

CAUSE NO. _____

SUPERIOR ENERGY SERVICES, INC.,
STABIL DRILL SPECIALTIES, L.L.C, and
SESI, L.L.C.
Plaintiffs,

v.

CHRISTOPHER J. RUSSO, MARTIN A.
LEBLANC, ET. AL.,
Defendants.

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IN THE DISTRICT COURT

OF HARRIS COUNTY, TEXAS

_____ JUDICIAL DISTRICT

**PLAINTIFFS' VERIFIED ORIGINAL PETITION AND
REQUEST FOR INJUNCTIVE RELIEF AND REQUESTS FOR DISCLOSURE**

Plaintiffs Superior Energy Services, Inc. ("Superior"), Stabil Drill Specialties, L.L.C ("Stabil Drill"), and SESI, L.L.C ("SESI") (collectively "Plaintiffs"), file this their Verified Original Petition and Request for Injunctive Relief, wherein they complain of Defendants Martin A. LeBlanc ("LeBlanc"), Christopher J. Russo ("Russo"), Scott Kerstetter ("Kerstetter"), Daniel Anthony ("Anthony"), Mike Sheffield ("Sheffield"), Laguna Oil Tools, LLC, Quest Holdings, LLC, Renegade Performance Properties, LLC, Renegade Oil Tools, LLC, Renegade Manufacturing, LLC, Renegade Performance Coatings, LLC, LeBlanc Real Estate Investments, LLC, Triple RRR Investments, LLC, Triton Hardbanding Service, LLC, MSI Inspection Service, LLC, and Maverick Rental Tools, LLC (collectively "Defendants"), and further seek disclosures from all Defendants pursuant to Texas Rule of Civil Procedure 194. In support of their claims, Plaintiffs submit the following to the Court:

DISCOVERY CONTROL PLAN

1. Plaintiffs intend that discovery be conducted under Level 3 of TEX. R. CIV. P. 190.

NATURE OF THE CASE

2. This is a case of company officers of an oil field supply and services company abusing their positions of trust and power to misappropriate, divert, and usurp corporate assets and corporate opportunities. Although the schemes employed by the various defendants may sometimes seem complex, essentially, this case is about corporate officers using their position of trust and responsibility to siphon cash away from Plaintiffs by using multiple companies that they jointly owned and/or controlled.

3. This Original Petition and Request for Injunctive Relief and Requests for Disclosure relies upon verified facts for the injunctive relief sought in compliance with the Texas Rules of Civil Procedure. *See* Verification of Christine Chaney (attached as Exhibit A).

4. Christopher J. Russo and Martin A. LeBlanc (collectively the “Officers”) were the executive officers who ran Stabil Drill, a subsidiary of Superior and SESI. These individuals engaged in a complex scheme of self-dealing primarily by creating separate but interwoven corporate entities (which they owned or controlled) to overcharge Stabil Drill for goods and services, usurp corporate opportunities, and to benefit themselves by being on both sides of various transactions. In spite of their fiduciary duty to their employer, LeBlanc and Russo engaged in their nefarious conduct with the help of other individuals and entities, who are also Defendants in this matter. By the time that the Plaintiffs discovered that their Officers were betraying their positions of trust, the Officers had directed the payment of more than \$65 million over the course of a number of years to various entities owned and/or controlled by them or their co-conspirators. During this period, this group of third parties and Officers engaged in a scheme to divert funds and corporate resources, including the diversion of monies and sales proceeds from Stabil Drill and its parent companies in Texas, ultimately resulting in damages to Plaintiffs.

5. Plaintiffs now come before the Court to seek redress and to recover damages from the Defendants for the wrongs perpetrated against them. Plaintiffs also seek injunctive and equitable relief as further described herein.

PARTIES

6. Superior Energy Services, Inc. is a Delaware corporation with its principal place of business in Houston, Texas, and is the ultimate parent corporation of SESI, L.L.C. and Stabil Drill Specialties, L.L.C.

7. SESI, L.L.C. is a Delaware limited liability company with its principal place of business in Houston, Texas, and is the direct parent company of Stabil Drill Specialties, L.L.C. Its member is Superior Energy Services, Inc., a Delaware corporation with its principal place of business in Houston, Texas.

8. Stabil Drill Specialties, L.L.C. is a Louisiana limited liability company with its principal place of business in Lafayette, Louisiana. Its member is SESI, L.L.C., whose principal place of business is in Houston, Texas.

9. Christopher J. Russo is an individual and a resident and citizen of Louisiana. Based on public records and available information, he may be served with the citation and petition on the Texas Secretary of State, pursuant to TEX. CIV. PRAC. & REM. CODE, Section 17.044, by certified mail to Service of Process, Texas Secretary of State, P.O. Box 12079, Austin Texas 78711-2079 with forwarding instructions to: Christopher J. Russo, 103 Vanburg Place, Lafayette, LA 70508-1825.

10. Martin A. LeBlanc is an individual and a resident and citizen of Louisiana. Based on public records and available information, he may be served with the citation and petition on the Texas Secretary of State, pursuant to TEX. CIV. PRAC. & REM. CODE, Section 17.044, by

certified mail to Service of Process, Texas Secretary of State, P.O. Box 12079, Austin Texas 78711-2079 with forwarding instructions to: Martin A. LeBlanc, 118 Rue Chavaniac, Lafayette, LA 70508-7312.

11. Scott Kerstetter is an individual and a resident and citizen of Louisiana. Based on public records and available information, he may be served with the citation and petition on the Texas Secretary of State, pursuant to TEX. CIV. PRAC. & REM. CODE, Section 17.044, by certified mail to Service of Process, Texas Secretary of State, P.O. Box 12079, Austin Texas 78711-2079 with forwarding instructions to: Scott Kerstetter, 437 Shelly Drive, Lafayette, LA 70503.

12. Daniel Anthony is an individual and a resident and citizen of Texas. Based on public records and available information, he may be served with the citation and petition by certified mail at the following addresses: Daniel Anthony 7380 Harbor Dr., Montgomery, TX 77356-4771; and, also forwarding to a second address: Daniel Anthony 102 Jenny Lane, Montgomery, TX 77356-4416.

13. Mike Sheffield is an individual and a resident and citizen of Oklahoma. Based on public records and available information, he may be served with the citation and petition on the Texas Secretary of State, pursuant to TEX. CIV. PRAC. & REM. CODE, Section 17.044, by certified mail to Service of Process, Texas Secretary of State, P.O. Box 12079, Austin Texas 78711-2079 with forwarding instructions to: Mike Sheffield, 101 N Sara Road, Yukon, OK 73099; and also forwarding to a second address: Mike Sheffield, 1517 Autumn Creek Drive, Edmond, OK 73003.

14. Laguna Oil Tools, LLC is a Louisiana limited liability company with its principal place of business in Youngsville, Louisiana. Its member is Scott Kerstetter, who is a resident and citizen of Youngsville, LA. Based on public records and available information, Laguna Oil

Tools LLC, engages in business in Texas but does not have designated resident agent in Texas. Thus, it may be served with the citation and petition on the Texas Secretary of State, pursuant to TEX. CIV. PRAC. & REM. CODE, Section 17.044, by certified mail to Service of Process, Texas Secretary of State, P.O. Box 12079, Austin, TX 78711-2079 with forwarding instructions to: Scott Kerstetter, 103 Guernsey Lane, Youngsville, LA 70592.

15. Quest Holdings, LLC is an Oklahoma limited liability company with its principal place of business in Oklahoma City, Oklahoma. Upon information and belief, its members are (1) Mike Sheffield, who is a resident and citizen of Oklahoma; (2) LeBlanc Real Estate Investments, LLC, with its principal place of business in Louisiana, and whose members are (i) Martin A. LeBlanc, who is a resident and citizen of Louisiana, (ii) Janice C. LeBlanc, who is a resident and citizen of Louisiana, and (iii) Joseph C. LeBlanc, who is a resident and citizen of Tennessee; and (3) Christopher J. Russo, who is a resident and citizen of Louisiana. Based on public records and available information, Quest Holdings, LLC engages in business in Texas, but does not have a designated resident agent in Texas. Thus, it may be served with the citation and petition on the Texas Secretary of State, pursuant to TEX. CIV. PRAC. & REM. CODE, Section 17.044, by certified mail to Service of Process, Texas Secretary of State, P.O. Box 12079, Austin, TX 78711-2079 with forwarding instructions to: Mike Sheffield, 101 N Sara Road, Yukon, OK 73099, and also forwarding a second copy to Christopher J. Russo, 103 Vanburg Place, Lafayette, LA 70508-1825.

16. Renegade Performance Properties, LLC is a Louisiana limited liability company with its principal place of business in Youngsville, Louisiana. Its members are (1) Scott Kerstetter, who is a resident and citizen of Louisiana; (2) Triple RRR Investments, LLC, with its principal place of business in Louisiana, and whose members are (i) Gary J. Russo, who is a

resident and citizen of Louisiana; (ii) Lynda T. Landry, who is a resident and citizen of Louisiana; (iii) Christopher J. Russo, who is a resident and citizen of Louisiana; and (3) Martin A. LeBlanc, who is a resident and citizen of Lafayette, LA. Based on public records and available information, Renegade Performance Properties, LLC engages in business in Texas, but does not have a designated resident agent in Texas. Thus, it may be served with the citation and petition on the Texas Secretary of State, pursuant to TEX. CIV. PRAC. & REM. CODE, Section 17.044, by certified mail to Service of Process, Texas Secretary of State, P.O. Box 12079, Austin, TX 78711-2079 with forwarding instructions to: Tammy B. Scelfo, Allen & Gooch, 2000 Kaliste Saloom Road, Suite 400, Lafayette, LA 70508.

17. Renegade Oil Tools, LLC is a Louisiana limited liability company registered to do business in Texas with its principal place of business in Youngsville, Louisiana. Its current and past members include (1) Daniel Anthony, who is a resident and citizen of Texas; (2) Scott Kerstetter, who is a resident and citizen of Louisiana; (3) Christopher J. Russo, who is a resident and citizen of Louisiana; (4) Triple RRR Investments, LLC, with its principal place of business in Louisiana, and whose members are all residents and citizens of Louisiana; (5) Martin A. LeBlanc, who is a resident and citizen of Louisiana; and (6) Robin Redding, who is a resident and citizen of Louisiana. Based on public records and available information, Renegade Oil Tools, LLC engages in business in Texas, and has a designated resident agent in Texas. Thus, it may be served with the citation and petition by certified mail on its Texas registered agent: Daniel Anthony, 9739 Shepard Hill Road, Willis, TX 77318; and also the residences of Daniel Anthony: 17380 Harbor Dr., Montgomery, TX 77356-4771 and 102 Jenny Lane, Montgomery, TX 77356-4416, and forwarding an additional copy to Christopher J. Russo, 103 Vanburg Place, Lafayette, LA 70508-1825.

18. Renegade Manufacturing, LLC is a Louisiana limited liability company with its principal place of business in Youngsville, Louisiana. On information and belief, its members are (1) Scott Kerstetter, who is a resident and citizen of Louisiana; and (2) Jamie Paul Leger, who is a resident and citizen of Louisiana. Based on public records and available information, Renegade Manufacturing, LLC engages in business in Texas, but does not have a designated resident agent in Texas. Thus, it may be served with the citation and petition on the Texas Secretary of State, pursuant to TEX. CIV. PRAC. & REM. CODE, Section 17.044, by certified mail to Service of Process, Texas Secretary of State, P.O. Box 12079, Austin, TX 78711-2079 with forwarding instructions to: Scott Kerstetter, 437 Shelly Drive, Lafayette, LA 70503.

19. Renegade Performance Coatings, LLC is a Louisiana limited liability company with its principal place of business in Youngsville, Louisiana. Its current and past members include (1) Daniel Anthony, who is a resident and citizen of Texas; (2) Scott Kerstetter, who is a resident and citizen of Louisiana; (3) Christopher J. Russo, who is a resident and citizen of Louisiana; (4) Triple RRR Investments, LLC, with its principal place of business in Louisiana, and whose members are all residents and citizens of Louisiana; (5) Martin A. LeBlanc, who is a resident and citizen of Louisiana; and (6) Robin Redding, who is a resident and citizen of Louisiana. Based on public records and available information, Renegade Performance Coatings, LLC engages in business in Texas, but does not have a designated resident agent in Texas. Thus, it may be served with the citation and petition on the Texas Secretary of State, pursuant to TEX. CIV. PRAC. & REM. CODE, Section 17.044, by certified mail to Service of Process, Texas Secretary of State, P.O. Box 12079, Austin Texas 78711-2079 with forwarding instructions to: Tammy B. Scelfo, Allen & Gooch, 2000 Kaliste Saloom Road, Suite 400, Lafayette, LA 70508.

20. LeBlanc Real Estate Investments, LLC is a Louisiana limited liability company with its principal place of business in Lafayette, Louisiana. Its members are (1) Martin A. LeBlanc, who is a resident and citizen of Louisiana; (2) Janice C. LeBlanc, who is a resident and citizen of Louisiana; and (3) Joseph C. LeBlanc, who is a resident and citizen of Tennessee. Based on public records and available information, LeBlanc Real Estate Investments, LLC engages in business in Texas, but does not have a designated resident agent in Texas. Thus, LeBlanc Real Estate Investments, LLC may be served with the citation and petition on the Texas Secretary of State, pursuant to TEX. CIV. PRAC. & REM. CODE, Section 17.044, by certified mail to Service of Process, Texas Secretary of State, P.O. Box 12079, Austin Texas 78711-2079 with forwarding instructions to: Martin A. LeBlanc, 118 Rue Chavaniac, Lafayette, LA 70508.

21. Triple RRR Investments, LLC is a Louisiana limited liability company with its principal place of business in Lafayette, Louisiana. Its members are (1) Gary J. Russo, who is a resident and citizen of Louisiana; (2) Lynda T. Landry, who is a resident and citizen of Louisiana; and (3) Christopher J. Russo, who is a resident and citizen of Louisiana. Based on public records and available information, Triple RRR Investments, LLC engages in business in Texas, but does not have a designated resident agent in Texas. Thus, Triple RRR Investments, LLC may be served with the citation and petition on the Texas Secretary of State, pursuant to TEX. CIV. PRAC. & REM. CODE, Section 17.044, by certified mail to Service of Process, Texas Secretary of State, P.O. Box 12079, Austin, TX 78711-2079 with forwarding instructions to: Gary J. Russo, 600 Jefferson Street, Suite 1200, Lafayette, LA 70501.

22. Triton Hardbanding Service, LLC is a Mississippi limited liability company with its principal place of business in Edmond, Oklahoma. Its member is Mike Sheffield, who is a resident and citizen of Oklahoma. Based on public records and available information, Triton

Hardbanding Service, LLC engages in business in Texas, but does not have a designated resident agent in Texas. Thus, Triton Hardbanding Service, LLC may be served with the citation and petition on the Texas Secretary of State, pursuant to TEX. CIV. PRAC. & REM. CODE, Section 17.044, by certified mail to Service of Process, Texas Secretary of State, P.O. Box 12079, Austin, TX 78711-2079 with forwarding instructions to: Randal M. Hill, CPA, 335 North 14th Avenue, Laurel, MS 39440; and also Randal M. Hill, CPA, P.O. Box 4314, Laurel, MS 39440.

23. MSI Inspection Service, LLC is a Mississippi limited liability company with its principal place of business in Edmond, Oklahoma. Its member is Mike Sheffield, who is a resident and citizen of Oklahoma. Based on public records and available information, MSI Inspection Service, LLC engages in business in Texas, and has a designated resident agent in Texas. Thus, it may be served with the citation and petition by certified mail on its Texas registered agent: James S. Ates, 2603 S. Boston, Monahans, TX 79756.

24. Maverick Rental Tools, LLC is an Oklahoma limited liability company with its principal place of business in Edmond, Oklahoma. Upon information and belief, its members are Christopher J. Russo who is a resident and citizen of Louisiana and Mike Sheffield who is a resident and citizen of Oklahoma. Based on public records and available information, Maverick Rental Tools, LLC engages in business in Texas and has a designated resident agent in Texas. Thus, it may be served with the citation and petition on by certified mail its Texas registered agent: Julius R. Cecil, Jr., 830 Highway 1943 W, Warren, TX 77664.

CONDITIONS PRECEDENT

25. Plaintiffs have complied with, and fulfilled, any conditions precedent to the assertion of their claims and to their entitlement to the relief prayed for herein.

JURISDICTION AND VENUE

26. This Court has jurisdiction over the Defendants because they all have continuous and systematic contacts with the State of Texas in the course of their business such that exercising jurisdiction does not offend the traditional notions of fair play and substantial justice.

27. Specifically, this Court has jurisdiction over the Officers because they entered into agreements in Texas, worked for a company whose parent companies have their working headquarters in Texas, made statements and representations to individuals in Texas and were paid by Plaintiffs who are also in Texas. The Officers engaged in a continuous pattern of tortious conduct within the State of Texas along with the aid of the other Defendants. Together, the Officers and the other Defendants conspired to divert monies, assets, and usurp corporate opportunities of the Plaintiffs, including acts and schemes involving Texas transactions and agreements. In doing so, the Officers and other Defendants contracted with Texas residents and performed work or other agreements in whole or in part in Texas. The ultimate effect of these schemes was to drain monies, assets and usurp opportunities from the Plaintiffs, to the detriment of at least two companies operating with their headquarters in Houston, Texas.

28. All of the non-officer Defendants, including Scott Kerstetter, Daniel Anthony, Mike Sheffield, Laguna Oil Tools, LLC, Quest Holdings, LLC, Renegade Performance Properties, LLC, Renegade Oil Tools, LLC, Renegade Manufacturing, LLC, Renegade Performance Coatings, LLC, LeBlanc Release Estate Investments, LLC, Triple RRR Investments, LLC, Triton Hardbanding Service, LLC, MSI Inspection Service, LLC, and Maverick Rental Tools, LLC all either sold goods and/or engaged in real estate transactions, including the sale and rental of properties, to Stabil Drill in the State of Texas. These

Defendants also received money from Stabil Drill and/or SESI for payment of salaries, bonuses, goods, services, and/or rent.

29. This Court also has jurisdiction over Laguna Oil Tools, LLC, Quest Holdings, LLC, Renegade Performance Properties, LLC, Renegade Oil Tools, LLC, Renegade Manufacturing, LLC, Renegade Performance Coatings, LLC, LeBlanc Real Estate Investments, LLC, Triple RRR Investments, LLC, Triton Hardbanding Service, LLC, MSI Inspection Service, LLC, Maverick Rental Tools, LLC, and jurisdiction over each entity's Members, because these entities are alter egos of the Officers and of their Members, officers and directors as detailed below.

30. Venue is proper in Harris County, Texas, pursuant to TEX. CIV. PRAC. & REM. CODE § 15.002(a) because all or a substantial part of the events or omissions giving rise to the claims occurred in Harris County and because the Officers and Defendants made statements or representations to individuals or companies located in Harris County, Texas.

31. Plaintiffs seek damages both in an amount within the jurisdictional requirements and limits of this Court. Plaintiffs seek monetary relief over \$1,000,000.

JURY DEMAND

32. Plaintiffs demand a trial by jury and have tendered the required fee to the Court.

DISCOVERY RULE AND THE DEFENDANTS' FRAUDULENT CONCEALMENT TOLLS THE APPLICABLE STATUTES OF LIMITATION

33. The causes of action asserted herein are not time barred because of the discovery rule, which applies to these claims, and because of acts of fraudulent concealment by the Officers and by the other Defendants, that toll the applicable statutes of limitation as well as the accrual of the causes of action.

34. Specifically, the Officers owed a fiduciary duty to the Plaintiffs, when they failed to discharge their duties and disclosure for example, that they had an ownership or controlling interest in a number of the Defendants, that the Officers personally profited from improper transactions between the Defendants and Stabil Drill, that the Officers misappropriated corporate opportunities from Stabil Drill and gave them to one or more of the Defendants (as outlined below). Such fraudulent concealment, in violation of the Officers' fiduciary duties to the Plaintiffs, tolls limitations on the causes of action asserted herein. The other Defendants who conspired with the Officers also took affirmative steps to conceal the scheme and these fraudulent activities.

35. Moreover, limitations are tolled by the discovery rule (that is, the asserted causes of action did not accrue) until the Plaintiffs' injuries could have been reasonably discovered. Recently, the Plaintiffs conducted an internal investigation when they became aware of the potential for a conflict of interest and ultimately learned recently of the Officers' and other Defendants' malfeasance. They filed this lawsuit shortly thereafter.

FACTUAL BACKGROUND

Christopher J. Russo and Martin A. LeBlanc Become Executive Officers of Stabil Drill

36. Superior Energy Services, Inc., a publicly-traded Delaware corporation headquartered in Houston, is a global provider of oilfield services. Superior Energy Services, Inc. is the publicly-traded company and ultimate parent of Stabil Drill and SESI, L.L.C. Superior provides the stock awarded to the Officers. Stabil Drill, a wholly-owned subsidiary incorporated and based in Louisiana, is engaged in the sale, rental, manufacture and repair of oilfield tools and equipment for downhole projects. SESI, L.L.C (1) is a Delaware corporation that is a direct subsidiary of Superior Energy Services, Inc., (2) is the owner of Stabil Drill, and

(3) is the entity that provides the funds to pay the Officers' salaries and bonuses. Martin A. LeBlanc began serving as Stabil Drill's Chief Financial Officer ("CFO") (after Superior acquired Stabil Drill) in the late 1990's and Christopher J. Russo served as Stabil Drill's Chief Operating Officer ("COO") for many years. LeBlanc and Russo have been the individuals in direct control of Stabil Drill and its business relations for a number of years.

SESI and Plaintiffs Became Suspicious and Had Their Fears Confirmed

37. In early 2016, Plaintiffs became suspicious of the Officers' activities and the deficiencies of the Officers' corporate disclosures to Plaintiffs. An internal investigation revealed that the Officers engaged in transactions with a number of interlocked corporate entities owned and controlled by LeBlanc, Russo and Kerstetter. Additional investigation revealed that Defendant Laguna Oil Tools, LLC was basically a sham corporation set up so that LeBlanc, Russo, and Kerstetter, by and through the various corporate entities they controlled, could divert corporate opportunities, direct profit from Stabil Drill transactions, and overbill Stabil Drill for various products and services using the various entities they controlled.

38. Since approximately 2008, the Officers began to create an enterprise to enrich themselves using various companies in which they owned or had effective control of an interest. With the Defendants' active collusion and assistance, they engaged in self-dealing and profited from both sides of business transactions involving Stabil Drill. The Officers either failed to disclose their ownership interest or managed to hide their financial interests in various companies and/or obfuscate the real purpose and business of the various entities which they owned or effectively controlled. The following chart demonstrates the extent of the Officers' ownership interests in other companies that were doing business with Stabil Drill either directly or through the sham company Laguna Oil Tools, LLC.

Company	LeBlanc	Russo	Kerstetter
Renegade Performance Properties,	X	X	X
Renegade Oil Tools, LLC	X	X	X
Renegade Performance Coatings, LLC	X	X	X
Quest Holdings, LLC	X	X	
LeBlanc Real Estate Investments, LLC	X		
Triple RRR Investments, LLC		X	
Maverick Rental Tools, LLC		X	
Renegade Manufacturing, LLC			X
Laguna Oil Tools, LLC			X

39. The chart below details the amounts of money paid to entities in which the Officers had a personal, financial, or business interest. It demonstrates, for example, that LeBlanc and Russo allowed payments to and received financial benefits from a number of entities that have conducted business directly with Stabil Drill:

Company	Total Payments by Stabil Drill
Laguna Oil Tools, LLC	\$38.7 MM
Triton Hardbanding Service, LLC	\$9.3 MM
MSI Inspection Service, LLC	\$13.5 MM
Quest Holdings, LLC	\$4.34 MM

40. Specifically, the Officers received financial benefits from various entities, including Laguna Oil Tools, LLC (“Laguna”), an entity at least superficially owned by Defendant Scott Kerstetter. On information and belief, Laguna is actually jointly managed and or controlled by LeBlanc, Russo and Kerstetter, and serves as a pass through-entity for various Renegade entities (also owned by LeBlanc, Russo, Kerstetter, Anthony or other Defendants) who conspired to misappropriate funds, assets, trade secrets and usurp corporate opportunities from the Plaintiffs.

41. Plaintiffs believe that LeBlanc and Russo received improper financial benefits from other entities, including Quest Holdings, LLC, Triton Hardbanding Service, LLC, MSI Inspection Service, LLC, and Maverick Rental Tools, LLC. In fact, when one begins to put the web of deceit together, numerous wrongful acts are then identifiable.

Recently Discovered Specific Wrongoings By Defendants

42. While functioning in their fiduciary capacity as Stabil Drill's Chief Financial Officer and Chief Operating Officer, respectively, LeBlanc and Russo received invoices submitted by Laguna Oil Tools, LLC for approval, even though both Officers were secretly sharing Laguna's profits with Defendant Kerstetter. Christopher J. Russo also received repeated email requests from Kerstetter to fabricate Stabil Drill purchase orders to match existing Laguna invoices. This continued practice ensured that there would be a constant stream of money flowing from Stabil Drill to Laguna, from which it would then flow into the personal pockets of LeBlanc, Russo and Kerstetter. On information and belief, the Officers disclosed to various third parties confidential and protected information that belonged to Plaintiffs, such as, for example, providing Laguna and other entities with the internal prices, financials, and other similarly compiled information that was meant for Plaintiffs' use only.

43. Laguna itself improperly used various Defendants, (e.g. Renegade Oil Tools, LLC and Renegade Performance Properties, LLC) that were owned, at least in part, by the Officers. The Officers also conspired with individuals like Kerstetter, Sheffield and Anthony to set up these sham corporations to facilitate their improper schemes. Thus, the Officers personally made fortunes by sending work to, and creating purchase orders for, an entity that hired other companies owned by the Officers. In fact, Laguna and Renegade Oil Tools, LLC share the same physical address, employees, and general liability insurance. Shipping records also indicate that

equipment that Laguna Oil Tools, LLC provided to Plaintiffs actually originated from Renegade Oil Tools, LLC, the company set up by the Officers and outsiders Kerstetter and Anthony. Moreover, the email signature for the Laguna accountant reflects the names of both Laguna Oil Tools, LLC and Renegade Oil Tools, LLC. The amount of money paid to Laguna in furtherance of Defendants scheme to milk Stabil Drill is approximately \$38.7 million. In December 2012, Stabil Drill sold property located in Youngsville, Louisiana, to Laguna for \$535,000. Mere months later, Laguna sold the same property to another one of the Officers' entities, Defendant Renegade Performance Properties, for \$700,000. On information and belief, the Officers did not sell the property to Laguna at an arms-length transaction and used the proceeds to personally profit for themselves and the other Defendants. No disclosures were made to Plaintiffs concerning this transaction.

44. The Officers also failed to disclose their ownership interests in Defendant Quest Holdings, LLC ("Quest"). Quest owns various properties that it leased or sold to Stabil Drill. Christopher J. Russo owns 33% of Quest while another entity, LeBlanc Real Estate Investments, LLC ("LeBlanc Real Estate"), owns another 33%, with Defendant Mike Sheffield owning another 33%. LeBlanc Real Estate's registered agent and member is none other than Stabil Drill's Chief Financial Officer, Martin A. LeBlanc. Since 2008, Stabil Drill paid at least \$1.7 million to Quest for rent on a building located in Yukon, Oklahoma, and \$2.67 million to purchase that same property as well as another property located in Midland, Texas. The Officers never disclosed to Plaintiffs their ownership interests in Quest. Russo also failed to disclose his ownership in Maverick Rental Tools, LLC ("Maverick"). Maverick was owned 50% by Russo and 50% by Defendant Mike Sheffield. Although Maverick was not a vendor of Stabil Drill, Sheffield was the registered agent and/or owner of MSI Inspection Service, LLC ("MSI") and

Triton Hardbanding Service, LLC (“Triton”), both vendors of Stabil Drill. Additionally, on information and belief, Maverick, MSI, and Triton were jointly managed. Since 2008, Stabil Drill paid MSI and Triton \$13.5 million and \$9.3 million, respectively. The fact that Stabil Drill sent over \$22 million to an entity owned by one of its officer’s “underground” business partners indicates a clear lack of disclosure, impropriety and/or illegal activity.

45. Stabil Drill sells and rents oilfield tools and looks to expand its product offerings to its customers. In complete disregard of their legal obligations, the Officers failed to adequately disclose a business opportunity to the Plaintiffs related to the development of an oilfield tool called an “agitator”. In September 2013, LeBlanc and Kerstetter met with a company, Cauldron Oil Tools (“Cauldron”), to discuss a business opportunity with one of the Officers’ other entities. As the CFO of Stabil Drill however, LeBlanc had a duty to present the deal to the Plaintiffs, and to disclose all material information related thereto. Instead of fulfilling his duty, LeBlanc declined Cauldron’s investment opportunity on behalf of Stabil Drill and Plaintiffs, and instead gave the idea to Kerstetter so that he could develop the agitator and sell it—or products derived therefrom—back to Stabil Drill. In September 2014, Kerstetter filed a patent application on behalf of Laguna for an agitator Laguna called a “Drill String Vibrator” or “DSV.” The Officers basically gifted the DSV to Kerstetter and Laguna and indirectly gifted the proceeds from the DSV back to themselves. The Officers never negotiated a contract with Kerstetter so that Stabil Drill would benefit from the DSV. Instead, the Officers improperly directed Stabil Drill to pay for the development of the DSV but let Kerstetter keep the patent rights. Laguna then charged Stabil Drill for the tools. The Officers had a fiduciary duty to put Stabil Drill’s interests above their own financial interest and the interest of their friends. The

Officers eventually benefitted with a stake in the DSV and subsequent profits through their interest in Laguna.

CAUSES OF ACTION

COUNT ONE: BREACH OF FIDUCIARY DUTY

(The Officers)

46. Plaintiffs incorporate by reference the factual allegations above as set forth herein.

47. As executive officers of Stabil Drill, both LeBlanc and Russo owed fiduciary duties to Stabil Drill, Superior and SESI as a matter of law. These duties include the duty of obedience, duty of loyalty (to act in good faith and not allow personal interests to prevail over that of the Plaintiffs), and duty of care (to act and perform corporate duties in the same manner as an ordinary prudent person would under similar circumstances). The Officers therefore had the duty to fully disclose all material facts relative to their ownership interest in other entities, to avoid committing fraud against the corporation, to avoid self-dealing, and to avoid usurping corporate opportunities.

48. Both LeBlanc and Russo breached their fiduciary duties multiple times during the course of several years. Their breaches of fiduciary duties include, but are not limited to, the following:

- a. Deliberately failing to disclose or inadequately disclosing their complete financial interests in various business entities that had business relations with Stabil Drill, including but not limited to Laguna Oil Tools, LLC, Renegade Manufacturing, LLC, Renegade Performance Properties, LLC, Renegade Oil Tools, LLC, Renegade Performance Coatings, LLC, Quest Holdings, LLC, LeBlanc Real Estate Investments, LLC, Triple RRR Investments, LLC, Triton Hardbanding Services, LLC, MSI Inspection Service, LLC and Maverick Rental Tools, LLC. The Officers also failed to disclose that certain business entities owned by them conducted business with Defendants who provided goods or services to Stabil Drill. Effectively, the Officers set themselves up as undisclosed suppliers to Stabil Drill.

- b. Approving invoices submitted by Laguna to Stabil Drill even though both Officers were secretly sharing Laguna's profits with defendant Kerstetter.
 - c. Fabricating purchase orders from Stabil Drill to match invoices from Laguna.
 - d. Disclosing and sharing the Plaintiffs' confidential and protected information to some or all of the Defendants, including internal prices, customer lists, financials, and other similarly compiled information that was meant for Plaintiffs' use only.
 - e. Selling Plaintiffs' property to Laguna or other undisclosed entities that were owned, at least in part, by the Officers. Such transactions include the December 2012 sale to Laguna of property located in Youngsville, Louisiana, for \$535,000 and the sale to Quest Holdings, LLC of properties located in Yukon, Oklahoma, and Midland, Texas.
 - f. Binding Plaintiffs, including Stabil Drill, to property rental agreements pursuant to which Quest Holdings, LLC (a company co-owned by Russo and LeBlanc) received rental payments for the property located in Yukon, Oklahoma and by requiring Stabil Drill to purchase property from Quest.
 - g. Sending Stabil Drill's business to MSI and Triton, entities owned and/or operated by Sheffield, a business partner of Russo in Maverick, an undisclosed entity owned in part by Russo.
 - h. Failing to adequately disclose all material information to Plaintiffs, failing to put Stabil Drill's interests above their own interests, and usurping the business opportunity relating to the development of the DSV.
 - i. Improperly approving Laguna invoices for the development costs of the DSV and approving invoices for DSV tools.
 - j. Usurping other corporate opportunities from Stabil Drill.
49. As a result of the Officers' breaches of their fiduciary duties, Plaintiffs have suffered damages for which they are entitled to compensation in an amount to be determined at trial. Plaintiffs may suffer additional losses as legal proceedings continue and for which they are entitled to recover damages.

COUNT TWO: COMMON LAW FRAUD – MISREPRESENTATIONS
AND OMISSIONS
(All Defendants)

50. Plaintiffs incorporate by reference the factual allegations above as set forth herein.

51. The Defendants made material misrepresentations and omissions to Plaintiffs as part of a scheme to make themselves richer through improper and illegal methods. As a direct result of such material misrepresentations and omissions, Plaintiffs continued to trust and rely on the Officers (each of whom owed the Plaintiffs a fiduciary duty) and the other Defendants to conduct business fairly and not to take advantage of their positions to Plaintiffs' detriment. Example of Defendants' material misrepresentations and omissions include, but are not limited to:

- a. The Officers deliberately chose not to disclose or inadequately disclosed their complete financial interests in various other business entities that had business relations with Stabil Drill, including but not limited to Laguna Oil Tools, LLC, Renegade Manufacturing, LLC, Renegade Performance Properties, LLC, Renegade Oil Tools, LLC, Renegade Performance Coatings, LLC, Quest Holdings, LLC, LeBlanc Real Estate Investments, LLC, Triple RRR Investments, LLC, Triton Hardbanding Services, LLC, MSI Inspection Service, LLC and Maverick Rental Tools, LLC. The Officers also failed to disclose that certain business entities owned by them conducted business with other Defendants who, in turn, provided goods or services to Stabil Drill. Effectively, the Officers set themselves up as undisclosed suppliers to Stabil Drill.
- b. The Officers approved Stabil Drill's payment of invoices from Laguna and Kerstetter even though the Officers knew that the invoices were not reflective of the value of the work provided to Stabil Drill.
- c. Laguna and Kerstetter submitted invoices to Stabil Drill for payment knowing that the invoices did not accurately depict the value and/or quantity of the work performed or tools sold.
- d. The Officers fabricated purchase orders from Stabil Drill to match invoices from Laguna.
- e. The Officers sold Stabil Drill property to Laguna or other undisclosed entities that were owned, at least in part, by the Officers. The Officers made false representations and/or omissions concerning their own level of interest in such sales. The sales include the December 2012 sale to Laguna of property located in Youngsville, Louisiana for \$535,000 and the sale to Quest Holdings, LLC of properties located in Yukon, Oklahoma, and Midland, Texas. The Defendants purchasing the properties, first Laguna and then Renegade Performance Properties, LLC, deliberately chose not to disclose the interest of the Officers in

the respective entities and led Stabil Drill to believe that the transaction was done at arms-length and were fair to all those involved.

- f. The Officers bound Plaintiffs, including Stabil Drill, to property rental agreements pursuant to which Quest Holdings, LLC received rental payments for the property located in Yukon, Oklahoma. Quest chose not to disclose the interest of the Officers and led Stabil Drill to believe that the terms of the rental agreement were based on market value in Oklahoma and by allowing Stabil Drill to purchase property from Quest.
- g. The Officers sent Stabil Drill's business opportunities to MSI and Triton, which are entities that are owned and/or operated by Mike Sheffield, a business partner of Christopher J. Russo in Maverick. MSI and Triton submitted invoices to Stabil Drill for payment knowing that the invoices did not accurately depict the value and/or quantity of the work performed or tools sold.
- h. Failing to adequately disclose all material information to Plaintiffs, failing to put Stabil Drill's interests above their own interests, and usurping the business opportunity relating to the development of the DSV.
- i. The Officers approved invoices sent to Stabil Drill from Laguna relating to the development and purchase/rental of DSV tools. Laguna, for its part, sent invoices to Stabil Drill which misrepresented the work done and value provided to Stabil Drill. Laguna also misrepresented that the prices for the tools provided to Stabil Drill were reasonable and offered at market prices. Laguna also submitted invoices to Stabil Drill for payment knowing that the invoices did not accurately depict the value of the goods provided to Stabil Drill.
- j. Misrepresenting and/or omitting material information to defraud Stabil Drill out of corporate opportunities.

52. These false representations and omissions of past or existing material facts were made by the Defendants who knew that the representations and omissions were false or made recklessly without any knowledge of the truth and as a positive assertion. The misrepresentations and omissions were made with the intent that it should be acted on by the Plaintiffs. Plaintiffs then relied on these false representations and omissions by paying substantial amounts of money to the Defendants, whether in the form of salary and bonuses to the Officers, or in the form of money for services and/or property to the other Defendants. As a

direct result of these false representations, Plaintiffs have improperly paid over \$65 million to Defendants.

53. Plaintiffs have suffered damages for which they are entitled to compensation in an amount to be determined at trial. Plaintiffs may suffer additional losses as legal proceedings continue and for which they are entitled to recover damages.

**COUNT THREE: AIDING AND ABETTING BREACH OF
FIDUCIARY DUTY AND FRAUD**
(All Defendants)

54. Plaintiffs incorporate by reference the factual allegations above as set forth herein.

55. All of the Defendants aided and abetted in the Officers' breaches of fiduciary duty as set forth above in "Count One: Breach of Fiduciary Duty" and "Count Two: Fraud and Misrepresentation," which are incorporated herein by reference.

56. The Defendants knew that the Officers had a fiduciary duty to the Plaintiffs and yet did all they could to, *inter alia*, request fake purchase orders, send fake invoices overcharging Plaintiffs for the work and/or services performed, fail to disclose or inadequately disclosing business interests, conceal ownership or financial interests, purchase property from Plaintiffs for prices not reflective of arms-length transactions, and request, receive, and use Plaintiffs' trade secrets.

57. Each of the Defendants also furthered the fraudulent scheme discussed above by, for example, requesting fake purchase orders, sending and receiving fake invoices, overcharging Plaintiffs for the work/services performed, concealing ownership or financial interests, and purchasing property from Plaintiffs for prices not reflective of arms-length transactions while representing that the prices were fair.

58. Due to the Defendants' unlawful acts, Plaintiffs have suffered and continue to suffer irreparable harm, as well as economic and non-economic damages, in an amount to be determined at trial. The Defendants' conduct was willful, malicious, and fraudulent, thereby also entitling Plaintiffs to exemplary damages.

**COUNT FOUR: TRADE SECRET MISAPPROPRIATION/VIOLATION OF
UNIFORM TRADE SECRET ACT**
(The Officers)

59. Plaintiffs incorporate by reference the factual allegations above as set forth herein.

60. Martin A. LeBlanc and Christopher J. Russo have abused their positions of trust by disclosing and/or using Stabil Drill's, Superior's and/or SESI's trade secret information, particularly the Plaintiffs' financial data and customer and supplier information, to illegally aid their undisclosed side businesses and other third parties. The Officers' actions violate the Texas Uniform Trade Secrets Act. TEX. CIV. PRAC. & REM. CODE Chapter 134A.

61. Specifically, the Plaintiffs had legally protectable trade secret information consisting of, *inter alia*, compiled customer and vendor/supplier lists, cost sheets for its products and services, costs and prices quoted by its suppliers and competitors, and other data compiled by Plaintiffs. Plaintiffs compiled this information at great cost to them and protected the information from disclosure to others. As executive officers, LeBlanc and Russo had an express and implied contractual and confidential relationship which obligated them to not use and/or disclose the information to others. Yet, despite this obligation, Plaintiffs disclosed this information to various outside entities that have been named as Defendants in this case.

62. Plaintiffs suffered injury by the disclosure of the trade secret information in an amount over the jurisdictional limits of this Court to be determined at trial by a jury. Plaintiffs

also seek to recover their reasonable and necessary attorneys' fees incurred as a result of these wrongful acts under TEX. CIV. PRAC. & REM. CODE Chapter 134A.

COUNT FIVE: NEGLIGENCE AND GROSS NEGLIGENCE
(The Officers)

63. Plaintiffs incorporate by reference the factual allegations above as set forth herein.

64. As executive officers, LeBlanc and Russo owed a duty to Plaintiffs to act as reasonable prudent executive officers. Both individuals violated this duty when they committed the acts listed in Count One: Breach of Fiduciary Duty and Count Two: Fraud & Misrepresentation.

65. The Officers' acts, when viewed objectively, involved an extreme risk—if not the certainty of risk—of potential harm to Plaintiffs. Specifically, the Officers should have known that diverting millions of dollars away from Stabil Drill or otherwise usurping the Plaintiff's corporate opportunities would result in extreme harm to the Plaintiffs. Despite being aware of this risk, the Officers proceeded with conscious indifference to the welfare of Plaintiffs.

66. As a result of the Officers' negligence and gross negligence, Plaintiffs have suffered damages for which they are entitled to compensation in an amount to be determined at trial. Plaintiffs may suffer additional losses as legal proceedings continue and for which they are entitled to recover damages.

COUNT SIX: NEGLIGENCE AND NEGLIGENT MISREPRESENTATIONS
(All Defendants)

67. The Plaintiffs incorporate by reference the factual allegations above as set forth herein.

68. The Defendants owed a duty to Plaintiffs to act as a reasonably prudent person and use reasonable care to not engage in acts that would harm the Plaintiffs. Defendants violated

that duty by, for example, usurping corporate opportunities away from Plaintiffs, and diverting millions of dollars of profits from the Plaintiffs.

69. The Defendants have acted negligently and have made material representations and omissions to Plaintiffs in the course of business and in business transactions in which they had pecuniary interests. As a direct result of such negligent acts and material misrepresentations and omissions, which were false, Plaintiffs continued to trust and rely on the Officers and the other Defendants to conduct business fairly and not to Plaintiffs' detriment. Examples of Defendants' negligent acts, material representations and omissions, include, but are not limited to:

- a. Laguna and Kerstetter knew, or should have known, that the invoices submitted to Stabil Drill for payment did not accurately depict the value and/or quantity of the work performed or tools sold.
- b. Accepting fabricated purchase orders from Stabil Drill to match invoices submitted by Laguna, or did not exercise reasonable care or competence to ensure that the purchase orders were correct.
- c. The Officers sold Plaintiffs' property to Laguna or other undisclosed entities owned, at least in part, by the Officers who made representations and/or omissions concerning their own level of interest in such sales. The sales include the December 2012 sale to Laguna of property located in Youngsville, Louisiana, for \$535,000 and the sale to Quest Holdings, LLC of properties located in Yukon, Oklahoma, and Midland, Texas. The Defendants purchasing the properties, first Laguna and then Renegade Performance Properties, LLC, deliberately or carelessly, failed to disclose the interest of the Officers in the respective entity and led Stabil Drill to believe that the transaction was done at arms-length and fair to all those involved.
- d. The Officers bound Plaintiffs to property rental agreements pursuant to which Quest Holdings, LLC received rental payments for the property located in Yukon, Oklahoma. Quest Holdings, LLC deliberately or carelessly failed to disclose the interest of the Officers and led Stabil Drill to believe that the terms of the rental agreement was based on market price in Oklahoma and by allowing Stabil Drill to purchase property from Quest.
- e. The Officers sent Stabil Drill's business to MSI and Triton, entities owned and/or operated by Sheffield, a business partner of Russo in Maverick. MSI and Triton

submitted invoices to Stabil Drill for payment that they knew or should have known did not accurately depict the value and/or quantity of the work performed or tools sold.

- f. Failing to adequately disclose all material information to Plaintiffs, failing to put Stabil Drill's interests above their own interests, and usurping the business opportunity relating to the development of the DSV.
- g. The Officers approved invoices sent to Stabil Drill from Laguna relating to the development and purchase/rental of DSV tools. Laguna, for its part, sent invoices to Stabil Drill which misrepresented the research and development costs of the DSV tools. Laguna also deliberately or carelessly misrepresented that the prices for the tools provided to Stabil Drill were reasonable and offered at market prices.

70. The Defendants failed to exercise reasonable care or competence in running their companies and in obtaining or communicating information regarding these matters to Plaintiffs. As a result, Plaintiffs justifiably relied upon the Defendants' misrepresentations to their detriment by continuing to employ and pay salaries, bonuses, and award stock to the Officers all the while paying for goods and services from various Defendants.

71. Plaintiffs justifiably relied on these representations because the Officers and other Defendants did all they could, including not disclosing their personal interests in and amongst each other, to make it seem that these transactions were done at arms-length and for fair and equitable prices.

72. At the time the Defendants made their negligent representations, the representations were in fact false. The Defendants failed to exercise reasonable care in making the many misrepresentations to Plaintiffs. Plaintiffs did not have access to this information and did not discover it until matters were recently investigated.

73. Defendants also acted without reasonable care or prudence in their actions toward the Plaintiffs, and these negligent acts and omissions also inflicted financial losses upon the Plaintiffs for which they are entitled to compensation and damages.

74. The Defendants' acts of negligence and negligent misrepresentations caused Plaintiffs to incur damages. Plaintiffs have suffered damages for which they are entitled to compensation in an amount to be determined at trial. Plaintiffs may suffer additional losses as legal proceedings continue and for which they are entitled to recover additional damages.

COUNT SEVEN: CIVIL CONSPIRACY
(All Defendants)

75. Plaintiffs incorporate by reference the factual allegations above as set forth herein.

76. The Defendants knowingly planned and acted in a concerted fashion amongst themselves and with third parties in a concerted conspiracy to usurp, divert, and procure Plaintiff's assets and corporate opportunities. Using the Officers' positions of trust and fidelity, the third party entities, and an improper scheme, the Defendants conspired to commit improper and illegal acts against Plaintiffs and engaged in a series of acts to carry out the scheme to the detriment of Plaintiffs.

77. The Officers set up various third party entities, including Maverick, Quest, and the various Renegade companies which companies were used to drain Plaintiffs' assets and in doing so breached—or aid in the breach of—the Officers' fiduciary duties. For example, Laguna and Renegade Oil Tools were used by the Officers, Kerstetter, and Anthony, to sell goods, services and/or to rent items to Plaintiffs for personal profit and gain in violation of the law. The Officers hid from Plaintiffs the true business of the companies they owned in order to profit from Stabil Drill. All of the Defendants had a meeting of the minds and worked in a concerted fashion to send fake or inaccurate invoices to the Plaintiffs, conceal true ownership interests, and/or engage in covert real estate transactions.

78. For example, the Officers, Laguna, and Kerstetter had a meeting of the minds and an agreement to breach fiduciary duties, to defraud Stabil Drill, Superior, and SESI, to

misappropriate trade secrets, to conceal ownership or financial interests, overcharge for products, and usurp Plaintiffs' opportunity to invest in, and partner with, Cauldron to develop an agitator. They profited from these illegal activities. Also, the Officers, Renegade Oil Tools, Kerstetter and Anthony had a meeting of the minds for a similar illegal scheme to breach fiduciary duties, to defraud Stabil Drill, Superior and SESI, to misappropriate trade secrets, to conceal ownership or financial interests, overcharge for products, and usurp Plaintiffs' opportunity and to profit from these illegal activities.

79. Due to the Defendants' concerted unlawful acts with each other, Plaintiffs have suffered and continue to suffer irreparable harm, as well as economic and non-economic damages, in an amount to be determined at trial. The Defendants' conduct was willful, malicious, and fraudulent, thereby also entitling Plaintiffs to exemplary damages.

COUNT EIGHT: DECLARATORY JUDGMENT ACTION
(All Defendants)

80. Plaintiffs incorporate by reference the factual allegations above as set forth herein.

81. Plaintiffs seek a declaratory judgment from this Court, pursuant to TEX. CIV. PRAC. & REM. CODE § 37.001, *et seq.*, with respect to the rights, status, and legal relations between Plaintiffs and the Defendants based on the terms of any agreements between them. Specifically, Plaintiffs seek a declaration action including, but not limited to, the following relief under the parties' agreements:

- a. That Plaintiffs no longer have any obligation(s) to perform or pay or conduct any activity if such an obligation would otherwise not exist but for an agreement between any of the Plaintiffs on one hand and any of the Defendants on the other; and
- b. That Plaintiffs are entitled to a lien, constructive trust, or other appropriate equitable relief for all of their damages from the assets, cash, or other means of the Defendants.

82. Under TEX. CIV. PRAC. & REM. CODE Chapter 37, Plaintiffs are also entitled to recover their reasonable and necessary attorneys' fees, and court costs, as are equitable and just for this declaratory judgment action.

**COUNT NINE: TORTIOUS INTERFERENCE WITH PROSPECTIVE
BUSINESS RELATIONS**
(The Officers, Laguna, and Kerstetter)

83. Plaintiffs incorporate by reference the factual allegations above as set forth herein.

84. Due to the need for agitators, there was a reasonable probability that Plaintiffs would have entered into a business relationship with Cauldron for the development of agitators. However, the Officers, Kerstetter, and Laguna intentionally, maliciously, unlawfully, and with tortious desire to prevent such a relationship from occurring, ensured that Plaintiffs would never become adequately aware of the Cauldron opportunity or downplayed the opportunity so as to take it for themselves. Instead, the Officers, Laguna, and Kerstetter redirected this opportunity to Laguna knowing that the relationship with Cauldron would not occur if the opportunity was redirected elsewhere without adequately disclosing it to Plaintiffs or attempting to downplay such opportunity. The Officers also failed to adequately protect the interests of Stabil Drill. As a result of this interference, Plaintiffs never entered into a business relationship with Cauldron.

85. These acts of interference damaged Plaintiffs because Plaintiffs then placed orders for tools from Laguna that could have been developed by Stabil Drill or partially owned by Stabil Drill or Plaintiffs themselves, or by a business partner. Laguna also charged Plaintiffs for the entirety of the development costs and likely overcharged Plaintiffs for the costs of using the tool as well, and then the Officers gifted the patent to Kerstetter.

COUNT TEN: MONEY HAD AND RECEIVED/UNJUST ENRICHMENT
(All Defendants)

86. Plaintiffs incorporate by reference the factual allegations above as set forth herein.

87. The Defendants all secured money for themselves, through fraud and by taking undue advantage of the Plaintiffs, which, in equity and good conscience, belongs to the Plaintiffs. Such money includes money received by the Officers from false or inflated expense reports; claiming expenses that were incurred by them personally for non-business related activity or for their LLCs' related businesses and then, seeking payment from Stabil Drill; any ill-gotten profits made by overcharging the Plaintiffs, whether due to the sale of goods, services, or property; any profits made by Laguna from the sale and/or rental of tools; and any salary, bonus, and other long term incentives paid to a respective Officer after the date the respective Officer began breaching his fiduciary duties to the Plaintiffs.

COUNT ELEVEN: ACTION FOR ACCOUNTING
(All Defendants)

88. Plaintiffs incorporate by reference the factual allegations above as set forth herein.

89. At all relevant times, the Officers owed the Plaintiffs a fiduciary duty pursuant to which the Plaintiffs placed their trust in the Officers. Yet, in breach of their fiduciary duty, the Officers perpetrated fraud on the Plaintiffs and usurped Plaintiffs' money, property, and corporate opportunities. The Officers made large profits by virtue of their wrongful acts described above. Plaintiffs are entitled to a return of the profits, monies and other assets wrongfully diverted by the Officers but the amount of such improper proceeds and the amount of Plaintiffs' proportionate share—if not 100%—is not known to Plaintiffs.

90. Plaintiffs are informed and believe that there is now due and owing to Plaintiffs from the Officers certain sums of money in payment of Plaintiffs' share of the profits, monies and other assets of the businesses the Officers secretly operated in violation of their fiduciary duties and at the expense of Plaintiffs. The amount due and owing to Plaintiffs is not known to Plaintiffs because the Officers and their agents have had the sole possession and control of the

financial records and books of the various corporate entities. The facts and accounts presented in this case are so complex that adequate relief may not be obtained at law without an accounting. Among other acts, the Officers created fictitious purchase orders and honored false invoices on behalf of the Plaintiffs at markups that are not known by Plaintiffs. The Officers also usurped corporate opportunities to generate business for their “underground” businesses, who have, on information and belief, made more money due to the usurpation of the opportunity. Indeed, the exact nature and extent of the sales, expenses, and inventory are unknown to the Plaintiff and cannot be determined without an accounting of the transactions of the parties.

91. The “Defendant LLCs” are hereinafter defined collectively as Laguna Oil Tools, LLC, Quest Holdings, LLC, Renegade Performance Properties, LLC, Renegade Oil Tools, LLC, Renegade Manufacturing, LLC, Renegade Performance Coatings, LLC, LeBlanc Real Estate Investments, LLC, Triple RRR Investments, LLC, Triton Hardbanding Service, LLC, MSI Inspection Service, LLC, and Maverick Rental Tools, LLC. The Defendant LLCs perpetrated fraud on the Plaintiffs and usurped Plaintiffs’ money, property, other assets and corporate opportunities. The Defendant LLCs profited by virtue of their wrongful acts described above. Plaintiffs are entitled to a return of the profits, monies, and other assets wrongfully made by the Defendant LLCs but the amount of such improper proceeds and the amount of Plaintiffs’ proportionate share, if not 100%—is not known to Plaintiffs.

92. Plaintiffs are informed and believe that there is now due and owing to Plaintiffs from the Defendants certain sums of money in payment of Plaintiffs’ share of the net profits of the Defendant LLCs. The amount due and owing to Plaintiffs is not known to Plaintiffs because the Defendants and their agents, including the Officers, have had the sole possession and control of the financial records and books of the Defendant LLCs. The facts and accounts presented in

this case are so complex that adequate relief may not be obtained at law without an accounting. The Defendant LLCs created and sent fictitious and/or inaccurate invoices to the Plaintiffs, marking up the price of the services and/or goods provided. Laguna also usurped corporate opportunities to generate business and on information and belief, made more money due to the usurpation of the opportunity. Indeed, the exact nature and extent of the sales, expenses, and inventory are unknown to the Plaintiff and cannot be determined without an accounting of the transactions of the Defendants.

93. Plaintiffs are entitled to an accounting from both the Officers and the other Defendants for all profits, monies, and other assets that they have diverted by engaging in the wrongful acts described above. The Defendants have commingled the Plaintiffs' assets with other assets and likely used Plaintiffs assets to purchase other properties and assets, such that the accounting sought by the Plaintiffs is not determinable through normal discovery procedures. Discovery is also inadequate because Plaintiffs have been kept in the dark by the Officers—who owed Plaintiffs a fiduciary duty—as to the extent of the fraudulent schemes.

COUNT TWELVE: PUNITIVE/EXEMPLARY DAMAGES
(All Defendants)

94. Plaintiffs incorporate by reference the factual allegations above as set forth herein.

95. The Defendants' conduct was willful, intentional and/or grossly negligent. The Defendants knew that the above-mentioned actions, including their misrepresentations, omissions and willful and deliberate misappropriations of corporate funds and assets were harmful to Plaintiffs. Nonetheless, they proceeded with conscious indifference to violate Plaintiffs' rights.

96. The Defendants, in the acts and conduct described above, also engaged in intentional, deliberate, knowing and malicious conduct designed to deceive Plaintiffs. The acts

and omissions of the Defendants included an extreme degree of risk, considering the probability and magnitude of the potential harm to Plaintiffs. Plaintiffs have wrongfully paid over \$65 million and continue to risk losing even more as contractual obligations come due—obligations which would not have existed but for the wrongful conduct of the Defendants. The Defendants had actual, subjective awareness of the risks involved, but nevertheless proceeded to act with conscious indifference to the rights, safety and/or welfare of Plaintiffs. As a result, the Defendants' acts, conduct and omissions were undertaken intentionally and fraudulently, in bad faith, with malice, and deliberately and/or with gross negligence. Defendants should be held accountable and subjected to punitive/exemplary damages as provided for under Texas law.

97. As a result, the Plaintiffs seek punitive and exemplary damages in an amount to be determined by the jury under Texas law. TEX. CIV. PRAC. & REM. CODE § 41.003.

COUNT THIRTEEN: ATTORNEYS' FEES
(All Defendants)

98. Plaintiffs incorporate by reference the factual allegations above as set forth herein.

99. Plaintiffs are entitled to an award of their attorneys' fees, costs of court, pursuant to the applicable Texas law, including TEX. CIV. PRAC. & REM. CODE §§ 37.001, 37.009 and 134A.005.

100. Plaintiffs therefore seek an award of all such attorneys' fees, costs, and expenses incurred in this litigation from the Defendants.

COUNT FOURTEEN: ALTER EGO/PIERCING THE CORPORATE VEIL
(All Defendants)

101. Plaintiffs incorporate by reference the factual allegations above as set forth herein.

102. Laguna Oil Tools, LLC, Quest Holdings, LLC, Renegade Performance Properties, LLC, Renegade Oil Tools, LLC, Renegade Manufacturing, LLC, Renegade Performance Coatings, LLC, LeBlanc Real Estate Investments, LLC, Triple RRR Investments, LLC, Triton Hardbanding Service, LLC, MSI Inspection Service, LLC, and Maverick Rental Tools, LLC are, and in the past were, alter egos of the members who managed them (“Members”) and have been used to perpetrate actual fraud. Therefore, the Members should be held personally liable for the harms they caused, using their respective LLC(s), to the Plaintiffs.

103. For example, Laguna is the alter ego of Defendant Scott Kerstetter and was used by Kerstetter for the purpose of perpetrating, and for perpetrating actual fraud on the Plaintiffs for the direct personal benefit of Kerstetter. Laguna sent false and fabricated invoices to the Plaintiffs to fraudulently take Plaintiffs’ money under the guise of legitimate business transactions. Laguna also purchased property from Plaintiffs at less-than-market-value prices while representing that the prices were fair. Laguna’s primary—if not sole—customer is Stabil Drill, further showing that Laguna was essentially created and operated to siphon money and opportunities away from Plaintiffs and to perpetrate fraud. Renegade Oil Tools, LLC is another example of its members using the LLC for the purpose of perpetrating and perpetrating actual fraud on the Plaintiffs for the direct personal benefit of its members. Renegade Oil Tools, LLC’s members include Daniel Anthony, Scott Kerstetter, Christopher J. Russo, and Martin A. LeBlanc. Renegade Oil Tools, LLC sent inaccurate and/or false invoices to Plaintiffs, using Laguna as a pass through entity to create another layer of separation between the Plaintiffs and Renegade Oil Tools. This layer, however, is a sham. In fact, Renegade Oil Tools, LLC and Laguna share the same physical address, employees, and general liability insurance, underscoring that its sole purpose was to act as an instrument to carry out the fraud designed by

its members and other third parties, including Laguna. The MSI and Triton, LLCs owned and operated by Defendant Mike Sheffield along with Maverick Rental Tools, LLC, owned and operated by Defendant Mike Sheffield and Christopher J. Russo, were also similarly used for the purpose of perpetrating fraud, and did perpetrate fraud, on the Plaintiffs for Sheffield's and Russo's personal benefit. Similarly, MSI and Triton were used to send fictitious invoices to Plaintiffs to steal money by making false representations. Just like the other Defendant LLCs, MSI and Triton were used by their respective members for the purpose of perpetrating, and for perpetrating actual fraud on the Plaintiffs for the direct personal benefit of the members.

104. The Members should be estopped from using their respective Defendant LLCs as shields and conduits for misappropriating money, property, trade secrets, and corporate opportunities belonging to Plaintiffs. The Defendant LLCs exist primarily to carry out the fraudulent schemes of its Members who have all repeatedly perpetrated fraud against the Plaintiff. Indeed, the Defendant LLCs are nothing but a tool and conduit for its Members to further their individual and collective objective of draining Stabil Drill and Plaintiffs while simultaneously evading personal obligations and responsibilities for the harms they have caused to Plaintiffs. The Defendant LLCs share much of their resources in furtherance of their fraudulent scheme as well, such as Laguna sharing an accountant, insurance, and address with Renegade Oil Tools, LLC. Therefore, the Members should be held personally liable for the harms they have caused to the Plaintiffs while using their LLCs as conduits and tools for perpetrating fraud.

**COUNT FIFTEEN: REQUEST FOR TEMPORARY AND
PERMANENT INJUNCTIVE AND OTHER EQUITABLE RELIEF**
(All Defendants)

105. Plaintiffs incorporate by reference the factual allegations above as set forth herein.

106. Pursuant to Texas Civil Practices & Remedies Code §§ 65.011 and 134A.003, Plaintiffs further request a temporary injunction during the pendency of litigation and a permanent injunction upon entry of final judgment. Injunctive relief is necessary to prevent the Defendants and their members, managers, officers, and directors, from taking actions that would render any judgment in this litigation ineffectual or any action that would cause irreparable injury to any real or personal property, including any actual or threatened transfer of funds or assets to third parties or destruction of any documents and evidence, outside the ordinary course of business, or other acts that will otherwise irreparably damage the value of Plaintiff's judgment in this case. Also, Plaintiffs' business interests may be improperly damaged without injunctive relief protecting their trade secrets. Plaintiffs are willing to post a bond upon entry of a temporary injunction. TEX. R. CIV. P. 684.

107. The absence of a temporary injunction lasting the duration of the litigation until trial causes imminent and irreparable harm to the Plaintiffs because Defendants would be able to (1) use Plaintiffs' money that has been wrongfully acquired in the course of Defendants' illegal conduct in their own business or personal matters, (2) transfer money and property to other third parties not in this litigation and outside the reach of this Court and Plaintiffs, (3) destroy evidence that will be invaluable to Plaintiffs in showing the Defendants' wrongful acts to the Jury and this Court, and (4) continue to use or disclose Plaintiffs' trade secrets in an industry that is highly competitive and works on a small profit margin, thereby harming Plaintiffs. Indeed, on information and belief, much of the Defendants' assets simply consist of the money wrongfully

acquired from the Plaintiffs, as Plaintiffs are either the sole or the most significant customers of Defendant companies. Based on the imminent risk of harm and irreparable injury if the stolen and wrongfully acquired money and assets—which are currently in the possession and control of the Defendants—are hidden from Plaintiffs, and based on the comparatively low harm to Defendants who can still operate as long as they do not do so in violation of the requested injunction, and for the preservation of the status quo pending a final adjudication of the rights of the parties, Plaintiffs request that the Court enter a temporary injunction, lasting until final judgment, which enjoins the Defendants, as indicated below, from the following:

- a. Defendants Martin A. LeBlanc, Christopher J. Russo, Scott Kerstetter, Daniel Anthony, and Mike Sheffield as well as their respective spouses and collective or respective agents, servants, employees, attorneys, and accountants and any other person or entity acting in concert or at their instruction or on their behalf, are enjoined and restrained from transferring, withdrawing, liquidating, spending, concealing, encumbering, removing, dissipating, distributing, assigning, granting a lien or security interest in, or otherwise disposing of any funds, real or personal property, accounts, contracts, shares of stock, other assets or any interest therein (collectively “Assets”), or allowing the same to occur, for any Assets acquired by or through sales made to any of the Plaintiffs or acquired as payment for services rendered.
- b. Defendants Laguna Oil Tools, LLC, Quest Holdings, LLC, Renegade Performance Properties, LLC, Renegade Oil Tools, LLC, Renegade Manufacturing, LLC, Renegade Performance Coatings, LLC, LeBlanc Real Estate Investments, LLC, Triple RRR Investments, LLC, Triton Hardbanding Service LLC, MSI Inspection Service, LLC, and Maverick Rental Tools, LLC, as well as their respective agents, servants, employees, attorneys, and accountants and any other person or entity acting in concert or at its instruction or on its behalf, are enjoined and restrained from transferring, withdrawing, liquidating, spending, concealing, encumbering, removing, dissipating, distributing, assigning, granting a lien or security interest in, or otherwise disposing of any Assets, or allowing the same to occur, for any Assets acquired by or through sales made to any of the Plaintiffs.
- c. The Defendants are enjoined and restrained from disclosing, using or transferring any intellectual property or trade secrets belonging to Plaintiffs to themselves or to third parties. For purposes of all relief in this Temporary Injunction, the terms “intellectual property” or “trade secrets” means any intellectual property owned or developed or wrongfully usurped from the Plaintiffs, or any of its Members,

Managers, Directors, Officers, employees, agents and representatives, including but not limited to, patents, patent applications, processes, trade secrets, products, services, research and development, ideas, inventions, know-how, negative-know-how, studies or results, project reports, ideas, discoveries, improvements, writings, drawings, notes, reports, invention records, logs, marketing strategy, customer information, customer identities, customer contacts, pricing lists for raw material or final products, or supplier identities and contacts or pricing.

- d. The Defendants are enjoined and restrained from deleting, altering, destroying or removing any emails, documents, data information, electronic postings, social media, text messages, voicemails, records, files, history data or properties, relating in any way to the operation of the Defendants, or their past acts in taking assets, monies, intellectual property, or other items from the Plaintiffs, whether outright or through fictitious or actual sales, in order that a proper accounting can be made for these actions in the company accounting and tax documents.
- e. The Defendants must return to the Plaintiffs any assets in possession, custody, or control, such as receivables, equipment, inventory, intellectual property, know-how, customers, customer information, or contracts, which belong to any of the Plaintiffs.
- f. The Defendants shall cease and desist taking any actions or engaging in any activities, including through any third-party entities such as Laguna, which are inconsistent with the rights of the Plaintiffs to its assets, such as money, receivables, equipment, inventory, intellectual property, know-how, customers, customer information, or contracts. In the event Defendants have already made any agreements or arrangements relating to the Plaintiffs' assets which are inconsistent with the Plaintiffs' ownership of such assets, they are hereby ordered to rescind such agreements or arrangements and to cease and desist from any further performance under such agreements or arrangements.
- g. The Defendants are ordered to provide an accounting from both the Officers and the remaining Defendants for all profits, assets, and corporate opportunities they have taken, diverted, usurped or received by engaging in the wrongful acts described above.
- h. The Defendants are enjoined and restrained from taking any action to sell all or substantially all of their assets.

108. Plaintiffs request the Court to use its equitable powers and impose a constructive trust over all money gotten by Defendants due to their tortious conduct described above, including but not limited to the Defendants' breaches of fiduciary duty, fraud, conspiracy, trade secrets misappropriation, or the aiding or abetting thereof.

109. Plaintiffs further request the Court to use its equitable powers and find that Plaintiffs are entitled to an accounting from the Officers and the Defendant LLCs for all profits they have made by engaging in the wrongful acts described above.

110. Plaintiff also request that, as part of the Court's permanent injunction the Officers must forfeit all salaries, bonuses, and compensation received from the Plaintiffs since the first instance of the Officers' tortious conduct. Additionally, Plaintiff request that the Court find that the Defendants must disgorge any money gotten due to their tortious conduct.

111. A permanent injunction is appropriate in this case to preserve the *status quo* concerning Plaintiffs' trade secrets. Plaintiffs have demonstrated a probable right to the relief sought. Absent permanent injunctive relief from the Court against the Defendants, there will be probable, imminent, and irreparable injury. The injury to Plaintiffs will be caused by the Defendants' concealment of their assets so that any judgment entered in the case is rendered worthless.

112. Based on the evidence submitted at trial, Plaintiffs request that the Court enter a permanent injunction against Defendants and their respective agents, attorneys, and all persons or entities acting in concert with them, and that the Court require the Plaintiffs to take the following actions, and to cease, desist, and refrain from taking action, as follows:

- a. Defendants Laguna Oil Tools, LLC, Quest Holdings, LLC, Renegade Performance Properties, LLC, Renegade Oil Tools, LLC, Renegade Manufacturing, LLC, Renegade Performance Coatings, LLC, LeBlanc Real Estate Investments, LLC, Triple RRR Investments, LLC, Triton Hardbanding Service LLC, MSI Inspection Service, LLC, and Maverick Rental Tools, LLC, as well as their respective agents, servants, employees, attorneys, and accountants and any other person or entity acting in concert or at its instruction or on its behalf, are enjoined and restrained from transferring, withdrawing, liquidating, spending, concealing, encumbering, removing, dissipating, distributing, assigning, granting a lien or security interest in, or otherwise disposing of any funds, real or personal property, accounts, contracts, shares of stock, other assets or any interest therein (collectively "Assets"), or allowing the same to occur, for any Assets acquired by or through sales made to any of the Plaintiffs.

- b. The Defendants are enjoined and restrained from disclosing, using or transferring any intellectual property, confidential information or trade secrets belonging to Plaintiffs to themselves or to third parties. For purposes of all relief in this Permanent Injunction, the terms “intellectual property” or “trade secrets” means any intellectual property owned or developed or wrongfully usurped from the Plaintiffs, or any of its Members, Managers, Directors, Officers, employees, agents and representatives, including but not limited to, patents, patent applications, processes, trade secrets, products, services, research and development, ideas, inventions, know-how, negative-know-how, studies or results, project reports, ideas, discoveries, improvements, writings, drawings, notes, reports, invention records, logs, marketing strategy, customer information, customer identities, customer contacts, pricing lists for raw material or final products, or supplier identities and contacts or pricing.
- c. The Defendants are enjoined and restrained from engaging in or conducting any business or performing any services for any person or entity involving any intellectual property, trade secrets, or confidential information owned or developed by Plaintiffs or wrongfully usurped from the Plaintiffs.
- d. The Defendants shall cease and desist taking any actions or engaging in any activities through any third-party entities, which would violate the terms of this injunction and undermine the operations of the Plaintiffs or the value of Plaintiffs’ intellectual property, trade secrets, or confidential information.
- e. The Defendants are enjoined and restrained from entering into any agreements or arrangements with themselves or any third party in which any technology, products, services, know-how or processes related to any intellectual property, trade secrets, or confidential information owned or wrongfully usurped from the Plaintiffs are sold, licensed, transferred, or commercialized; or in the event any such agreement has already been entered by the Defendants, they are hereby ordered to rescind such agreements or arrangements and to cease and desist from any further performance under such agreements or arrangements.
- f. The Defendants must return to the Plaintiffs any assets in possession, custody, or control, such as receivables, equipment, inventory, intellectual property, know-how, customers, customer information, or contracts, which belong to any of the Plaintiffs.

REQUESTS FOR DISCLOSURE TO ALL DEFENDANTS:

Pursuant to Texas Rule of Civil Procedure 194, Defendants are requested to disclose, within 50 days of service of this request, the information or material described in Rule 194.2. Specifically, pursuant to Rule 194, each and every defendant is requested to disclosure, within 50 days of service of this request, the information or material described in Rule 194.2(a)-(l).

PRAYER FOR RELIEF

WHEREFORE, after the trial of this action, Plaintiffs pray that Plaintiffs have and recover against Defendants as follows:

- a. Judgment for damages in an amount to be determined by the Court or jury;
- b. Actual damages incurred;
- c. Exemplary/punitive damages in an amount to be determined by the Court or jury;
- d. Prejudgment and post judgment interest as provided by law;
- e. Reasonable attorneys' fees, costs, and expenses;
- f. Declaratory judgment as prayed for herein;
- g. All costs of court allowed by law;
- h. Temporary and permanent injunctive relief against the Defendants as prayed for herein; and
- i. Such other and further relief as this Court deems to be just, proper and equitable, and as provided under Texas law.

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Dated: April 19, 2016

Respectfully submitted,

/s/ C. Thomas Kruse

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