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9

10 UNITED STATES DISTRICT COURT  
11 NORTHERN DISTRICT OF CALIFORNIA  
12 OAKLAND DIVISION

13 JASON BLESSING and REHMANN  
14 RAYANI,

15 Plaintiffs,

16 v.

17 PLEX SYSTEMS, INC. and PLEX  
18 SYSTEMS HOLDINGS, INC.,

19 Defendants.  
20

Case No.

**COMPLAINT**

**DEMAND FOR JURY TRIAL**

21 REDACTED VERSION OF DOCUMENT SOUGHT TO BE SEALED  
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COMPLAINT

Case No. \_\_\_\_\_

1717724

1 Plaintiffs Jason Blessing and Rehmann Rayani (“Plaintiffs”) allege as follows for their  
2 Complaint against Defendants Plex Systems, Inc. (“Plex Systems”) and Plex Systems Holdings,  
3 Inc. (“Plex Holdings” and, collectively with Plex Systems, “Plex”). Plaintiffs hereby state and  
4 allege as follows:

### 5 **INTRODUCTION**

6 1. Plex is a leading provider of cloud-based management software for manufacturing  
7 companies. Plex has grown significantly since its founding in 1995, transforming from a  
8 bootstrapped IT project into a billion-dollar private equity darling.

9 2. Starting no later than early 2020, Plex and its latest private equity owner,  
10 Francisco Partners, were engaged in negotiations with a large, publicly traded industrial  
11 automation company, Rockwell Automation (“Rockwell”), regarding a potential acquisition by  
12 Rockwell of Plex.

13 3. As a result of those negotiations, in June 2021, Rockwell announced it had  
14 acquired Plex for \$2.2 billion. The sale should have brought tremendous returns for all of Plex’s  
15 stockholders. Yet in the months leading up to the acquisition’s consummation, Plex and  
16 Francisco Partners carried out a scheme that significantly enlarged their share of the proceeds—at  
17 the expense of other, long-time company stockholders, including Plex’s own former Chief  
18 Executive Officer.

19 4. Specifically, in March 2021, Plex’s Chief Financial Officer contacted certain  
20 stockholders, including former-CEO Jason Blessing and former-Vice President Rehmann Rayani,  
21 to announce a tender offer set to close the next month. A tender offer is a company’s solicitation  
22 to its shareholders, presenting an opportunity to sell their stock back to the company at a specific  
23 price during a specific time. To Blessing and Rayani, the offer appeared to be a well-earned and  
24 long-awaited opportunity at liquidity; Plex, like most privately held firms, did not often make  
25 such offers and this was the first such opportunity for liquidity since Blessing and Rayani were  
26 hired by Plex in 2013 and 2014, respectively.

27 5. Blessing and Rayani could not have known then that Plex’s offer was based on a  
28 lie. Only later did they learn that Plex’s tender offer disclosures had been materially false and

misleading: Rather than disclosing that Plex and Rockwell were discussing an acquisition of Plex by Rockwell, Plex affirmatively and falsely disclosed [REDACTED]: [REDACTED]  
[REDACTED]  
[REDACTED].” Plex thus represented that it was worth just \$ [REDACTED] and priced its shares accordingly, representing to its shareholders that [REDACTED], despite knowing that its valuation was much higher, as reflected by the sale just two months later for \$2.2 billion.

6. Both Blessing and Rayani, relying on their former company to be forthright, agreed to sell their outstanding shares back to the company. But in doing so in April 2021, rather than waiting two months for the Rockwell acquisition to be announced, Blessing’s and Rayani’s proceeds were [REDACTED] dollars less than what they unquestionably would have been had Plex not misled them.

7. The relief sought here is simple: Blessing and Rayani should be made whole and provided the profits they would have made had they not sold their Plex stock during the company’s misleading and fraudulent tender offer but rather sold in connection with Rockwell’s acquisition. The windfall that improperly inured to the benefit of Plex’s ownership, including Francisco Partners, should be restored to shareholders, like Blessing and Rayani, who were deprived of the fulsome disclosure they were due, under the law, during the tender offer.

### THE PARTIES

8. Plaintiff Jason Blessing is a corporate executive and entrepreneur and the former CEO of Plex. Blessing currently resides in Danville, California.

9. Plaintiff Rehmann Rayani is a corporate executive and entrepreneur and a former Vice President of Plex. Rayani currently resides in Toronto, Ontario.

10. Defendant Plex Systems, Inc., is a Delaware Corporation with its principal place of business in Troy, Michigan.

11. Defendant Plex Systems Holdings, Inc., is a Delaware Corporation with its principal place of business in Troy, Michigan.

12. Plaintiffs are informed and believe that each Defendant acted in all respects pertinent to this action as the agent of the other Defendants, carried out a joint scheme, business

1 plan, or policy in all respects pertinent hereto, and that the acts of each Defendant are legally  
2 attributable to each of the other Defendants.

### 3 **JURISDICTION AND VENUE**

4 13. This Court has jurisdiction pursuant 28 U.S.C. § 1331 because this civil action  
5 arises under the laws of the United States. Furthermore, jurisdiction is proper under § 1332(a),  
6 because the parties are residents of different states and/or foreign countries, and the amount in  
7 controversy exceeds \$75,000.

8 14. This Court has personal jurisdiction over Defendants by virtue of their sufficient  
9 minimum contacts with this forum as detailed herein. Additionally, Plex maintains an office in  
10 Irvine, California. Plex Systems has filed a Statement and Designation by Foreign Corporation  
11 with the California Secretary of State, electing a California-based agent for service of process.

12 15. Venue is proper in this judicial district, because a substantial part of the events or  
13 omissions giving rise to the claim occurred here.

### 14 **FACTUAL ALLEGATIONS**

#### 15 **A. Plex Grows to Billion-Dollar Industry Leader.**

16 16. Plex was founded as Plexus Systems in 1995. As a software-as-a-service or  
17 “SaaS” business, Plex offers a cloud-based Enterprise Resource Planning (“ERP”) program to  
18 manufacturing companies. Plex markets its Plex Smart Manufacturing Platform as “connect[ing]  
19 every manufacturing operation in the cloud for maximum efficiency, productivity and visibility,  
20 while supporting continuous innovation.”

21 17. Plex has grown significantly since its founding and has changed ownership several  
22 times along the way. In 2006, Apax Partners, a private equity investment group, obtained a  
23 majority interest in Plex.

24 18. Between 2007 and 2012, Plex’s revenues and headcount tripled, culminating in a  
25 second acquisition in June 2012, this time by Francisco Partners, another private equity firm.

26 19. Plex continued to accept outside investments in the years that followed, with Accel  
27 Partners investing \$30 million in December 2012 and T. Rowe Price leading a \$50 million  
28 funding round in June 2014.

20. In February 2021, Plex completed a high-profile acquisition of Kors Engineering, a leading provider of plant floor connectivity and manufacturing process automation software.

**B. Blessing and Rayani Lead Plex’s Growth and Acquire Significant Ownership Stake in the Company.**

21. Shortly after Francisco Partners acquired Plex in 2012, Plex hired Jason Blessing to serve as its CEO. Blessing had previously served in senior roles at PeopleSoft, Oracle, and Taleo. After his first year at Plex, Blessing worked out of the company’s (now former) office in Pleasanton, California.

22. In nearly five years as Plex’s CEO, Blessing transformed Plex into a more commercially oriented company, significantly scaled revenues and enterprise value, and raised the company’s profile in the manufacturing and software sectors. Blessing departed Plex at the end of 2017 and became CEO at Model N, a cloud-based revenue management solution for healthcare companies, in 2018.

23. At the time Blessing departed Plex, he owned 2,333,493 shares of Plex’s common stock.

24. Rehmann Rayani joined Plex in 2014 as Director of Corporate Strategy. He received several promotions, first to Senior Director of Corporate Strategy, then to Vice President of Corporate Strategy, and finally to Vice President and General Manager of the DemandCaster Business Unit, before leaving the company in 2018 to join Blessing at Model N. Rayani serves as Model N’s Chief Strategy Officer.



25. Shortly after Rayani departed Plex, he exercised options to purchase 200,000 shares of Plex’s common stock.




**C. Plex Vastly Understates Company’s Value and Misstates its Acquisition Prospects in Tender Offer to Stockholders, Including Blessing and Rayani.**




26. On March 10, 2021, Plex’s Chief Financial Officer, Don Clarke, e-mailed shareholders, including Blessing (then working and living in the San Francisco Bay Area) and Rayani, “to let [them] know that Plex will launch a tender offer for its outstanding common




1 shares.” A tender offer is a company’s solicitation to its shareholders, presenting them with the  
2 opportunity to tender their stock for sale back to the company at a specific price during a specific  
3 time. Tender offers are particularly valuable when made by a privately held company, because  
4 there is otherwise little or no way to sell shares of such stock.

5 27. Blessing and Rayani welcomed the announcement, as Plex—like other private  
6 companies—did not often provide liquidity events. The tender offer represented a valuable  
7 opportunity to monetize the stock that Blessing and Rayani had been holding for several years.  
8 At the same time, Blessing and Rayani were in no rush to unload their Plex stock: both were  
9 fortunate not to need cash immediately. They viewed their shares as long-term assets that they  
10 would part with only if the terms were right.

11 28. As part of its tender offer, Plex informed stockholders that the company was  
12 “  
13 .14 that the tender offer would run through April 8, 2021.

15 29. Plex offered to buy or terminate shares for \$ each. It informed shareholders  
16 that there were  total shares outstanding, indicating an enterprise value for Plex  
17 of around \$.

18 30. Critically, Plex represented in its offering documents that   
19   
20 .

21 31. In fact, however, Plex’s valuation was greater than \$2 billion. And its acquisition  
22 by an industrial giant was imminent. Taken together, Plex’s statements that it “  
23 ” and “”  
24 created the false and misleading impression that a billion-dollar, blockbuster acquisition was not  
25 in the offing, when in fact it was just two months from being announced.

26 32. Since at least early 2020, Plex had been discussing a potential partnership with  
27 Rockwell Automation, a publicly traded industrial automation and information technology  
28 company with tens of thousands of employees, billions of dollars in annual revenue, and a market

1 cap greater than \$30 billion.

2 33. Plex and Rockwell continued to discuss an acquisition in 2020 and 2021. In fact,  
3 in March and April 2021, at the same time the tender offer was pending, Plex and Rockwell were  
4 in the midst of discussions about an acquisition of the former by the latter.

5 34. In June 2021, just two months after Plaintiffs sold their shares to Plex, Plex and  
6 Rockwell announced that Rockwell would acquire Plex for \$2.22 billion, with the deal to close by  
7 September 2021. Coverage of the merger announcement touted that “Plex will definitely benefit  
8 from this [deal], especially as it will expedite their entry into new verticals and will expand their  
9 geographic coverage and market penetration,” and that “the acquisition is expected to boost  
10 Rockwell’s operating margins immediately.” On a June 25, 2021 investor call, the companies  
11 revealed that Rockwell had been looking at Plex for “quite some time.”

12 35. Yet in March and April, when Blessing and Rayani had to decide whether to  
13 accept Rockwell’s tender offer, they did not know—and, indeed, could not have known—that the  
14 Rockwell acquisition was imminent. Nor were Blessing and Rayani aware that Plex’s valuation  
15 was more than [REDACTED] times what Plex had included in its offering documents.

16 36. Blessing and Rayani therefore accepted Plex’s tender offer, relying on Plex’s  
17 representations about the company’s valuation and acquisition potential. Blessing agreed on  
18 March 24, 2021, to tender 2,333,493 shares and to receive \$[REDACTED]. Rayani agreed on  
19 April 1, 2021, to tender his 200,000 shares and to receive \$[REDACTED].

20 37. Neither Blessing nor Rayani would have sold their shares had they known that  
21 Rockwell was attempting to purchase Plex, that Plex was considering another liquidity event, or  
22 that Plex was worth far more than \$[REDACTED]. Had they not relied upon Plex’s representations  
23 and held on to their Plex shares until the Rockwell acquisition was announced, Blessing’s stake in  
24 Plex would have been worth more than \$[REDACTED] and Rayani’s would have been valued at close  
25 to \$[REDACTED]. Had Blessing and Rayani not sold their shares during the tender offer, they  
26 would have had an opportunity to do so—or to receive fair compensation for those shares—  
27 during or after the Rockwell acquisition.

28 38. The tenders closed on April 15, 2021. Plex announced the Rockwell deal just 71

1 days later. Blessing and Rayani were blindsided by the acquisition news and shocked to learn  
2 that they had been lied to by the company they had helped to build. Blessing's and Rayani's  
3 attempts to resolve their disagreement with Plex were not successful. This suit follows.

4 **COUNT ONE**  
5 **(Violation of § 10(b) and Rule 10b-5 of the Exchange Act)**

6 39. Plaintiffs incorporate all of the above paragraphs as though fully set forth herein.

7 40. Plex made material misrepresentations and omissions in representing the  
8 company's valuation and in indicating that [REDACTED];

9 41. Plex made the aforementioned material misrepresentations and omissions with  
10 knowledge that they were false and/or misleading;

11 42. Plex's material misrepresentations and/or omissions were made in connection with  
12 the purchase and sale of a security, *i.e.*, shares of the company's stock sold during its March-April  
13 2021 tender offer;

14 43. Blessing and Rayani relied on Plex's material misrepresentations and omissions  
15 when they elected to accept the tender offer and sell their Plex shares to the company;

16 44. Blessing and Rayani suffered economic loss as a result of Plex's material  
17 misrepresentations and omissions, as declining the tender offer and waiting to sell Plex's common  
18 stock during or after Rockwell's acquisition of Plex would have resulted in more than \$ [REDACTED]  
19 in additional profits;

20 45. Plex's material misrepresentations and omissions were a substantial cause of  
21 Blessing's and Rayani's economic loss.

22 **COUNT TWO**  
23 **(Violation of Exchange Act § 14(e))**

24 46. Plaintiffs incorporate all of the above paragraphs as though fully set forth herein.

25 47. Plex made material misrepresentations and omissions in representing the  
26 company's valuation and in indicating that [REDACTED];

27 48. Plex's material misrepresentations and omissions were made in connection with a  
28 tender offer.



**COUNT THREE**  
**(Fraud)**

49. Plaintiffs incorporate all of the above paragraphs as though fully set forth herein.

50. Plex made material misrepresentations and omissions in representing the company's valuation and in indicating that [REDACTED];

51. Plex made the aforementioned material misrepresentations and omissions with knowledge that they were false and misleading;

52. Plex made the aforementioned material misrepresentations and omissions with the intent to cause recipients of the tender offer, including Blessing and Rayani, to rely upon them;

53. Blessing and Rayani did in fact justifiably rely on Plex's material misrepresentations and omissions when they elected to accept the tender offer and sell their Plex shares to the company;

54. Blessing and Rayani suffered damage as a result of Plex's material misrepresentations and omissions, as declining the tender offer and waiting to sell Plex's common stock during Rockwell's acquisition of Plex would have resulted in more than \$[REDACTED] in additional profits.

**COUNT FOUR**  
**(Fraudulent Concealment)**

55. Plaintiffs incorporate all of the above paragraphs as though fully set forth herein.

56. Plex made material misrepresentations and omissions in representing the company's valuation and in indicating that [REDACTED];

57. Plex made the aforementioned material misrepresentations and omissions with knowledge that they were false and misleading;

58. Plex made the aforementioned material misrepresentations and omissions with the intent to cause recipients of the tender offer, including Blessing and Rayani, to rely upon them;

59. Blessing and Rayani did in fact justifiably rely on Plex's material misrepresentations and omissions when they elected to accept the tender offer and sell their Plex shares to the company;

60. Blessing and Rayani suffered damage as a result of Plex's material misrepresentations and omissions, as declining the tender offer and waiting to sell Plex's common stock during Rockwell's acquisition of Plex would have resulted in more than \$ [REDACTED] in additional profits.

**COUNT FIVE**  
**(Fraud in the Inducement)**

61. Plaintiffs incorporate all of the above paragraphs as though fully set forth herein.

62. Plex made material misrepresentations and omissions in representing the company's valuation and in indicating that [REDACTED];

63. Plex made the aforementioned material misrepresentations and omissions with knowledge that they were false and misleading;

64. Plex made the aforementioned material misrepresentations and omissions with the intent to cause recipients of the tender offer, including Blessing and Rayani, to rely upon them;

65. Blessing and Rayani did in fact justifiably rely on Plex's material misrepresentations and omissions when they elected to accept the tender offer and sell their Plex shares to the company;

66. Blessing and Rayani suffered damage as a result of Plex's material misrepresentations and omissions, as declining the tender offer and waiting to sell Plex's common stock during Rockwell's acquisition of Plex would have resulted in more than \$ [REDACTED] in additional profits.

**COUNT SIX**  
**(Negligent Misrepresentation)**

67. Plaintiffs incorporate all of the above paragraphs as though fully set forth herein.

68. Plex made material misrepresentations in representing the company's valuation and in indicating that [REDACTED];

69. Plex lacked reasonable grounds to believe its material misrepresentations to be true;

1           70.     Plex made the aforementioned material misrepresentations with the intent to cause  
2 recipients of the tender offer, including Blessing and Rayani, to rely upon them;

3           71.     Blessing and Rayani did not know that Plex's material misrepresentations were  
4 false and misleading;

5           72.     Blessing and Rayani justifiably relied on Plex's material misrepresentations and  
6 omissions when they elected to accept the tender offer and sell their Plex shares to the company;

7           73.     Blessing and Rayani suffered damage as a result of Plex's material  
8 misrepresentations, as declining the tender offer and waiting to sell Plex's common stock during  
9 Rockwell's acquisition of Plex would have resulted in more than \$ [REDACTED] in additional profits.

10                           **COUNT SEVEN**  
11                           **(Unjust Enrichment)**

12           74.     Plaintiffs incorporate all of the above paragraphs as though fully set forth herein.

13           75.     Plex has been unjustly enriched in retaining the benefits derived from its  
14 fraudulent tender offer purchases from Blessing and Rayani. Retention of those benefits is unjust  
15 and inequitable under the circumstances, because Plex induced those transactions via material  
16 misrepresentations and omissions. Plex's actions caused injuries to Blessing and Rayani because  
17 they would not have accepted the tender offer had they known that Rockwell's acquisition of Plex  
18 was imminent.

19           76.     Because Plex's retention of the non-gratuitous benefits conferred on them by  
20 Blessing and Rayani is unjust and unreasonable, Plex must pay restitution to Blessing and Rayani  
21 for their unjust enrichment.

22                           **COUNT EIGHT**  
23                           **(Breach of Contract)**

24           77.     Plaintiffs incorporate all of the above paragraphs as though fully set forth herein.

25           78.     Blessing's and Rayani's acceptance of the tender offer created a valid and binding  
26 contract between each of Blessing and Rayani, on the one hand, and Plex, on the other.

27           79.     Blessing and Rayani performed under their contracts, insofar as they tendered their  
28 shares of Plex common stock to the company.

80. Plex breached its contracts with Blessing and Rayani by disregarding the warranties and representations included therein. The tender offer included a warranty that [REDACTED] and represented that [REDACTED].

81. Blessing and Rayani suffered damage as a result of Plex's breach, as their reliance on Plex's representations and warranties induced them to accept the offer instead of waiting to sell Plex's common stock during Rockwell's acquisition, when their shares would have been worth at least \$ [REDACTED] more.

### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiffs pray for judgment and relief as follows:

1. For judgment in Plaintiffs' favor and against Defendants on all causes of action alleged herein;
2. For damages in an amount to be proven at trial;
3. For restitution;
4. For rescission;
5. For preliminary and permanent injunctive relief;
6. For imposition of a constructive trust;
7. For exemplary damages;
8. For costs of suit incurred herein;
9. For pre-judgment and post-judgment interest;
10. For attorneys' fees and costs;
11. For declaratory relief; and,
12. For such other and further relief as the Court may deem to be just and proper.

### **JURY TRIAL DEMANDED**

Plaintiffs demand a trial by jury of all issues so triable.

1 Dated: August 2, 2021

KEKER, VAN NEST & PETERS LLP

2  
3 By: s/John W. Keke

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