

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

DAVID KOVACS,

Plaintiff,

v.

AUDIOEYE, INC., DAVID MORADI,
CARR BETTIS, JOHN DOES 1-10 (fictitious
names), and ABC ENTITIES 1-10 (fictitious
names),

Defendants.

Index No.: 651810/2024

**AMENDED COMPLAINT
AND JURY DEMAND**

Plaintiff demands a trial by Jury

Plaintiff DAVID KOVACS (“Plaintiff” or “Kovacs”), by and through his attorneys at Walden Macht & Haran, alleges as follows:

INTRODUCTION

1. This is a case about how Defendants AudioEye, Inc. (“AUDIOEYE”), David Moradi (“MORADI”), and Carr Bettis (“BETTIS”) tried to force and coerce Plaintiff to participate in an illegal insider trading and market manipulation scheme, and when Plaintiff refused, MORADI, AudioEye’s Chief Executive, terminated his employment.

2. Prior to the termination of his employment, Plaintiff attempted to inform AUDIOEYE’s Human Resources Department about the unlawful activity, but was dissuaded from following through with the report by BETTIS, Chairman of the AudioEye Board. Then, Defendants fired and spread lies about Plaintiff, accusing Plaintiff of intentionally misrepresenting his educational background and work history nearly a decade ago.

3. With Plaintiff out of the picture, MORADI and others continued to act with impunity, painting the tape to pump and dump AUDIOEYE stock. Since Plaintiff's termination in late January, AudioEye stock has increased over 400%.

4. Defendants' unlawful termination and defamation of Plaintiff have caused Plaintiff substantial professional and financial harm.

5. Plaintiff files this lawsuit to obtain redress for these injuries and to ensure Defendants cease, and are held accountable for, their ongoing smear campaign and violations of the law.

THE PARTIES

6. Plaintiff is, and at all times hereinafter relevant, was a resident of the County of New York, State of New York, and regularly reported to AUDIOEYE's New York County office for meetings with superiors.

7. Plaintiff is an innovative and serial entrepreneur focused on private equity and venture capital. He provides financial, business advisory, and strategic services for companies involved in myriad industries, including finance, healthcare, real estate and technology.

8. At all times material to this Complaint, Plaintiff was employed by Defendant AUDIOEYE within the meaning of Labor Law § 2 and supervised by Defendant MORADI.

9. Upon information and belief, Defendant AUDIOEYE is a corporation formed in the State of Delaware and registered to do business in the State of New York, with an office for the transaction of business located in the County of New York, State of New York. Defendant Employer's stock is publicly traded on NASDAQ as "AEYE." AUDIOEYE provides website accessibility compliance services to businesses, helping businesses provide an accessible and usable web experience to individuals with disabilities.

10. Upon information and belief, Defendant MORADI is a resident of Florida.

11. MORADI, since approximately July 2020, has been employed as the Chief Executive Officer of AUDIOEYE and has been a supervisor of Plaintiff. MORADI joined AUDIOEYE's Board of Directors on or about November 13, 2019. He was appointed as the interim Chief Executive Officer of AUDIOEYE in approximately July 2020, and was appointed as the permanent Chief Executive Officer of AUDIOEYE effective January 13, 2022. At all relevant times, MORADI has had a substantial ownership interest in AUDIOEYE. He had on many occasions worked out of AUDIOEYE's New York County office.

12. At all times material to this Amended Complaint, MORADI was employed singularly, jointly, and severally by AUDIOEYE.

13. Upon information and belief, Defendant BETTIS is a resident of the County of Dallas, State of Texas.

14. BETTIS, since approximately March 2015, has served as AUDIOEYE's Chairman of the Board and Executive Chairman. BETTIS joined AUDIOEYE's Board of Directors on or about December 2012. He previously served as AUDIOEYE Director and chaired the Compensation Committee. BETTIS has attended AUDIOEYE Board of Directors meetings in New York County.

15. Defendant John Does 1-10 and ABC Entities 1-10 are entities or persons whose names are not presently known or identifiable to Plaintiff. These Defendants are entities and/or persons which/who aided and abetted and/or conspired with AUDIOEYE, MORADI, and/or BETTIS in the commission of the unlawful actions, i.e. insider trading, described in this Amended Complaint; ratified the unlawful conduct of AUDIOEYE, MORADI, and/or BETTIS described in

this Amended Complaint; or are otherwise legally responsible for the unlawful conduct described in this Amended Complaint.

JURISDICTION & VENUE

16. This Court has jurisdiction pursuant to N.Y. C.P.L.R. § 301 and § 302.

17. Venue is proper in this county pursuant to N.Y. C.P.L.R. § 503, § 509, and N.Y. Lab. Law § 740(4)(b).

JURY DEMAND

18. Plaintiff demands a trial by jury.

FACTUAL ALLEGATIONS

I. Plaintiff's Employment and Compensation at AudioEye

19. On or about January 15, 2014, AUDIOEYE hired Plaintiff as an independent contractor consultant and gave Plaintiff the title of Managing Director of AUDIOEYE. Pursuant to a Consulting Agreement, one of the components of Plaintiff received compensation for his consulting services in the amount of 50,000 restricted shares per month of AUDIOEYE common stock.

20. On or about October 26, 2016, AUDIOEYE hired Plaintiff as an employee and gave him the title of Strategic Advisor of AUDIOEYE. Pursuant to an Offer of Employment, Plaintiff was to receive compensation for his services as a Strategic Advisor in the amount of a \$30,000 annual base salary plus stock options or restricted shares of AUDIOEYE's common stock consisting of 208,338 shares, options, or combined, plus the opportunity to participate in a comprehensive package of benefit plans.

21. On or about April 19, 2018, AUDIOEYE sent Plaintiff a letter entitled "Compensation Adjustment," which informed Plaintiff that, in addition to his annual base

compensation of \$30,000, he would be granted 958,333 Restricted Stock Units, as part of an “effort to recognize individual contributions.”

22. On or about April 26, 2018, AUDIOEYE provided Plaintiff with a document entitled “AUDIOEYE, INC. NOTICE OF GRANT OF RESTRICTED STOCK UNITS (For U.S. Participants),” which stated that on March 27, 2018, AUDIOEYE had granted to Plaintiff 458,333 units of the restricted stock of AUDIOEYE, which had a vesting commencement date of April 1, 2018.

23. On or about April 26, 2018, AUDIOEYE provided Plaintiff with a second document entitled “AUDIOEYE, INC. NOTICE OF GRANT OF RESTRICTED STOCK UNITS (For U.S. Participants),” which stated that on March 27, 2018, AUDIOEYE had granted to Plaintiff 500,000 units of the restricted stock of AUDIOEYE, which had a vesting commencement date of April 1, 2018.

24. On or about April 29, 2019, AUDIOEYE provided Plaintiff with a document entitled “Payroll Status Change,” which stated that, effective May 1, 2019, Plaintiff’s job would change from Strategic Advisor in the Operations Department to Vice President of Business Development, in the Business Development Department, with his pay rate changing from \$30,000 per year to \$130,000 (with no adjustment to his annual stock compensation). At the end of the document was a description of Plaintiff’s new position, stating that he would be reporting to AUDIOEYE’s Chief Executive Officer.

II. Moradi Instructs Plaintiff to Engage in Illegal Insider Trading and Market Manipulation and Plaintiff Refuses

25. MORADI was a Co-Founder of First Contact Entertainment, Inc. (“First Contact”), a developer focused on creating narrative-driven virtual reality games and experiences. As of August 2023, MORADI was the Executive Chairman of First Contact’s Board of Directors and

effectively controlled all decisions made by First Contact through his ownership of all series A voting shares in First Contact. Plaintiff was also a Co-founder of First Contact, and held stock in First Contact in August 2023, in the amount of approximately \$20 million. On or about August 24, 2023, First Contact released a new video game named Firewall Ultra.

26. On August 26, 2023, BETTIS, who was at the time the Executive Chairman of AUDIOEYE's Board of Directors, and a member of First Contact's Board of Directors, asked Plaintiff to reach out to MORADI. Plaintiff tried to call MORADI twice that day, at 1:06 p.m. and again at 3:13 p.m. On the evening of August 26, 2023, at 8:20 p.m., MORADI returned Plaintiff's call. Plaintiff spoke with MORADI by telephone for more than two hours. During the telephone conversation, MORADI referred Plaintiff to a virtual private network ("VPN") and directed him to download it and use it to conduct unlawful activities on behalf of First Contact and AUDIOEYE. MORADI informed Plaintiff that the purpose of the VPN was to be undiscoverable when browsing and interacting online. During this telephone conversation, MORADI initially instructed Plaintiff to set up the VPN and use it to redirect Plaintiff's Internet Protocol address while creating and publishing a series of fake reviews of the new Firewall Ultra video game produced and sold by First Contact, in order to increase consumer demand for the game and boost the price of First Contact's shares. At the time, First Contact was engaged with Bank of America and in the process of being sold.

27. During this telephone conversation on August 26, 2023, MORADI further stated to Plaintiff that, after Plaintiff became proficient at using the VPN to publish fake video game reviews, Plaintiff was to use the VPN to help increase the price of AUDIOEYE's stock by conducting market manipulation and insider trading activities for AUDIOEYE, including by receiving non-public material information about AUDIOEYE from MORADI, and providing it to

wealthy acquaintances before such information was released to the public. MORADI explained that inducing these individuals to purchase AUDIOEYE's stock would attract additional investors and pump up the price of AUDIOEYE's shares before the information at issue was released to the general public. During the call, MORADI explained to Plaintiff that, under the proposed scheme, after the information was released to the general public, the price of AUDIOEYE shares would further increase to levels they would not have reached without the initial pumping up of the price to an inflated price basis through the insider trading. Then, once the non-public information was released to the general public, MORADI and his co-conspirators could sell their shares of AUDIOEYE's stock at higher prices than they otherwise could have sold them for.

28. During the August 26, 2023 telephone conversation, Plaintiff stated that he did not want to do anything illegal, especially dealing with AUDIOEYE's stock. MORADI became upset and said, "Buddy, if you are not going to help with this, maybe you won't get your equity at First Contact, and maybe I won't feel like supporting your health benefits or your role at AudioEye anymore." Afraid that MORADI would follow through with these threats, Plaintiff acceded and told MORADI that he would set up the VPN and write the fake reviews for First Contact.

29. Following the August 26, 2023 conversation, Plaintiff hoped that MORADI would not follow up on the instructions to use the VPN to engage in illegal activity, but MORADI did. Two days later, on August 28, 2023, at 4:46 p.m., MORADI called Plaintiff and asked if Plaintiff had set up the VPN yet. Plaintiff said that he had not. MORADI then became enraged, called Plaintiff a "motherfucker," and warned Plaintiff that Plaintiff would be fired from his job at AUDIOEYE and that Plaintiff's First Contact equity would be taken away if Plaintiff did not aid and abet MORADI in creating fake reviews for First Contact and engaging in the scheme proposed by MORADI to participate in insider trading and pump and dump AUDIOEYE stock. During the

August 28 conversation, MORADI stated to Plaintiff that “I am the law;” “I have the best lawyers in the world, I will never get in trouble, Buddy;” and “I’m worth \$200 million and you’re a fucking employee at AudioEye working for me.” Plaintiff was also scheduled to undergo a serious medical surgery as treatment for a traumatic event suffered by Plaintiff. MORADI held this medical procedure over Plaintiff’s head and threatened to cancel it: “You want an expensive surgery? Earn your keep, motherfucker,” MORADI stated to Plaintiff.

30. During the August 28, 2023 call, MORADI further stated to Plaintiff: “First, do these reviews [for First Contact], then I need you to help me get AudioEye’s stock up.” Plaintiff responded to MORADI by stating that he would not participate in the conduct involving AUDIOEYE’s stock, and MORADI responded by stating: “I will not support your healthcare and your salary, you motherfucker, earn your keep. You do what I say and when I say it. Respect your elders, motherfucker. You will do the reviews and you will do what I tell you to do with AudioEye’s stock. Do what I tell you and set it up now.” Plaintiff, fearing MORADI, responded: “Okay, okay, I will set it up. No problem, brother. I’m sorry, you know I’m loyal to you. Let’s handle First Contact Entertainment fake reviews first.”

31. On August 28, 2023, at 6:59 p.m., 7:45 p.m., 8:08 p.m., and 9:00 p.m., and on August 29, 2023, at 10:26 p.m., Plaintiff had phone conversations with MORADI, in which MORADI guided Plaintiff through the process of creating the VPN, helped Plaintiff create fake reviews for First Contact, and discussed wealthy investors that Plaintiff knew who could participate in the proposed insider trading scheme for AUDIOEYE. During these phone conversations, MORADI stated to Plaintiff, “You see, Buddy, you’re getting good at this. You’re going to make a lot of friends happy on AudioEye stock.”

32. Between August 27, 2023, and August 29, 2023, MORADI and Plaintiff exchanged a series of text messages concerning MORADI's proposed scheme to use the VPN to publish fake video game reviews for First Contact. Plaintiff agreed to publish the fake reviews using the VPN because he believed that MORADI would take retaliatory actions against him, including termination of his employment at AUDIOEYE and attempting to take away his equity in First Contact, if he failed to do so. In total, Plaintiff personally published three fake reviews for the video game Firewall Ultra. Plaintiff also enlisted others to help publish fake reviews.

33. On September 5, at 7:01 p.m., Plaintiff and MORADI had another telephone conversation, during which Plaintiff reiterated to MORADI that Plaintiff did not feel comfortable engaging in the scheme relating to AUDIOEYE. Plaintiff stated to MORADI, among other things: "I didn't do well using the VPN to make fake reviews for Firewall Ultra myself; others were better at using the VPN. I'm not sure how good I'll be at the AUDIOEYE campaign." Plaintiff said this to deter MORADI from forcing Plaintiff to engage in the AUDIOEYE scheme.

34. Between September 6, 2023, and November 13, 2023, despite being Plaintiff's assigned supervisor, MORADI had limited to no contact with Plaintiff.

35. Between August 26, 2023, and November 13, 2023, Plaintiff spoke to BETTIS regularly. In late August 2023, Plaintiff told BETTIS that MORADI had asked Plaintiff to do some things that were unethical and that made Plaintiff uncomfortable. BETTIS told Plaintiff that he must do what MORADI had asked of him. On many occasions during this period, BETTIS reminded Plaintiff to follow MORADI's instructions and that if Plaintiff didn't, "MORADI was going to ruin [Plaintiff's] life."

III. Plaintiff Attempts to Report Moradi's Request to Engage in Illegal Conduct to AudioEye's Human Resources Department

36. On November 13, 2023, at 1:38 p.m., Plaintiff emailed Brittani Morelli, Vice President of AudioEye Human Resources, and BETTIS, Chairman of the Board, and requested a meeting to discuss MORADI's request, namely, to use a VPN to engage in insider trading, market manipulation, and a pump and dump scheme that Plaintiff believed to be illegal. In the email, Plaintiff wrote: "As an employee of AudioEye for almost 10 years and in excellent standing, I'd like to have an extremely confidential conversation with you. I ask that this is only between myself, Carr Bettis (our board member) and you;" Plaintiff stated that he wanted BETTIS to be "involved in this conversation due to his ethics and just being an amazing and outstanding human being."

37. Plaintiff sent the email because BETTIS was consistently reminding him that MORADI would ruin Plaintiff's life if Plaintiff didn't follow MORADI's instructions. Moreover, Plaintiff believed it would be only a matter of time before MORADI told Plaintiff to begin conducting the proposed insider trading scheme, as Plaintiff had learned how to use the VPNs, and had them set up and ready to use.

38. After receiving the Plaintiff's email, Morelli informed MORADI that Plaintiff had reached out to the Human Resources Department to request a confidential meeting.

39. On November 13 and 14, 2023, BETTIS spoke with Plaintiff by telephone and informed Plaintiff that MORADI was becoming enraged with Plaintiff. BETTIS strongly discouraged Plaintiff to speak with Morelli; BETTIS said that Morelli was loyal to MORADI, and anything Plaintiff told Morelli would be shared with MORADI.

40. In and around late November 2023, during a telephone call with Plaintiff, BETTIS said: "David Moradi found out that you reached out to Brittani and feels you are setting him up."

During that same conversation, BETTIS stated that MORADI told BETTIS that MORADI no longer wanted to support Plaintiff's employment benefits, and that BETTIS had responded by saying that "it's very bad karma if you do this to Kovacs."

41. In a phone conversation in early December 2023, BETTIS told Plaintiff that MORADI was going to destroy Plaintiff's life if Plaintiff fought with him.

42. Plaintiff did not follow up with Morelli and report MORADI's instruction to engage in illegal conduct, because BETTIS encouraged Plaintiff not to. Plaintiff was also frightened that AUDIOEYE and MORADI would retaliate against him by terminating his employment and depriving him of his medical benefits and stock compensation if he followed through with the report.

IV. AudioEye and its Agents, Including Moradi and Bettis, Retaliate Against Plaintiff

a. Moradi Terminates Plaintiff's AudioEye Employment

43. On January 17, 2024, AUDIOEYE terminated Plaintiff's employment. AUDIOEYE's general counsel James Spolar informed Plaintiff via email of the termination, stating that Plaintiff's services were no longer needed at AUDIOEYE. In a subsequent email, on January 19, 2024, Spolar informed Plaintiff that the termination was "for cause;" at that time, Spolar did not share additional details about what conduct constituted "cause."

44. On or about January 18 or 19, 2024, BETTIS spoke with Plaintiff by telephone, stating that MORADI would destroy Plaintiff's life.

45. On January 20 or 21, 2024, BETTIS stated to Plaintiff during a phone conversation, "I hope you come to terms and find peace with yourself, and do not fight David Moradi because if you continue fighting with Moradi, Moradi will destroy your life by any and all means."

46. On or about February 20, 2024, a month after Plaintiff's unlawful termination, Plaintiff was told by AUDIOEYE that his employment had been terminated because Plaintiff

allegedly misrepresented his educational background and work history when the company had interviewed him nearly a decade earlier. (This false claim was simply a pretextual reason for AUDIOEYE to fire a dedicated employee who blew the whistle about MORADI's insider trading scheme.) Plaintiff was further informed that his AUDIOEYE stock was forfeited.

b. AudioEye and Moradi File Retaliatory Litigation Against Plaintiff, Causing Plaintiff Additional Reputational, Emotional and Economic Harm

47. On April 5, 2024, Plaintiff filed the instant lawsuit in New York County against Defendants, alleging Wrongful Termination Under New York Labor Law, Defamation, Tortious Interference with Contract, and Intentional Infliction of Emotional Distress. *See* NYSCEF 1.

48. On April 8, 2024, Plaintiff also submitted a report via email with the New York Regional Office of the Securities and Exchange Commission (newyork@sec.gov) that included the above details.

49. AUDIOEYE and MORADI filed a retaliatory lawsuit against Plaintiff in Florida on April 10, 2024, alleging Fraudulent Inducement, Defamation, and Unjust Enrichment. *See* No. 2024-006401-CA-01 (Fla. Miami Dade Cnty. Apr. 10, 2024).

c. AudioEye and its Agents Defame Plaintiff, Causing Plaintiff Reputational, Emotional and Economic Harm

50. Plaintiff, BETTIS, and Giorgi Rtskhiladze the co-founders of a Delaware corporation named Eternal Sources Tech Partners, Inc. ("Eternal Sources").

51. In March 2024, Plaintiff, BETTIS, and Giorgi Rtskhiladze each owned one-third of Eternal Sources, which at the time owned assets valued at \$10-\$12 million, including windmills for energy generation.

52. In early March 2024, a month and a half after the termination, BETTIS called Rtskhiladze and defamed Plaintiff, claiming that Plaintiff lied to AUDIOEYE about his background when Plaintiff was hired by AUDIOEYE.

53. These statements were false. Plaintiff did not, in fact, lie about his background when he was hired by AUDIOEYE, and AUDIOEYE and its agents, including BETTIS and MORADI, knew or should have known that Plaintiff had not lied about his background.

54. Following BETTIS' defamatory statements about Plaintiff to Rtskhiladze, Rtskhiladze informed Plaintiff that he could no longer partner with him. Rtskhiladze and BETTIS subsequently took control of Eternal Sources' assets and shut the company down, causing substantial financial harm to Plaintiff of approximately \$4 million.

55. In the First Quarter of 2024, BETTIS also called Plaintiff's business partner Alfred Zaccagnino, who was the head of private equity firm Samaritan Group. BETTIS told Zaccagnino similar false statements: that Plaintiff had lied about his background to AUDIOEYE when Plaintiff was hired, that this had led to an investigation, and the situation was creating extensive liability for AUDIOEYE.

V. Summary: The Illegal Scheme Manifests on the NASDAQ Exchange

56. On Monday, August 28, 2023, AUDIOEYE's stock opened on the NASDAQ exchange at \$4.67 per share and closed at \$4.71 per share; that day, 10,900 shares traded and the market cap was approximately \$55,600,000.¹

57. On November 13, 2023, the day that Plaintiff emailed AUDIOEYE Human Resources to report the illegal scheme, AUDIOEYE's stock opened on the NASDAQ exchange at \$4.17 per share and closed at \$4.11 per share; that day, 14,100 shares traded and the market cap was approximately \$48,900,000.

58. On January 17, 2024, the day AUDIOEYE and MORADI terminated Plaintiff's employment, AUDIOEYE's stock opened on the NASDAQ exchange at \$5.06 per share and

¹ Plaintiff was first asked to participate in the illegal scheme on Saturday, August 26, 2023. Monday, August 28, 2023, was the first trading day thereafter.

closed at \$5.24 per share; that day, 28,600 shares traded and the market cap was approximately \$62,300,000.

59. As of May 29, 2024, AUDIOEYE's stock opened on the NASDAQ exchange at \$23.28 per share and closed at \$25.59 per share; that day, 536,200 shares traded and the market cap was approximately \$300,000,000.

FIRST CAUSE OF ACTION
RETALIATION—NEW YORK LABOR LAW § 740
(Against all Defendants)

60. Plaintiff repeats and realleges each and every allegation made in the above paragraphs of this complaint.

61. New York State Labor Law § 740 prohibits an employer from retaliating against any employee who has engaged in any activity protected by § 740.

62. Plaintiff did engage in activity protected by § 740, to wit: Plaintiff refused to participate in insider trading, market manipulation, and a pump and dump scheme, which Plaintiff reasonably believed to be unlawful, and contacted AUDIOEYE's Human Resources Department about the same.

63. Defendants AUDIOEYE, MORADI, and BETTIS did, in violation of § 740, retaliate against Plaintiff because of his participation in such protected activity, to wit: AUDIOEYE and its agents, unlawfully and without cause, terminated Plaintiff's employment. Plaintiff's termination was a direct result of Plaintiff objecting and refusing to participate in the unlawful scheme proposed by MORADI, beginning on or about August 26, 2023, and as a direct result of Plaintiff attempting to disclose the unlawful scheme to AUDIOEYE's Human Resources Department and Chairman BETTIS.

64. Plaintiff is entitled to damages, including, but not limited to, lost wages and benefits, damages for emotional distress, punitive damages, and reasonable attorneys' fees and costs of this action.

65. Plaintiff has lost and will continue to lose substantial income and compensation including, but not limited to, wages, shares of stock in AUDIOEYE, social security, fringes, pension and seniority benefits, and other benefits due to Plaintiff.

66. As a further direct and proximate result of said unlawful employment practices, Plaintiff has suffered the indignity of great humiliation, which has manifested in physical illness and emotional stress.

67. Defendants conduct was wanton, malicious, willful and/or cruel, entitling Plaintiff to an award of punitive damages.

SECOND CAUSE OF ACTION
TORTIOUS INTERFERENCE WITH PROSPECTIVE BUSINESS RELATIONS
(against Defendants AUDIOEYE, MORADI and BETTIS)

68. Plaintiff repeats and realleges each and every allegation made in the above paragraphs of this complaint.

69. In March 2024, Plaintiff had ongoing business relations with a third party.

70. Defendant AUDIOEYE and its agents, including MORADI and BETTIS, interfered with those business relations by spreading falsehoods about Plaintiff.

71. Defendants' misrepresentations about Plaintiff were undertaken for the sole purpose of harming Plaintiff.

72. Such conduct was wrongful and improper.

73. Plaintiff's business relationships were damaged as a result of Defendants' misrepresentations.

THIRD CAUSE OF ACTION
DEFAMATION
(against all Defendants)

74. Plaintiff repeats and realleges each and every allegation made in the above paragraphs of this complaint.

75. Following its wrongful retaliatory termination of Plaintiff's employment, in the First Quarter of 2024, AUDIOEYE and its agents, including BETTIS and MORADI, made false statements to Plaintiff's business partners.

76. Each of the statements identified—and was “of or concerning”—Plaintiff.

77. Each of those statements were intentionally made by AUDIOEYE and its agents, and contained falsehoods about Plaintiff.

78. The false statements regarding Plaintiff were defamatory *per se*.

79. The false and defamatory statements were published to Plaintiff's business partners and damaged Plaintiff in his trade, occupation, and/or business

80. Defendants made these false and defamatory statements knowing that they were false or with reckless disregard for their truth or falsity.

81. Defendants made these false statements with ill will and spite, and with wanton, reckless, or willful disregard for their injurious effects on Plaintiff and Plaintiff's rights.

82. Defendants' false and defamatory statements caused Plaintiff to suffer reputational, emotional, and professional harm, as alleged above.

FOURTH CAUSE OF ACTION
INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS
(against all Defendants)

83. Plaintiff repeats and realleges each and every allegation made in the above paragraphs of this complaint.

84. Plaintiff, in his employment as a Vice President of Business Development at AUDIOEYE, was in a subordinate position to MORADI and BETTIS was subject to the authority of MORADI and BETTIS.

85. The acts and omissions of AUDIOEYE, MORADI, and BETTIS were outrageous, intentional, malicious, and in reckless disregard of Plaintiff's sensibilities, and were an abuse of their authority over Plaintiff. These actions were taken with intent to cause, or disregard for, the substantial probability of causing severe emotional distress.

86. As a result of Defendants' intentional infliction of emotional distress, Plaintiff has suffered severe emotional distress.

87. Defendants conduct was wanton, malicious, willful and/or cruel, entitling Plaintiff to an award of punitive damages.

WHEREFORE, Plaintiff respectfully requests a judgment against Defendant:

- a. Awarding damages to Plaintiff, in an amount to be determined at trial, for lost opportunities and to otherwise make Plaintiff whole for any losses suffered as a result of Defendants' actions;
- b. Awarding Plaintiff compensatory damages, in an amount to be determined at trial, for humiliation, mental anguish, emotional distress, and injury to reputation;
- c. Awarding Plaintiff damages for loss of earning capacity;
- d. Awarding Plaintiff punitive damages;
- e. Awarding Plaintiff attorneys' fees, costs, and expenses incurred in the prosecution of this action; and
- f. Awarding Plaintiff such other and further relief as the Court may deem equitable, just, and proper to remedy Defendants' actions.

Dated: June 26, 2024

Respectfully submitted,

By:



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