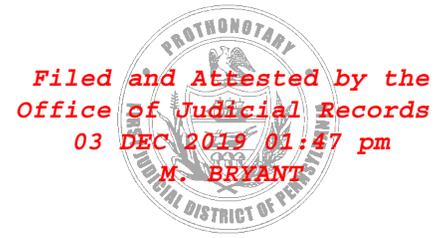


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Attorneys for Plaintiff

DAVID F. STERN, individually and
 as a partner of Pond Lehocky
 Stern Giordano LLP
 1312 Waverly Road
 Gladwyne, PA 19035,
Plaintiff,

v.

**POND LEHOCKY STERN GIORDANO
 LLP**, a Pennsylvania limited liability
 partnership
 2005 Market Street, 18th Floor
 Philadelphia, PA 19103

SAMUEL H. POND
 2005 Market Street, 18th Floor
 Philadelphia, PA 19103

JERRY M. LEHOCKY
 2005 Market Street, 18th Floor
 Philadelphia, PA 19103

and

THOMAS J. GIORDANO
 2005 Market Street, 18th Floor
 Philadelphia, PA 19103,
Defendants.

**COURT OF COMMON PLEAS
 PHILADELPHIA COUNTY, PA**

No.

Term _____

COMMERCE PROGRAM

VERIFIED COMPLAINT

Plaintiff David F. Stern, (“Stern”), through his undersigned counsel, hereby files this
 Verified Complaint against Pond Lehocky Stern Giordano LLP (the “Firm” or the

“Partnership”), Samuel H. Pond (“Pond”), Jerry M. Lehocky (“Lehocky”) and Thomas J. Giordano (“Giordano”), as follows:

PRELIMINARY STATEMENT

1. Stern is one of the three founding partners of the Firm and, since its formation, has been integral to the Firm’s success as its top revenue generator, *de facto* managing partner of the worker’s compensation department and mentor to numerous associates who have lined up outside his office to seek out his advice.

2. Pond is the Firm’s managing partner who manages the Firm in a hypocritical fashion through fear and intimidation. As a result of certain imaginary complaints that Pond wrongly believed Stern had made toward him, Pond has gone on the warpath against Stern attempting to make his life at the Firm so untenable that Stern voluntarily withdraws from the Partnership and accepts a *one-dollar* buyout of his 31.67% ownership stake in the Firm which has been valued in excess of \$90,000,000 by persons hired by Pond himself.

3. Pond has admitted to Stern that the complaints were never actually made. Nevertheless, Pond’s oppressive conduct directed to Stern has continued and escalated. Pond has ousted Stern from his role as the *de facto* managing partner of the worker’s compensation department, disparaged Stern before the entire Firm, taken credit for Stern’s ideas for improving the worker’s compensation department while blaming Stern for the failed policies that Pond implemented and that Stern had warned against, and is falsely accusing Stern of having manifested an intent to withdraw from the Partnership, and of placing the Firm, its employees and clients in jeopardy as part of his continued efforts to coerce Stern into forfeiting his partnership interest. Pond has even bullied the other equity partners into turning against Stern, at

least superficially, while behind his back, they actually harbor disdain for his practices and treatment of Stern. As one of the other equity partners has told Stern the “system is broke”.

4. Because of defendants’ conduct, Stern seeks dissolution of the Partnership under 15 Pa.C.S. § 8481(a)(4)(iii), pursuant to which dissolution is ordered as “another partner has engaged in conduct relating to the partnership business which makes it not reasonably practicable to carry on the business in partnership with that partner”.

THE PARTIES

5. Plaintiff Stern is an adult individual residing at the above-captioned address. Stern is an equity partner of the Firm and has a 31.67% ownership stake in the Firm.

6. Defendant Pond is an adult individual with the above-captioned address. Pond is the managing partner of the Firm and has a 31.67% ownership stake in the Firm.

7. Defendant Lehocky is an adult individual with the above-captioned address. Pond is an equity partner of the Firm and has a 31.67% ownership stake in the Firm.

8. Defendant Giordano is an adult individual with the above-captioned address. Giordano is an equity partner of the Firm and has a 5% ownership stake in the Firm.

9. Defendant Partnership is a Pennsylvania limited liability general partnership organized and existing under the laws of the Commonwealth of Pennsylvania located at the above-captioned address, which is also its principal place of business.

JURISDICTION AND VENUE

10. This Court has subject matter jurisdiction over this action under 42 Pa.C.S. § 931.

11. Pursuant to 42 Pa.C.S. § 5301, this Court has personal jurisdiction over all of the parties, as each party resides, conducts business in, is organized under the laws of, or maintains its principal place of business in Pennsylvania.

12. Venue is appropriate in this Court under Pa.R.C.P. 1006 and 2130.

FACTS

Stern is an asset to the Firm

13. Stern, Pond, and Lehocky formed “Pond, Lehocky & Stern, P.C.” on June 8, 2010.

14. Pond, Lehocky & Stern, P.C. became “Pond Lehocky Stern Giordano LLP” on October 31, 2013, pursuant to 15 Pa.C.S. § 8201 *et seq.*

15. Stern, Pond, and Lehocky each contributed 33.33% of the start-up capital, and each initially had an equal 33.33% equity interest in the Firm.

16. After the initial contributions, Stern, Pond, and Lehocky offered a 5% equity interest to Giordano who accepted and bought into the Firm for \$3,000,000.

17. Stern, Pond, and Lehocky now each have a 31.67% equity stake in the Firm.

18. The Firm primarily represents claimants in worker’s compensation and social security disability cases.

19. Shortly after the firm was founded, Stern became the *de facto* manager of the worker’s compensation department.

20. Stern did most of the hiring and firing of worker’s compensation attorneys, and he was the partner to see for day-to-day operational issues.

21. The associates looked to Stern as a mentor, and he helped train every single one.

22. Within a few years of 2010, the Firm circulated a hierarchical tree; Stern was formerly entitled the “Managing Partner of Workers’ Compensation.”

23. After a few years, Pond requested Stern focus more on the attorneys and appointed others to manage the day-to-day operations in the worker’s compensation department.

24. As a result of the Firm's extraordinary growth, it was constantly promoting young (some with only 1-3 years of experience) lawyers to the job of worker's compensation case file handling.

25. Stern was their mentor, and they would form such long lines outside his office for help that Stern's legal staff joked that he needed a deli counter ticket machine to handle the lines and meetings.

26. Stern spent an enormous amount of time with these young lawyers, and many of them have expressed their gratitude toward him for how he has mentored and taught them.

27. Stern has been the top revenue generator for the Firm every single year; it has not even been close.

28. In 2018, Stern produced in excess of one million dollars more in revenue than the second highest earner: Lehocky (who had a larger caseload).

29. So far in 2019, Stern has produced almost close to one million dollars more than anyone else.

30. Stern has been named by the Philadelphia Business Journal to its annual class of Best of the Bar: Philadelphia's Top Lawyers in the category of plaintiff personal injury litigation.

31. Stern was named among the Top 100 Lawyers of 2018 in both Pennsylvania and Philadelphia by Super Lawyers®. He has also named to the Best Lawyers® list from 2013 through 2019.

32. Upon information and belief, Stern is among the most successful plaintiff's worker's compensation case handlers in the Commonwealth.

33. Due to his skills, leadership, and revenue generation, Stern is an essential member of the Firm.

Pond's mismanagement

34. The Firm has experienced explosive growth since its founding in 2010.
35. Currently, the Firm's yearly revenue is more than \$50 million.
36. The Firm achieved this growth through hard work, and massive marketing campaigns.
37. As the Firm's expenses grew due to marketing costs, Pond grew frustrated and restless with the Firm's associates.
38. He believed the associates were not achieving enough "value" in their cases (i.e. receiving less fees), as he compared their results with the partners'.
39. If the associates were not generating as much in fees, it was because the quality of their cases was lower.
40. Pond's berating of the associates caused morale to sink and compelled the associates to become fearful of settling cases, as they feared Pond would accuse them of settling for too low of an amount.
41. The associates then took more cases to trial, no matter their merits; revenue continued to stagnate as the cases taken to trial resulted in low or defense verdicts.
42. Additionally, Pond instituted metrics to track the percentage of cases associates would accept. If their numbers were too low, Pond reprimanded the associates.
43. As a result, the associates accepted worse and worse cases (to keep their acceptance rate high), feeding the lower revenue in a vicious cycle.
44. Pond also adopted a system where attorneys would not meet with new clients face-to-face, but rather only over the phone (to save time and money), which also contributed to the lower revenue and caused client-service issues.

45. All of these edicts by Pond caused the associates' court and deposition coverage requirements to be extreme, causing burnout.

46. Stern pushed back on these policies, pointing out the flaws. In response, Pond scolded him and ignored his concerns.

47. Around June of 2019, Pond took over the management of the worker's compensation department.

48. After reviewing some of the cases, Pond noticed the quality was poor, cases should have been settled, and that many clients had never been met.

49. These were all things Stern had been warning Pond about, but Pond refused to listen.

50. Instead, Pond started sending emails stating: "There is a new sheriff in town."; "I don't care if there is a sore ass now that I'm in charge."; and "How did we get to this place?"

51. These emails were consistent attacks on Stern and his management, even though the issues arose because of Pond's policies.

52. When Pond took over management of worker's compensation, he reversed *his* previous policies (which now he somehow attributed to Stern).

53. He also brought in associates from the Firm's social security department to alleviate coverage burdens and he eliminated first meetings with clients by phone.

54. These were suggestions made by Stern in the past but ignored by Pond.

55. Revenue increased and Pond started sending emails informing everyone of how well the department was doing since he took over and installed "his ideas" (in reality, Stern's ideas).

56. Pond's management has negatively affected the Firm's culture.

Pond's self-dealing

57. Pond is the managing partner and has been receiving a substantial fixed monthly management fee, on top of his partnership draws and distributions.

58. The original premise for Pond's monthly management fee was his claim that his caseload was less than that of Stern and Lehocky and thus he was making less money.

59. As time went by, Pond was not satisfied with that management fee, and he wanted a percentage of revenue, even though he was making more money than Stern and Lehocky, while handling around one third of the amount of cases that they were handling.

60. Having now taken a larger caseload, the premise for the monthly management fee no longer holds water. However, Pond still collects his substantial monthly management fee and takes a percentage of all revenue.

61. Often, Pond pays himself more than Stern and Lehocky, even though Stern and Lehocky generate the majority of the revenue and all three have the same 31.67% equity.

62. Pond's substantial monthly management fee has strained the Firm's finances to the extent that even with Stern and Lehocky generating millions in revenue, the Firm has had to draw down on its line of credit to pay the salary of other equity partners.

63. At least one other equity partner of the Firm has acknowledged the inequality in Pond's compensation to the detriment of the other partners.

Pond's imaginary grievances with Stern

64. In the winter of 2018-19, Pond unilaterally presented Stern, Lehocky, and Giordano with a new partnership agreement that Pond insisted they sign.

65. Stern was not involved in the drafting of the agreement and did not have any advance notice that one was coming.

66. At a meeting between the four equity partners, Stern raised certain issues with the proposed agreement, including a provision that Pond would be the managing partner until he dies or retires (the previous agreement capped management at age 72).

67. Once Stern spoke up, Lehocky, and to a lesser extent, Giordano, chimed in and agreed with the same concerns Stern raised.

68. For months, Pond did not raise the issue of the new partnership agreement. However, during the week of June 17, 2019, Pond emailed the partners and demanded they sign the proposed agreement that week and circulated the newest draft.

69. Virtually none of the prior concerns were accounted for, and it was essentially the same document.

70. The partners agreed to meet on Friday, June 21, 2019, at Pond's house.

71. Pond demanded Stern, Lehocky, and Giordano sign the slightly revised agreement, or they would have to "come up with other arrangements."

72. They discussed many of the same issues raised at the previous meeting, but only a few small, minimal, changes were made to the proposed agreement.

73. Lehocky and Giordano signed, and Stern was forced to sign as well.

74. Pond apparently felt, without basis, that Stern had told him to retire. Stern never did so. Pond also felt that Stern had questioned his management fee, but that was false as well.

75. Based upon these two imaginary grievances, the relationship between Pond and Stern has become irreconcilable, even though months later, Pond ultimately admitted to Stern that Stern never told him to retire, nor questioned his management fee.

76. Pond apologized to Stern for accusing him of having done so.

Freeze-out of Stern

77. After the new partnership agreement was signed in June 2019, Pond has attempted to freeze Stern out of the Partnership and force him to leave without fair compensation for his ownership interest in the Firm.

78. Pond removed Stern from management of the worker's compensation department.

79. Pond did away with the flawed policies that *he* had implemented, and then implemented Stern's policies claiming them as his own and taking credit for their efficacy.

80. Pond has sent multiple firm wide emails which those within the Firm understand to be attacks on Stern even though Stern's name is not mentioned.

81. Numerous associates have come to Stern and expressed bewilderment at Pond's attacks on Stern's previous leadership in emails, meetings and dinner speeches.

82. Pond has removed Stern from mentoring workers' compensation associates.

83. Pond has removed Stern from conducting monthly file review meetings and seminars.

84. Pond has removed Stern from policy development in the department.

85. Pond has removed Stern from all financial discussions about the Firm.

86. Despite a tradition of holding regular partner meetings, the last true partner's meeting took place in July 2019.

87. Instead, there have been numerous subset meetings involving various combinations of partners and executive team members, *excluding Stern*.

88. Stern has been stripped of his standing at the Firm that he helped build, despite that Stern retains an ownership stake equal to Pond and Lehocky.

89. Pond, Lehocky and Giordano have conducted almost no business via the existing “partners@pondlehocky.com” email address; through which Stern previously received dozens of emails every week.

90. Instead, Pond caused the creation of new email addresses to conduct Firm business that Stern had no access to.

91. For example, the “RezTeamAdmin@pondlehocky.com” email address does not include Stern and is simply a ruse through which the partners conduct business without Stern.

92. Stern was also removed from the “partners@pondlehocky.com” email address to the bewilderment of the associates that noticed and expressed concern.

93. Pond has left Stern completely in the dark regarding partnership business and failed to consult with him regarding partnership business and issues.

94. For example, Stern generated a workers’ compensation lead in California, only to be told by a staff member that the Firm stopped handling those cases.

95. Similarly, Stern generated a workers’ compensation lead in West Virginia, only to be told by a staff member that the lawyer the Firm hired in Pittsburgh was not going to handle WV cases, despite that being a condition of her hire.

96. Pond has caused the formation of a Delaware limited liability company called “Pond Lehocky LLC” for reasons not disclosed to Stern and without informing or consulting Stern.

97. Upon information and belief, the new entity has been created for the purpose of engaging in new lucrative ventures that exclude Stern and/or to divert the Firm’s business and/or assets to the new entity.

98. Upon information and belief, Pond has entered into a transaction with the Philadelphia 76ers without informing or consulting Stern.

Pond's oppressive conduct escalates

99. On October 14, 2019, Pond called a meeting of the equity partners.

100. Stern believed the meeting was a chance to clear the air and move forward.

101. Instead, Stern walked into the meeting where it was obvious that Pond, Lehocky, and Giordano had met first without Stern and discussed Stern amongst themselves.

102. After Stern joined the meeting, Pond looked at Stern and said, “things have not been that harmonious around here recently, do you agree?”, to which Stern agreed.

103. Pond replied, “Well I have a solution to that. Here’s a new partnership agreement. Jerry [Lehocky] and Tom [Giordano] signed it. You sign it or we will have to come up with other alternatives here.”

104. Pond also falsely accused Stern of “undermining him” by not supporting Pond’s mandate that associates use satellite offices to meet clients, and falsely accused Stern of having acted improperly by not using the negotiation screens in the Firm’s case management software.

105. The October proposed partnership agreement was absurd on its face, as it misrepresented the history and success of the Firm to be all about Pond, excluding Stern’s role.

106. In delivering the draft agreement, Pond also misrepresented that the only changes that had been made were to the general acknowledgements section of the agreement when he had made changes to material terms of the agreement elsewhere.

107. Giordano signed the agreement as did Lehocky who told Stern he “signed the Agreement without reading it.” Stern refused to sign the October proposed partnership agreement.

108. Having rightfully refused to sign the agreement, on October 30, 2019, Pond held a meeting with Stern and the Firm's CFO, not the other equity partners, to discuss "alternatives".

109. Pond told Stern that he would be given alternatives to stay at the firm and if they were unacceptable, they would negotiate a buyout and he would leave. No offer was made for Stern to stay with the Firm.

110. It was crystal clear to Stern that he would have to choose from the alternatives to be supplied or he would be squeezed and forced out of the Firm.

111. On November 11, 2019, Pond held another meeting with only Stern and the Firm's CFO, where Pond presented Stern with the following options:

- A. Stern would be bought out using the retirement formula in the partnership agreement, with a deep discount for inventory value and other fees he would still be entitled to.
- B. The second proposal was a quasi-franchise arrangement not fully explained by Pond where Stern would be bought out and relegated to a satellite office.
- C. Pond told Stern that if the first two options were unacceptable, they would negotiate a separation and a buyout of his ownership interest in the Firm.

112. Nowhere was the option presented to continue as an equity partner in his current role. Stern considered and rejected the first two proposals as unacceptable.

113. On November 18, 2019, Pond again held a meeting with only Stern and the CFO where Pond presented Stern with an absurd buy-out of his 31.67% share of the Firm (which has been valued in excess of \$90,000,000 by persons hired by Pond himself), which, at bottom, ended with Stern paying the Firm approximately \$200,000. Stern rejected the proposal.

114. Pond pushed for a counteroffer and Stern replied that he had a 31.67% share of the Firm, which was recently valued in excess of \$90 million. Pond scoffed at the notion, even though it was consistent with the value of the Firm and past valuations of the Firm.

115. Pond then wrongfully accused Stern of having declared an intention to voluntarily leave the Firm and that consequently Stern was entitled to \$1 for his ownership stake.

116. Stern responded that he was not leaving voluntarily as he was given no other choice due to the three alternatives presented by Pond, none of which included Stern staying at the Firm.

117. Pond demanded to know if Stern would stay as a partner. Stern told him he was staying and asked Pond if they could revert to how things were before the June meeting.

118. Pond apologized for his behavior but stated that they had come too far at this point to turn around and the Partnership was likely irreparably broken.

119. On November 19, 2019, Stern was then called into a meeting with Pond, Lehocky, and Giordano for the purpose of discussing whether they could continue to operate as the Partnership.

120. Lehocky stated that it was not his call as the issues were between Pond and Stern, and Lehocky was “loyal” to Pond.

121. Giordano said he would be uncomfortable around his partners and he was not comfortable with Stern around, for no particular reason.

122. Upon information and belief, Giordano and Lehocky harbor significant disdain and distrust of Pond and disagree with his practices and treatment of Stern but to date have capitulated to his bullying tactics.

123. Pond then told Stern that there would be (onerous) “conditions” if Stern were to stay.

- A. First, the Firm would be changing its name to simply “Pond Lehocky,” dropping Stern and Giordano.
- B. Second, Stern would follow Pond’s undefined “Playbook.”
- C. Third, Pond stated that he was going to start and operate the DC law firm branch “alone,” that is, without Stern, cutting him off from a new lucrative venture of the Firm.
- D. Fourth, just to spite Stern and hurt him, Pond stated that if Stern stayed, Stern’s top second chair associate would be Pond’s second chair.
- E. Fifth, Pond told Stern that Giordano would be “the man” in worker’s compensation because he “carries out my directives”.

124. Pond also offered the associate significant monetary incentives to coerce him into working for Pond as opposed to Stern.

125. Pond’s efforts to disrupt Stern’s practice by taking away his top second chair associate at the Firm is detrimental to the Firm’s interests inasmuch as Stern is the top revenue generator for the Firm through his superior handling of worker’s compensation cases.

126. Stern has never stated that he was voluntarily withdrawing from the Partnership.

127. Stern has refused (and continues to refuse) to voluntarily withdraw from the Partnership, despite continued pressure from Pond.

128. Pond has and continues to falsely accuse Stern of having voluntarily withdrawn from the Partnership and of somehow placing the Firm, its employees and clients in jeopardy.

129. Pond has also falsely stated that he and the other equity partners have “begged” Stern to stay with the Firm while Pond’s conduct and that of the other partners has clearly demonstrated otherwise.

COUNT I FOR DISSOLUTION

130. Plaintiff hereby incorporates by reference herein all of the foregoing allegations of the Complaint.

131. Pursuant to 15 Pa.C.S. § 8481(a) (events causing dissolution), “[a] partnership is dissolved, and its business shall be wound up, upon the occurrence of any of the following:

. . .

(4) On application by a partner, the entry by the court of an order dissolving the partnership on the grounds that:

. . .

(iii) another partner has engaged in conduct relating to the partnership business which makes it not reasonably practicable to carry on the business in partnership with that partner . . .

132. Pond’s oppressive conduct directed toward Stern, as alleged herein, has made it not reasonably practicable to carry on the business in partnership with him.

133. Pond’s efforts to disrupt Stern’s practice has made it not reasonably practicable to carry on the business in partnership with him.

134. Pond’s efforts to turn the other equity partners against Stern has made it not reasonably practicable to carry on the business in partnership with him.

135. Pond’s false accusations that Stern has declared an intent to voluntary withdraw from the Partnership has made it not reasonably practicable to carry on the business in partnership with him.

136. Pond's false accusations that Stern is placing the Firm, its employees and clients in jeopardy has made it not reasonably practicable to carry on the business in partnership with him.

137. Pond's actions taken on behalf of the Firm, including cutting him out of the DC venture, promising to remove his name from the Firm's masthead and entering into a transaction with the Sixers, among other things, without Stern's knowledge and input, has made it not reasonably practicable to carry on the business in partnership with him.

138. As aforesaid, Pond has acted without regard for the existence, rights and interests of the Partnership and of Stern as a partner therein which has made it not reasonably practicable to carry on the business in partnership with him.

139. Pond's conduct relating to the Partnership business has been and continues to be in contravention of Pond's fiduciary duties as managing partner of the Partnership.

140. As aforesaid, Pond's conduct relating to the Partnership business has made it not reasonably practicable to carry on the business in partnership with him.

141. Stern's interest in the Partnership has and continues to be damaged by Pond's conduct relating to the Firm's business.

142. Stern has no adequate remedy at law.

WHEREFORE, plaintiff David F. Stern demands (i) a decree for the dissolution of the Partnership, (ii) for the appointment of a receiver to direct the dissolution and winding up of the affairs of the Partnership, (iii) for the sale of Partnership property and other non-cash assets of the Partnership, (iv) the collection of all monies owed to the Partnership, (v) for the proper distribution of the proceeds thereof after payment of all just debts of said Partnership, (vi) for an injunction enjoining the dissipation of any Partnership assets by any of the defendants and (vii)

for such other and further relief as may be proper, together with interest, costs and attorney's fees.

Respectfully submitted,

Dated: December 3, 2019

BRAVERMAN KASKEY, P.C.

BY: /s/ Benjamin A. Garber, Esq. (306765)
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1650 Market Street – 56th Floor
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