

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss.

SUPERIOR COURT

C.A. NO. 22-2739D

COMMONWEALTH OF MASSACHUSETTS,

Plaintiff,

v.

BEDROCK GROUP, LLC, BEDROCK CONSULTING, INC., ANTHONY DAMORE (A/K/A ANTHONY DA'MORE), JONATHAN ROTH, ENRIQUE SPERLING and HOWARD SPERLING,

Defendants.

COMPLAINT

SUFFOLK SUPERIOR COURT
CIVIL CLERK'S OFFICE
2022 DEC -5 A 11:18
MICHAEL JOSEPH DONOVAN
CLERK / MAGISTRATE

I. INTRODUCTION

1. The Commonwealth of Massachusetts (“the Commonwealth”), by and through its Attorney General, Maura Healey, brings this enforcement action pursuant to the Massachusetts Consumer Protection Act, G.L. c. 93A, §§ 2 & 5 and the Massachusetts False Claims Act, G.L. c. 12, § 5A *et seq.* (“MFCA”) against Bedrock Group, LLC (“Bedrock”), its owners Bedrock Consulting Group, Inc. (“Bedrock Consulting, Inc.”), Anthony Damore (“Defendant Damore”), Jonathan Roth (“Defendant Roth”), Enrique Sperling (“Defendant Enrique Sperling”), and its de facto owner, Howard Sperling (“Defendant Howard Sperling”) (collectively “Defendants”), arising from Defendants’ false statements, their failure to remit funds belonging to the Commonwealth, and their continued violation of the Assurance of Discontinuance entered into with the Commonwealth on June 14, 2021 (the “AOD”) and submitted to this Court on the same day.

2. On January 30, 2020, the World Health Organization (the “WHO”) declared COVID-19 to be a global public health emergency. Two days later, Massachusetts announced its first confirmed case. Recognizing the urgent need to protect front-line workers and essential employees from the virus, the Commonwealth endeavored to procure personal protective gear (“PPE”), including N95-rated masks. During this time, Bedrock and its owners offered to procure one million (1,000,000) N-95 compliant respirator masks from their contacts in China and deliver them to the Commonwealth on an emergency basis for an upfront payment totaling \$3,560,000. The Defendants misrepresented Bedrock’s capabilities to procure and deliver the requisite PPE. In reliance of the Defendants’ misrepresentations, the Commonwealth issued an emergency purchase order and paid Bedrock \$3,560,000, with the understanding that Bedrock would deliver the 1,000,000 masks within 20 days.

3. The Defendants, having misrepresented Bedrock’s capabilities, failed to deliver the million masks as promised. In fact, Bedrock provided less than 10% of the contracted-for PPE and delivered those masks to the Commonwealth well-beyond the agreed delivery date. As a result of Bedrock’s failure to deliver the emergency supplies, the Commonwealth canceled the Purchase Order on June 11, 2020 and demanded that the Defendants return the Commonwealth’s funds.

4. Defendants acknowledged their obligation to return the Commonwealth’s funds for the over 900,000 masks that they failed to deliver, but also made numerous false statements to the Commonwealth about their intentions and efforts to do so.

5. While Bedrock was making repeated promises to the Commonwealth that the return of its funds was imminent, Defendants Damore, Roth, Enrique Sperling and

Howard Sperling were squandering the Commonwealth's funds on vacations, dinners, and direct cash transfers. In the 13 months that followed the Commonwealth's payment of \$3,560,000 to Bedrock, Bedrock completed more than \$700,000 in direct transfers to Defendants Damore, Roth, Howard Sperling, Enrique Sperling, and members of the Sperling family, while refusing to return the funds owed to the Commonwealth. Bedrock's accounts additionally show more than \$100,000 in debit and credit card charges unrelated to Bedrock's business functions during this time.

6. After nearly a year of promises without actual payment, Bedrock signed the AOD under G.L. c. 93A, sec. 5, agreeing to pay \$3,455,422 - the full amount owed to the Commonwealth for the undelivered masks as well as civil penalties to settle allegations of its Massachusetts False Claims Act violations. Payments were to be made in eight monthly payments which were to have been completed in January 2022.

7. Defendants made only the first of eight monthly payments (in the amount of \$100,000), and have failed to make any other payment, in violation of the terms of the AOD. Defendants owe the Commonwealth \$3,355,422 under the terms of the AOD.

8. By this action, the Commonwealth seeks to recover full restitution, treble damages, civil penalties, and attorneys' fees for Defendants' violations of the Massachusetts Consumer Protection Act and the Massachusetts False Claims Act. Pursuant to G.L. c. 93A, §5, Bedrock's violation of the terms of the AOD constitutes prima facie evidence of a violation of G.L. c. 93A, §2.

II. JURISDICTION AND VENUE

9. The Attorney General is authorized to bring this action pursuant to G.L. c. 93A, § 4 and G.L. c. 12, § 5C.

10. This Court has jurisdiction over the persons and subject matter of this action pursuant to G.L. c. 93A, § 4, G.L. c. 12, § 5C, and G.L. c. 223A, § 3.

11. Venue is proper in Suffolk County pursuant to G.L. c. 93A, § 4 and G.L. c. 223, § 5.

III. THE PARTIES

12. The plaintiff is the Commonwealth of Massachusetts, represented by the Attorney General, who brings this action in the public interest pursuant to G.L. c. 93A, § 4 and G.L. c. 12, § 5C.

13. Defendant Bedrock is organized as a Wyoming Limited Liability company with a principal place of business at 57 Wharf Street in Salem, Massachusetts. Bedrock Group also frequently lists its corporate address as 338 Commercial Street in Boston, Massachusetts.

14. Defendant Bedrock Consulting, Inc. is organized as a Massachusetts corporation with a principal place of business at 338 Commercial Street in Boston, Massachusetts. Bedrock Consulting, Inc. owns 98% of Bedrock and is owned by Anthony Damore, Jonathan Roth, and Enrique Sperling.¹ Although his name is not listed on incorporation documents, Defendant Howard Sperling was involved in the organizing of Bedrock Consulting, Inc.

¹ Bedrock's Rule 30(b)(6) designee testified that Bedrock Consulting, Inc. is no longer an active corporation. It does not have a bank account and is simply a holding company for Bedrock. Bedrock's designee further testified that Bedrock Consulting, Inc. does not have any subsidiaries other than Bedrock.

15. Defendant Anthony Damore is an individual who resides at 382 North Street, Apartment #2, in Boston, Massachusetts. Defendant Anthony Damore is an owner of Bedrock Consulting, Inc. and, through Bedrock Consulting Inc.'s ownership of Bedrock, an indirect owner of Bedrock.

16. Defendant Jonathan Roth is an individual who resides at 23A Castle Rock Drive in Charlestown, Rhode Island. Defendant Jonathan Roth is an owner of Bedrock and Bedrock Consulting, Inc. Defendant Jonathan Roth has been an active member of the Massachusetts Bar since 1990.

17. Defendant Enrique Sperling is an individual who resides at 1010 Birchcrest Avenue in Brea, California. Defendant Enrique Sperling is an owner of Bedrock and Bedrock Consulting, Inc.

18. Defendant Howard Sperling is the father of Defendant Enrique Sperling and resides at 1709 Kanola Road in La Habra Heights, California. Defendant Howard Sperling maintained a residence and registered a car in Massachusetts as recently as 2018. One profile on the professional networking site LinkedIn indicates that Defendant Sperling is the "Founder" of Sperling Yachts, located in Boston, Massachusetts and a separate LinkedIn profile indicates that Howard Sperling is currently a "Consultant" at LED Lighting Inc., also located in Boston, Massachusetts. Defendant Howard Sperling was an initial organizer of Bedrock Consulting, Inc. and is a de facto owner of Bedrock.

IV. FACTS

19. In the early days of the COVID-19 pandemic, Massachusetts and other states urgently sought to procure PPE under very difficult circumstances. On January 30, 2020, the WHO declared COVID-19 to be a global public health emergency.

20. By early March of 2020, COVID-19 was spreading rapidly across the United States, including Massachusetts. On March 10, 2020, following the first reports of community spread in the Commonwealth, the Governor declared a state of emergency. Soon after, then-President Trump declared a national emergency, even as he announced that the federal government “was not a shipping clerk” and “states would need to compete on the open market to procure necessary personal protective equipment and other supplies.” As hot spots of infection broke out throughout the country, governors and local officials, including in Massachusetts, were urgently trying to locate and secure adequate PPE to protect their citizens. By the end of the month, the United States led the world in COVID-19 infections with more than 81,000 known cases.

A. Defendant Bedrock contracted with the Commonwealth to provide one million (1,000,000) N95 protective masks, but the contract was terminated after Bedrock failed to deliver the masks by the agreed-upon date.

21. On April 2, 2020, Defendant Roth contacted the Operational Services Division of the Commonwealth of Massachusetts (“OSD”) with an offer for Bedrock to supply one million (1,000,000) N95 protective masks (the “Masks”). Defendant Roth stated that Bedrock had a connection with a reputable mask manufacturer in China and sent OSD a picture of the packaging of the Masks that Bedrock was offering to provide. Defendant Roth stated that the full purchase price for the masks would be required up front.

22. On April 3, 2020, OSD signed an Emergency Purchase Order (the “Purchase Order”) to purchase one million units of the Masks, and subsequently transferred \$3,560,000 to Bedrock, representing the entire payment amount of the Purchase Order. The Purchase Order also stated that the Masks would begin to be

shipped within 10-20 days from the date that payment was received (i.e., between approximately April 13, 2020 and April 23, 2020).

23. On or about May 27, 2020, approximately 54 days after the Purchase Order was executed, the Commonwealth first received a shipment representing 99,600 of the 1,000,000 masks purchased by the Commonwealth, i.e., less than 10% of the Masks ordered. Bedrock failed to deliver the remaining 900,400 Masks that the Commonwealth ordered.

24. Prior to its failure to supply the Masks, Bedrock never notified OSD that it would not be able to comply with the terms of the Purchase Order. In fact, Defendant Roth, in response to numerous inquiries by OSD, repeatedly stated that additional shipments of Masks could be expected imminently.

25. On June 11, 2020, still having received only 99,600 of the 1,000,000 units of the Masks that the Commonwealth paid for, OSD notified Bedrock that it was terminating the Purchase Order and demanded a refund of the balance representing the value of the Masks that were paid for but not delivered. Bedrock failed to provide a refund of the money the Commonwealth paid for the Masks.

B. Defendants made false statements in connection with their obligation to refund the Commonwealth the amount of the Balance.

26. Immediately following the cancellation of the Purchase Order, and in subsequent communications in the 6 months following the cancellation of the Purchase Order, Defendant Roth, on behalf of Bedrock, acknowledged Bedrock's obligation to return the Commonwealth's money and committed to doing so.

27. Despite these acknowledgments, Defendant Roth, on behalf of Bedrock, repeatedly made false promises to the Commonwealth regarding Bedrock's efforts to return the Commonwealth's money.

28. On July 24, 2020, Defendant Roth emailed OSD and stated that Bedrock was arranging for the "first payment" of the refund to be sent from Bedrock's supplier to OSD and asked where the check should be sent. That statement was false and neither Bedrock nor its supplier sent a refund to OSD.

29. On August 19, 2020, Defendant Roth emailed OSD and stated that the first payment "...should be received by the Commonwealth this week for approximately half amount due and the balance should be paid within the next 30 days." That statement was false and no portion of the amount due was paid within the next 30 days.

30. On August 28, 2020, Defendant Roth emailed OSD and stated, "I have been informed that a check for \$750,000 was sent this week to the Commonwealth of Massachusetts as part of the refund to the Commonwealth, and that another check will be forthcoming in the next two weeks." That statement was false in that no check for \$750,000 was sent to the Commonwealth as a refund during the week of August 28, 2020, nor was another refund check sent in the following two weeks.

31. On September 4, 2020, OSD informed Bedrock and Defendant Roth that the \$750,000 check had not been received. Defendant Roth emailed OSD and stated that he would contact the vendor that was supposed to issue the check, and that "...in the interim Bedrock will arrange a payment of \$750,000 by cashier's check which [Bedrock] will try to get out today or Monday at the latest." That statement was false in that Bedrock did not arrange for payment of \$750,000 by cashier's check to be paid that

week. Two months later, OSD still had not received any of the promised payments from Bedrock.

32. On November 12, 2020, OSD issued a formal letter to Bedrock demanding a full and immediate refund of the Balance. The letter also stated, "If the Commonwealth does not receive this amount by November 23, 2020, Bedrock Group LLC could also be liable for interest accrued on the balance owed dating back to the cancellation period."

33. On November 21, 2020, Defendant Roth responded to OSD's demand letter stating that Bedrock assumed OSD had received a \$750,000 payment that Bedrock had previously sent. Defendant Roth's letter, which was sent by email as a scanned image, also falsely stated that "Bedrock has already forwarded a replacement check for the \$750,000..." and that full reimbursement to OSD "...can be achieved in a reasonable time frame."

34. On January 7, 2021, OSD issued a second letter to Bedrock, again demanding full and immediate refund of the Balance. The letter also detailed the multiple misrepresentations that Bedrock had made indicating that a refund check had been issued and was in transit when, in fact, the Commonwealth never received any of these payments.

35. On January 19, 2021, Defendant Roth emailed OSD with a scanned copy of a letter, on Bedrock letterhead, that again acknowledged "[Bedrock's] obligation to return the funds..." and included a photocopy of a check for \$750,000 that Defendant Roth was mailing to OSD as a partial payment towards the Balance. In his letter, Defendant Roth also claimed that he "...has no idea why the earlier checks were not

received by [the Commonwealth]" and additionally included a photocopy of a second check, dated November 20, 2020 in the amount of \$750,000, that Bedrock claims to have sent to OSD at the same time as Defendant Roth's November 20, 2020 email to OSD.

36. On January 25, 2021, OSD received Bedrock's \$750,000 check by mail and deposited it into its bank account. However, on January 29, 2021, OSD was notified by its bank that Bedrock's check did not clear.

37. At the time Bedrock issued and sent the \$750,000 check to OSD, Bedrock's account on which the check was written contained only \$352,873. In fact, Bedrock's account did not contain more than \$550,000 at any point in the month of January 2021:

38. Bedrock's account also did not contain sufficient funds to cover the \$750,000 check that it claims to have issued to the Commonwealth on November 20, 2020, but that the Commonwealth never received. At the time that check allegedly was issued, Bedrock's account contained approximately \$26,000. Indeed, from February 2020 – June 2021, this account never contained funds sufficient to clear a \$750,000 check.

39. On May 24, 2021, Defendant Roth stated that he was unaware of any issues with the \$750,000 check that Bedrock sent on January 19, 2020, and he assumed that the funds had been debited from Bedrock's account and deposited into OSD's account. Defendant Roth denied receiving any notice from Bedrock's bank regarding the check being returned due to insufficient funds. That was false.

40. Defendant Roth subsequently admitted, when testifying on behalf of Bedrock, that he was aware that the check Bedrock sent to OSD on January 25, 2021 did

not clear. Despite this knowledge, none of the Defendants contacted the Commonwealth to remedy this issue or to discuss fulfilling their obligation to return the Balance owed to the Commonwealth.

C. Defendant Bedrock entered into an Assurance of Discontinuance with the Commonwealth of Massachusetts.

41. On June 15, 2021, Bedrock entered into the AOD which was filed in this Court as Civil Action No. 21-1358-D. In agreeing to the AOD, Bedrock sought to resolve the Commonwealth's allegations that Bedrock had violated Massachusetts law, including Massachusetts False Claims Act, G. L. c. 12, § 5B and Massachusetts Consumer Protection Act, G. L. c. 93A, § 2, by making false statements in connection with its obligation to refund the Commonwealth. Through the AOD, Bedrock agreed to pay the Commonwealth \$3,455,422 (the "Settlement Amount"), representing the amount of the Balance in addition to a \$250,000 penalty for violating Massachusetts law. The AOD required Bedrock to pay the Settlement Amount in accordance with the following payment schedule:

\$150,000 – June 30, 2021
\$100,000 – July 31, 2021
\$534,237 – August 31, 2021
\$534,237 – September 30, 2021
\$534,237 – October 31, 2021
\$534,237 – November 30, 2021
\$534,237 – December 31, 2021
\$534,237 – January 31, 2022

42. The AOD also provided that, in the event Bedrock failed to pay any of the installments, the entire amount would become immediately due and owing.

43. On June 22, 2021, Defendant Roth sent a letter to the Commonwealth stating that it was Bedrock's intention for the first payment of the payment schedule to be

\$100,000, and not \$150,000 as stated in the AOD. The Commonwealth consented to a change in the payment schedule for Bedrock to pay \$100,000 by June 30, 2021, and \$150,000 by July 31, 2021.

44. On July 2, 2021, Bedrock transferred \$100,000 to the Commonwealth, representing its first and only payment to date pursuant to the AOD.

45. The Commonwealth is still owed \$3,455,422 pursuant to the AOD, plus interest accruing from the date Bedrock first violated the AOD on July 31, 2021.

D. Bedrock made additional false statements to the Commonwealth that were material to its obligations required by the AOD.

46. In the 10 months following the execution of the AOD, the Defendants have made repeated false statements to the Commonwealth regarding Bedrock's efforts to make payments required by the AOD.

47. On or around August 10, 2021, Defendant Roth indicated that the funds to pay amounts owed under the AOD had recently been sent via Automated Clearing House (ACH) transfer, and not by wire transfer as required by the AOD, and that Defendant Roth would provide confirmation to the Commonwealth via email.

48. On August 16, 2021, Defendant Roth sent a block of text that purported to be confirmation of an ACH transfer in the amount of \$150,000. Notably, this confirmation did not include a date of transfer or any reference to the institution from which the funds were being drawn. Defendant Roth indicated that he would provide that information by the following day. Those statements were false.

49. On August 18, 2021, Defendant Roth stated that the July 31, 2021 payment was not, in fact, sent by Bedrock but was instead sent by one of Bedrock's suppliers. Defendant Roth stated that the funds were "...coming from Barclays bank" but

he was unable to provide any further details or confirmation documents related to the transfer. Defendant Roth additionally stated that, in an effort to avoid these issues moving forward, Bedrock would transfer the upcoming August 31, 2021 payment by August 20, 2021, ahead of the August 31, 2021 deadline set by the AOD.

50. On August 18, 2021 Defendant Roth forwarded an email to the AGO that was purportedly from “Jen” in the accounting department of Bedrock. The forwarded email stated that there were issues with the July payment but stated, “rest assure [sic] this month we are ahead of payment”. In forwarding this email, Defendant Roth additionally confirmed that the July payment was in process and that the Commonwealth should expect the August payment to be sent ahead of schedule.

51. This email from “Jen” in Bedrock’s accounting department was fabricated in an attempt by the Defendants to avoid their obligation to pay the Commonwealth.

52. By August 23, 2021, the Commonwealth still had not received the payment that was required by July 31, 2021. Nevertheless, on August 23, Defendant Roth, on behalf of Bedrock, emailed the Commonwealth another block of text that purported to confirm that a wire transfer in the amount of \$534,237 had been scheduled for August 25, 2021. That statement was false in that no wire payment had been sent.

53. None of Bedrock’s known bank accounts contained more than \$32,000 at any point in the months of July and August when Defendant Roth stated that the required payments due under the AOD had been sent.

54. Bedrock has engaged in a pattern of misrepresentation in which Bedrock falsely and repeatedly claimed that a wire transfer had been initiated, or that a check had

been sent, to satisfy an obligation when that was not, in fact, the case. The Defendants' dealings with the Commonwealth follow an established delinquent and deceitful pattern. Upon information and belief, Defendants have a history of violating agreements shortly after entering into them and receiving payment, improperly commingling business funds and using those funds for the personal benefit of the Defendants, and making repeated representations about wire transfers being scheduled or checks being issued when, in fact, the Defendants knew that Bedrock did not have funds sufficient for those obligations to be met.

E. Bedrock's members abused the corporate form, misrepresented the nature of Bedrock's business, and treated Bedrock's funds as their own.

55. Despite its business dealings in the Commonwealth of Massachusetts, and its corporate address in the Commonwealth of Massachusetts, Bedrock has never registered as a foreign corporation with the Massachusetts Secretary of State as required by M.G.L. Ch. 156C, §48.

56. On October 9, 2022, the State of Wyoming, Secretary of State, Business Division suspended Bedrock's corporate charter and marked its status as "Inactive – Administratively Dissolved (Taxes)".

57. The exact nature of Bedrock's business is unclear as it has purported to be involved in a variety of business ventures. For example, in an application to open its primary bank account at TD Bank in 2019, Bedrock listed its business as "residential electric lighting fixture manufacturing." However, in presentations and pitches to other business entities, Bedrock has described itself as an investment firm and purports to have hundreds of millions of dollars under management. Defendant Howard Sperling also

represented that Bedrock was a significant distributor of PPE from China and, in 2020, represented to a potential business partner that it was selling \$100 million of PPE per month.

58. Defendants fail to observe basic corporate formalities associated with Bedrock. Defendants do not hold regular meetings, do not record minutes for significant meetings or discussions, do not pay distributions or dividends, and do not have any formal process for compensating owners.² Bedrock is frequently, if not always, under-capitalized, with the Defendants committing Bedrock to obligations, including the AOD, that require assets in amounts far beyond what are held by the Bedrock corporate entity. Finally, upon information and belief, the Defendants have used the Bedrock corporate entity to promote various frauds, including schemes whereby the Defendants commingled funds that were required to be held in escrow and used them for their personal benefit.

59. Defendants Damore, Roth, Enrique Sperling and Howard Sperling have actively participated in the management of Bedrock at all relevant times. Each has demonstrated authority to act on behalf of Bedrock. All of Bedrock's business decisions require a consensus among Defendants Damore, Roth, and Enrique Sperling. Defendants Damore, Roth, Enrique Sperling and Howard Sperling have each demonstrated authority over Bedrock's funds, including check writing authority and/or having debit cards issued in their names and drawn from accounts belonging to Bedrock.

60. Defendant Damore is an indirect owner of Bedrock through his ownership of Bedrock Consulting, Inc.. In an application to open a bank account for

² Bedrock's Rule 30(b)(6) designee testified that Bedrock's owners get paid when Bedrock has money to pay and that Defendant Roth "take[s] what [Defendant Roth] need[s] to live."

Bedrock in November of 2019, Defendant Damore certified that he was both an individual with control of the company and a beneficial owner with 100% ownership interest. Appended to this application were copies of Bedrock's Articles of Organization, and documentation from the IRS confirming Bedrock's Federal Employer Identification Number. Defendant Damore has decision-making authority, check signing authority, and has exercised control over Bedrock's finances.

61. Defendant Roth is an owner of Bedrock and is listed as Bedrock's "organizer" in Bedrock's Articles of Incorporation. Additionally, in various documents related to the opening of Bedrock's bank accounts, Defendant Roth is simultaneously identified as a "member" and "owner" of Bedrock. Defendant Roth signed the AOD with the Commonwealth on behalf of Bedrock as its Manager. Defendant Roth has decision-making authority, check-signing authority, and has exercised control of Bedrock's finances.

62. Defendant Enrique Sperling is an owner of Bedrock. Defendant Enrique Sperling frequently draws from Bedrock's bank account and has a debit card issued in his name linked to Bedrock's account. Defendant Enrique Sperling actively participates in the business of Bedrock.

63. Defendant Howard Sperling is a de facto owner of Bedrock. Despite his name not being listed on the organizing documents for Bedrock, Defendant Howard Sperling directs the activities of Bedrock, has control over Bedrock's funds, maintains Bedrock's financial records, and holds himself out to be Bedrock's owner and primary decision-maker in Bedrock's transactions with other entities. Upon information and

belief, Howard Sperling's name is intentionally omitted from Bedrock's official documents because of his criminal history and 2010 federal conviction for wire fraud.³

64. In the 13-month period following Bedrock's receipt of the Commonwealth's funds, statements from Bedrock's bank accounts show more than \$660,000 in direct transfers to Defendants Damore, Roth, Enrique Sperling and Howard Sperling and more than \$55,000 in direct transfers to family members of Defendant Enrique Sperling and Defendant Howard Sperling.

65. Defendants Damore, Roth, Enrique Sperling and Howard Sperling have also diverted significant funds from Bedrock's bank accounts for personal expenses. Following the Commonwealth's transfer of \$3,560,000 to Bedrock in April 2020, Bedrock's bank accounts show over \$40,000 in cash withdrawals from ATMs in or near the California homes of Defendants Enrique Sperling and Howard Sperling, in addition to expenditures seemingly unrelated to Bedrock's business including more than \$52,000 in charges at casinos, more than \$46,000 in Venmo cash transfers, \$7,400 at a furniture store in California, and more than \$3,000 in charges for UberEats food delivery services. The Defendants also incurred more than \$130,000 in charges, many of which appear to be unrelated to Bedrock's business, on a Barclay's Bank credit card, issued in Bedrock's name, during this same time period. The majority of these debit and credit card expenditures relate to businesses in California and, upon information and belief, are for the personal benefit of Defendants Enrique and Howard Sperling.

F. The individual Defendants knowingly and improperly withheld and/or avoided paying money owed to the Commonwealth by taking unreasonable

³See <https://archives.fbi.gov/archives/atlanta/press-releases/2009/at020209.htm>

payments from Bedrock's accounts in the 15 months following the Commonwealth's demand for a refund of the Balance.

66. During the time that Bedrock and its owners withdrew funds from Bedrock's account, Bedrock and its owners intentionally avoided their obligation to return the Commonwealth's money.

67. In the 15 months following the Commonwealth's demand for a full refund of the Balance, and Bedrock's acknowledgement and agreement to pay the Balance, Defendant Damore received \$14,000 in direct wire transfers and authorized the issuance of checks to himself, from Bedrock's accounts, totaling more than \$28,000. Additionally, during this same time period, Bedrock made 17 separate wire transfers, totaling approximately \$100,000, to a business registered in the name of Defendant Damore.

68. In the 15 months following the Commonwealth's demand for a full refund of the Balance and Bedrock's acknowledgement and agreement to pay the Balance, Defendant Roth received more than \$70,000 in direct wire transfers from Bedrock LLC.

69. In the 15 months following the Commonwealth's demand for a full refund of the Balance, and Bedrock's acknowledgement and agreement to pay the Balance, Defendant Enrique Sperling personally received more than \$302,000 in direct wire transfers from Bedrock's known accounts. Upon information and belief, Defendant Enrique Sperling also withdrew tens of thousands of dollars in cash from Bedrock's accounts, and incurred tens of thousands of dollars of debit charges that are unrelated to Bedrock's business activities.

70. In the 15 months following the Commonwealth's demand for a full refund of the Balance, and Bedrock's acknowledgement and agreement to pay the Balance, Defendant Howard Sperling received more than \$170,000 in direct wire transfers from Bedrock's known accounts. Upon information and belief, Defendant Howard Sperling also withdrew tens of thousands of dollars in cash, and incurred tens of thousands of dollars of debit and credit card charges that are unrelated to Bedrock's business activities.

71. In the 15 months following the Commonwealth's demand for a full refund of the Balance and Bedrock's acknowledgement and agreement to pay the Balance, family members of Defendants Howard Sperling and Enrique Sperling received more than \$50,000 in direct wire transfers from Bedrock's known accounts.

72. Bedrock and its owners have acted unfairly and deceptively in connection with their transaction with the Commonwealth, and their failure to refund the Commonwealth's funds advanced for that purpose. Defendants Damore, Roth, Enrique Sperling and Howard Sperling have separately violated the Massachusetts Consumer Protection Act by knowingly and improperly diverting funds from Bedrock and retaining those funds for their personal expenditures, while avoiding their obligation to the Commonwealth. Upon information and belief, Defendants Damore, Roth, Enrique Sperling, and Howard Sperling each were aware of, and approved of, or acquiesced in, deceptive conduct on the part of one or more of the other Defendants.

73. In addition, Bedrock and Defendants Bedrock Consulting Inc., Damore, Roth, Enrique Sperling and Howard Sperling violated the Massachusetts False Claims Act by (a) having possession, custody, and control of property or money used, or to be

used, by the Commonwealth and knowingly delivering to the Commonwealth less than all of that property or money in violation of G.L. c. 12, § 5B(a)(5), and (b) by making false statements material to an obligation to pay or transmit money to the Commonwealth, and by knowingly and improperly avoiding an obligation to transmit money or property to the Commonwealth, both of which are violations of G.L. c. 12, § 5B(a)(9). Upon information and belief, Defendants Damore, Roth, Enrique Sperling, and Howard Sperling each were aware of, and approved of, or acquiesced in, deceptive conduct on the part of one or more of the other Defendants.

V. CAUSES OF ACTION

Count I

(Violations of the Massachusetts Consumer Protection Act G.L. c. 93A by Defendant Bedrock)

74. The Commonwealth re-alleges the allegations contained above and incorporates them herein by reference.

75. Defendant voluntarily entered into an AOD with the Commonwealth of Massachusetts pursuant to G.L. c. 93A, § 5.

76. Defendant Bedrock knowingly failed to make payments required by the AOD constituting prima facie evidence of a violation of G.L. c. 93A, § 2. See G.L. c. 93A, § 5.

77. Defendant Bedrock's violation of G.L. c. 93A caused harm to the Commonwealth.

Count II

**(Violations of the Massachusetts Consumer Protection Act G.L. c. 93A by
Defendants Bedrock, Bedrock Consulting, Inc. Damore, Roth, Howard Sperling and
Enrique Sperling)**

78. The Commonwealth re-alleges the allegations contained above and incorporates them herein by reference.

79. Pursuant to M.G.L. c. 93A, § 4, any person using unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce is subject to a civil penalty of not more than \$5,000 for each violation of M.G.L. c. 93A, § 2.

80. Defendants, at all times relevant to this complaint, were “persons” engaged in “trade or commerce” in Massachusetts as defined and used in M.G.L. c. 93A, §§ 1(a)-(b) and 2, because they sold and offered N95 masks to the Commonwealth of Massachusetts.

81. Defendants Damore, Roth, Enrique Sperling and Howard Sperling knowingly and unreasonably disregarded the corporate form of Bedrock, diverted business funds from Bedrock and used a significant amount of Bedrock’s funds for personal expenditures, intentionally avoiding Bedrock’s obligation to return the Commonwealth’s funds in violation of G.L. c. 93A, § 2.

82. Following the cancellation of the Purchase Order, and then again following the execution of the AOD, Defendants Bedrock, Bedrock Consulting, Inc., Damore, Roth Enrique Sperling and Howard Sperling made, or were aware of, deceptive statements and actions related to Bedrock’s required payments to the Commonwealth in violation of G.L. c. 93A, § 2.

83. The Defendants' violation of G.L. c. 93A caused harm to the Commonwealth.

Count III

(Violations of the Massachusetts False Claims Act, G.L. c. 12, § 5B(a)(5) by Defendants Bedrock, Bedrock Consulting, Inc., Damore, Roth, Enrique Sperling and Howard Sperling)

84. The Commonwealth re-alleges the allegations contained above and incorporates them herein by reference.

85. Defendants violated the Massachusetts False Claims Act by having possession, custody, and control over money to be used by the Commonwealth and knowingly delivering less than all of that money in violation of G.L. c. 12 § 5B(a)(5).

86. Defendants' conduct was "knowing" within the meaning of G.L. c. 12, § 5A, because they possessed actual knowledge of relevant information, acted with deliberate ignorance of the truth or falsity of the information, or acted in reckless disregard of the truth or falsity of the information.

87. The Defendants' Massachusetts False Claims Act violations caused damage to the Commonwealth.

Count IV

(Violations of the Massachusetts False Claims Act, G.L. c. 12, § 5B(a)(9) by Defendants Bedrock, Bedrock Consulting, Inc., Damore, Roth, Enrique Sperling and Howard Sperling)

88. The Commonwealth re-alleges the allegations contained above and incorporates them herein by reference.

89. Defendants violated the Massachusetts False Claims Act by (i) making false statements material to an obligation to pay or transmit money to the

Commonwealth, and (ii) by knowingly and improperly avoiding an obligation to transmit money or property to the Commonwealth in violation of G.L. c. 12, §5B(a)(9).

90. Defendants' conduct was "knowing" within the meaning of G.L. c. 12, § 5A, because they possessed actual knowledge of relevant information, acted with deliberate ignorance of the truth or falsity of the information, or acted in reckless disregard of the truth or falsity of the information.

91. The Defendants' Massachusetts False Claims Act violations caused damage to the Commonwealth.

Count V

(Violations of the Massachusetts False Claims Act, G.L. c. 12, § 5B(a)(8) by Defendants Bedrock, Bedrock Consulting, Inc., Damore, Roth, Enrique Sperling and Howard Sperling)

92. The Commonwealth re-alleges the allegations contained above and incorporates them herein by reference.

93. Defendants violated the Massachusetts False Claims Act by entering into an agreement, contract, or understanding with the Commonwealth knowing that the information contained therein was false in violation of G.L. c. 12, §5B(a)(8).

94. Defendants' conduct was "knowing" within the meaning of G.L. c. 12, § 5A, because they possessed actual knowledge of relevant information, acted with deliberate ignorance of the truth or falsity of the information, or acted in reckless disregard of the truth or falsity of the information.

95. The Defendants' Massachusetts False Claims Act violations caused damage to the Commonwealth.

PRAYERS FOR RELIEF

WHEREFORE, the Commonwealth requests that this Court:

96. As to Count I (G.L. c. 93A), enter judgment in favor of the Commonwealth and against Defendant Bedrock, and order Defendant Bedrock to pay the amount due and owing pursuant to the AOD in addition to any interest, penalties, reasonable attorneys' fees, and other relief that the Court deems appropriate.

97. As to Count II (G.L. c. 93A), enter judgment in favor of the Commonwealth and against the Defendants Bedrock, Bedrock Consulting, Inc., Damore, Roth, Enrique Sperling and Howard Sperling, and assess appropriate penalties against the Defendants for their conduct pursuant to G.L. c. 93A in addition to reasonable attorneys' fees, and other relief that the Court deems appropriate.

98. As to Counts III, IV and V (G.L. c. 12 § 5B), enter judgment in favor of the Commonwealth against the Defendants and award the Commonwealth:

- I. three times the amount of damages, including consequential damages, that the Commonwealth sustained because of Defendant's conduct, pursuant to G.L. c. 12, § 5B;
- II. an appropriate civil penalty for each violation of G.L. c. 12, § 5B;
and
- III. the expenses of this action including, without limitation, the Commonwealth's reasonable attorneys' fees, reasonable expert fees, and the costs of investigation.

99. Grant such other relief as the Court deems appropriate.

JURY DEMAND

The Commonwealth of Massachusetts demands trial by jury on all claims so triable.

Respectfully Submitted,

COMMONWEALTH OF MASSACHUSETTS

MAURA HEALEY
ATTORNEY GENERAL

By: 

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