

1 Plaintiff ROB WILLIAMS, demanding trial by jury of all issues joined herein, alleges as
2 follows:

3 **PARTIES**

4 1. Plaintiff is, and at all times mentioned herein was, a resident of the County of
5 Santa Clara, California and was an employee of Defendants STEMCELLS, INC.,
6 STEMCELLS CALIFORNIA, INC. ("STEMCELLS"), and DOES 1-50, inclusive (collectively
7 "Defendants" or "the company"). On information and belief, there exists and at all times
8 mentioned herein has existed a unity of interest and ownership between all corporate
9 Defendants, such that any individuality and separateness among these Defendants, and each of
10 them, have ceased, and one is the alter ego of the other and all were joint employers of
11 Plaintiff.

12 2. Plaintiff alleges on information and belief that Defendants are corporations
13 and/or individuals authorized to do business, employing individuals in and existing under the
14 laws of the State of California. Defendants own and operate a publicly traded company
15 (NASDAQ:STEM) involved in stem cell research, development and commercialization, with
16 company headquarters located at 7707 Gateway Boulevard, Suite 140, Newark, CA 94560.

17 3. Plaintiff is ignorant of the true names and/or capacities of the defendants sued
18 herein as DOES 1-50, inclusive, and therefore sues these defendants by such fictitious names.
19 Plaintiff will amend the Complaint to allege their true names and capacities when ascertained.
20 Plaintiff is informed and believes, and thereon alleges, that each of the fictitiously named
21 defendants is legally responsible for the occurrences herein alleged and that Plaintiff's losses
22 and damages are the result of their wrongful conduct.

23 4. Plaintiff is informed and believes and thereon alleges that at all relevant times
24 herein, all defendants and DOES 1-50 were the agents, joint employers, alter egos, and/or joint
25 ventures of, or working in concert with the other defendants, and were acting within the course
26 and scope of such agency, employment, joint venture and/or concerted activity. To the extent
27 that said conduct and/or omissions were perpetrated by defendants and their agents, defendants
28 confirmed and ratified said conduct and/or omissions.

1 him personally rather than at the underlying problem in the manufacturing process that he had
2 brought to light. Plaintiff was told to conceal his findings from reports. Shortly thereafter, the
3 company also suspended Plaintiff, claiming it was doing so in order to investigate the “working
4 relationship” between him and his supervisor.

5 12. On March 4, 2014, Plaintiff sent an e-mail to company leadership outlining the
6 above-described concerns regarding the stem cell production line. On May 1, 2014, Plaintiff
7 again sent an e-mail to members of the company’s executive team, reiterating his concerns
8 about the process used by the company to create its HuCNS-SC stem cell lines for use in
9 human patients, and describing the resulting retaliation and suspension he faced as a result of
10 bringing the issue out in the open. Mere weeks later, and because of the concerns he raised, the
11 company informed Plaintiff that it was terminating his employment effective May 30, 2014.

12 **FIRST CAUSE OF ACTION**

13 **WRONGFUL TERMINATION IN VIOLATION OF PUBLIC POLICY**

14 **(Against all corporate Defendants)**

15 13. Plaintiff repeats and re-alleges the allegations contained in the preceding
16 paragraphs, inclusive, and incorporates the same by reference as though fully set forth herein.

17 14. Plaintiff is informed and believes and based thereon alleges that his termination
18 was brought about by the wrongful conduct of Defendants. Such conduct was in violation of
19 the public policy of the State of California as set forth in Labor Code sections 1102.5 and
20 Government Code section 12650 *et seq.*, including Government Code section 12653.

21 15. As alleged above, the company terminated Plaintiff’s employment, depriving
22 him of its attendant benefits and compensation, immediately in the wake of and because of his
23 complaints about dangerous/defective products that the company was releasing into the
24 commerce stream for human clinical trials. Plaintiff, in no uncertain words, complained to the
25 company about flaws in its manufacturing process that created a substantial risk to public
26 health and safety, including the threat of infection and even death of patients.

1 dangers to consumer/patient health and safety. Plaintiff's protected activity, as described above,
2 included efforts to stop, complaints about and refusal to engage in or cover up violations of
3 these standards, and by extension the false certifications submitted to the government,
4 certifications that the company used and uses in order to secure substantial funding.

5 32. Immediately following and in retaliation for his protected activity and efforts to
6 stop what amounts to violations of the California False Claims Act, the company terminated
7 Plaintiff's employment.

8 33. Plaintiff's protected activity was a substantial motivating factor for the
9 company's termination of his employment and thus constituted unlawful retaliation in violation
10 of California Government Code section 12650 *et seq.*, including section 12653.

11 34. The effect of the above actions and omissions by Defendants has been to
12 deprive Plaintiff of employment opportunities and to otherwise adversely affect his status as an
13 employee because of his opposition and/or resistance to unlawful conduct.

14 35. As a proximate result of Plaintiff's termination by Defendants, Plaintiff has
15 suffered and continues to suffer harm, including but not limited to, lost earnings and other
16 employment benefits, loss of future employment benefits, humiliation, emotional distress, and
17 mental pain and anguish, all to his damage in an amount to be proven at trial but exceeding the
18 minimum jurisdictional limits of this Court.

19 36. In doing the acts herein alleged, Defendants acted with oppression, fraud, malice
20 and in conscious disregard of Plaintiff's rights. Plaintiff is therefore entitled to punitive
21 damages in an amount according to proof at trial.

22 37. Plaintiff has also incurred and continues to incur attorneys' fees and legal
23 expenses in an amount according to proof at trial.

24 38. Plaintiff requests relief as described below.

25 **PRAYER FOR RELIEF**

26 WHEREFORE, Plaintiff seeks relief from this Court in the following respects:

- 27 1. For special and general damages according to proof;
28 2. For double damages pursuant to California Government Code sections 12653;

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- 3. For punitive damages;
- 4. For a permanent injunction prohibiting Defendants from engaging in violation of relevant provisions of the California Labor Code and Government Code;
- 5. For costs of suit incurred herein;
- 6. For attorneys' fees on causes of action where fees are available by law, including those recoverable pursuant to Government Code 12650 *et seq.* and Civil Code section 1021.5;
- 7. For prejudgment and post-judgment interest as available by law; and
- 8. For such other and further relief as this Court may deem just and proper.

Dated: July 14, 2014

Respectfully submitted,



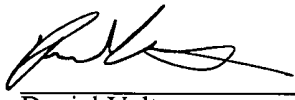
Daniel Velton
Attorney for Plaintiff
ROB WILLIAMS

DEMAND FOR JURY TRIAL

Plaintiff hereby demands a jury trial for each cause of action on which he is entitled to a jury trial.

Dated: July 14, 2014

Respectfully submitted,



Daniel Velton
Attorney for Plaintiff
ROB WILLIAMS