

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NASSAU

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BRIAN LEVY,

Plaintiff,

- against -

RUEDIGER ADOLF, JAMES D. CAREY, FAYEZ S.
MUHTADIE, JOSEPH FELICIANI, JR., RAJINI
SUNDAR KODIALAM, GEORGE S. LEMIEUX, GREG
S. MORGANROTH, MD, ELIZABETH NEUHOFF,
FOCUS FINANCIAL PARTNERS INC., CLAYTON,
DUBILIER & RICE, LLC AND STONE POINT CAPITAL
LLC,

Defendants.

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Index No.:

Date Purchased:

SUMMONS

Plaintiff designates Nassau
County as the place of trial

TO THE ABOVE-NAMED DEFENDANTS:

YOU ARE HEREBY SUMMONED to answer the complaint in this action and to serve a copy of your answer, or, if the complaint is not served with this summons, to serve a notice of appearance, on the Plaintiff's attorney within 20 days after the service of this summons, exclusive of the day of service (or within 30 days after the service is complete if this summons is not personally delivered to you within the State of New York); and in case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded in the complaint.

Pursuant to CPLR 503(a) venue is appropriate in this County because Plaintiff resides in Nassau County.

Dated: New York, New York
June 19, 2023

/s/ Richard B. Brualdi
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Counsel for Plaintiff

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COMPLAINT

Plaintiff, as and for his complaint for negligent misrepresentation and concealment under New York common law, alleges upon personal knowledge as to himself and his own acts, and upon information and belief derived from, *inter alia*, documents filed with the Securities and Exchange Commission (“SEC”) and publicly available news sources, as to all other matters, as follows:

NATURE OF THE ACTION

1. This lawsuit arises out of the proposed buyout of Focus Financial Partners Inc., (“Focus” or the “Company”) by Focus’s largest shareholder, Stone Point Capital LLC, and Clayton, Dubilier & Rice, LLC (“CD&R” and together with Stone Point,” the “Private Equity Buyers”) (the “Buyout”) and the Defendants’ dissemination of false and/or misleading statements to Plaintiff and other Focus investors in connection therewith.

2. Plaintiff asserts a claim for negligent misrepresentation and concealment under New York common law against Focus, the members of its board of directors (collectively the “Individual Defendants” together with Focus, the “Focus Defendants”), CD&R and Stone Point.

3. The Buyout is unfair to Plaintiff and Focus’s other public investors because the price to be paid to them pursuant to the Buyout is inadequate and the process leading to it was flawed and tainted by the personal interests and motivations of the Individual Defendants.

4. The Buyout is also unfair to Plaintiff because the Buyout price of \$53 for each share of Focus’s Class A common stock is less than the intrinsic value of the Company’s stock, which Focus’s own financial advisor, Jefferies LLC (“Jefferies”) determined to be as high as \$72.14 per share.¹ Given Jefferies’ valuation, the transaction will deprive Focus’s public investors of as much as \$840 million in value collectively.

5. While the Sale is to the detriment of Plaintiff and other Focus investors, it will enrich the Individual Defendants.

6. Focus’s Chief Executive Officer (“CEO”) and Chairman, Ruediger Adolf, and Chief Operating Officer (“COO”) and director, Rajini Sundar Kodialam, will monetize their interests in the Company and its subsidiary, Focus Financial Partners, LLC (“Focus LLC”), receiving tens of millions of dollars in connection therewith, will become highly compensated employees of the resulting private equity owned private company (the “Private Company”) and will benefit from the Company’s anticipated future growth through equity ownership in the Private Company.

¹ The \$53 per share Buyout price is further inadequate as it is a discount to the Company’s 52-week high closing price of \$54.20 per share heading into the Buyout and a discount to the \$57 per share price at which the Company itself completed an underwritten offering just over a year prior to enter into the Buyout agreement.

7. Stone Point, which employs Individual Defendants James D. Carey and Fayez S. Muhtadie as Managing Directors, is participating in the purchase of the Company on the cheap while simultaneously monetizing certain interests in the Company as a beneficiary of certain tax receivable agreements (the “TRAs”).

8. The other Individual Defendants - Joseph Feliciani, Jr., George S. LeMieux, Greg S. Morganroth, MD and Elizabeth Neuhoff - (a) are receiving cash payments of around a quarter million dollars each for negotiating the Buyout (which amount is in addition to the quarter million dollars each receives annually for acting as directors of the Company) and (b) will receive substantial Sale-related cash payouts of undisclosed amounts in connection with the accelerated vesting of their unvested Focus LLC’s units and unvested Focus equity awards and as a beneficiary of the TRAs.

9. Each of the Individual Defendants will also be personally indemnified for any personal liability for his or her tortious conduct in connection with the Sale.

10. The Buyout was further tainted, and Plaintiff and the Company’s other investors have been and will be further harmed, by the Individual Defendants’ engagement of Jefferies and Goldman Sachs & Co. LLC (“Goldman Sachs”) to act as the Company’s financial advisors and to render opinions on the purported fairness of the inadequate price being paid pursuant to the Buyout (the “Opinions”) notwithstanding their extensive conflicts of interest.

11. First, both Goldman Sachs and Jefferies have deeply entrenched and highly profitable relationships with both CD&R and Stone Point. As such, Goldman Sachs and Jefferies were incentivized to issue opinions blessing the Buyout sought by them so as not to risk antagonizing them and jeopardizing those business relationships.

12. Second, Goldman Sachs was incentivized to issue an Opinion supporting the Buyout by the contingent structure of its advisory fee. In this regard, the bulk of Goldman Sachs’

fee is contingent upon consummation of the Buyout and is in essence contingent upon the issuance of a favorable “fairness opinion” by it, without which there would be no deal and no deal fee for Goldman Sachs. Specifically, Goldman Sachs will receive a \$32.3 million fee only if the Buyout closes and just \$2 million if it does not. This gives Goldman Sachs a \$30.3 million dollar incentive to issue a favorable “fairness opinion.”

13. Third, both Goldman Sachs and Jefferies stand on both sides of the Buyout as each is potentially invested in CD&R and will thus benefit from CD&R underpaying for Focus.

14. Given Goldman Sachs and Jefferies longstanding and conflicting ties to CD&R and Stone Point each was incentivized to support the Buyout and render favorable “fairness opinions” in favor of it, regardless of its unfairness to Focus’s shareholders.

15. In connection with the Buyout, the Focus Defendants filed a proxy statement with the SEC and disseminated the same to Plaintiff and other Focus investors. In a letter accompanying the Proxy the Focus Defendants encouraged Plaintiff and other Focus investors to read the proxy and to vote for the Buyout.

16. Pursuant to the Buyout agreement, the Private Equity Buyers are contractually obligated to ensure that the Proxy contain no untrue statements of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Further, the Private Equity Buyers participated in the dissemination of the Proxy by supplying information to Focus with knowledge that it would be included in the Proxy.

17. The Proxy serves to solicit votes from Plaintiff and other Focus investors with regard to the Buyout.

18. The Proxy violates New York common law because it contains materially misleading statements and/or omits material facts that render it incomplete and misleading with respect to: (i) the serious conflicts of interest of those promoting the Buyout, namely the Individual Defendants and their financial advisors, (ii) the Company's business prospects, valuation and strategic alternatives and therefore the adequacy (or rather inadequacy) of the Buyout price, and (c) information upon which Focus's investment bankers relied in opining that the Buyout is purportedly fair.

19. This Action seeks, *inter alia*, to enjoin the Defendants from continuing to mispresent these material facts regarding the Buyout in violation of New York common law.²

JURISDICTION AND VENUE

20. This Court has jurisdiction over the subject matter of this action pursuant to New York Judiciary Law § 140-b.

21. This Court has personal jurisdiction over Defendants Focus and CD&R because each is headquartered in New York State.

22. This Court has personal jurisdiction over Defendants Ruediger Adolf and Joseph Feliciani, Jr. because each is a resident of New York State.

23. This Court has personal jurisdiction over each of the other Defendants pursuant to CPLR 302(a) because each personally or through an agent transacts business in New York State

²This complaint asserts claims solely under New York common law and specifically excludes, does not allege and disclaims any and all claims (i) brought derivatively on Focus's behalf, (2) for breach of a fiduciary duty owed by any director, officer, employee, agent or trustee of Focus to Focus or its stockholders, (3) against Focus or any director or officer or other employee of Focus arising pursuant to any provision of the DGCL, the Company's operative certificate of incorporation or bylaws, and (iv) claims against Focus or any director or officer or other employee of Focus governed by the internal affairs doctrine.

(as described herein), committed a tortious act within New York State or without New York State that caused injury to person or property within New York State, regularly does or solicits business, or engages in a persistent course of conduct, or derives substantial revenue from goods used or consumed or services rendered in the state, expects or should reasonably expect their actions to have consequences in the state and derives substantial revenue from interstate or international commerce, the causes of action herein arise out of such activities, and their wrongful acts challenged in this complaint were directed toward New York State such that the assertion of jurisdiction comports with due process.

24. Venue is proper in this Court pursuant to CPLR 503(a) since Plaintiff resides in Nassau County.

PARTIES

25. Plaintiff Brian Levy, a resident of Nassau County, is a Focus investor who has owned shares of Focus's Class A common stock continuously at all relevant times.

26. Defendant Focus is a publicly traded company headquartered at 875 Third Avenue, 28th Floor, New York, NY 10022. Focus is a holding company whose most significant asset is a membership interest in Focus LLC. Focus LLC directly or indirectly owns all of the outstanding equity interests in the Company's partner firms, which are independent, fiduciary wealth management firms operating in the registered investment adviser industry. The Company's partner firms primarily service ultra-high net worth and high net worth individuals and families with comprehensive wealth management services. The Company is the sole managing member of Focus LLC and is responsible for all operational, management and administrative decisions of Focus LLC. Focus's Class A Common Stock is listed on Nasdaq under the symbol "FOCS."

27. Defendant Ruediger Adolf co-founded the Company and has been CEO, Chairman

and a director of the Company since its formation. Mr. Adolf also co-founded Focus LLC, the Company's subsidiary, and has served as Chief Executive Officer of Focus LLC since 2004. In connection with the Buyout, Mr. Adolf will (a) monetize his interests in the Company and its subsidiary, Focus LLC, receiving tens of millions of dollars in connection therewith, (b) become a highly compensated employee of the newly formed Private Company, (c) benefit from the Company's anticipated future growth through equity ownership in the Private Company, and (d) be indemnified for any personal liability for his tortious conduct in connection with the Buyout. The above personal benefits are material to Mr. Adolf.

28. Defendant James D. Carey has been a director of Focus since July 2018. Mr. Carey is employed as a Managing Director of Stone Point, whose interest he represents on the Company's Board. Stone Point is participating in the purchase of the Company on the cheap through the Buyout while simultaneously monetizing certain of its interests in the Company as a TRA beneficiary. Given Mr. Carey's employment by Stone Point his interests are aligned with Stone Point. Mr. Carey will also benefit from the Buyout as he will be indemnified for any personal liability for his tortious conduct in connection with the Buyout. The above personal benefits are material to Mr. Carey.

29. Defendant Rajini Sundar Kodialam co-founded the Company and has been Chief Operating Officer and a director of the Company since its formation. Ms. Kodialam also founded Focus LLC, the Company's subsidiary, and has served as a managing director of Focus LLC since 2005. In connection with the Buyout, Ms. Kodialam will (a) monetize her interests in the Company and its subsidiary, Focus LLC, receiving tens of millions of dollars in connection therewith, (b) become a highly compensated employee of the Private Company, (c) benefit from the Company's anticipated future growth through equity ownership in the Private Company, and (d) be indemnified

for any personal liability for her tortious conduct in connection with the Buyout. The above personal benefits are material to Ms. Kodialam.

30. Defendant Fayez S. Muhtadie has been a director of Focus since July 2018. Mr. Muhtadie is employed as a Managing Director of Stone Point, whose interests he represents on the Company's Board. Stone Point is participating in the purchase of the Company on the cheap through the Buyout while simultaneously monetizing certain of its interests in the Company as a TRA beneficiary. Given Mr. Muhtadie's employment by Stone Point his interests are aligned with Stone Point. Mr. Muhtadie will also benefit from the Buyout as he will be indemnified for any personal liability for his tortious conduct in connection with the Buyout. The above personal benefits are material to Mr. Muhtadie.

31. Defendant Joseph Feliciani, Jr. has been a director of Focus since April 2019. In connection with the Buyout, Mr. Feliciani will (a) receive around a quarter million dollars for negotiating the Buyout (which amount is in addition to the quarter million dollars he receives annually for acting as a director of the Company), (b) receive substantial Sale-related cash payouts of undisclosed amounts in connection with the accelerated vesting of his unvested Focus LLC's units and unvested Focus equity awards and as a beneficiary of the TRAs, and (c) be indemnified for any personal liability for his tortious conduct in connection with the Buyout. The above personal benefits are material to Mr. Feliciani.

32. Defendant George S. LeMieux has been a director of Focus since March 2022. In connection with the Buyout, Mr. LeMieux will (a) receive around a quarter million dollars for negotiating the Buyout (which amount is in addition to the quarter million dollars he receives annually for acting as a director of the Company), (b) receive substantial Sale-related cash payouts of undisclosed amounts in connection with the accelerated vesting of his unvested Focus LLC's

units and unvested Focus equity awards and as a beneficiary of the TRAs, and (c) be indemnified for any personal liability for his tortious conduct in connection with the Buyout. The above personal benefits are material to Mr. LeMieux.

33. Defendant Greg S. Morganroth, MD has been a director of Focus since September, 2020. In connection with the Buyout, Dr. Morganroth will (a) receive around a quarter million dollars for negotiating the Buyout (which amount is in addition to the quarter million dollars he receives annually for acting as a director of the Company), (b) receive substantial Sale-related cash payouts of undisclosed amounts in connection with the accelerated vesting of his unvested Focus LLC's units and unvested Focus equity awards and as a beneficiary of the TRAs, and (c) be indemnified for any personal liability for his tortious conduct in connection with the Buyout. The above personal benefits are material to Dr. Morganroth.

34. Defendant Elizabeth Neuhoff has been a director of Focus since September, 2020. In connection with the Buyout, Ms. Neuhoff will (a) receive around a quarter million dollars for negotiating the Buyout (which amount is in addition to the quarter million dollars she receives annually for acting as a director of the Company), (b) receive substantial Sale-related cash payouts of undisclosed amounts in connection with the accelerated vesting of her unvested Focus LLC's units and unvested Focus equity awards and as a beneficiary of the TRAs, and (c) be indemnified for any personal liability for her tortious conduct in connection with the Buyout. The above personal benefits are material to Ms. Neuhoff.

35. Defendant CD&R is a private equity firm headquartered in New York City at 375 Park Avenue, 18th Floor, New York, NY 10152 USA. CD&R and Stone Point, through affiliates, will acquire Focus pursuant to the Buyout at a price that even Focus's investment bank suggests is \$840 million under fair market value.

36. Defendant Stone Point Capital is a private equity firm headquartered at 20 Horseneck Lane, Greenwich, CT 06830. Stone Point and CD&R, through affiliates, will acquire Focus pursuant to the Buyout at a price that even Focus's investment banks suggests is \$840 million under fair market value.

SUBSTANTIVE ALLEGATIONS

A. Focus is Strong, Stable and Well Positioned to Thrive as a Standalone Company

37. Focus was founded by Defendants Ruediger Adolf and Rajini Sundar Kodialam in 2004. In 2017 Stone Point and KKR & Co. LLP acquired a majority interest in the Company. The Company became publicly traded in 2018. Since that time, Focus's Class A common stock traded as high as \$68.95 per share.

38. Focus is strong, stable and well positioned to thrive as a standalone company. Since becoming publicly traded in 2018, Focus has experienced double-digit revenue increases in *each* fiscal year. Indeed, Focus doubled its revenue from under \$1 billion before its 2018 initial public offering to over \$2 billion at the time it agreed to the Buyout in February 2023. Further, Focus's management projects that growth to continue and projects the Company's revenue to more than double in just the next five years, growing from around \$2.4 billion in 2023 to over \$5.2 billion in 2027.³

B. The Individual Defendants Were Motivated by Self-Interest to Cause Focus to Sell the Company for Inadequate Consideration and Pursuant to an Inadequate Process

39. On February 27, 2023, Focus announced that it had agreed to be sold to the Private Equity Buyers. Under the terms of the agreement, Focus's stockholders will receive \$53 per share

³ This growth could be even greater than reflected in management's projections. *See In re PLX Tech. S'holders Litig.*, 2018 Del.Ch. LEXIS 336, at *4-6 (Oct. 16, 2018) (noting how self-interested management downwardly revised projections to justify acceptance of a lower price of a Company).

in cash.

40. The Buyout is unfair to Plaintiff because the Buyout price of \$53 for each share of Focus's Class A common stock is less than the intrinsic value of the Company's stock which Focus's own financial advisor, Jefferies determined to be as much as \$72.14.⁴ Given Jefferies' valuation, the transaction will deprive Focus's public investors of as much as \$840 million in value collectively.

41. While the Sale is to the detriment of Plaintiff and other Focus investors, it will enrich the Individual Defendants.

42. Focus's founders, CEO and Chairman Ruediger Adolf and COO and director Rajini Sundar Kodialam, will monetize their interests in the Company and its subsidiary, Focus LLC, receiving tens of millions of dollars in connection therewith, will become highly compensated employees of the Private Company and will benefit from the Company's anticipated future growth through equity ownership in the Private Company.

43. Stone Point, which employs Individual Defendants James D. Carey and Fayez S. Muhtadie, is participating in the purchase of the Company on the cheap while simultaneously monetizing certain interests in the Company as a beneficiary of certain tax receivable agreements (the "TRAs").

44. The other Individual Defendants (a) are receiving cash payments of around a quarter million dollars each for negotiating the Buyout (which amount is in addition to the quarter million dollars each receives annually for acting as a director of the Company) and (b) will receive substantial

⁴ The \$53 per share Buyout price is further inadequate as it is a discount to the Company's 52-week high closing price of \$54.20 per share heading into the Buyout and a discount to the \$57 per share price at which the Company itself completed an underwritten offering just over a year prior to enter into the Buyout agreement.

Sale-related cash payouts of undisclosed amounts in connection with the accelerated vesting of their unvested Focus LLC's units and unvested Focus equity awards.

45. Each of the Individual Defendants will also be personally indemnified for any personal liability for his or her tortious conduct in connection with the Sale.

C. The Individual Defendants Caused the Company to Hire Jefferies and Goldman Sachs to Act as the Company's Financial Advisors Notwithstanding That Each Has Debilitating Conflicts of Interest

46. The Buyout was further tainted, and Plaintiff and the Company's other investors have been and will be further harmed, by the Individual Defendants' engagement of Jefferies and Goldman Sachs to act as the Company's financial advisors and to render opinions on the purported fairness of the inadequate price being paid pursuant to the Buyout (the "Opinions") notwithstanding their extensive conflicts of interest.

47. First, both Goldman Sachs and Jefferies have deeply entrenched and highly profitable relationships with both CD&R and Stone Point. As such, Goldman Sachs and Jefferies were incentivized to issue opinions blessing the Buyout sought by them so as not to risk antagonizing them and jeopardizing those business relationships.⁵

48. Second, Goldman Sachs was incentivized to issue an Opinion supporting the Buyout by the contingent structure of its advisory fee. In this regard, the bulk of Goldman Sachs' fee is contingent upon consummation of the Buyout and in essence contingent upon the issuance of a favorable "fairness opinion" by it, without which there would be no deal and no deal fee for Goldman Sachs. Specifically, *Goldman Sachs will receive a \$32.3 million fee only if the Buyout*

⁵ See Afra Afsharipour and J. Travis Laster, Enhanced Scrutiny on the Buy Side, 53 GEORGIA LAW REVIEW 443, 455-457 (2019) (Noted corporate scholar and Delaware Vice Chancellor Travis Laster has written that "[bankers are likely to] "shade [their] advice . . . to avoid displeasing [those from whom] they wish to have repeat business.").

closes and just \$2 million if it does not. This gives Goldman Sachs a \$30.3 million dollar incentive to issue a favorable “fairness opinion.”⁶

49. Third, both Goldman Sachs and Jefferies stand on both sides of the Buyout as each is potentially invested in CD&R and will thus benefit from CD&R underpaying for Focus.

50. Given Goldman Sachs and Jefferies longstanding and conflicting ties to CD&R and Stone Point each was incentivized to support the Buyout and render favorable “fairness opinions” in favor of it, regardless of its unfairness to Focus’s shareholders.

D. The Materially Misleading and/or Incomplete Proxy

51. In connection with soliciting the approval of the Buyout by Plaintiff and other Focus investors, the Defendants disseminated the Proxy which misrepresents and/or omits the following material facts:

- (i) According to the Proxy, Defendant Carey and Defendant Muhtadie each serve as Managing Directors of Stone Point and such directors may have certain interests in the Buyout, by virtue of the Support Agreement and their affiliation with Stone Point, that may be different from, or in addition to, the interests of the Company’s stockholders generally. The Proxy is deficient, misleading, and incomplete because it does not disclose the specifics of Defendant Carey’s and Defendant Muhtadie’s interests in the Buyout, including any benefits that may flow through Stone Point to them personally.

The financial interests and other conflicts of interest of those recommending the transaction to the Company’s investors are material and must be disclosed.

- (ii) According to the Proxy, Defendant Carey and Defendant Muhtadie

⁶ See *In re Atheros Communs., Inc. S’holder Litig.*, 2011 Del. Ch. LEXIS 36, at *29 (Ch. Mar. 4, 2011) (noting that a “contingent fee can readily be seen as providing an extraordinary incentive for [an investment bank] to support the Transaction”); *In re Tele-Comms., Inc. S’holders Litig.*, 2005 Del. Ch. LEXIS 206, at *41 (Ch. Dec. 21, 2005) (“[T]he contingent compensation of the financial advisor, DLJ, of roughly \$40 million creates a serious issue of material fact, as to whether DLJ ... could provide independent advice ...”).

each serve as Managing Directors of Stone Point and such directors may have certain interests in the Buyout, by virtue of the TRA Waiver and Exchange Agreements, the TRA Note and their affiliation with Stone Point, that may be different from, or in addition to, the interests of the Company's stockholders generally. Additionally, Defendant Adolf and Defendant Sundar Kodialam, as named executive officers ("NEOs") of the Company, may have certain interests in the Buyout by virtue of TRA Waiver and Exchange Agreements and TRA Notes that are different from, or in addition to, the interests of the Company's stockholders generally. Payments pursuant to the TRA Note will be made to each NEO solely in respect of such NEO's capacity as a TRA Holder. Additionally, the other Defendants, as members of the Board, may have certain interests in the Mergers, by virtue of their right to receive the applicable Holder TRA Payoff Amount in cash in connection with closing of the Mergers, that are different from, or in addition to, the interests of the Company's stockholders generally. The Proxy is deficient, misleading, and incomplete because it does not disclose the benefits that each Individual Defendant and Stone Point are expected to receive by virtue of the TRA Waiver and Exchange Agreements, the TRA Note, and/or the right to receive the applicable Holder TRA Payoff Amount in cash by (a) each of the Individual Defendant and (b) Stone Point.

The financial interests and other conflicts of interest of those recommending the transaction to the Company's investors are material and must be disclosed.

- (iii) According to the Proxy, at the effective time of the Buyout, each outstanding unvested Common Unit held by a member of Focus LLC (including each director and executive officer of the Company who is a member of Focus LLC), including, with respect to each such member who holds unvested Incentive Units, each unvested Common Unit received as a result of the conversion of unvested Incentive Units held by such member that have a Hurdle Amount (as defined in the Focus LLC Agreement) that is less than the Buyout Consideration, shall automatically be cancelled and converted into a contingent cash payment equal to the Buyout Consideration, which contingent cash payment will vest and become payable pursuant to the same vesting schedule applicable to the corresponding unvested Common Unit or Incentive Unit, as applicable. The Proxy is deficient, misleading, and incomplete because it does not disclose the amounts that each of the Individual Defendants will receive for their unvested Common Units as a result of the Buyout.

The financial interests and other conflicts of interest of those recommending the transaction to the Company's investors are

material and must be disclosed.

- (iv) The Proxy is deficient, misleading, and incomplete because it does not disclose (a) the roles that Defendant Adolf and Defendant Sundar Kodialam are anticipated to have with the surviving company following the Buyout, (b) the extent to which each has had discussions regarding employment with the combined company following the Buyout, including when those discussions took place, (c) the extent to which the Board was informed of the nature of those discussions and when, and (d) the compensation each is expected to receive for that employment.

The financial interests and other conflicts of interest of those recommending the transaction to the Company's investors are material and must be disclosed.

- (v) According to the Proxy, in connection with the Buyout each then outstanding Company Option that is unvested and has a per share exercise price that is less than the Buyout consideration will automatically be cancelled and converted into a contingent right to receive a cash payment. The Proxy is deficient, misleading, and incomplete because it does not disclose the amounts that each of the Individual Defendants will receive for their unvested Company Options in connection with the Buyout.

The financial interests and other conflicts of interest of those recommending the transaction to the Company's investors are material and must be disclosed.

- (vi) According to the Proxy, in connection with the Buyout each then outstanding company restricted stock unit (a "Company RSU") that is unvested will automatically be cancelled and converted into a contingent cash payment. The Proxy is deficient, misleading, and incomplete because it does not disclose the amounts that each of the Individual Defendants will receive for their unvested Company RSUs in connection with the Buyout.

The financial interests and other conflicts of interest of those recommending the transaction to the Company's investors are material and must be disclosed.

- (vii) According to the Proxy, in connection with the Buyout, each then outstanding share of Company Common Stock subject to forfeiture, vesting or other lapse conditions (a "Company Restricted Share") will automatically be cancelled and converted into a contingent contractual

right to receive a cash payment. The Proxy is deficient, misleading, and incomplete because it does not disclose the amounts that each of the Individual Defendants will receive for their Restricted Shares in connection with the Buyout.

The financial interests and other conflicts of interest of those recommending the transaction to the Company's investors are material and must be disclosed.

- (viii) According to the Proxy, Goldman Sachs and its affiliates and employees may at any time purchase, sell, hold or vote long or short positions and investments in securities and other financial instruments of CD&R, any of its affiliates and portfolio companies, Stone Point, affiliates of which are significant stockholders of the Company, affiliates of Ruediger Adolf, a significant stockholder of the Company, and affiliates of Rajini Kodialam, a significant stockholder of the Company, or any of their respective affiliates and portfolio companies. The Proxy is deficient, misleading, and incomplete because it does not disclose (a) the value of the positions of Goldman Sachs, and of any of Goldman Sachs' employees on the team advising Focus Financial, in securities and other financial instruments of CD&R, any of its affiliates and portfolio companies, Stone Point, affiliates of which are significant stockholders of the Company, affiliates of Ruediger Adolf, a significant stockholder of the Company, and affiliates of Rajini Kodialam, a significant stockholder of the Company, or any of their respective affiliates and portfolio companies (b) and the extent to which they increased those positions during the Buyout process.

The conflicts of interest of the Company's financial advisor are material and must be disclosed.

- (ix) According to the Proxy, Goldman Sachs' affiliates may have co-invested with CD&R and Stone Point and their respective affiliates and may have invested in limited partnership units of affiliates of CD&R and Stone Point and may do so in the future. The Proxy is deficient, misleading, and incomplete because it does not disclose the value of Goldman Sachs' affiliates' (a) co-investments with CD&R and Stone Point and their respective affiliates and (b) investments in limited partnership units of affiliates of CD&R and Stone Point.

The conflicts of interest of the Company's financial advisor are material and must be disclosed.

- (x) According to the Proxy, Jefferies and its affiliates may trade or hold securities of Ferdinand FFP Acquisition, LLC and its affiliates and,

accordingly, may at any time hold long or short positions in those securities. The Proxy is deficient, misleading, and incomplete because it does not disclose the (a) the value of Jefferies and its affiliates' positions in the securities of CD&R, Stone Point, affiliates of Ruediger Adolf, and affiliates of Rajini Kodialam, or any of their respective affiliates and portfolio companies (b) and the extent to which they increased those positions during the Buyout process.

The conflicts of interest of the Company's financial advisor are material and must be disclosed.

- (xi) According to the Proxy, as part of Goldman Sachs' illustrative discounted cash flow analysis of the Company, Goldman Sachs discounted to present value as of December 31, 2022 (i) estimates of Unlevered Free Cash Flows for the Company for the fiscal years 2023 through 2027 as reflected in the Projections, (ii) a range of illustrative terminal values for the Company, which were calculated by applying terminal year exit price-to-earnings ("P/E") multiples ranging from 8.5x to 10.5x, to 2027E Adjusted Net Income to be generated by the Company, as reflected in the Projections, and added terminal year net debt to derive a range of terminal year enterprise values, and (iii) the projected purchased intangible amortization and associated cash tax benefit for the Company as reflected in the Projections. Goldman Sachs derived ranges of illustrative enterprise values for the Company and then subtracted the Company's net debt, certain contingent and deferred consideration, and added the amount of certain of the Company's investments and the benefit to the Company under the Tax Receivable Agreements, in each case, as provided by the management of the Company and approved for Goldman Sachs' use by the Committee, to derive a range of illustrative equity values for the Company. The Proxy is deficient, misleading, and incomplete because it does not disclose (a) whether stock-based compensation was treated as a cash expense for the estimates of Unlevered Free Cash Flows, (b) the terminal year net debt, (c) the Company's net debt, and certain contingent and deferred consideration that were subtracted from ranges of illustrative enterprise values for the Company, and (d) and the amounts of certain of the Company's investments and the benefit to the Company under the Tax Receivable Agreements that were added to the ranges of illustrative enterprise values for the Company.

The key financial metrics used by the Company's financial advisor in arriving at its Opinion are material to shareholders and must be disclosed so that shareholders can determine how much weight to put on the Opinion in deciding whether to vote for the Buyout.

- (xii) According to the Proxy, as part of Goldman Sachs' Illustrative Present

Value of Future Share Price Analysis, Goldman Sachs derived a range of future values per share of Class A Common Stock for the Company for each of the years 2023 through 2025 by applying next twelve months' ("NTM") P/E multiples ranging from 8.0x to 10.0x to estimates of the Company's earnings per share. The Proxy is deficient, misleading, and incomplete because it does not disclose the estimates of the Company's earnings per share for each of the years 2024 through 2026.

The key financial metrics used by the Company's financial advisor in arriving at its Opinion are material to shareholders and must be disclosed so that shareholders can determine how much weight to put on the Opinion in deciding whether to vote for the Buyout.

- (xiii) According to the Proxy, as part of Jefferies' Selected Public Companies Analysis, Jefferies derived multiples for each of the selected companies by reviewing the closing stock price per share of each of the selected companies as of February 24, 2023 as a multiple of estimated adjusted earnings per share for calendar year 2023 ("CY 2023E EPS"). The Proxy is deficient, misleading, and incomplete because it does not disclose the Price/CY 2023E EPS multiples derived for each of the selected companies.

The key financial metrics used by the Company's financial advisor in arriving at its Opinion are material to shareholders and must be disclosed so that shareholders can determine how much weight to put on the Opinion in deciding whether to vote for the Buyout.

- (xiv) According to the Proxy, as part of Jefferies' Selected Precedent Transactions Analysis, Jefferies reviewed transaction values of the selected transactions, calculated as the enterprise values implied for the target companies involved in the selected transactions based on the consideration paid or payable in the selected transactions, as a multiple of the latest 12 months EBITDA of the target companies as of the announcement date of the applicable selected transaction. The Proxy is deficient, misleading, and incomplete because it does not disclose the multiples calculated for each of the selected transactions.

The key financial metrics used by the Company's financial advisor in arriving at its Opinion are material to shareholders and must be disclosed so that shareholders can determine how much weight to put on the Opinion in deciding whether to vote for the Buyout.

- (xv) According to the Proxy, Jefferies performed a discounted cash flow analysis of the Company by calculating the estimated present value of the stand-alone Unlevered Free Cash Flows that the Company was

forecasted to generate during the fiscal years ending December 31, 2023 through December 31, 2027 based on the Projections. Jefferies performed a discounted cash flow analysis of the Company's Acquisition-Related Capital Deployment based on the Projections during the fiscal years ending December 31, 2023 through December 31, 2027, in addition to a deferred or contingent portion that related to pre-2023 mergers and acquisitions activity and a portion that was estimated, based on the Projections, to be paid on a deferred or contingent basis beyond the fiscal year ending December 31, 2027 in each of the fiscal years ending December 31, 2029 and December 31, 2032. The terminal value range of the Company was calculated by applying a multiple range of 8.75x to 9.75x to the Company's estimated Adjusted EBITDA for the fiscal year ending December 31, 2027. The Proxy is deficient, misleading, and incomplete because it does not disclose (a) the deferred or contingent portion that related to pre-2023 mergers and acquisitions activity and the portion that was estimated, based on the Projections, to be paid on a deferred or contingent basis beyond the fiscal year ending December 31, 2027 in each of the fiscal years ending December 31, 2029 and December 31, 2032 and (b) the methodology used to derive the multiple range of 8.75x to 9.75x used in calculating the terminal value range of the Company.

The key financial metrics used by the Company's financial advisor in arriving at its Opinion are material to shareholders and must be disclosed so that shareholders can determine how much weight to put on the Opinion in deciding whether to vote for the Buyout.

- (xvi) According to the Proxy, at a meeting on December 22, 2022, Company management and representatives of Goldman Sachs and Jefferies discussed certain of the Company's business initiatives that could be pursued as a standalone company as an alternative to a Potential Transaction. Following Goldman Sachs and Jefferies' and Company management's departure from the meeting, defendants Feliciani, LeMieux, Morganroth and Neuhoff discussed these business initiatives and CD&R's planned business strategy for the Company. The Proxy is deficient, misleading, and incomplete because it does not disclose the substance of these discussions.

Factual information regarding the process, negotiations and discussions leading to the Buyout is material and must be disclosed in order for the Company's investors and securities holders to assess the fairness and sufficiency of the process and the Buyout price, whether the process was biased or tainted by the personal interests of its officers and directors, and whether to vote their shares in favor of or against the Buyout.

- (xvii) According to the Proxy, at a meeting on December 28, 2022, defendants Feliciani, LeMieux, Morganroth and Neuhoff discussed with Jefferies certain matters relating to the TRA Payoff Amount and the portability of the Company's debt under the Existing Credit Documents in a Potential Transaction. The Proxy is deficient, misleading, and incomplete because it does not disclose the substance of this discussion.

Factual information regarding the process, negotiations and discussions leading to the Buyout is material and must be disclosed in order for the Company's investors and securities holders to assess the fairness and sufficiency of the process and the Buyout price, whether the process was biased or tainted by the personal interests of its officers and directors, and whether to vote their shares in favor of or against the Buyout.

- (xviii) According to the Proxy, at a meeting on January 7, 2023, the defendants Feliciani, LeMieux, Morganroth and Neuhoff and their advisors discussed Stone Point's views and how they might inform Goldman Sachs and Jefferies' outreach to other potential bidders, the bidding process for those interested parties at that time, and CD&R's responses to Goldman Sachs and Jefferies' clarification questions. The Proxy is deficient, misleading, and incomplete because it does not disclose the substance of these discussions.

Factual information regarding the process, negotiations and discussions leading to the Buyout is material and must be disclosed in order for the Company's investors and securities holders to assess the fairness and sufficiency of the process and the Buyout price, whether the process was biased or tainted by the personal interests of its officers and directors, and whether to vote their shares in favor of or against the Buyout.

- (xix) According to the Proxy, at a meeting on January 10, 2023, defendants Feliciani, LeMieux, Morganroth and Neuhoff discussed the circumstances in which Stone Point might be willing to consider selling, rolling over all or a portion of its equity interests in the Company, or rolling over all or a portion of its equity interests in the Company and making a new investment in the pro forma company. defendants Feliciani, LeMieux, Morganroth and Neuhoff discussed certain strategy and tactics in connection with negotiating the value of the Holder TRA Payoff Amounts that would otherwise be payable to Stone Point and Company management in a Potential Transaction and the current gap between price per share offer in CD&R's January 5th proposal and their view on price per share for a Potential Transaction.

The Proxy is deficient, misleading, and incomplete because it does not disclose the substance of these discussions.

Factual information regarding the process, negotiations and discussions leading to the Buyout is material and must be disclosed in order for the Company's investors and securities holders to assess the fairness and sufficiency of the process and the Buyout price, whether the process was biased or tainted by the personal interests of its officers and directors, and whether to vote their shares in favor of or against the Buyout.

- (xx) According to the Proxy, at a meeting on January 11, 2023, representatives of Goldman Sachs and Jefferies discussed with defendants Feliciani, LeMieux, Morganroth and Neuhoff (i) the Tax Receivable Agreements, (ii) the quantum of additional value that could be available for an increase in per share purchase price offered by CD&R if Stone Point and Company management forfeit their Holder TRA Payoff Amounts in a Potential Transaction, and (iii) certain potential treatments that defendants Feliciani, LeMieux, Morganroth and Neuhoff could propose with respect to the Holder TRA Payoff Amounts otherwise payable to Stone Point and Company management in a Potential Transaction. The Proxy is deficient, misleading, and incomplete because it does not disclose the substance of these discussions.

Factual information regarding the process, negotiations and discussions leading to the Buyout is material and must be disclosed in order for the Company's investors and securities holders to assess the fairness and sufficiency of the process and the Buyout price, whether the process was biased or tainted by the personal interests of its officers and directors, and whether to vote their shares in favor of or against the Buyout.

- (xxi) According to the Proxy, at a meeting on January 15, 2023, defendants Feliciani, LeMieux, Morganroth and Neuhoff and their advisors discussed potential alternatives that the Company could pursue in the absence of an acquisition transaction, including maintaining the status quo or implementing operational changes that could have the potential to create value over time. The Proxy is deficient, misleading, and incomplete because it does not disclose the substance of these discussions.

Factual information regarding the process, negotiations and discussions leading to the Buyout is material and must be disclosed in order for the Company's investors and securities holders to assess the fairness and sufficiency of the process and the Buyout price, whether

the process was biased or tainted by the personal interests of its officers and directors, and whether to vote their shares in favor of or against the Buyout.

- (xxii) According to the Proxy, at a meeting on February 8, 2023, Mr. Adolf reported on partner and investor feedback regarding the Company's public announcement of exclusivity with CD&R and the price per share for a Potential Transaction. Representatives of Jefferies provided an overview of the Company's recent stock price performance and certain analyses in connection therewith, and representatives of Goldman Sachs reviewed certain of the Company's business initiatives. The Proxy is deficient, misleading, and incomplete because it does not disclose the substance of these discussions.

Factual information regarding the process, negotiations and discussions leading to the Buyout is material and must be disclosed in order for the Company's investors and securities holders to assess the fairness and sufficiency of the process and the Buyout price, whether the process was biased or tainted by the personal interests of its officers and directors, and whether to vote their shares in favor of or against the Buyout.

- (xxiii) According to the Proxy, on February 17, 2023, representatives of Company management met with representatives of CD&R and Stone Point to discuss, among other things, updates on the recent financial performance of the Company and the Company's near-term mergers and acquisitions pipeline. The Proxy is deficient, misleading, and incomplete because it does not disclose the substance of these discussions.

Factual information regarding the process, negotiations and discussions leading to the Buyout is material and must be disclosed in order for the Company's investors and securities holders to assess the fairness and sufficiency of the process and the Buyout price, whether the process was biased or tainted by the personal interests of its officers and directors, and whether to vote their shares in favor of or against the Buyout.

- (xxiv) According to the Proxy, at a meeting on February 18, 2023, with all meeting attendees present, Mr. Adolf reported on recent investor feedback regarding a Potential Transaction. Defendants Feliciani, LeMieux, Morganroth and Neuhoff discussed certain key outstanding issues under the draft transaction documentation as they related to each of Company management and the Company. They and their advisors also discussed the proposed go-shop, the current status of the negotiations on the go-shop provisions, and whether certain terms for

the proposed go-shop would allow Party I to effectively participate in a go-shop, if it chose to do so. The Proxy is deficient, misleading, and incomplete because it does not disclose the substance of these discussions.

Factual information regarding the process, negotiations and discussions leading to the Buyout is material and must be disclosed in order for the Company's investors and securities holders to assess the fairness and sufficiency of the process and the Buyout price, whether the process was biased or tainted by the personal interests of its officers and directors, and whether to vote their shares in favor of or against the Buyout.

- (xxv) According to the Proxy, on February 24, 2023, Jefferies delivered an updated relationships disclosure memorandum to the Committee. On February 25, 2023, Goldman Sachs delivered an updated relationships disclosure memorandum to defendants Feliciani, LeMieux, Morganroth and Neuhoff. The Proxy is deficient, misleading, and incomplete because it does not disclose the substance of any discussions of Jefferies' and Goldman Sachs' relationship disclosure memoranda.

Factual information regarding the process, negotiations and discussions leading to the Buyout is material and must be disclosed in order for the Company's investors and securities holders to assess the fairness and sufficiency of the process and the Buyout price, whether the process was biased or tainted by the personal interests of its officers and directors, and whether to vote their shares in favor of or against the Buyout.

- (xxvi) According to the Proxy, on March 2, 2023, defendants Feliciani, LeMieux, Morganroth and Neuhoff met to discuss the parties that had expressed an interest in considering a potential acquisition of the Company, and the information sharing with, and potential participation of, certain potential bidders in this process. The Proxy is deficient, misleading, and incomplete because it does not disclose the substance of these discussions.

Factual information regarding the process, negotiations and discussions leading to the Buyout is material and must be disclosed in order for the Company's investors and securities holders to assess the fairness and sufficiency of the process and the Buyout price, whether the process was biased or tainted by the personal interests of its officers and directors, and whether to vote their shares in favor of or against the Buyout.

(xxvii) According to the Proxy, at a meeting on March 22, 2023, Goldman Sachs and Jefferies provided defendants Feliciani, LeMieux, Morganroth and Neuhoff with an update on the go-shop process. Representatives of Goldman Sachs also discussed certain of the Company's business initiatives and recent developments with respect thereto. The Proxy is deficient, misleading, and incomplete because it does not disclose the substance of these discussions.

Factual information regarding the process, negotiations and discussions leading to the Buyout is material and must be disclosed in order for the Company's investors and securities holders to assess the fairness and sufficiency of the process and the Buyout price, whether the process was biased or tainted by the personal interests of its officers and directors, and whether to vote their shares in favor of or against the Buyout.

FIRST CAUSE OF ACTION

CLAIM FOR NEGLIGENT MISREPRESENTATION AND CONCEALMENT UNDER NEW YORK COMMON LAW

(Against All Defendants)

52. Plaintiff repeats and realleges all previous allegations as if set forth in full herein.

53. Pursuant to New York common law, the Focus Defendants undertook an obligation to the investors of Focus, including Plaintiff, to communicate accurate and truthful information in the Proxy and to exercise reasonable care and competence in connection with the accuracy and completeness of investor communications, including investor communications in the Proxy.

54. When Plaintiff acquired his Focus shares and when the Proxy were disseminated by Defendants, Plaintiff justifiably relied on the Focus Defendants to fully discharge their duty with reasonable care and competence so that when the Focus Defendants requested investor action on a matter, all investors would have all material information necessary to make a fully informed decision on the matter and the collective action of the investors body would be the product of fully informed investors actions untainted or compromised by false, misleading or incomplete information in a Proxy or other corporate communication to investors.

55. In connection with the solicitation of investors' vote in favor of the Buyout, the Focus Defendants disseminated and/or participated in the dissemination to Plaintiff and the other investors of Focus, the Proxy which contains the materially false and misleading statements and omissions of presently existing or past facts specified herein.

56. Pursuant to the Buyout agreement, the Private Equity Buyers are contractually obligated to ensure that the Proxy contains no untrue statements of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Further, the Private Equity Buyers participated in the dissemination of the Proxy by supplying information to Focus with knowledge that it would be included in the Proxy.

57. Defendants were negligent and failed to exercise reasonable care or competence in communicating or failing to communicate in the Proxy truthfully and completely the material information specified herein.

58. As investors to whom the Proxy was disseminated, Plaintiff (and the other Focus investors) were intended by Defendants to rely on the materially false and misleading statements and omissions in the Proxy when deciding whether to vote in favor of the Buyout and Focus's investors did rely, were justified in doing so, and by reason thereof, the investors actions have been or will be tainted, compromised and corrupted by the Defendants' materially false and misleading statements and omissions.

59. By reason thereof, the decision by Focus's investors on the Buyout in light of the Defendants' dissemination of the Proxy, which contains the false and misleading information and omissions as specified above, has or threatens to cause irreparable harm to Plaintiff because it has or threatens to taint, compromise and corrupt the investors' decision on the Buyout, and damage

and deprive Plaintiff of his interest in Focus without proper and fully informed collective action by the investors of Focus.

60. By reason of the forgoing, Defendants' negligent misrepresentation and or omission of the material information specified herein has and will proximately cause Plaintiff injury and irreparable harm absent an injunction.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment as follows:

- A. declaring that Defendants violated New York law by negligently misrepresenting concealing and omitting facts in the Proxy they distributed to Plaintiff and other Focus investors in connection with recommending they vote in favor of the Buyout;
- B. enjoining the closing of the Buyout until trial or until the Defendants make corrective and complete disclosures;
- C. awarding interest, attorney's fees, expert fees and other costs, in an amount to be determined; and
- D. granting such other relief as the Court may find just and proper.

Dated: New York, New York
June 19, 2023

/s/ Richard B. Brualdi
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