



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

LOS ANGELES CITY EMPLOYEES’
RETIREMENT SYSTEM, on behalf of
EXP WORLD HOLDINGS, INC.,

Plaintiffs,

v.

C.A. No. 2024-0998-KSJM

GLENN SANFORD, RANDALL MILES,
DAN CAHIR, JASON GESING, EUGENE
FREDERICK, and JAMES BRAMBLE,

**PUBLIC REDACTED
VERSION AS FILED
ON OCTOBER 1, 2024**

Defendants,

-and-

EXP WORLD HOLDINGS, INC.,

Nominal Defendant.

VERIFIED DERIVATIVE COMPLAINT

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Lead Plaintiff Los Angeles City Employees' Retirement System and Additional Plaintiff Building Trades Pension Fund of Western Pennsylvania (together, "Plaintiffs"), derivatively, on behalf of eXp World Holdings, Inc. ("eXp" or the "Company"), bring this Verified Stockholder Derivative Complaint (the "Complaint") against Defendants Glenn Sanford, Randall Miles, Dan Cahir, Jason Gesing, Eugene ("Gene") Frederick, and James ("Jim") Bramble (collectively, "Defendants"). The allegations set forth herein are based on counsel's detailed investigation, which includes, among other things, (i) documents produced by the Company pursuant to Section 220 of the General Corporation Law of the State of Delaware;¹ (ii) interviews conducted by Lead Counsel in their investigation

[REDACTED]

[REDACTED]

[REDACTED]; (iii) filings in federal district court cases brought by survivors of the sexual misconduct described herein, styled as *Acevedo et al. v. eXp World Hldgs., Inc., et al.*, Case No. 2:23-cv-01304 (C.D. Cal. Feb. 22, 2023), and *Roberts v. eXp Realty, LLC, et al.*, Case No. 2:23-cv-10492 (C.D. Cal. Dec. 14, 2023), which have been sustained, and *Carter v. Chris Nevada, et al.*, Case No. 3:24-cv-00025 (D. Nev. Jan. 16, 2024), which has been settled; (iv) the Company's public

¹ On September 3, 2024, counsel for the Company certified that its production of documents responsive to Plaintiffs' 220 Demands was complete.

filings with the United States Securities and Exchange Commission; (v) media reports; and (vii) other public sources.

INTRODUCTION

1. This case involves harrowing acts of surreptitious drugging and sexual assault of eXp real estate agents by the Company’s top agents or “Influencers.” Since at least 2018, Defendants knew that executives and Influencers—including Michael Bjorkman, David Golden, Dave Conord, and dozens of others—were systematically drugging and sexually assaulting eXp agents at Company events. Defendants chose to cover up this sexual misconduct, allowing it to continue and endangering the safety of the real estate agents who make up the lifeblood of the Company.

2. Although the Company had no process to report sexual misconduct to the eXp Board, numerous eXp agents took the courageous step of reaching out to Company executives and the Board with accounts of their assaults. The Board thus knew by no later than September 2020 about the widespread sexual misconduct occurring at eXp events. The Board ignored these reports and agents’ pleas for recourse. Instead, Defendants orchestrated a cover-up to protect the assailants, prioritizing the profits that inflated executive bonuses over agent safety and compliance with the law—as well as basic human decency. As Defendant Gene Frederick, a former Board member, bluntly noted after an agent who was assaulted

came forward, “[Jane Doe 3] wants [Golden] fired, and we all know that’s not going to happen.”

3. In interviews with Lead Counsel [REDACTED] [REDACTED] confirmed that he personally raised the sexual assault allegations [REDACTED]. In response, [REDACTED] was told to stay out of it, including by Defendant Glenn Sanford, the Company’s founder, CEO, and Chairman of the Board, as well as Defendant Randall Miles, Sanford’s personal “fixer.” According to Defendant Sanford, “this was not their problem and would be simply a three-to-five-day newspaper phenomenon and then would disappear.” [REDACTED] the Board never put the discussion of the sexual assault allegations on the official agenda of the Board meetings or in the meeting minutes, and that this was intentional.

4. The Board refused to act because a cover-up was more profitable for certain Defendants, including Sanford, Frederick, and Jason Gesing, a former Board member and former President of the Company’s subsidiary, eXp Realty. Under eXp’s “revenue share program,” Defendants Sanford, Frederick, and Gesing earned an “unlimited” bonus based on the profits generated by the agents in their so-called “downline.” Participants in the revenue share program, including Defendants, earn increasingly large bonuses as the agents they recruited build their books of business and generate profits. More successful agents, more money. As top eXp agents made

more money and recruited new agents, Sanford's, Frederick's, and Gesing's bonuses grew. If those agents left the Company, Sanford, Frederick, and Gesing would make substantially less money. As a result, when [REDACTED] spoke to Defendant Sanford about terminating Golden and Bjorkman, with whom Sanford worked for years before they joined the Company and whose downline generated income for Sanford, Sanford told the [REDACTED] that he wanted to keep the revenue share model intact.

5. This misconduct is part and parcel of Defendant Sanford's longstanding practice of stacking the Board with loyalists, maximizing his own personal profits, and ousting anyone who opposes him. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Defendant Frederick, although complacent to the allegations of sexual misconduct, was eventually pushed off the Board after asking Sanford for the Company's "real" books, not the ones that Sanford was giving to Deloitte, the Company's outside auditors.

6. As a result of certain Defendants' conduct and the Board's purposeful decision to ignore reports of criminal abuse, eXp has been the subject of widespread

public scrutiny and now faces numerous lawsuits, exposing the Company to liability under federal and state law. Multiple complaints filed by survivors of the misconduct have been sustained, and at least one other lawsuit settled. The Company also paid millions of dollars to the assailants for months and years after their misconduct became public. In some instances, eXp continued these payments even after the assailants left the Company.

7. In sum, despite the Company's own recent admission that "[t]he safety and wellbeing of our agents and employees is paramount," Defendants failed to implement a reasonable system to detect sexual misconduct. Instead, Defendants put in place an unhelpful "policy Jenga," ignored the accounts of sexual assault that managed to make their way to the Board, and orchestrated a cover-up to protect the assailants and maximize their own bonuses. As one agent aptly put it, the rampant and unchecked sexual misconduct at eXp "is a poison in the company."

PARTIES

8. **Lead Plaintiff Los Angeles City Employees' Retirement System** is a current stockholder of the Company and has held stock since June 2019.

9. **Additional Plaintiff Building Trades Pension Fund of Western Pennsylvania** is a current stockholder of the Company and has held stock since November 2021.

10. **Nominal Defendant eXp World Holdings, Inc.** owns and operates a

portfolio of businesses focused on cloud-based real estate brokerage operations. eXp offers real estate brokerage services primarily to residential homeowners and homebuyers in the U.S. and abroad through its wholly owned subsidiary, eXp Realty, LLC (“eXp Realty”). eXp’s other businesses develop technologies and provide affiliated services to support the Company’s real estate brokerage business. The Company is incorporated in Delaware, and its stock trades on the NASDAQ Global Market under the ticker “EXPI.”

11. **Defendant Glenn Sanford** is the founder of eXp Realty, Chief Executive Officer of eXp and eXp Realty, and the Chairman of the Company’s Board of Directors (the “Board”) since 2013. At all relevant times, he was the controlling stockholder of the Company. Together with his ex-wife, Penny Sanford—and from December 17, 2020, until July 31, 2023, with Defendants Gesing and Frederick—Defendant Sanford made up a control group filing collectively on a Schedule 13D (the “Control Group”). From December 17, 2020, until July 31, 2023, the Control Group collectively owned shares representing more than 50% of the Company’s voting power, and at all relevant times, Defendant Sanford, through the Control Group, controlled shares representing no less than 45% of the Company’s voting power.

12. **Defendant Randall Miles** is a current member of the Board. He has served on the Board since 2016. He also is a member of the Compensation

Committee and is the Chair of the Audit Committee.

13. **Defendant Dan Cahir** is a current member of the Board. He has served on the Board since December 2018. He also is a member of the Audit and Compensation Committees.

14. **Defendant Jason Gesing** was a member of the Board from September 27, 2014, to January 10, 2024, and was the CEO of eXp Realty from May 2016 through July 2018, and from October 2019 through December 2022. He was the President of eXp Realty from October 2013 through May 2016 and the President of the Company from June 2014 through September 2016. He was also a participant in the Control Group from December 17, 2020, until January 10, 2024. The Control Group collectively owned shares representing more than 50% of the Company's voting power from December 17, 2020, until July 31, 2023. From July 31, 2023, until January 10, 2024, when Gesing dissociated from the Control Group, the Control Group collectively owned shares representing 47.69% of the Company's voting power.

15. **Defendant Gene Frederick** was a member of the Board from April 7, 2016, to May 19, 2023, and has been a realtor with eXp Realty since April 2015. He was also a participant in the Control Group from December 17, 2020, until July 31, 2023. At all times during that period, the Control Group collectively owned shares representing more than 50% of the Company's voting power.

16. **Defendant James Bramble** is the Chief Legal Counsel, General Counsel, and Corporate Secretary of eXp, and has been a member of the Company's executive Leadership Team since March 2019. He is responsible for litigation and corporate governance matters affecting the Company.

JURISDICTION

17. This Court has jurisdiction over this Action pursuant to 10 *Del. C.* § 341, which provides that this Court “shall have jurisdiction to hear and determine all matters and causes in equity.”

18. As directors and/or officers of the Company, Defendants have consented to the jurisdiction of this Court pursuant to 10 *Del. C.* § 3114.

SUBSTANTIVE ALLEGATIONS

A. Under The Company's Revenue Share Program, Defendants Profit from Top Agents In Their “Downline”

19. eXp offers cloud-based real estate brokerage services, primarily to residential homeowners and homebuyers. Unlike traditional real estate brokerages, eXp employs a direct marketing strategy, sometimes referred to as “multi-level marketing,” encouraging its real estate agents to make direct sales to family, friends, and others in their network and to recruit other individuals to join eXp as real estate agents. When an eXp agent successfully recruits a new real estate agent—a “Recruited Agent”—to join eXp, the person who recruited the agent becomes his “Sponsor.” The Sponsor's “downline” consists of the Sponsor's Recruited Agents

and all the agents recruited by the Sponsor's Recruited Agents. An agent's "upline" consists of the agent's Sponsor, their Sponsor's Sponsor, and so forth. This results in a seven-tiered hierarchy, which the Company describes as follows:

- Agent.
- Tier 1: the group of eXp Agents sponsored by the Agent.
- Tier 2: the group of eXp Agents sponsored by Tier 1 eXp Agents.
- Tier 3: the group of eXp Agents sponsored by Tier 2 eXp Agents.
- Tier 4: the group of eXp Agents sponsored by Tier 3 eXp Agents.
- Tier 5: the group of eXp Agents sponsored by Tier 4 eXp Agents.
- Tier 6: the group of eXp Agents sponsored by Tier 5 eXp Agents.
- Tier 7: the group of eXp Agents sponsored by Tier 6 eXp Agents.

20. Sponsors are automatically enrolled in the Company's revenue share program, which pays out Sponsors for sales made by their Recruited Agents. As of June 2024, roughly 25% of the Company's agents are enrolled in the program. Under the program, a Sponsor's revenue share is a function of (i) the number of "Front Line Qualifying Active" or "FLQA" agents, i.e., Recruited Agents who have hit a designated sales threshold, and (ii) the tier into which each FLQA falls. The Company then uses a matrix to determine the Sponsor's revenue share as a percentage of the sales made by agents within each of the Sponsor's tiers, and the total amount of Adjusted Gross Commission Income ("AGCI") paid on transactions

in each tier group. As depicted below, the highest percentage that a Sponsor can earn is on sales by Recruited Agents in their 7th tier, which must consist of at least 30 agents:

Sustainable Revenue Share Chart

	eXpansion Share	eXponential Share							Total % of AGCI Paid on Transactions in Each Tier Group
		Tier 1 Front-line Qualifying Agent Count Needed							
		1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30+	
Tier 1	-	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Tier 2	0.2%	-	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	4.0%
Tier 3	0.1%	-	-	2.4%	2.4%	2.4%	2.4%	2.4%	2.5%
Tier 4	0.1%	-	-	-	1.4%	1.4%	1.4%	1.4%	1.5%
Tier 5	0.1%	-	-	-	-	0.9%	0.9%	0.9%	1.0%
Tier 6	0.5%	-	-	-	-	-	2.0%	2.0%	2.5%
Tier 7	0.5%	-	-	-	-	-	-	4.5%	5.0%

AGCI = Adjusted Gross Commission Income

21. Sponsors are thus incentivized to attract as many Recruited Agents to eXp as possible and to encourage their Recruited Agents to do the same. After three years with the Company, eXp agents become “Vested Participants” in the revenue share program, meaning that even if they dissociate from eXp, they will continue to earn a revenue share, so long as they do not work for an eXp competitor.

22. The revenue share program is important for four reasons. First, the Sponsor is incentivized to retain top agents in their downline that are making them money, regardless of whether those top agents engage in misconduct or even criminal behavior. Second and relatedly, eXp took no steps to prevent top agents from exploiting their status as Influencers to drug and assault people. Third, the Company refused to allow agents to change sponsors even when Sponsors were

accused of sexually assaulting agents in their downline. Indeed, under the Company's policies and procedures, "[c]hanges in sponsorship are only permitted under very extraordinary conditions," which do not include sexual misconduct. Finally, even when a top agent who was a Vested Participant was forced to leave the Company, they continued receiving pay-outs from the Company for years afterwards.

B. eXp Recruitment Events Are Critical To The Company And Each Individual Agent's Success

23. Influencers sustain the Company's multi-level structure by hosting recruitment events that are formally or informally sponsored by the Company. The purpose of these events is to attract new agents and retain current agents. [REDACTED]

[REDACTED] there were major events quarterly, and any Influencer or agent can throw an event as frequently as weekly.

24. eXp recruitment events are designed to convey the appearance of wealth and success to entice agents to join the Company. These events typically have a party atmosphere—alcohol and illicit drug use is widespread. Indeed, as part of their training, top Influencers are encouraged to plan eXp recruitment events in beautiful, exotic locations and to ensure that every event features an open bar. eXp also showcases its top Influencers to convince people to join eXp.

25. These recruitment events are pitched to eXp agents as critical for

success at the Company. eXp speakers, including Defendant Sanford, stressed that the key to success at eXp was not selling real estate, but recruiting other real estate agents to join the Company. Thus, attendance at recruiting events was mandatory for agents who wanted to succeed at eXp.

C. For Years, eXp Agents Are Systematically Drugged And Sexually Assaulted At “Alcohol-Soaked” Company-Sponsored Events

26. As a federal district court noted in sustaining the *Acevedo* claims, eXp had a “longstanding culture” of allowing its top Influencers to drug and sexually assault women at eXp events and “silenc[ing] those whose accounts of sexual harassment and assault would impact profit.”

27. Two of those top Influencers were Golden and Bjorkman. They regularly sponsored eXp recruitment events and ensured that those events were well-stocked with alcohol and “date rape” drugs, such as Rohypnol or “roofies” and gamma-Hydroxybutyric acid or “GHB.” Golden and Bjorkman enticed female eXp agents to attend these events, drugged them without their knowledge, and brought them to hotel rooms, where they sexually assaulted or raped them, often while they were unconscious. This heinous sexual misconduct took place over a period of years across countless eXp events dating back to 2018—and before then, Golden and Bjorkman had a long history of engaging in similar misconduct dating back to the early 2000s, when they worked at Keller Williams with Defendant Sanford.

28. In 2021 [REDACTED] received numerous calls from between five and eight agents from around the country with accounts of sexual misconduct. [REDACTED] also received more than a dozen text messages that turned into calls or chats on Workplace, eXp's virtual office software. Some of the people who contacted [REDACTED] were not involved in the filed civil lawsuits against eXp and were scared or embarrassed to come forward. Each person who contacted [REDACTED] reported that they had been drugged and sexually assaulted by Bjorkman and Golden. As described further below, [REDACTED] raised the issues of sexual misconduct to the Board and urged the Board to act—it did not.

29. Significantly, the sexual misconduct taking place at eXp went far beyond the allegations against Golden and Bjorkman. [REDACTED] was told that others were enabling Golden and Bjorkman's misconduct, and that dozens of people participated in assaulting the women that Golden and Bjorkman had drugged.

30. For instance, [REDACTED] heard about Influencers, including former eXp agent Richard ("Rick") Geha, standing outside the doors to the hotel room, waiting to enter and sexually assault women who were drugged or, as [REDACTED] recounted, "finishing sloppy seconds." Notably, Geha's downline included Golden and Bjorkman, and his upline included Gove and Defendant Frederick.

31. [REDACTED] described wild parties that took place in hotel rooms during eXp events. [REDACTED] it was known that if you did not leave the room by 11 p.m., you were locked in for the rest of the night, and whatever happened in that room stayed in that room. [REDACTED] [REDACTED] although some participants were engaged in consensual sex, others were not.

32. eXp Realty's former Director of Diversity and Employee Success ("Diversity Director"), who was with eXp Realty from November 2019 until June 2021, confirmed that sexual misconduct at eXp conferences and events was widespread, and that people were afraid to tell him about this misconduct.² An employee on the payment processing team told the Diversity Director that women were being sexually assaulted and drugged at these events. According to the Diversity Director, it was very clear that women were being drugged and sexually assaulted. Another realtor told him that "dozens of people went into that room," further corroborating [REDACTED] women being drugged and successively assaulted or raped by multiple assailants.

² For ease of readability and to preserve anonymity, this Complaint refers to [REDACTED] former employees discussed herein, using he/him/his pronouns.

D. The Company’s “Policy Jenga” For Sexual Misconduct Does Not Protect Agents

1. No Sexual Misconduct Policy For Agents

33. [REDACTED] multiple former employees confirmed that the Company had no sexual misconduct policy for agents until after the sexual assault allegations became public. As one former employee recalled, the Company then implemented a “Band-Aid” that agents either did not know about or did not use due to fear of retaliation.

34. The Diversity Director confirmed that the Company had no standardized policies to address sexual misconduct: “All of their policies were airish.” He described the policies among the various eXp entities as “policy Jenga.” A former Global Operations Coordinator (the “Global Operations Coordinator”), whose job responsibilities included writing policies and procedures for agents, including standard operating procedures, confirmed that there were no standard operating procedures for sexual harassment and sexual assault while he was at the Company from April 2019 until October 2023, and that he did not know of such a policy. [REDACTED] the Board thought the sexual assault and drugging allegations were a civil matter, and that sexual misconduct would be handled by the courts because agents are not employees.

2. Unclear And Inadequate Reporting Mechanisms That Do Not Escalate Sexual Misconduct To The Board

35. The Company does not provide its agents or employees with clear guidance on how to report and escalate sexual misconduct. [REDACTED]

[REDACTED] agents could not complain to eXp's Human Resources department because agents were contractors. [REDACTED] eXp only had a "Cultural Integrity Group," but that was for reporting things like an agent violating a moral or ethical code by referencing someone with a sexual or racial slur.

36. [REDACTED] after allegations of sexual assault surfaced, the Company used an anonymous email system as a Band-Aid, but no agent knew about it. The Diversity Director likewise recalled that this system originally was intended for corporate employees, not agents, and that the committee tasked with monitoring the email system did not include Human Resources. The Diversity Director also spoke to agents who said that they did not trust the anonymous email system. He did not know of any other processes that could be used to file a complaint of sexual harassment or assault at eXp.

37. The Global Operations Coordinator similarly described how after the sexual assaults went public, senior leadership put up a front to make it seem like they were doing something and told employees that they could complain to their managers about any incident. However, according to the Global Operations

Coordinator, “no one made complaints if they valued their job.” Indeed, the Global Operations Coordinator’s team was told by Mike Valdes (Chief Growth Officer at eXp Realty) to let upper leadership know immediately if anyone was heard speaking about the allegations.

38. The process by which complaints were handled at eXp is similarly opaque. For instance, the Diversity Director reported that there were no timelines for processing complaints. He was supposed to be the escalation point for complaints of sexual misconduct, and yet, he was told that he could not process the complaints. He further confirmed that he was never allowed to know the process for anonymous emails. He was able to poke holes in the Company’s policies, and any time he challenged a policy, he was told that he did not understand the real estate business. Whenever he tried to get a policy approved, he was met with pushback and told that’s not how things were done at eXp.

39. Documents produced by eXp in response to Plaintiffs’ books-and-records demands further confirm this “policy Jenga.” For example, the Company’s Code of Business Conduct and Ethics—which only applies to eXp employees, directors, and officers, not to real estate agents—“requires the reporting of any potential violation of th[e] Code.” The Code does not designate a process by which eXp agents can report harassment.

40. By contrast, for “financial, accounting and/or audit matters,” or “any

actions prohibited by the Code involving directors or officers,” the Company provided eXp agents with clear guidance for reporting and escalating issues to the Board. The Code provides detailed information about how agents can access and anonymously report financial misconduct through the Company’s hotline, which is available via phone and web.³ Such reports are “delivered directly to the Audit Committee” and discussed during Audit Committee meetings.

41. No similar mechanism exists for employees or agents to report sexual misconduct by agents to the Audit Committee or the Board. Because the Company has a clear and simple process for eXp agents to report financial misconduct, it is clear that Defendants knew how to implement such a system—they simply chose not to do so for sexual misconduct affecting eXp agents.

42. The Company’s Policies and Procedures designate a process for eXp agents to report harassment, but that process is murky, and there is no process for escalating such reports to management or the Board. The Policies and Procedures state that “[i]f an Agent feels they have been harassed in any way, the Agent shall notify the State Broker or a member of the corporate team immediately.” [REDACTED]

[REDACTED] agents were told that they could go to their state broker to address a concern, to an agent counsel [REDACTED] However, this was

³ See *eXp World Holdings, Inc. Confidential and Anonymous Financial Concern Hotline*, <https://www.whistleblowerservices.com/EXPI/>.

not part of [REDACTED] duties, and there was no hotline for agents to call to report sexual misconduct. Additionally, as the *New York Times* reported on December 15, 2023, eXp’s “policies do not specify which corporate member should be contacted, or how brokers and executives should respond.” Further, eXp offered no training on how to handle reports of sexual misconduct.

3. Company Policy Prevents Agents From Changing Sponsors

45. The Company also makes it impossible for agents affected by sexual misconduct to switch Sponsors. According to Company documents, before 2018, eXp agents could change Sponsors by obtaining written permission from each agent in their upline and paying a one-time fee of \$1,000. But between 2018 and 2020, during the height of the sexual assaults discussed herein, the Company revised its contracts to expressly prohibit an agent from switching sponsors.

46. Thus, instead of taking steps to address sexual misconduct at the Company, Defendants have done the exact opposite, making sponsorship designations irrevocable, insulating wrongdoers (i.e., eXp’s top Influencers), and protecting Defendants’ bottom line.

E. Beginning In The Fall Of 2020, Numerous eXp Agents Come Forward With Accounts Of Sexual Assault At eXp Events

47. Although the Company had no process to report sexual misconduct to the Board, numerous eXp agents took the courageous step of reaching out to

Company executives and the Board to tell them what happened. The Board thus knew by no later than September 2020 about the widespread sexual misconduct that was occurring at eXp events.

1. Jane Doe 3 And At Least Six Other People

48. Jane Doe 3 is a former eXp agent who was drugged and sexually assaulted by Bjorkman on August 29, 2020, during an eXp recruitment event in Las Vegas. Jane Doe 3, still an eXp agent at the time, attended the event because Bjorkman told her that it “would be good for her real estate career to attend.”

49. Jane Doe 3 reported the assault to Golden and Gove who, unknown to Jane Doe 3 at the time, were complicit in Bjorkman’s sexual misconduct. Jane Doe 3 told Golden about the assault in September 2020, a few weeks after it happened. Golden was in Jane Doe 3’s upline and had co-hosted the event during which Bjorkman assaulted her. In response, Golden encouraged Jane Doe 3 to lie to the police about what happened. Jane Doe 3 also began to receive threatening messages from people associated with Bjorkman and Golden.

50. On March 3, 2021, Jane Doe 3 reported the assault to Gove. Gove was also in Jane Doe 3’s upline and he had attended the gathering in Bjorkman and Golden’s hotel suite where Bjorkman sexually assaulted her. During this conversation, Jane Doe 3 expressed the pain she felt knowing that eXp leadership, including Gove, knew about Golden and Bjorkman’s sexual misconduct for years

before she was assaulted and did nothing. Indeed, two months earlier, in January 2021, Gove had contacted several eXp agents asking them to submit false statements to a Las Vegas investigator to help Golden and Bjorkman.

51. Five days later, on March 8, 2021, Bjorkman was arrested for sexually assaulting Jane Doe 3. A Las Vegas detective filed a 27-page declaration (the “Bjorkman Arrest Declaration”) setting forth details about Bjorkman’s sexual misconduct uncovered through the detective’s extensive investigation. As detailed in the Bjorkman Arrest Declaration, Bjorkman’s sexual assaults “were reported to have occurred in numerous locations around the United States” and “spanned over several years.” Indeed, Jane Doe 3 told the detective that Bjorkman had drugged and sexually assaulted another woman at the same event in Las Vegas where she had been sexually assaulted, and drugged and sexually assaulted two other women at events in Hawaii and Mexico.

52. The Bjorkman Arrest Declaration also summarizes the detective’s interviews with numerous witnesses who further corroborated Jane Doe 3’s account of sexual misconduct. For instance, the detective spoke with Michael Hellickson, the CEO and founder of real estate coaching company Club Wealth, who reported that he had spoken with numerous women who had experiences similar to Jane Doe 3’s. Hellickson also reported that Golden supplied Bjorkman with GHB; participated in sexually assaulting the women Bjorkman drugged; and together with

Bjorkman, filmed the assaults. Numerous other witnesses confirmed Golden's involvement and reported that Gove was present multiple times in Golden and Bjorkman's hotel suites where women were drugged and assaulted. ■■■

■■■■■ heard about recordings regarding the assaults.

53. The detective spoke with at least six other women who reported that Bjorkman and Golden had drugged and assaulted them, including several women who had not previously come forward due to fear of retaliation. Many of the women who did not come forward reported that they had received repeated calls and messages that used threats, bribes, love bombing (i.e., paying excessive attention to someone in order to manipulate them), gaslighting, shaming, blaming, and a variety of other psychologically manipulative tactics aimed at keeping them silent.

54. After Jane Doe 3 reported the assault to the Company, Frederick was heard saying, "[Jane Doe 3] wants [Golden] fired, and we all know that's not going to happen." This indicates that the Board, which at the time included Sanford, Gesing, Frederick, Miles and Cahir, knew about the assault and deliberately chose not to act.

55. Jane Doe 3 eventually left eXp due to the sexual assault, Defendants' refusal to allow her to switch sponsors, and the Company's utter failure to address the sexual misconduct that she repeatedly reported.

2. Christy Lundy And At Least Seven Other People

56. Christiana (“Christy”) Lundy is an eXp agent. Lundy was drugged on August 28, 2020, at a gathering hosted by Bjorkman and Golden during an eXp recruiting event that took place in Las Vegas from August 27-30. After Lundy was drugged, she became physically ill and experienced lapses in her memory.

57. On September 15, 2020, Lundy posted on Facebook that she had been drugged while attending the eXp event in Las Vegas. Hundreds of people commented on Lundy’s post, including at least seven other women who shared that they too had been drugged and sexually assaulted at eXp events.

58. The Board knew about Lundy’s Facebook post, but there is no indication that the Board ever discussed or took action to address the numerous assaults described in the Facebook post and its comments. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

59. For a significant period of time after she was drugged, Lundy was unable to attend any events sponsored by the Company because she was afraid that

she would encounter Golden and Bjorkman. As a result, Lundy was severely limited in her ability to recruit new agents to eXp, which negatively affected her income, as well as her ability to generate revenue for the Company.

3. [REDACTED] And At Least Eleven Other People

60. [REDACTED]

[REDACTED]

[REDACTED]

61. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

62. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

4. Tami Sims

63. Tami Sims is an eXp agent who was recruited and sponsored by Bjorkman. On April 11, 2019, Bjorkman drugged and raped Sims during an event Bjorkman hosted in Beverly Hills. Sims did not want to attend the event but felt that she was professionally obligated to attend and attempt to recruit other agents to join eXp because that was the purpose of the trip. Bjorkman later admitted that he did “have sex” with Sims.

64. Sims reported the assault to eXp’s leadership after learning that other eXp agents had also been drugged and raped by Bjorkman and Golden. On October 6, 2020, Sims notified Haggard about the assault. During that call, Sims told Haggard that (i) in 2014, Bjorkman told her to stay away from Golden because he would drug and rape her; (ii) Bjorkman had shown her videos of Golden in which Golden was completely naked and engaging in sexual acts with women; and (iii) in

February 2019, an agent whom Bjorkman was trying to recruit at an event in Hawaii was drugged and transported to the hospital. Sims also repeatedly requested a new Sponsor so that she would no longer be in Golden and Bjorkman's downline.

65. As of January 2024, Sims was still an eXp agent, but she has decided that she will sever ties with the Company as soon as it is financially feasible for her to do so.

5. Memorandum From An Anonymous Top eXp Agent

66. On October 6, 2020, one of eXp's top agents anonymously sent the Board (which included Defendants Sanford, Gesing, Frederick, Miles, and Cahir) an eleven-page memorandum detailing Golden and Bjorkman's sexual misconduct. The memorandum explained that Golden and Bjorkman's *modus operandi* was to travel to events together "as a pack," drug female agent recruits to render them incapacitated, sexually assault these women while they were incapacitated, and take videos of them while they were visibly intoxicated. Golden and Bjorkman then used the recordings to blackmail these women into remaining silent and joining eXp in Golden and Bjorkman's downline.

67. The memorandum also detailed numerous specific instances of sexual misconduct that the anonymous eXp agent had personally witnessed or experienced. Those instances included (i) attendees at a recruiting event held in La Jolla, California, in early April 2019 discussing how "hookers and blow" were being

offered in one of the rooms at the event; (ii) Bjorkman sexually harassing the agent at the same event; (iii) Bjorkman pressuring the agent to accompany him to his hotel room during a recruiting event hosted in Beverly Hills in April 2019; (iv) Bjorkman and Golden drugging the agent and her husband during an event in Coronado, California, in mid-June 2019; (v) male attendees in their 40s and 50s sexually assaulting young women during an event in Las Vegas in August 2019; (vi) Bjorkman sexually assaulting the agent at an event in Napa, California, in November 2019; and (vii) Bjorkman and Golden harassing the agent during an event in Puerto Rico in December 2019.

68. In addition, the memorandum explained that eXp agents in Golden and Bjorkman's upline were aware of this pattern of sexual misconduct, but they did nothing about it because Golden and Bjorkman were a "meal ticket" for their upline. Sanford personally reviewed this memorandum and took no action.

F. Sanford's Pattern Of Stacking The Board With Loyalists And Ousting Directors Who Identify And Attempt To Address Wrongdoing

69. Sanford has gone to great lengths to retain control over the Company and the Board, which has enabled him to orchestrate a cover-up of the sexual misconduct taking place at eXp. For instance, Sanford formed the Control Group, which included Sanford, his ex-wife, and Defendants Frederick and Gesing. The Control Group agreed to vote together with respect to the election of directors and

all other matters. [REDACTED] Sanford formed the Control Group for the purpose of ensuring that he would never be ousted. [REDACTED]

[REDACTED] Sanford said his biggest concern was when a bunch of Board members tried to overthrow him, and it was his biggest fear to give up control over the Board.

70. Sanford has maintained *de facto* control over the Company at all relevant times. According to eXp's 2024 Proxy filed on March 27, 2024, the Control Group gave Sanford control over more than 50% of the Company's common stock until July 31, 2023, and as a result, the Company qualified as a "controlled company" within the meaning of Nasdaq corporate governance standards. Sanford continues to control the Company through the Control Group's ownership of over 45.5% of the Company's outstanding shares. Sanford thus has the practical ability to determine the outcome of any contested director election, to remove or elect directors, and to direct the management and policies of the Company.

71. As discussed herein, Bjorkman and Golden's misconduct at eXp dates to at least 2018, when Acevedo was drugged and sexually assaulted by Bjorkman after attending a networking conference in Newport Coast, California. Additionally, in the *Acevedo* case, Judge Birotte found that the complaint had adequately alleged that Sanford and the Company "had both actual and constructive knowledge of Bjorkman's conduct" based on the following:

- in September 2020, Lundy posted her experience on Facebook;

- in October 2020, Sims reported her assault to Haggard;
- on March 7, 2022, Acevedo reported her assault to Sanford directly; and
- Bjorkman, Golden and Sanford's prior employment at Keller Williams and the history of allegations that Bjorkman and Golden drugged and assaulted women and used GHB recreationally during that time.

72. Thus, Sanford and the Board knew by no later than September 2020 of the widespread sexual misconduct that was occurring at eXp events. Yet, instead of taking action to address the misconduct, Sanford buried the allegations from becoming public by exercising his control over the Board and key Committees that he stacked with his loyalists. As part of his efforts to silence the affected agents, Sanford forced out any Board member who spoke out against the misconduct [REDACTED].

73. Indeed, from 2019 through 2023, while the misconduct was ongoing, the Board was comprised of seven directors, including Sanford and his loyalists, i.e., (i) Gesing (director from September 27, 2014, to January 10, 2024); (ii) Frederick (director from April 7, 2016, to May 19, 2023); (iii) Miles (director from July 10, 2016, to the present); and (iv) Cahir (director from November 29, 2018, to the present). The current Board consists of six directors, including Defendants Sanford, Miles, and Cahir.⁴

⁴ The remaining three directors on the current Board are Monica Weakley (director from

74. [REDACTED] there were blocks on the Board with executive leadership like Sanford, Gesing, and Frederick. Frederick and Gesing were among Sanford's hand-picked loyalists. [REDACTED] Frederick helped Sanford and Gesing build the Company. [REDACTED] [REDACTED] Frederick sold his revenue from his other company and started recruiting for eXp, even though Sanford and Gesing had no money to pay him.

75. Miles is another Sanford-loyalist who acted as Sanford's personal "fixer." [REDACTED] Miles would fix all the problems Sanford created. [REDACTED] no one understood why Miles was always fixing things for Sanford and that they would be flabbergasted at what Sanford was doing.

76. Sanford also consistently has ensured that he and his loyalists dominate certain key committees, like the Audit, Compensation, Equity, and Governance Committees. For example, Sanford and Miles have served as two of the three members of the Compensation Committee every year since 2019, which solidifies their control over all members of management through their power to dictate compensation. The Equity Committee, which has authority to make grants of common stock under the Company's 2015 Equity Incentive Plan, has consisted

June 20, 2022, to the present), Peggie Pelosi (director from January 26, 2023, to the present) and Fred Reichheld (director from September 7, 2023, to the present).

solely of Sanford since it was formed three years ago. Every year from 2019 to 2022, some combination of Sanford, Gesing, and Miles has comprised a majority of the Governance Committee, which is responsible for nominating directors. And Miles and Cahir have served as two of the three members of the Audit Committee every year since 2019.

77. As a result of these strategic maneuvers, Sanford has maintained consistent control over the Company and Board. [REDACTED] the Board functions more like a small family board and not like other, high-functioning boards of directors.

78. Sanford's control of the Board has allowed him to secure lucrative, above-market compensation packages. For instance, in 2020, Sanford's base salary increased by 1182% from \$117,000 to \$1.5 million. These lucrative compensation packages were approved by Sanford's personal "fixer" Miles and Cahir, who both sat on the Compensation Committee. [REDACTED]

[REDACTED]

[REDACTED]

79. Sanford also has a track record of swiftly ousting any Board member who identifies or urges the Board to address wrongdoing. For instance, despite Frederick's initial status as a loyalist, [REDACTED] Frederick was pushed off the Board after he was labeled a "whistleblower" for attempting to

understand the finances at the Company and to know where corporate revenues were going. [REDACTED] Frederick asked Sanford for eXp's real

books, not the ones that Sanford provided to Deloitte. [REDACTED]

[REDACTED] there were concerns not only from Frederick, who was an accountant by training, but also others, that the numbers were not adding up for the revenue share distribution. In addition, as discussed in Section I below, Sanford ensured that

[REDACTED]

[REDACTED].

80. Sanford's efforts to dominate the Board and pattern of retaliating against dissidents has created a culture of fear and intimidation in which Company executives and Board members do not feel empowered to speak up. [REDACTED]

[REDACTED] several different people told [REDACTED] that Sanford did not have the capability to be a CEO. Yet, the Board has never endeavored to critically evaluate his performance as CEO or replace him.

G. Defendants Cover Up Agents' Accounts Of Sexual Assault To Protect Top eXp Influencers And Defendants' Compensation

81. Beyond their knowing inaction, Sanford and his loyalists spearheaded a yearslong cover-up of the widespread sexual misconduct at the Company. For instance, eXp's former president was accused of sexual assault, and women were "silenced" or terminated if they knew or complained about those allegations.

Defendants took a similar approach with respect to the complaints of sexual misconduct that they received in the fall of 2020. Despite receiving at least five complaints of widespread sexual misconduct at eXp, Defendants failed to respond and thus enabled the sexual misconduct to continue.

1. Defendants Protect And Pay Golden, Bjorkman, And Gove

82. After Jane Doe 3 reported in the fall of 2020 that she had been assaulted, the Board failed to take any action whatsoever against Golden until years later and [REDACTED] only after the Company was sued for human trafficking and negligence. Golden was finally suspended on February 23, 2023, but because he joined eXp in February 2018, he had already satisfied the three-year requirement for revenue share vesting. Had Defendants suspended or terminated Golden in the fall of 2020, when they received multiple reports of his involvement in sexual misconduct, he would not have qualified for revenue share vesting, and the Company would have had no obligation to continue paying Golden under the revenue share program.

83. Although Bjorkman was terminated in September of 2020 for violating the Company's policy prohibiting "inappropriate behaviors," he received valuable benefits in connection with his separation from the Company. For instance, the Compliance Committee—which was a management-level, not Board-level, committee that included Defendants Gesing and Bramble—waived the three-year

requirement for vesting so that Bjorkman could continue to participate in the revenue share program. As a result, the Company paid over \$1 million to Bjorkman pursuant to an “Accelerated Compensation Agreement.”⁵ Notably, the Company failed to grant the same exception to Jane Doe 3 when she left eXp due to the assault and the Company’s utter failure to respond to her reports.

84. Bjorkman was also permitted to continue selling real estate with a small sales team without forfeiting his revenue share—another deviation from the Company’s usual policies. [REDACTED]

85. The benefits that Golden and Bjorkman continued to receive under the revenue share program were significant. [REDACTED] revenue share vesting is for life, and as long as an agent has other agents under their belt, they will continue to receive distributions. [REDACTED] it does

⁵ Under the Accelerated Compensation Agreement, the Company agreed to “accelerate the vesting of Agent’s Revenue Share, as defined in the ICA, as if Agent had been independent sales agent with eXp for three (3) years,” even though Bjorkman had not been with the Company for three years and thus had no contractual or other legal entitlement to receive any revenue share payments after his termination from the Company.

not matter if a vested agent retires from the Company—eXp will list that agent as inactive, but the agent will continue to receive payments, and if the agent dies, the revenue share can even be passed on to the agent’s spouse if they have or obtain a real estate license.

86. Defendants also protected Gove, a top “Alpha Agent” in Golden and Bjorkman’s upline. According to [REDACTED] the Bjorkman Arrest Declaration, Gove attended numerous events during which Golden and Bjorkman drugged and assaulted women. [REDACTED] identified Gove as one of the people who tried to bury the allegations of sexual misconduct. To date, the Board has taken no action with respect to Gove.

87. In addition, Gove went to great lengths to protect Golden and Bjorkman. For instance, Gove threatened to pull his entire team, which comprised roughly one-fifth of the Company’s agents, if eXp terminated Bjorkman and Golden. Sanford eventually reached an agreement with Gove that eXp would terminate Bjorkman but retain Golden. However, as discussed above, Bjorkman continued to receive substantial payments from the Company even after he was terminated.

2. Defendants Prioritize Their Bonuses Over Agents’ Safety

88. The reason for Defendants’ cover-up is clear: Defendants prioritized their bonuses and boys’ club over the basic safety of the Company’s workers and compliance with law.

89. Defendants Sanford, Frederick, and Gesing each participate in the Company's revenue share program, through which they have earned significant bonuses. For instance, in 2020, Sanford earned a bonus that was equal to his base salary, even though that bonus only accounted for revenue share income generated during the last five months of 2020. In 2020, Frederick received nearly \$3.9 million in cash payments and stock awards under the Company's revenue share program. Similarly, in 2021, Gesing earned \$545,506 through the revenue share program.

90. Further, after Sanford stopped formally participating in the revenue share program, the Compensation Committee and the Board updated Sanford's compensation packages so that he would be entitled to "receive a quarterly cash bonus equal to the amount that his revenue share, were Mr. Sanford still participating in the Company's revenue share plan, exceeds his salary during such calendar quarter." In other words, Sanford receives a cash bonus equal to the difference between his salary and revenue share amount.

91. Even more importantly, under the revenue share program, Sanford, Frederick, and Gesing's "bonus opportunity is unlimited." Their bonuses are calculated based on the revenue share income generated by the Influencers in their downline and can be very significant, as the Company generates approximately \$28 million per month in revenue share income. Realizing the upside potential of these "unlimited" bonuses, however, depends on top eXp Influencers staying with the

Company and continuing to generate revenue share income.

92. A top Influencer leaving the Company would be catastrophic for Sanford, Frederick, and Gesing's revenue share because it would put at risk the revenue share income generated by that Influencer and all the agents in their downline. As the *New York Times* reported, because "everyone is funneling money to people above them," "there is little incentive to root out high earners even when they are accused of assault." As a result, Defendants covered up the allegations of sexual assault to protect top Influencers and their own bonuses.

93. [REDACTED] allegations of sexual misconduct were being suppressed because of the revenue share program. [REDACTED] [REDACTED] the Company ran the numbers and concluded that it made more sense to keep paying the agents engaged in sexual misconduct instead of the affected agents. [REDACTED] was outraged by this and confirmed that the people engaged in drugging women were being protected because of their impact on the revenue share program.

94. The Diversity Director likewise confirmed that Golden and Bjorkman were being shielded because they were top earners. According to the Diversity Director, the Company kept an Excel spreadsheet of the top 300 earners at eXp. Although this list was kept only by certain people in Human Resources, the Diversity Director had access to it. He explained that it was very clear that the Company

would protect those 300 people, and they would get whatever they wanted. He also confirmed that the top 300 drove major sales for the business, and specifically recalled that Golden was on the top 300 list. [REDACTED]

[REDACTED] the Company had another list of the top producers, which was kept by Conord before 2022, and that they created a dashboard that allowed executive leadership to access that information.

95. According to the Global Operations Coordinator, the Company was willing to keep people on and cover up the allegations because all they cared about was their profit line. He explained that they would not fire Influencers and had no integrity. Indeed, he confirmed that while the Company liked to say that it has integrity and core values, and is transparent, its focus is solely on the bottom line. He further confirmed that he did not doubt that Sanford and Bramble had knowledge of the misconduct allegations. As the Global Operations Coordinator stated, “It’s a good old boys club, and the bottom line was that they only wanted to make money.”

3. Defendants Had Close Personal And Professional Ties With Golden, Bjorkman, And Gove

96. Many of the Defendants also had close personal and professional ties with Golden, Bjorkman, and Gove, which further incentivized them to cover up the allegations of sexual misconduct. As discussed above, Sanford has known Golden and Bjorkman and their history of sexual misconduct, for more than two decades.

97. Defendant Frederick also had close personal and professional ties with Gove, Golden, and Bjorkman. All three agents were in Frederick's downline, and thus, the revenue share income that they (and all the agents in their downlines) generated increased Frederick's revenue share. Both Frederick and his wife are friends with Gove on Facebook. One of the three webinars featured on Gove's website is "The Famous [G]ene [F]rederick napkin video." In that video, Frederick touts that he and Gove, along with one other eXp agent, "probably recruited more people in the Company" than any other Influencers. Frederick has worked closely with Gove in connection with numerous significant eXp events, including 2024 events in Maui, Hawaii, and Cabo San Lucas, Mexico. In their joint opening statements at the Cabo event, Gove referred to Frederick as "big man" and introduced Frederick's wife to the crowd as "the beautiful Susan Frederick."



Susan Frederick, Defendant Frederick, Brent Gove, and Kathy Gove (left to right)

98. Frederick also had a personal relationship with Golden and Bjorkman, which further shielded them while they continued drugging and sexually assaulting eXp agents at Company-sponsored events. For instance, Frederick appears in the below photograph with Bjorkman and Golden, which Bjorkman posted on Facebook in December 2021:



This photo is from a post.

View post



Mike Bjorkman

December 30, 2021 · 🌐



Bjorkman, Golden, and Defendant Frederick (left to right)

4. The Board Intentionally Omits Discussion Of Sexual Misconduct From Board Minutes And Takes No Other Action

99. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] these topics were never included as an official agenda item or in the meeting minutes [REDACTED]

[REDACTED] this omission was

intentional.

100. For instance, on November 2, 2020, Defendants Miles, Cahir, Sanford, and Bramble attended a meeting of the Audit Committee. This meeting took place after (i) Jane Doe 3, [REDACTED] and Sims had reported that they were drugged and assaulted or raped; (ii) Lundy had posted on Facebook about being drugged and received numerous comments from women with similar accounts; and (iii) the Board had received the anonymous memorandum detailing numerous instances of sexual assault at eXp events. [REDACTED]

101. Defendants Cahir, Sanford, and Bramble also attended an Audit Committee meeting on March 8, 2021, five days after Jane Doe 3 told Gove that she had been drugged and assaulted during an eXp event and the same day that Bjorkman was arrested for sexually assaulting Jane Doe 3. [REDACTED]

[REDACTED]

[REDACTED]

102. The full Board, including Defendants Sanford, Cahir, Miles, Gesing, Frederick, Bramble, and non-parties Jacklin and Felicia “Fee” Gentry, met a month later, on June 4, 2021. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5. Defendants Continue To Protect Wrongdoers, Including Conord, Who Personally Participated In Sexual Misconduct

103. Dave Conord, eXp Realty’s Head of U.S. Growth, personally witnessed and participated in sexual misconduct during eXp events, and he too was protected by Defendants. [REDACTED]

Conord was in the hotel room where women were being drugged and sexually assaulted. Miles asked why Conord would be at one of these events and not leave before 11 p.m., especially when he was married. Miles [REDACTED] that Conord should have known better than to go into that hotel room. Based on these statements, Miles was aware (and assumed that Conord was aware) of the sexual misconduct that regularly took place in hotel rooms at eXp events.

104. On September 10, 2021, eXp announced that Conord was leaving the Company to retire and spent time with his wife and kids. [REDACTED] [REDACTED] the Board was rushed to sign a compensation package for Conord in one or two days [REDACTED]. It was not until late December that [REDACTED] learned from Miles that Conord was asked to leave the Company because he had been sending sexually explicit pictures to subordinates to pressure them into having sex with him, and because he had an affair with a subordinate—not because he was retiring. Miles also told [REDACTED] that this information was “hush hush.” By December, however, [REDACTED] [REDACTED] approved Conord’s compensation package [REDACTED] understanding that Conord was retiring to spend time with his family. [REDACTED] [REDACTED] would not have approved Conord’s compensation package [REDACTED] known that Conord was terminated for sexual misconduct.

105. In early 2022, just a few months after Conord’s departure was announced, Sanford and Gesing announced that Conord would be returning to eXp. [REDACTED] this happened within 119 days after the announcement of Conord’s departure. In a Friday afternoon announcement, Sanford and Gesing shared the news of Conord’s return to eXp, saying, “Guess who’s back. The man is back.”

106. [REDACTED] received at least eight text messages from women

who were angry about Conord's return. [REDACTED] told the Board about these messages. [REDACTED] was told that it was not illegal to bring Conord back. [REDACTED] countered that it was unethical and immoral. Either Sanford or Jeffrey Whiteside, eXp's then-Chief Financial Officer, responded, "He served his time in the penalty box." [REDACTED] [REDACTED] was angered by this comment [REDACTED]

107. [REDACTED] had a direct conversation with Sanford about Conord, but Sanford did not care. [REDACTED] [REDACTED] sent Sanford a text saying, "Are you f—ing kidding me, Glenn?" Sanford responded that the agent recruitment numbers were down while Conord was gone, and that eXp's "Alpha" Influencers did not like Valdes, who had purportedly taken over Conord's role as President of U.S. Growth and was overseeing them instead of Conord. This reasoning was pretextual. [REDACTED] [REDACTED] this was not true because that was naturally a time where things would slow down due to the holiday period, and he checked the numbers to confirm. Moreover, in August 2022, just a few months after announcing Conord's return, Valdes was promoted to Chief Growth Officer of the Company.

108. It is not clear whether Conord was ever actually terminated. According to his LinkedIn, Conord remained at eXp continuously from December 2018 until

May 2023. Additionally, after Conord’s purported “departure,” Conord continued to post on LinkedIn as if he had never left his role as the Company’s President of U.S. Growth. For instance, on September 30, 2021, less than three weeks after his supposed termination, Conord reposted eXp’s announcement that the Company had surpassed 65,000 agents, with the comment, “53,000 net agent gain in 3 years, and so much more room to grow!” Similarly, on November 6, Conord reposted eXp’s announcement that the Company had exceeded 68,000 agents, with the comment, “Another milestone in the rear view mirror... #onRwayto100k.” In a November 20 LinkedIn post announcing a five-year target of 500,000 agents at eXp, Conord commented, “Let’s get it done!”

H. Defendants Double Down On Their Cover-Up As Additional Reports Of Sexual Assault Surface

1. Email From An Agent To The Full Board

109. [REDACTED]

[REDACTED]

[REDACTED] in 2021, an eXp agent who had been assaulted wrote an email to the full Board, detailing the assault and requesting an official change of sponsorship. At the time, the Board included Sanford, Gesing, Frederick, Miles, and Cahir. The Board took no action in response to the letter, and [REDACTED] significant backlash [REDACTED]

[REDACTED] address the letter in conversations with the Board.

2. Fabiola Acevedo

110. Fabiola Acevedo is a former eXp agent who joined eXp in mid-2018, after she was recruited and sponsored by Golden. Shortly thereafter, Golden convinced Acevedo to change her Sponsor from Golden to Bjorkman, which he said would benefit her career by expanding her upline. In July 2018, Acevedo changed her sponsor to Bjorkman. On July 20, Acevedo was drugged and sexually assaulted by Bjorkman at a networking conference in Newport Coast, California.

111. Beginning in March 2022, Acevedo reported the assault on numerous occasions. In several instances, Acevedo reached out directly to eXp executives and Board members to request recourse for the assault, including a request to change sponsors. To start, on March 7, Acevedo approached Sanford directly during eXp’s “One Big Fire” conference in Cabo and told him about the 2018 assault. Acevedo emailed Sanford about the 2018 assault after they spoke in person, and Sanford confirmed receipt of her email.

112. On March 23, 2022, Acevedo emailed an eXp compliance officer about the 2018 assault and to request a sponsorship change. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

115.

[REDACTED]

116.

[REDACTED]

117.

[REDACTED]

118. On June 9, 2022, Acevedo told Gesing, eXp's then-CEO, about the

2018 assault. [REDACTED]

[REDACTED]

119. [REDACTED]

[REDACTED]

120. [REDACTED]

[REDACTED]

3. Report From An eXp Consultant

121. In April 2022, an eXp consultant notified the Board that she had

received phone calls from multiple female eXp agents who told her that they had been drugged and sexually assaulted. The consultant urged the Board to take substantive action, such as allowing the women who were assaulted to select a new Sponsor, creating a whistle-blower process for reporting, and starting an independent investigation into the events. The Board never responded. Then, in August 2022, the consultant was told that her services were no longer required, and her consultancy was terminated.

I. Defendants Retaliate Against Executives And Directors Who Urged The Board To Act

122. In April 2022, non-party Gentry, then a member of the eXp Board, an eXp agent, and eXp's Director and Leader of Diversity and Inclusion, approached her fellow Board members (including Defendants Sanford, Gesing, Frederick, Miles, and Cahir) about the Company's failure to address the reports of drugging and sexual assault occurring at eXp events. Gentry urged the Board to adopt a reporting plan, enact enforceable policies and procedures, and conduct an independent investigation into the sexual misconduct systematically occurring at eXp events. Gentry also challenged the Board's inconsistency in granting some agents' sponsorship change requests and denying others' requests. Sanford rejected Gentry's recommendations and told her that "this was not their problem and would be simply a three-to-five-day newspaper phenomenon and then would disappear."

123. Gentry sought advice from the Company's outside counsel, a law firm in Dallas, about the Board's failure to address the reports of sexual misconduct. Outside counsel recommended conducting an independent investigation. When Gentry shared that recommendation with the Board, she was told that it was not necessary. The Board subsequently opted to launch an internal investigation, rather than an independent investigation, contravening the advice of the Company's counsel. The five-member task force charged with leading the investigation included Haggard and eXp Realty's Vice President of Operations, Holly Mabery, both of whom were involved in the decision to reject Acevedo's sponsorship change request.

124. [REDACTED] brought up the sexual assault allegations at two different Board meetings. [REDACTED] told the Board that this needed to be taken care of, explaining that no one would want to stand in front of the cameras if this became public. In response, [REDACTED] was met with a slew of statements telling him to stay out of it on two occasions from at least 3-5 members of the Board, including Sanford and Miles. [REDACTED] recounted that he was put in a cage, told to stay out of it, and "blacklisted" [REDACTED]. [REDACTED] told the Board that he had agents and employees coming to him telling him what was being done [REDACTED]. [REDACTED] also

made recommendations for policies and procedures that should be implemented to handle sexual misconduct for agents in a letter to the Board, but the Board did not implement or otherwise act on the letter.

125. After [REDACTED] raised these concerns with the Board, [REDACTED] [REDACTED] was put on the “naughty list.” [REDACTED] was called in by Defendants Miles and Bramble, who told [REDACTED] [REDACTED] and that there was backlash [REDACTED] [REDACTED]. [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED].

126. The Diversity Director also confirmed that the Company retaliated against people, and that it would be accurate to say that there is a culture of retaliation at the Company. In his understanding and experience, the Company had a culture of retaliation for taking any action contrary to what leadership wanted. For instance, he explained that Parker Dunahay, former Vice President of Agent Experience at

eXp Realty, was exited from the Company and signed a non-disclosure agreement shortly after taking on the role of Vice President because she tried to right the wrongs that she perceived at eXp. The Global Operations Coordinator agreed that there is a widespread culture of retaliation at the Company, which is consistent with his experience of Company leadership silencing people who spoke out.

J. eXp Now Faces Lawsuits And Public Scrutiny As A Result Of The Sexual Misconduct That Defendants Allowed To Run Rampant

127. As a result of Defendants' inaction, eXp now faces numerous lawsuits, exposing the Company to liability under federal and state law. The complaints in multiple such lawsuits have survived pleading-stage challenges and have prompted public scrutiny. In addition, counsel for the Company confirmed in a conversation with Lead Counsel that everything in the complaints is truthful and accurate.

128. *First*, on February 22, 2023, current and former eXp agents Acevedo, Sims, Lundy, and Jane Doe 3 sued eXp, Bjorkman, Golden, Gove, and Sanford in the United States District Court for the Central District of California. *See Acevedo v. eXp World Hldgs., Inc.*, Case No. 2:23-cv-01304 (C.D. Cal. Feb. 22, 2023). The *Acevedo* complaint alleges that eXp and Sanford knew about and ignored the sexual misconduct "so they could financially benefit from Bjorkman and Golden's recruiting activities." The *Acevedo* complaint asserts claims under federal anti-trafficking laws, as well as state law claims for sexual and civil battery, intentional

infliction of emotional distress, and negligence.

129. On January 29, 2024, Judge Birotte issued an 85-page order largely sustaining the complaint in the *Acevedo* case. As Judge Birotte explained, the complaint supports a “plausible inference that the eXp Leadership Team had a ‘longstanding culture—their pattern and practice—of creating an environment that allowed these assaults, then silencing those whose accounts of sexual harassment and assault would impact profit.’” Judge Birotte’s order makes clear that Defendants’ failure to address and attempts to conceal sexual misconduct at eXp have exposed the Company to significant risk of liability.

130. *Sex Trafficking Claims*. Judge Birotte’s order sustained claims against Sanford and the Company as “beneficiaries of Bjorkman’s sex trafficking” under Section 1595 of the Trafficking Victims Protection Reauthorization Act (the “Federal Anti-Trafficking Statute”). Judge Birotte held that the complaint adequately alleged that Sanford and the Company “had both actual and constructive knowledge of Bjorkman’s conduct,” based the following well-pled allegations:

- “Jane Doe 2 posted her experience on Facebook in September of 2020; Jane Doe 1 reported her assault to eXp Leadership Team member, Corey Haggard, in October of 2020; and Acevedo reported her assault to Sanford directly on March 7, 2022”;
- Bjorkman, Golden, and Sanford’s “previous employment at Keller Williams, and the extensive history of allegations that Bjorkman and Golden drugged and assaulted women and used GHB recreationally during that time”;

- Sanford and eXp’s “fail[ure] to implement policies sufficient to address this known behavior”; and
- the fact that Sanford and eXp were “on notice about the prevalence of illicit drug use and sexual assault at recruitment events, generally, and at the hands of Bjorkman and Golden, specifically, and ... failed to take adequate steps when training Sponsor Agents to prevent its occurrence—despite eXp’s control over training and emphasis on recruiting.”

131. Relatedly, Judge Birotte found that the *Acevedo* complaint “sufficiently alleged a cover up,” based on the plaintiffs’ allegations that

(1) they were sexually assaulted; (2) [eXp] is legally responsible under the [Federal Anti-Trafficking Statute], as well as theories of negligence; and (3) Defendant[] Sanford [and eXp] ... made a concerted effort to hide specific incidents of sexual assault, as well as Defendants Bjorkman and Golden’s known “pattern and practice of predatory sexual conduct.”

Specifically, Sanford and eXp “engaged in a cover up by means of ‘repeated gaslighting [and] the use of Non-Disclosure Agreements.’”

132. *Intentional Infliction of Emotional Distress*. Judge Birotte’s order also sustained claims against Sanford and the Company for intentional infliction of emotional distress. As Judge Birotte explained, Sanford and eXp’s “‘extreme and outrageous’ conduct ‘directed at’ Plaintiffs” included “engag[ing] in a concerted effort to prevent Plaintiffs’ allegations from becoming public knowledge so they could continue to financially benefit from Bjorkman and Golden’s contribution to the [revenue share program], knowing that it would force Plaintiffs to financially

contribute to their sex traffickers.” Specifically, Sanford rejected agents’ sponsorship change requests, which other eXp executives and directors urged him to grant, “not because he was ignorant to Plaintiffs’ accounts of being drugged and raped—but because he feared more women would come forward with the same allegations.” Judge Birotte thus concluded that Acevedo had adequately alleged that “Sanford abused his position of authority to damage Plaintiffs’ interests by choosing to financially benefit from Bjorkman and Golden’s unique position within” eXp.

133. *Negligence and Negligent Hiring*. Finally, Judge Birotte sustained claims against Sanford and eXp for negligence, which Sanford and eXp all but conceded. In sustaining the negligence claim, Judge Birotte reiterated his conclusion that Sanford and eXp “negligently violated the [Federal Anti-Trafficking Statute] ... and intentionally caused Plaintiffs’ injuries.” Judge Birotte granted the plaintiffs leave to amend their claim against eXp and Sanford for negligent hiring, retention, and supervision. On February 28, 2024, the plaintiffs filed an amended complaint, which reasserts the claim for negligent hiring, retention, and supervision. Because eXp and Sanford did not move to dismiss this claim, opting instead to answer the amended complaint, the Company also faces a risk of liability on that claim.

134. ***Second***, on December 14, 2023, eXp agent Anya Roberts sued eXp, Sanford, Bjorkman, Golden, Gove, and others in the United States District Court for the Central District of California. *Roberts v. eXp Realty, LLC, et al.*, Case No. 2:23-

cv-10492 (C.D. Cal. Dec. 14, 2023). The operative complaint in the *Roberts* action asserts claims against eXp and Sanford for beneficiary liability under Section 1595 of the Federal Anti-Trafficking Statute and negligent hiring, retention, and supervision. Neither Sanford nor the Company has moved to dismiss those claims.

135. As the Company itself has acknowledged in a public press release, these lawsuits “have garnered attention,” which has harmed the Company. These suits made national headlines on December 15, 2023, when the *New York Times* published an exposé titled, “Women at Fast-Growing Realty Firm Say They Were Drugged and Assaulted.” The exposé describes the Company’s “work hard, play harder” culture; the lawsuits filed against the Company; and the accounts of the women who were drugged and sexually assaulted at eXp events. The exposé also recognizes that Company executives enabled a “yearslong pattern of predatory behavior,” “ignor[ing] complaints about the men for years” and “acting only after the [Acevedo] lawsuit was filed.” As the *Times* reported, at least “two former eXp employees and a former consultant for the company ... talked with company executives, including [Defendant] Sanford, about the” sexual misconduct at eXp “months before the first lawsuit was filed.” Along similar lines, the *Times* reported that eXp failed to “cut ties” with Golden until “March, when the women added Glenn Sanford ... as a defendant” in the lawsuit.

136. As the exposé points out, Sanford’s public claims “describ[ing] the

issue as resolved” and blaming “two bad actors in our agent base” are not true. “eXp agents said drinking and partying in hotel rooms have continued,” both of which are well documented in social media posts, and “[a]s recently as May 2023, a female broker ... was drugged and assaulted by a vendor during a conference in Florida.” In communications with the *Times*, the Company refused to answer “questions about whether Mr. Bjorkman and Mr. Golden continued to receive payments after they left.” Additionally, “the company’s path for reporting harassment allegations” continues to be “murky”—“[t]he policies do not specify which corporate member should be contacted, or how brokers and executives should respond.”

137. **Third**, on January 16, 2024, former eXp agent Misty Carter sued eXp Realty for sexual harassment and retaliation in the United States District Court for the District of Nevada. *Carter v. Chris Nevada*, Case No. 3:24-cv-00025 (D. Nev. Jan. 16, 2024). In her complaint, Carter alleged that throughout her time with the Company, she was sexually harassed by another eXp agent, Chris Nevada, who, among other things, offered to pay Carter for sex, inappropriately touched Carter without her consent, and engaged in similar sexual misconduct directed at other women in the workplace.

138. Ultimately, the defendants in the *Carter* action, including eXp Realty, agreed to settle. The terms of the settlement are not publicly available, so it is not clear how much the settlement cost the Company.

DERIVATIVE ALLEGATIONS

139. Plaintiffs bring this Action derivatively to redress injuries suffered by the Company as a direct result of breaches of fiduciary duty and other misconduct by the Defendants as alleged herein. Plaintiffs currently are beneficial owners of eXp common stock and continuously owned eXp common stock at all times relevant to this Complaint. Plaintiffs will continue to hold eXp stock through the resolution of this Action.

140. Plaintiffs will adequately and fairly represent the interests of eXp and its stockholders in enforcing and prosecuting their rights and have retained counsel competent and experienced in stockholder derivative litigation.

DEMAND FUTILITY

141. Plaintiffs repeat and reallege each allegation above as if set forth in full herein.

142. Plaintiffs did not make a demand on the Board to institute this Action. Such demand would be futile because the Board is incapable of making an independent and disinterested decision to institute and vigorously prosecute this Action. The current Board consists of six members: Defendants Sanford, Miles, and Cahir and non-parties Monica Weakley, Peggie Pelosi, and Fred Reichheld.

143. Under *Zuckerberg*, courts ask the following three questions on a director-by-director basis to evaluate demand futility:

- (i) whether the director received a material personal benefit from the alleged misconduct that is the subject of the litigation demand;
- (ii) whether the director faces a substantial likelihood of liability on any of the claims that would be the subject of the litigation demand; or
- (iii) whether the director lacks independence from someone who received a material personal benefit from the alleged misconduct that would be the subject of the litigation demand or who would face a substantial likelihood of liability on any of the claims that are the subject of the litigation demand.

144. Here, at least four of the six members of the Demand Board cannot impartially consider a demand. Accordingly, demand would be futile and is therefore excused.

Defendant Sanford

145. Sanford cannot impartially consider a demand. Sanford is the Company's founder, CEO, and *de facto* controller. He also has served as the Chairman of the Board since March 2013.

146. To start, as the Company acknowledged in its 2024 Proxy, Sanford is not an independent director:

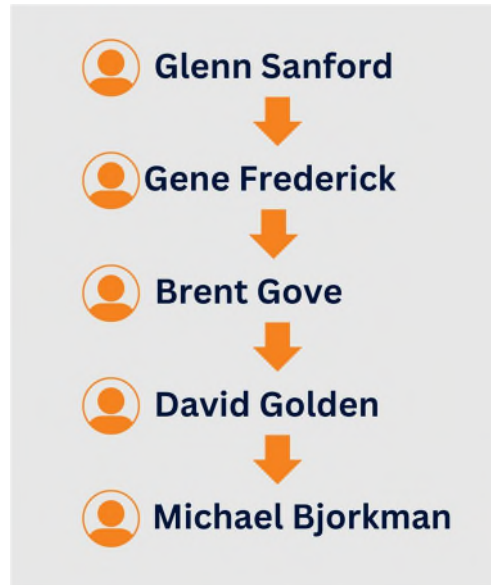
Director	Independent
Glenn Sanford	
Randall Miles	X
Dan Cahir	X
Monica Weakley	
Peggie Pelosi	X
Fred Reichheld	X

147. Further, Sanford both received a material personal benefit from the misconduct alleged herein and faces a substantial likelihood of liability on the claims for breach of fiduciary duty asserted herein.

148. *Material Personal Benefit.* As part of his compensation, Sanford earns a quarterly cash bonus equal to the difference between his revenue share amount and salary. These bonuses are significant. For instance, in 2020, Sanford earned a bonus that nearly equaled his base salary, even though that bonus only accounted for revenue share income generated during the last five months of 2020.⁶ Additionally, Sanford’s “bonus opportunity is unlimited.” Realizing the upside potential of these “unlimited” bonuses, however, depends on eXp’s top Influencers staying with the Company because Sanford’s revenue share amount (and in turn, his bonus) is calculated based on the Company’s revenue share income, which is generated primarily by Influencers.

⁶ Sanford received total compensation of \$1.9 million in 2020, \$1.7 million in 2021, and \$7.8 million in 2022.

149. As reflected below, both Bjorkman and Golden were among the Company's top Influencers and were in the downline of Brent Gove, who was the third most profitable Influencer at eXp.



150. Gove aggressively lobbied Sanford and the Company to cover up Bjorkman and Golden's misconduct. For instance, Gove threatened to pull his entire team of 20,000 agents, i.e., one-fifth of the agents at the Company, if Bjorkman and Golden were terminated. Gove also demanded Bjorkman and Golden's continued participation in the Company's revenue share program if they left eXp, even if they had not satisfied the requirements for revenue share vesting. Sanford acquiesced to these demands, and by covering up Bjorkman and Golden's sexual misconduct, Sanford maximized his bonus opportunity.

151. Substantial Likelihood of Liability. As set forth herein, Sanford faces a

substantial likelihood of liability on claims for breach of fiduciary duty asserted herein. Specifically, Sanford violated his fiduciary duties as a director, officer, and controlling stockholder of the Company by (i) failing to implement any reporting or information system or controls for sexual misconduct; (ii) consciously ignoring red flags of sexual misconduct, which came to his attention not through a reporting or information system, but because survivors took the brave step of contacting the Board; (iii) withholding material information about Conord's purported departure from the Company that would have affected other Board members' decisions to approve or reject Conord's compensation package; (iv) causing the Company to approve Bjorkman's "Accelerated Compensation Agreement," which transferred at least \$1 million in corporate assets and provided the Company with nothing of value in return; and (v) approving and receiving a lucrative compensation package recommended to the Board by two members of the Compensation Committee, one of whom lacked independence from Sanford. *See infra* Counts I & II.

Defendant Miles

152. Defendant Miles is the Vice Chairman of the Board and has served on the Board since July 2016. He joined the Board while Sanford still controlled over 50% of the Company's outstanding stock.

153. Miles is incapable of impartially considering a demand because he faces a substantial likelihood of liability on claims asserted herein and lacks

independence from Sanford.

154. Substantial Likelihood of Liability. As set forth herein, Miles faces a substantial likelihood of liability on the claims for breach of fiduciary duty asserted in Count III. Specifically, Miles violated his fiduciary duties as a director of the Company and the Chair of the Audit Committee by (i) failing to implement any reporting or information system or controls for sexual misconduct; (ii) consciously ignoring red flags of sexual misconduct, which came to his attention not through a reporting or information system, but because survivors took the brave step of contacting the Board; and (iii) withholding material information about Conord's purported departure from the Company that would have affected other Board members' decisions to approve or reject Conord's compensation package. *See infra* Count III.

155. Lacks Independence from Sanford. Defendant Miles also lacks independence from Sanford based on their close relationship in which Miles acts as Sanford's personal "fixer." [REDACTED] Miles would fix all the problems Sanford created. [REDACTED] no one understood why Miles was always fixing things for Sanford and that they would be flabbergasted at what Sanford was doing.

156. Consistent with his role as Sanford's "fixer," Miles helped Sanford to ensure that [REDACTED] after [REDACTED]

urged the Board to address the allegations of widespread sexual misconduct.

Defendant Cahir

157. Defendant Cahir has served on the Board since November 2018. He joined the Board while Sanford still controlled over 50% of the Company's outstanding stock.

158. Defendant Cahir is incapable of impartially considering a demand because he faces a substantial likelihood of liability on claims asserted in this Complaint. As set forth herein, Cahir faces a substantial likelihood of liability on the claims for breach of fiduciary duty asserted in Count III. Specifically, Cahir violated his fiduciary duties as a director of the Company and a member of the Audit Committee by (i) failing to implement any reporting or information system or controls for sexual misconduct and (ii) consciously ignoring red flags of sexual misconduct, which came to his attention not through a reporting or information system, but because survivors took the brave step of contacting the Board. *See infra* Count III.

Monica Weakley

159. Weakley has served on the Board since June 2022. She joined the Board while Sanford still controlled over 50% of the Company's outstanding stock.

160. Weakley is incapable of impartially considering a demand because she lacks independence from Sanford. As the Company itself recognized in its 2024

Proxy, Weakley is not an independent director:

Director	Independent
Glenn Sanford	
Randall Miles	X
Dan Cahir	X
Monica Weakley	
Peggie Pelosi	X
Fred Reichheld	X

161. Weakley lacks independence from Sanford because she depends on her roles within the Company as her sole or primary source of income. In addition to her membership on the Board, Weakley is an independent contractor real estate agent of eXp Realty, which appears to be her primary source of income. In 2023, Weakley received more than \$393,000 in compensation as a director and agent. That amount breaks down as follows:

Amount	Source
\$25,000	in cash compensation for directorship
\$25,027	in stock option award for directorship
\$2,770	in stock awards under Agent Growth Incentive Program
\$130,606	as a cash payment under revenue share program
\$204,285	as a cash payment for earned real estate commission
\$4,226	as a cash payment for service in mentorship program
\$1,182	in income from Agent Equity Program
\$393,096	

162. Weakley lacks independence from Sanford because Sanford, as the CEO of eXp Realty, can terminate Weakley's position as a real estate agent with the Company. eXp's Independent Contractor Agreement states, "This Agreement shall be deemed terminated ... upon written notice from either party to the other part of the intent, with or without cause, to terminate this Agreement." Accordingly, Sanford could terminate Weakley without cause. Even if Weakley has satisfied all of the conditions for revenue share vesting, her 2023 revenue share amount accounted for less than one-third of the total compensation she received from the Company.

163. Additionally, Sanford effectively has the power to oust Weakley from the Board. Even though Sanford is not a member of the Company's Governance Committee, which is responsible for nominating directors for re-election, the Governance Committee has ousted directors [REDACTED] [REDACTED] at Sanford's behest, including Frederick [REDACTED].

164. Because Sanford can terminate Weakley from positions that account for more than two-thirds of her income, she lacks independence from Sanford.

* * *

165. Additionally, eXp is *de facto* controlled by Defendant Sanford, which further undermines the Board's independence. Numerous factors demonstrate Sanford's *de facto* control over eXp.

166. **First**, Sanford controls the re-nomination and re-election of directors. Sanford and his ex-wife collectively own more eXp stock than any other stockholder. Their collective holdings represent approximately 45.5% of the Company's outstanding shares. Sanford and his ex-wife also have "agreed to vote as a group with respect to the election of directors of [eXp] and any other matter on which any shares of common stock of [eXp] are entitled to vote." The express purpose of this voting agreement "is to consolidate control of [eXp] among [Sanford and his ex-wife and] to exercise greater control over the composition of [eXp's] board of directors and management." As a result, Sanford has the practical ability to determine the outcome of any contested director election, demonstrating his *de facto* control over eXp.

167. **Second**, Sanford has a long history of exerting significant control over the Board and eXp management. Sanford has consistently exerted control over the Board by stacking it with loyalists, including his personal "fixer" Miles. Conversely, when eXp directors have opposed Sanford or questioned his misconduct, Sanford has ousted them from the Board. [REDACTED]

[REDACTED] Frederick was ousted from the Board in the middle of his term after he confronted Sanford about the "cooked books," leaving the Board with only six members rather than its usual seven. [REDACTED]

[REDACTED]

[REDACTED]

168. This culture of fear and retaliation has infected every level of the Company and its business. As the Global Operations Coordinator reported, “[N]o one made complaints if they valued their job.” Indeed, the Global Operations Coordinator’s team was told that if anyone overheard any discussion of the allegations of sexual assault, they should notify upper leadership immediately and report their fellow colleagues.

169. Sanford also has ensured that he and his loyalists dominate key committees of the Board. For instance, Sanford is (and always has been) the sole member of the Equity Committee, which has authority to make grants of the Company’s common stock. Similarly, Sanford and his personal “fixer” Miles comprise a majority of the Compensation Committee, which is responsible for “the review and determination of executive and director compensation, including the Chief Executive Officer.” Because Sanford dominates the Equity and Compensation Committees, he can use compensation as leverage to control the Board and management.

170. Other facts demonstrate that the Board has a controlled mindset. For instance, [REDACTED] several different people told [REDACTED] that Sanford did not have the capability to be a CEO. Despite these widespread concerns about Sanford’s competence, there is no indication that the

Board has ever critically evaluated his performance as CEO. Rather, the Compensation Committee and the Board have approved above-market compensation and unlimited bonus opportunities for Sanford.

171. Sanford's *de facto* control over eXp further undermines the independence of the directors who comprise the Demand Board.

* * *

172. For all the above reasons, a demand upon the Board would be futile and therefore is excused.

COUNT I

(Derivative Claim for Breach of Fiduciary Duty Against Defendants Sanford, Frederick, and Gesing in their Capacity as Controlling Stockholders)

173. Plaintiffs repeat and reallege each and every allegation above as if set forth in full herein.

174. Defendants Sanford, Frederick, and Gesing (together, the "Controller Defendants") were controlling stockholders of the Company at times relevant to the misconduct alleged herein. On or about December 17, 2020, the Controller Defendants, along with Defendant Sanford's ex-wife formed the Control Group pursuant to their agreement to vote together with respect to the election of eXp directors and any other matter on which eXp common stockholders are entitled to vote. As of February 16, 2021, the Controller Defendants together controlled 55.9%

of the Company's common stock. The Controller Defendants together controlled more than 50% of the Company's common stock until July 31, 2023, when Defendant Frederick dissociated from the Control Group, thereby reducing its voting power to 47.7% of the Company's common stock. Defendant Gesing dissociated from the Control Group on January 10, 2024, thereby reducing the Control Group's voting power to 45.7% of the Company's common stock.

175. By reason of their fiduciary role as controlling stockholders of the Company, the Controller Defendants owed eXp the highest obligation of good faith, fair dealing, loyalty, and due care.

176. The Controller Defendants violated and breached their fiduciary duties as described herein, including by failing to ensure that the Company had in place reasonable reporting and information systems that would have allowed eXp's officers and the Board to know about and prevent acts of sexual assault and misconduct, and failing to respond to and consciously disregarding the accounts of sexual assault and misconduct that were brought to the Controller Defendants' attention. Instead, the Controller Defendants covered up the sexual misconduct at eXp; caused the Company to enter the "Accelerated Compensation Agreement," under which it paid out at least \$1 million to Bjorkman; and rushed Conord's compensation package through a Board vote, while withholding material information about the reason for his departure that would have affected other Board

members' decisions to approve or reject his compensation. This cover-up allowed certain Defendants to continue reaping massive profits from under the revenue share program. For example, in 2020, Sanford made nearly \$16 million in just one year.

177. As a direct and proximate result of the Controller Defendants' breaches of fiduciary duty, eXp has sustained significant harm, not only monetarily, but also to its corporate image and goodwill.

178. As a result of the misconduct alleged herein, the Controller Defendants are liable to the Company.

179. Plaintiffs do not have an adequate remedy at law.

COUNT II

(Derivative Claim for Breach of Fiduciary Duty Against Defendant Sanford in His Capacities as an Officer and a Director)

180. Plaintiffs repeat and reallege each and every allegation above as if set forth in full herein.

181. By reason of his fiduciary roles as an officer and director of the Company, Defendant Sanford owed eXp the highest obligation of good faith, fair dealing, loyalty, and due care.

182. Defendant Sanford violated and breached his fiduciary duties as described herein, including by failing to ensure that the Company had in place reasonable reporting and information systems that would have allowed eXp's

officers and the Board to know about and prevent acts of sexual assault and misconduct, and failing to respond to and consciously disregarding the accounts of sexual assault and misconduct that were brought to Sanford's attention. Instead, Sanford, along with other Defendants, covered up the sexual misconduct at eXp; caused the Company to enter the "Accelerated Compensation Agreement," under which it paid out at least \$1 million to Bjorkman; and rushed Conord's compensation package through a Board vote, while withholding material information about the reason for his departure that would have affected other Board members' decisions to approve or reject his compensation. This cover-up allowed certain Defendants, including Sanford, to continue reaping massive profits from under the revenue share program. Indeed, in 2020, Sanford made nearly \$16 million in just one year.

183. These actions cannot be exculpated, as exculpation permitted by Delaware law and the Company's certificate of incorporation does not eliminate or limit the liability of a director or officer for (i) any breach of the director's or officer's duty of loyalty to the Company, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iii) a director or officer for any transaction from which the director or officer derived an improper personal benefit. Furthermore, the Company's currently operative certificate of incorporation does not eliminate or limit the liability of officers of the Company—the provision extends only to its directors.

184. As a direct and proximate result of Defendant Sanford's breaches of fiduciary duty, eXp has sustained significant harm, not only monetarily, but also to its corporate image and goodwill.

185. As a result of the misconduct alleged herein, Defendant Sanford is liable to the Company.

186. Plaintiffs do not have an adequate remedy at law.

COUNT III

(Derivative Claim for Breach of Fiduciary Duty Against Defendants Frederick, Gesing, Miles, and Cahir)

187. Plaintiffs repeat and reallege each and every allegation above as if set forth in full herein.

188. By reason of their fiduciary roles as directors of the Company, Defendants Frederick, Gesing, Miles, and Cahir (the "Director Defendants") owed eXp the highest obligation of good faith, fair dealing, loyalty, and due care.

189. The Director Defendants violated and breached their fiduciary duties as described herein, including by failing to ensure that the Company had in place reasonable reporting and information systems that would have allowed eXp's officers and the Board to know about and prevent acts of sexual assault and misconduct, and failing to respond to and consciously disregarding the accounts of sexual assault and misconduct that were brought to the Director Defendants'

attention. Instead, the Director Defendants, along with other Defendants, covered up the sexual misconduct at eXp; caused the Company to enter the “Accelerated Compensation Agreement,” under which it paid out at least \$1 million to Bjorkman; and rushed Conord’s compensation package through a Board vote, while withholding material information about the reason for his departure that would have affected other Board members’ decisions to approve or reject his compensation. This cover-up allowed certain Defendants, including Frederick and Gesing, to continue reaping massive profits under the revenue share program. In 2020, Frederick received nearly \$3.9 million in cash payments and stock awards under the Company’s revenue share program. In 2021, Gesing earned nearly \$550,000 under the Company’s revenue share program.

190. These actions cannot be exculpated, as exculpation permitted by Delaware law and the Company’s certificate of incorporation does not eliminate or limit the liability of a director for (i) any breach of the director’s duty of loyalty to the Company, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iii) a director for any transaction from which the director derived an improper personal benefit.

191. As a direct and proximate result of Defendants’ breaches of fiduciary duty, eXp has sustained significant harm, not only monetarily, but also to its corporate image and goodwill.

192. As a result of the misconduct alleged herein, the Defendants are liable to the Company.

193. Plaintiffs do not have an adequate remedy at law.

COUNT IV

(Derivative Claim for Breach of Fiduciary Duty Against Defendant Bramble)

194. Plaintiffs repeat and reallege each and every allegation above as if set forth in full herein.

195. By reason of his fiduciary role as an officer of the Company, Defendant Bramble owed eXp the highest obligation of good faith, fair dealing, loyalty, and due care.

196. Defendant Bramble violated and breached his fiduciary duties as described herein, including by failing to ensure that the Company had in place reasonable reporting and information systems that would have allowed eXp's officers and the Board to know about and prevent acts of sexual assault and misconduct and failing to respond to and consciously disregarding the accounts of sexual assault and misconduct that were brought to Bramble's attention. Instead, Bramble, along with the other Defendants, covered up the sexual misconduct at eXp and caused the Company to enter the "Accelerated Compensation Agreement," under which it paid out at least \$1 million to Bjorkman.

197. These actions cannot be exculpated, as exculpation permitted by

Delaware law and the Company's certificate of incorporation does not eliminate or limit the liability of an officer for (i) any breach of the officer's duty of loyalty to the Company or (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law. Furthermore, the Company's currently operative certificate of incorporation does not eliminate or limit the liability of officers of the Company—exculpation is available only for directors.

198. As a direct and proximate result of Defendant Bramble's breaches of fiduciary duty, eXp has sustained significant harm, not only monetarily, but also to its corporate image and goodwill.

199. As a result of the misconduct alleged herein, Defendant Bramble is liable to the Company.

200. Plaintiffs do not have an adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs demand judgment and permanent relief, including injunctive relief, in their favor, in favor of Plaintiffs, and/or in favor of the Company and against Defendants as follows:

- A. declaring this Action to be a proper derivative action and Plaintiffs to be proper and adequate representatives of the Company;
- B. declaring that the Defendants breached their fiduciary duties to the Company;

- C. ordering immediate disgorgement of all profits, benefits, and other compensation paid by the Company as a result of breaches of fiduciary duties and unjust enrichment;
- D. awarding damages sustained by the Company as a result of the breaches of fiduciary duties set forth above, together with pre- and post-judgment interest, from each of the Defendants, jointly and severally;
- E. against all Defendants and in favor of the Company for mandatory injunctive relief requiring the Company to implement and monitor policies and systems to ensure appropriate oversight of allegations of sexual misconduct;
- F. awarding Plaintiffs' costs and expenses incurred in this Action, including, but not limited to, experts' and attorneys' fees; and
- G. for such other and further relief as this Court may deem just and proper.

Dated: September 25, 2024

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