

DISTRICT COURT, CITY AND COUNTY OF  
DENVER, COLORADO  
1437 Bannock Street, Room 256  
Denver, Colorado 80202  
(720) 865-8301

Plaintiff: MASSROOTS, INC., a Delaware corporation,  
  
v.  
  
Defendant: ISAAC DIETRICH, an individual.

▲ COURT USE ONLY ▲

Attorneys for Plaintiff:  
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Case Number:

Division/Courtroom:

## COMPLAINT

Plaintiff MassRoots, Inc. ("MassRoots" or the "Company"), for its Complaint against Defendant Isaac Dietrich ("Dietrich"), alleges the following:

### **PARTIES, JURISDICTION, AND VENUE**

1. Plaintiff MassRoots is a Delaware corporation, duly authorized to conduct business in the State of Colorado, whose principal office is located at 1624 Market Street #201, Denver, CO 80202.
2. Upon information and belief, Defendant Dietrich resides at 1920 17<sup>th</sup> St, Denver, Colorado 80202.
3. This Court has personal jurisdiction over Defendant Dietrich pursuant to C.R.S. § 13-1-124 because he resides and has transacted business in Colorado.

4. Venue is proper in Denver County because Defendant Dietrich agreed, under to Paragraph 13 of the Separation Agreement identified in Paragraph 7 below, that the courts in Denver, Colorado shall have exclusive jurisdiction and venue for any disputes arising under the Separation Agreement.

### **GENERAL ALLEGATIONS**

5. On or about April 1, 2014, MassRoots and Dietrich entered into an “at will” Employment Agreement, as amended on March 31, 2015, providing for, among other things, Dietrich’s employment as MassRoots’ Chief Executive Officer (the “Employment Agreement”).

6. Due to evidence of serious misconduct by Dietrich, which included illegal drug use at the workplace, improper sexual activities involving the workplace, and misappropriation and misuse of Company funds, Dietrich’s employment with MassRoots was terminated by MassRoots on October 16, 2017.

7. Following and in connection with Dietrich’s termination, Dietrich and MassRoots entered into a Separation Agreement on October 17, 2017 (the “Separation Agreement”).

8. Paragraph 9 of the Separation Agreement provides in pertinent part:

**Non-disparagement.** Dietrich agrees not to make any untruthful, malicious, or defamatory statements, allegations, comments or communications (whether written, oral, electronic, or otherwise) with regard to the Released Parties. Dietrich further agrees not to encourage or instigate any such statements, allegations, comments or communications to be made by others on Dietrich’s behalf. ....

9. Paragraph 10 of the Separation Agreement provides in pertinent part:

**Standstill.** During the three-year period commencing on the Effective Date (the “Standstill Period”), neither Dietrich nor any person acting on his behalf will, in any manner, directly or indirectly:

(a) make, effect, initiate, cause or participate in (i) any acquisition of beneficial ownership of any securities of the Company or any securities of any subsidiary or other affiliate of the Company, (ii) any acquisition of any assets of the Company or any assets of any subsidiary or other affiliate of the Company, (iii) any tender offer, exchange offer, merger, business combination, recapitalization, restructuring, liquidation, dissolution or extraordinary transaction involving the Company or any subsidiary or other affiliate of the Company, or involving any securities or assets of the Company or any securities or assets of any subsidiary or other affiliate of the Company, or (iv)

any "solicitation" of "proxies" (as those terms are used in the proxy rules of the Securities and Exchange Commission) or consents with respect to any securities of the Company;

\* \* \*

(b) act, alone or in concert with others, to seek to control or influence the management, board of directors or policies of the Company except in his current capacity as a duly elected director;

(c) take any action that might require the Company to make a public announcement regarding any of the types of matters set forth in clause "(a)" of this sentence;

(d) agree or offer to take, or encourage or propose (publicly or otherwise) the taking of, any action referred to in clause "(a)", "(b)", "(c)" or "(d)" of this sentence; or

(e) assist, induce or encourage any other Person to take any action of the type referred to in clause "(a)", "(b)", "(c)", "(d)" or "(e)" of this sentence.

**FIRST CLAIM FOR RELIEF**  
**(Breach of Separation Agreement)**

10. MassRoots repeats and realleges Paragraphs 1 through 9, above.

11. Dietrich was interviewed by *Marijuana Business Daily* for an article that was published on November 9, 2017. In that interview, and as reflected in the published article, Dietrich made statements which were quoted in the article and which violated the non-disparagement provisions of the Separation Agreement.

12. Also during the interview referred to in Paragraph 11 above, Dietrich made further statements as to his intent to call a Company shareholder vote in the very near future in an attempt to remove the Company's board of directors or members thereof, and/or to take over the board, which statements were in violation of the standstill provisions of the Separation Agreement.

13. Upon information and belief, the statements violative of Sections 9 and 10 of the Separation Agreement were made by Dietrich to Company shareholders and other parties, with the intent to harm the Company.

14. As a direct and proximate result of Dietrich's breaches of the Separation Agreement, MassRoots has sustained substantial damages, including those resulting from

diminution in its market value since the publication of Dietrich's disparaging statements in violation of Sections 9 and 10 of the Separation Agreement.

**SECOND CLAIM FOR RELIEF**  
**(Breach of Fiduciary Duty)**

15. MassRoots repeats and realleges Paragraphs 1 through 14, above.

16. As the Chief Executive Officer and a director of the Company, Dietrich owed to MassRoots certain fiduciary duties.

17. During his tenure as Chief Executive Officer of MassRoots, Dietrich paid himself and others without authorization by the Company to do so, or caused MassRoots to pay to him or others on his behalf or at his direction, various amounts totaling in excess of \$250,000.

18. Dietrich breached his fiduciary duty to MassRoots by misappropriating Company funds for his personal benefit, and by engaging in self-dealing by causing the Company to make unauthorized payments to him and third parties on his behalf and for his personal benefit.

19. Because of Dietrich's breaches, MassRoots has been damaged in an amount to be determined at trial.

**THIRD CLAIM FOR RELIEF**  
**(Conversion)**

20. MassRoots repeats and realleges Paragraphs 1 through 19, above.

21. "Conversion is defined as any distinct, unauthorized act of dominion or ownership exercised by one person over personal property belonging to another." *Glenn Arms Assoc. v. Century Mortg. & Inv. Corp.*, 680 P.2d 1315, 1317 (Colo. App. 1984).

22. MassRoots had ownership of and the right to immediate possession of Company funds held in its bank accounts.

23. Dietrich without authorization improperly exercised dominion over certain of the Company's funds and retained possession of such funds.

24. Dietrich's exercise of dominion over said funds of the Company was wrongful.

25. MassRoots did not authorize Dietrich to exercise such dominion, as this would have required approval from the Company's board of directors.

26. Dietrich has failed to return the Company's funds to MassRoots.

27. As a result of Dietrich's conversion of the Company's funds, MassRoots has been damaged in an amount to be determined at trial.

**FOURTH CLAIM FOR RELIEF**  
**(Civil Theft)**

28. MassRoots repeats and realleges Paragraphs 1 through 27, above.

29. Dietrich knowingly obtained control of the Company's funds using deception and false pretenses, including without limitation:

- a. by making unauthorized payments to himself and others, and causing the Company to make payments unrelated to Company business, and
- b. by engaging in self-dealing by causing the Company to make unauthorized payments to him and others.

30. Dietrich deliberately concealed the foregoing transactions from MassRoots with the intention of preventing MassRoots from discovering them, knowing that the transactions involved unauthorized appropriations of Company funds and knowing MassRoots would object to the transactions if discovered.

31. Dietrich's civil theft of Company funds has damaged MassRoots in an amount to be proven at trial.

32. MassRoots is entitled to three times the amount of its damages pursuant to C.R.S. § 18-4-405, together with costs and reasonable attorneys' fees.

**FIFTH CLAIM FOR RELIEF**  
**(Unjust Enrichment)**

33. MassRoots repeats and realleges Paragraphs 1 through 32, above.

34. Dietrich received benefits in the form of unauthorized payments at MassRoots' expense, and under circumstances that would make it unjust for Dietrich to retain those benefits and funds.

35. Dietrich has been unjustly enriched by paying himself and others, or causing the Company to pay to himself and others, amounts in excess of \$250,000, without authorization and without Company approval.

36. Dietrich has been unjustly enriched in an amount to be proven at trial.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff MassRoots, Inc. respectfully requests the Court grant to it the following relief:

- A. Judgment in its favor and against Defendant Isaac Dietrich on all claims;
- B. Damages, in its favor and against Defendant Isaac Dietrich, in amounts to be determined at trial;
- C. Attorney's fees and costs to the extent provided by contract or statute; and
- D. Such further relief as the Court deems proper.

Dated: November 14, 2017.

SENN VISCIANO CANGES P.C.

/s/ Frank W. Visciano [Orig. Sign. On File]

Frank W. Visciano, #7274

Devin N. Visciano, #45216

*ATTORNEYS FOR PLAINTIFF*

**Address of Plaintiff**

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