intended to run the Article 83 waterfall at a price untethered to the actual value of PandaCo.

126. The Paddy Power Betfair merger closed on July 11, 2018—less than two months after the Supreme Court decided *Murphy*, less than two weeks after PandaCo sent FanDuel an offer, and just eight days after the common shareholders were made aware of the transaction.

127. As a result of the merger, PandaCo acquired the common shares of (and Plaintiffs' interest in) FanDuel. That transfer of shares was formally recorded on August 14, 2018, at which time Plaintiffs ceased to be shareholders and the Company was effectively dissolved.

CAUSES OF ACTION
FIRST CAUSE OF ACTION: BREACH OF FIDUCIARY DUTIES
(Against King, Cleland, Oberwager, LaSalle, Vogel, and Nathanson)

128. Plaintiffs reallege and incorporate by reference paragraphs 1 through 127, as set forth above.

129. Each of Defendants King, Cleland, Oberwager, LaSalle, Vogel, and Nathanson had a fiduciary relationship with the common shareholders of FanDuel, including the Plaintiffs.

130. Each of Defendants King, Cleland, Oberwager, LaSalle, Vogel, and Nathanson were members of the FanDuel board of directors and, therefore, owed fiduciary duties to all shareholders of FanDuel, including the Plaintiffs as common shareholders.

131. Each of Defendants King, Cleland, Oberwager, LaSalle, Vogel, and Nathanson were financially interested in the Paddy Power Betfair merger and advanced their interest over those of the common shareholders of FanDuel in breach of their fiduciary duties. Those duties included, among others, their duty of loyalty and the duty to exercise due care in the operation of FanDuel. In light of the Defendants' manifest conflicts of interest, their fiduciary duties also included the obligation to treat the common shareholders with entire fairness by ensuring that any distribution of aggregate consideration received in the Paddy Power Betfair merger was the result of a fair process and was made at a fair value.

132. Defendants King, Cleland, Oberwager, LaSalle, Vogel, and Nathanson breached their fiduciary duties to Plaintiffs as common shareholders in several ways, including, but not limited to:

- Failing to seek, obtain, or consider a valuation of the consideration actually received in the Paddy Power Betfair merger—*i.e.*, shares of PandaCo—prior to executing the waterfall provision of Article 83 of the FanDuel Articles of Association, much less to seek, obtain, or consider a valuation that was fair to the common shareholders of FanDuel.

- Using an illegitimate price as the value of the consideration received in the Paddy Power Betfair merger when executing the waterfall provision of Article 83.

- Paying the FanDuel preference shareholders an amount exceeding the Subscription Price of A Preference Shares in the Company in violation of Article 83 of the FanDuel Articles of Association.

- Failing to adopt procedural safeguards to make sure that the process by which Defendants accepted the PandaCo offer and valued the PandaCo shares received in the transaction was fair. For example, Defendants did not exhaust financial options that would have preserved common shareholder value. Defendants also did not condition entering into the merger transaction on the approval of a special committee that was independent and empowered to freely select its own advisors and to reject the transaction. Nor did Defendants seek the approval of a majority of the common shareholders.

- Failing to comply with the terms of the FanDuel Articles of Association including, but not limited to, the requirements of Articles 78 and 83.

- Knowingly permitting KKR and Shamrock to abuse the “drag along” rights as a mechanism to improperly enrich the Dragging Shareholders at the expense of the FanDuel common shareholders.

- Failing to provide adequate notice of the Paddy Power Betfair merger to Plaintiffs.

133. Prior to the Paddy Power Betfair merger, each of the Plaintiffs owned common shares and/or vested options to purchase common shares of FanDuel. As a direct or reasonably foreseeable result of the various breaches of fiduciary duty by each of Defendants King, Cleland, Oberwager, LaSalle, Vogel, and Nathanson, Plaintiffs were injured when their common shares and options were wiped out without compensation. But for the misconduct of Defendants King, Cleland, Oberwager, LaSalle, Vogel, and Nathanson, Defendants would have been required to value the consideration received in the Paddy Power Betfair merger, modify the terms of the Paddy Power Betfair merger,

receive full shareholder approval of the Paddy Power Betfair merger, or otherwise treat the ordinary shareholders of FanDuel in a fair and equitable manner.

134. As a result of Defendants' conduct alleged above, Plaintiffs received nothing for their common shares and options and were therefore damaged through the loss of their common shares in FanDuel and the value of the equity interests they would now have in PandaCo. Because the Paddy Power Betfair merger was completed through each of Defendants King's, Cleland's, Oberwager's, LaSalle's, Vogel's, and Nathanson's breaches of fiduciary duty, Plaintiffs are entitled to compensatory damages and disgorgement of any ill-gotten gains by those Defendants.

135. The breaches of fiduciary duty and acts to assist in the completion of breaches of fiduciary duty by each of Defendants King, Cleland, Oberwager, LaSalle, Vogel, and Nathanson alleged above were done deliberately and intentionally to deprive Plaintiffs of their common shares and legal rights. This was calculated and despicable conduct that subjected Plaintiffs to cruel and unjust hardship in conscious disregard of Plaintiffs' rights, so as to justify an award of exemplary and punitive damages.

SECOND CAUSE OF ACTION: BREACH OF FIDUCIARY DUTIES
(Against King)

136. Plaintiffs reallege and incorporate by reference paragraphs 1 through 135, as set forth above.

137. Defendant King had a fiduciary relationship with the common shareholders of FanDuel, including the Plaintiffs.

138. Defendant King was an officer of FanDuel, serving as its CEO. He owed fiduciary duties to all the shareholders of FanDuel, including Plaintiffs, in that capacity, as well as in his capacity as a member of the FanDuel board of directors.

139. Defendant King was financially interested in the Paddy Power Betfair merger and advanced his interest over those of the common shareholders of FanDuel in breach of his fiduciary

duties. Those duties included, among others, his duty of loyalty and the duty to exercise due care in the operation of FanDuel. In light of Defendant King's manifest conflict of interest, his fiduciary duties also included the obligation to treat the common shareholders with entire fairness by ensuring that any distribution of aggregate consideration received in the Paddy Power Betfair merger was the result of a fair process and was made at a fair value.

140. Defendant King, as Chief Executive Officer, a director of FanDuel, and a representative of the FanDuel shareholders, further breached his fiduciary duties to the Plaintiffs as common shareholders of FanDuel in several ways, including, but not limited to:

- Encouraging the board of directors to go forward with the distribution of the PandaCo shares to the FanDuel shareholders without taking steps to ensure entire fairness to the FanDuel common shareholders and without seeking an independent, accurate valuation of the PandaCo shares.

- Agreeing to the illegitimate Signing Date Share Price in the Contribution Agreement, despite knowing that it undervalued the shares of PandaCo, and then encouraging the board of directors to use that price, instead of a fair valuation, for the purpose of apportioning the PandaCo shares among FanDuel shareholders.

- Agreeing that FanDuel would cause KKR and Shamrock, as Dragging Shareholders, to accept PandaCo's offer by use of their dragging right, despite knowing that the prerequisites for the exercise of that power were not met.

- Participating in the creation of Fastball Holdings, agreeing in the Contribution Agreement to the structure of Fastball Holdings, and using it to effectuate the scheme to understate the value of FanDuel's 40% interest in PandaCo.

141. Prior to the Paddy Power Betfair merger, each of the Plaintiffs owned common shares and/or vested options to purchase common shares of FanDuel. As a direct or reasonably foreseeable result of the various breaches of fiduciary duty by Defendant King, Plaintiffs were injured when their common shares and options were wiped out without compensation. But for the misconduct of Defendant King, Defendants would have been required to value the consideration received in the

Paddy Power Betfair merger, modify the terms of the Paddy Power Betfair merger, receive full shareholder approval of the Paddy Power Betfair merger, or otherwise treat the ordinary shareholders of FanDuel in a fair and equitable manner.

142. As a result of Defendant King's conduct alleged above, Plaintiffs received nothing for their common shares and options and were therefore damaged through the loss of their common shares in FanDuel and the value of the equity interests they would now have in PandaCo. Because the Paddy Power Betfair merger was completed through Defendant King's breaches of fiduciary duty, Plaintiffs are entitled to compensatory damages and disgorgement of any ill-gotten gains by him.

143. The breaches of fiduciary duty and acts to assist in the completion of breaches of fiduciary duty by Defendant King were done deliberately and intentionally to deprive Plaintiffs of their common shares and legal rights. This was calculated and despicable conduct that subjected Plaintiffs to cruel and unjust hardship in conscious disregard of Plaintiffs' rights, so as to justify an award of exemplary and punitive damages.

THIRD CAUSE OF ACTION: BREACH OF FIDUCIARY DUTIES
(Against KKR and Shamrock)

144. Plaintiffs reallege and incorporate by reference paragraphs 1 through 143, as set forth above.

145. Defendants KKR and Shamrock had a fiduciary relationship with the common shareholders of FanDuel, including the Plaintiffs.

146. Defendants KKR and Shamrock were controlling shareholders that possessed a drag along right to force a sale of FanDuel. They also exerted control over the conflicted Director Defendants—King, Cleland, Oberwager, LaSalle, Vogel, and Nathanson—each of whom acted in concert with, and/or at the direction of, KKR and Shamrock. KKR and Shamrock, because of their control over the board and power to manage the affairs and control the ultimate disposition of

FanDuel, owed fiduciary duties to all shareholders of FanDuel, including the Plaintiffs as common shareholders.

147. Defendants KKR and Shamrock were financially interested in the Paddy Power Betfair merger and advanced their interest over those of the common shareholders of FanDuel in breach of their fiduciary duties. Those duties included, among others, their duty of loyalty and the duty to exercise due care in the operation of FanDuel. In light of the Defendants' manifest conflicts of interest, their fiduciary duties also included the obligation to treat the common shareholders with entire fairness by ensuring that any distribution of aggregate consideration received in the Paddy Power Betfair merger was the result of a fair process and was made at a fair value.

148. Defendants KKR and Shamrock breached their fiduciary duties to Plaintiffs as common shareholders of FanDuel in several ways, including, but not limited to:

- Causing the Director Defendants not to seek, obtain, or consider a valuation of the consideration actually received in the Paddy Power Betfair merger—*i.e.*, shares of PandaCo—prior to executing the waterfall provision of Article 83 of the FanDuel Articles of Association, much less to seek, obtain, or consider a valuation that was fair to the Plaintiff common shareholders of FanDuel.

- Causing the Director Defendants to pay the FanDuel preference shareholders an amount exceeding the Subscription Price of A Preference Shares in the Company in violation of Article 83 of the FanDuel Articles of Association.

- Encouraging the Director Defendants not to adopt procedural safeguards to make sure that the process by which Defendants accepted the PandaCo offer and valued the PandaCo shares received in the transaction was fair.

- Failing to comply with the terms of the FanDuel Articles of Association including, but not limited to, the requirements of Articles 78.

- Improperly invoking the provisions of Article 78.1 (the "drag along" rights) to compel acceptance of the Paddy Power Betfair acquisition by FanDuel common shareholders when no qualifying "Offer" had been made.

- Abusing the "drag along" rights as a mechanism to improperly enrich the Dragging Shareholders (KKR and Shamrock) at the expense of the FanDuel common shareholders.

149. Prior to the Paddy Power Betfair merger, each of the Plaintiffs owned common shares and/or vested options to purchase common shares of FanDuel. As a direct or reasonably foreseeable result of the various breaches of fiduciary duty by Defendants KKR and Shamrock, Plaintiffs were injured when their common shares and options were wiped out without compensation. But for the misconduct of Defendants KKR and Shamrock, Defendants would have been required to value the consideration received in the Paddy Power Betfair merger, modify the terms of the Paddy Power Betfair merger, receive full shareholder approval of the Paddy Power Betfair merger, or otherwise treat the ordinary shareholders of FanDuel in a fair and equitable manner.

150. As a result of Defendants' conduct alleged above, Plaintiffs received nothing for their common shares and options and were therefore damaged through the loss of their common shares in FanDuel and the value of the equity interests they would now have in PandaCo. Because the Paddy Power Betfair merger was completed through Defendants KKR's and Shamrock's breaches of fiduciary duty, Plaintiffs are entitled to compensatory damages and disgorgement of any ill-gotten gains by those Defendants.

151. The breaches of fiduciary duty and acts to assist in the completion of breaches of fiduciary duty by Defendants KKR and Shamrock alleged above were done deliberately and intentionally to deprive Plaintiffs of their common shares and legal rights. This was calculated and despicable conduct that subjected Plaintiffs to cruel and unjust hardship in conscious disregard of Plaintiffs' rights, so as to justify an award of exemplary and punitive damages.

FOURTH CAUSE OF ACTION: AIDING AND ABETTING BREACH OF FIDUCIARY DUTIES
(Against KKR, Shamrock, FanDuel Group, PandaCo, and Fastball Holdings)

152. Plaintiffs reallege and incorporate by reference paragraphs 1 through 151, as set forth above.

153. Each of Defendants KKR, Shamrock, FanDuel Group, PandaCo, and Fastball Holdings knowingly induced and/or substantially assisted in the multiple breaches of fiduciary duties committed by the Director Defendants, including King, Cleland, Oberwager, LaSalle, Vogel, and Nathanson, in connection with the notice, approval, and distribution of proceeds from the Paddy Power Betfair merger.

154. As directors in FanDuel, Defendants King, Cleland, Oberwager, LaSalle, Vogel, and Nathanson owed fiduciary duties to the Plaintiffs as common shareholders. In addition, Defendant King owed fiduciary duties to the Plaintiffs as common shareholders of FanDuel in his capacity as an officer of the Company. Each of Defendants King, Cleland, Oberwager, LaSalle, Vogel, and Nathanson was financially interested in the Paddy Power Betfair merger and advanced their interest over those of the common shareholders of the Company in breach of their fiduciary duties. Those duties included, among others, the duty of loyalty and the duty to exercise due care in the operation of FanDuel. In light of these conflicts of interest, the fiduciary duties of Defendants King, Cleland, Oberwager, LaSalle, Vogel, and Nathanson included the obligation to treat the common shareholders of FanDuel, including the Plaintiffs, with entire fairness by ensuring that any distribution of aggregate consideration received in the Paddy Power Betfair merger was the result of a fair process and was made at a fair value.

155. Each of Defendants King, Cleland, Oberwager, LaSalle, Vogel, and Nathanson breached their fiduciary duties to the shareholders in several ways, including, but not limited to:

- Failing to seek, obtain, or consider a valuation of the consideration actually received in the Paddy Power Betfair merger—*i.e.*, shares of PandaCo—prior to executing the waterfall provision of Article 83 of the FanDuel Articles of Association, much less to seek, obtain, or consider a valuation that was fair to the common shareholders of FanDuel.

- Using an illegitimate price as the value of the consideration received in the Paddy Power Betfair merger when executing the waterfall provision of Article 83.

- Paying the FanDuel preference shareholders an amount exceeding the Subscription Price of A Preference Shares in the Company in violation of Article 83 of the FanDuel Articles of Association.

- Failing to adopt procedural safeguards to make sure that the process by which Defendants accepted the PandaCo offer and valued the PandaCo shares received in the transaction was fair. For example, Defendants did not exhaust financial options that would have preserved common shareholder value. Defendants also did not condition entering into the merger transaction on the approval of a special committee that was independent and empowered to freely select its own advisors and to reject the transaction. Nor did Defendants seek the approval of a majority of the common shareholders.

- Failing to comply with the terms of the FanDuel Articles of Association including, but not limited to, the requirements of Articles 78 and 83.

- Knowingly permitting KKR and Shamrock to abuse the "drag along" rights as a mechanism to improperly enrich the Dragging Shareholders at the expense of the FanDuel common shareholders.

- Failing to provide adequate notice of the Paddy Power Betfair merger to Plaintiffs.

156. Defendants KKR and Shamrock had actual knowledge of the Director Defendants' fiduciary duties. Defendants KKR and Shamrock caused Defendants King, Oberwager, LaSalle, Vogel, and Nathanson to be appointed to the FanDuel board of directors and worked with Cleland in his capacity as a member of the FanDuel board of directors. Defendants KKR and Shamrock also signed a revised investment agreement that acknowledged that these Director Defendants owed

fiduciary or other legal duties to the common shareholders of FanDuel. Defendants KKR and Shamrock thus had actual knowledge that these Director Defendants owed fiduciary duties of care and loyalty, among others, to the common shareholders of FanDuel, including the Plaintiffs.

157. Moreover, Defendants KKR and Shamrock had actual knowledge of the Director Defendants' breaches of fiduciary duties because each had members on the FanDuel board. And each knew that the Signing Date Share Price used in the Paddy Power Betfair merger and used to run the waterfall under Article 83 of the FanDuel Articles of Association was not a reflection of the actual value of PandaCo shares because, among other reasons, it was selected before the Supreme Court decided *Murphy*. In addition, KKR and Shamrock knew that the Director Defendants had not sought a valuation of the consideration received in the PandaCo merger; that the amount they received for their preferred shares exceeded the Subscription Price; and that the Director Defendants put no procedural safeguards in place with respect to the PandaCo offer and intended to rely on KKR and Shamrock's drag along right to accept the offer.

158. Defendants FanDuel Group, PandaCo, and Fastball Holdings had actual knowledge of the Director Defendants' fiduciary duties. Defendant PandaCo (which is now FanDuel Group) was a party to the Contribution Agreement, which expressly recognized the obligations of the Director Defendants to value and distribute the proceeds from the merger in accordance with the Articles of Association. Defendants PandaCo, FanDuel Group, and Fastball Holdings each were formed to effectuate the Paddy Power Betfair merger and/or hold shares of PandaCo. Each of Defendants PandaCo, FanDuel Group, and Fastball Holdings interacted with the Director Defendants in their capacity as fiduciaries of the FanDuel shareholders, including Plaintiffs as common shareholders. Moreover, each of Defendants PandaCo, FanDuel Group, and Fastball Holdings had actual knowledge of the Director Defendants' breaches of fiduciary duty, in particular, because each knows

the actual value of PandaCo and has actual knowledge of the manner, valuation, and process in which shares of PandaCo were distributed to the FanDuel shareholders.

159. Defendants KKR, Shamrock, FanDuel Group, PandaCo, and Fastball Holdings knowingly induced and/or provided substantial assistance to the Director Defendants' breaches of fiduciary duty by providing the most efficient and administratively simple mechanism by which those breaches could occur. Defendants did so by, among other ways:

- Knowingly causing the Director Defendants to breach FanDuel's Articles of Association in multiple ways, including by failing to value the PandaCo shares prior to execution of the waterfall provision under the FanDuel Articles of Association and distributing to the preference shareholders of FanDuel compensation in excess of the Subscription Price of A Preference Shares in violation of Article 83 of the FanDuel Articles of Association.

- Knowingly causing the Director Defendants to pay the FanDuel preference shareholders an amount exceeding the Subscription Price of A Preference Shares in the Company in violation of Article 83 of the FanDuel Articles of Association.

- Encouraging the Director Defendants not to adopt procedural safeguards to make sure that the process by which Defendants accepted the PandaCo offer and valued the PandaCo shares received in the transaction was fair.

- Negotiating and agreeing to the terms of the Paddy Power Betfair merger, including the creation of Fastball Holdings and the Signing Date Share Price of PandaCo, knowing that the share price and process were not on *bona fide* arm's length terms.

- Improperly invoking the provisions of Article 78.1 (the "drag along" rights) to compel acceptance of the Paddy Power Betfair acquisition by FanDuel common shareholders when no qualifying "Offer" had been made.

- Forming and structuring Fastball Holdings to segregate and shield any shares of PandaCo and/or FanDuel Group received in the Paddy Power Betfair merger from the common shareholders of FanDuel and to further the scheme to understate the value of FanDuel's 40% interest in PandaCo.

160. But for the misconduct of KKR, Shamrock, PandaCo, FanDuel Group, and Fastball Holdings, the Director Defendants would have been required to value the actual consideration received in the Paddy Power Betfair merger, modify the terms of the Paddy Power Betfair merger, receive full shareholder approval of the Paddy Power Betfair merger, or otherwise treat the common shareholders of FanDuel in a fair and equitable manner.

161. Prior to the Paddy Power Betfair merger, Plaintiffs each owned common shares and/or vested options to purchase common shares of FanDuel. As a direct or reasonably foreseeable result of the knowing inducement, substantial assistance, encouragement, and support KKR, Shamrock, PandaCo, FanDuel Group, and Fastball Holdings provided the Director Defendants in breaching their fiduciary duties, Plaintiffs were injured when their common shares and options were wiped out without compensation.

162. As a result of the conduct alleged above, Plaintiffs received nothing for their common shares and vested options and were therefore damaged through the loss of their common shares in FanDuel and the value of the equity interests they would now have in PandaCo, FanDuel Group, and/or Fastball Holdings. Because the Paddy Power Betfair merger was completed through various breaches of fiduciary duty by the Director Defendants and substantial assistance, encouragement, and aid in those breaches of fiduciary duty by KKR, Shamrock, PandaCo, FanDuel Group, and Fastball Holdings, Plaintiffs are entitled to compensatory damages and disgorgement of any ill-gotten gains by these defendants.

163. The breaches of fiduciary duty and acts to assist, aid, and abet the completion of those breaches of fiduciary duty by Defendants KKR, Shamrock, PandaCo, FanDuel Group, and Fastball Holdings alleged above were done deliberately and intentionally to deprive Plaintiffs of their common shares and legal rights. This was calculated conduct that subjected Plaintiffs to cruel and unjust

hardship in conscious disregard of Plaintiffs' rights, so as to justify an award of exemplary and punitive damages.

FIFTH CAUSE OF ACTION: UNJUST ENRICHMENT
(Against KKR, Shamrock, and Fastball Holdings)

164. Plaintiffs reallege and incorporate by reference paragraphs 1 through 163, as set forth above.

165. As a result of the unfair, unlawful, and inequitable conduct alleged above, Defendants KKR, Shamrock, and Fastball Holdings have been unfairly enriched at Plaintiffs' expense through the Paddy Power Betfair merger and the nullification without compensation of Plaintiffs' common shares and interest in FanDuel.

166. Plaintiffs, over the course of a decade, built the brand, platform, and customer base that underlie the now multibillion-dollar enterprise of FanDuel Group, which at the time of the Paddy Power Betfair merger was known as PandaCo. As compensation for their efforts and investments, Plaintiffs received equity in FanDuel.

167. Defendants KKR, Shamrock, and Fastball Holdings, through their wrongful conduct, nullified the FanDuel equity Plaintiffs owned, while retaining the benefits of the Paddy Power Betfair merger—including PandaCo shares that should have been distributed to Plaintiffs—for themselves. Defendants KKR, Shamrock, and Fastball Holdings did so, among other ways, by:

- Directing, encouraging, and/or substantially assisting in the board of directors' failure to seek, obtain, or consider a valuation of the consideration actually received in the Paddy Power Betfair merger—*i.e.*, shares of PandaCo—prior to executing the waterfall provision of Article 83 of the FanDuel Articles of Association, much less to seek, obtain, or consider a valuation that was fair to the common shareholders of FanDuel.

- Directing, encouraging, and/or substantially assisting in the Director Defendants paying the FanDuel preference shareholders an amount exceeding the Subscription Price of A Preference Shares in violation of Article 83 of the FanDuel Articles of Association.

- Directing, encouraging, and/or substantially assisting in the Director Defendants failing to adopt procedural safeguards to make sure that the process by which Defendants accepted the PandaCo offer and valued the PandaCo shares received in the transaction was fair. For example, Defendants did not exhaust financial options that would have preserved common shareholder value. Defendants did not condition entering into the transaction upon the approval of a special committee that was independent and empowered to freely select its own advisors and to reject the transaction. Nor did Defendants seek the approval of a majority of the common shareholders.

- Failing to comply with the terms of the FanDuel Articles of Association including, but not limited to, the requirements of Articles 78 and 83.

- Negotiating and agreeing to the terms of the Paddy Power Betfair merger, including the Signing Date Share Price of PandaCo, knowing that the Signing Date Share Price of PandaCo and the process in which it was derived were not on *bona fide* arm's length terms.

- Forming and structuring Fastball Holdings to segregate and shield any shares of PandaCo and/or FanDuel Group received in the Paddy Power Betfair merger from the common shareholders of FanDuel and further the scheme to understate the value of FanDuel's 40% interest in PandaCo.

- Improperly invoking the provisions of Article 78.1 (the "drag along" rights) to compel acceptance of the Paddy Power Betfair acquisition by FanDuel common shareholders when no qualifying "Offer" had been made.

- Abusing the "drag along" rights as a mechanism to improperly enrich themselves at the expense of the FanDuel common shareholders.

- Directing, encouraging, and/or substantially assisting in the Director Defendants failing to provide adequate notice of the Paddy Power Betfair merger to Plaintiffs.

168. Because of this and other conduct alleged above, Plaintiffs received nothing for their common shares and vested options, while Defendants KKR, Shamrock, and Fastball Holdings received, among other benefits, PandaCo shares that should have been distributed to Plaintiffs.

169. Through their wrongdoing, Defendants KKR, Shamrock, and Fastball Holdings unjustly denied Plaintiffs and other former common shareholders of FanDuel the benefits of the Paddy

Power Betfair merger and the potential participation in the growth, appreciation, and upside of shares in PandaCo, FanDuel Group, and/or Fastball Holdings.

170. Defendants KKR, Shamrock, and Fastball Holdings accordingly should be required to disgorge their unjust enrichment and ill-gotten gains. And because Defendants KKR, Shamrock, and Fastball Holdings acted deliberately and intentionally to unjustly enrich themselves at the expense of Plaintiffs in conscious disregard of Plaintiffs' rights, an award of exemplary and punitive damages is justified.

DEMAND FOR RELIEF

WHEREFORE, Plaintiffs demand a trial by jury and a judgment against Defendants, jointly and severally, as follows:

a. Awarding Plaintiffs damages for all injuries suffered as a result of Defendants' unlawful and improper conduct, including:

(1) compensatory damages as determined by a jury, but in any case in excess of $500,000;

(2) punitive damages based on Defendants' deliberate and intentional disregard of Plaintiffs' rights and interests;

(3) disgorgement of Defendants' ill-gotten gains from having erased the interest of FanDuel ordinary shareholders; and

(4) pre-judgment and post-judgment interest, in an amount to be determined at trial;

b. The imposition of a constructive trust over the stock in PandaCo, FanDuel Group, and/or Fastball Holdings, and all proceeds obtained from any transfers or appreciation of such stock, held by Defendants as a result of the Paddy Power Betfair acquisition of FanDuel;

c. Costs of this action, including attorneys' fees; and

d. Such other legal and equitable relief as this Court deems just and proper.

Respectfully submitted,

/s/
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