

IN THE DISTRICT COURT OF SARPY COUNTY, NEBRASKA

THE WAYNE L. RYAN REVOCABLE TRUST,)	CASE NO.:_____
CAROL RYAN, as trustee for the Wayne L. Ryan)	
Revocable Trust, and DR. WAYNE L. RYAN,)	
an individual,)	
)	
Plaintiffs,)	COMPLAINT
v.)	
)	
CONSTANCE "CONNIE" RYAN and STRECK,)	
INC.,)	
)	
Defendants.)	

Plaintiffs The Wayne L. Ryan Revocable Trust, Carol Ryan, as Trustee for the Wayne L. Ryan Revocable Trust, and Dr. Wayne L. Ryan, individually, state the following as their Complaint against the Defendant, Constance Ryan ("Connie"), and the nominal Defendant, Streck, Inc.

Introduction

1. Plaintiffs seek relief from acts of shareholder oppression directed towards Dr. Wayne L. Ryan ("Dr. Ryan"), the founder and beneficial owner of the majority of the common stock of Streck, Inc. ("Streck" or the "Company"). These wrongful acts were engineered by Dr. Ryan's daughter, Constance Ryan ("Connie"), and were intended to marginalize and oppress Dr. Ryan at Streck and force his resignation from Streck. Connie's wrongful acts also constitute a breach of her fiduciary duty to Dr. Ryan.

The Parties, Jurisdiction and Venue

2. Dr. Ryan founded Streck in 1971. He is the sole beneficiary of the Wayne L. Ryan Revocable Trust ("Dr. Ryan's Trust"). Through Dr. Ryan's Trust, Dr. Ryan is the beneficial owner of 52% of Streck's non-voting stock and approximately 33% of Streck's voting

stock. Dr. Ryan's Trust holds legal title to this stock, and is the owner of record on the books of Streck.

3. Dr. Ryan is also the primary beneficiary of his late wife's, Eileen Ryan, ("Eileen") trust, the Eileen Ryan Marital Trust ("Eileen's Trust"). Eileen's Trust owns 40% of Streck's non-voting stock.

4. In total, Dr. Ryan is the beneficiary of trusts holding approximately 92% of Streck's non-voting stock.

5. Dr. Ryan is also one of Streck's directors.

6. Dr. Ryan lives in Douglas County, Nebraska.

7. Plaintiff Carol Ryan is one of Dr. Ryan's daughters and is the sole Trustee of Dr. Ryan's Trust.

8. Connie is also one of Dr. Ryan's daughters and is the CEO of Streck. She resides in Douglas County, Nebraska. Connie currently holds about 8% of Streck's non-voting stock.

9. Streck is a Nebraska corporation, with its principal place of business located at 7002 S. 109th Street, La Vista, Sarpy County, Nebraska 68128.

10. This Court has jurisdiction over the subject matter of this action pursuant to Neb. Rev. Stat. § 24-302 and jurisdiction over Defendants as citizens of Nebraska.

11. Venue is proper in this Court because Streck's principal place of business is in Sarpy County, and the actions complained of took place, and are taking place, in Sarpy County, and the effects thereof will, in large part, be felt in Sarpy County.

Background

12. Dr. Ryan is a pioneer in the field of clinical laboratory products, and in particular, control substances used in the area of hematology—the study and treatment of blood, blood-forming organs, and blood diseases.

13. From its beginning in 1971, through 2013, Dr. Ryan oversaw the growth of Streck into the world's premier manufacturer of controls for hematology laboratories. Streck is an innovator in manufacturing control substances for use in urinalysis, cell stabilization, immunology, chemistry, and point-of-care medical devices. Dr. Ryan also is an inventor of more than 40 patents awarded to Streck.

14. In sum, Streck has been Dr. Ryan's life's work for 42 years.

15. In early 2013, Dr. Ryan and his wife, Eileen, owned 92% of Streck's non-voting stock and 67% of the Streck's voting stock.

16. As the founder, CEO, director, head of Research and Development ("R&D") and Streck's largest shareholder, Dr. Ryan had complete and total access to all of Streck's financial, marketing, personnel and operational information.

17. Connie started work at Streck in 1982. In early 2013, she was the president of Streck.

Connie Takes Control of Streck

18. In about 2006, acting on the advice of their then estate planning counsel, Dr. Ryan and Eileen created an estate plan which provided that Eileen's voting stock would pass to Connie, with the understanding that a voting trust would be created permitting Dr. Ryan to remain in control of the Company (the "2006 Estate Plan"). The estate planning counsel's primary reason for splitting control amongst the three owners of Streck was to take advantage of

tax laws with regard to inheritance. The structure was never intended to prevent Dr. Ryan from liquidating his position in Streck. This anticipated voting trust was never created.

19. By January 2013, Dr. Ryan and Eileen decided to change their estate plans and not transfer the voting shares to Connie upon Dr. Ryan's or Eileen's death. To effect this decision, Dr. Ryan directed his and Eileen's estate planning counsel to revise his and Eileen's estate plans so that the voting stock of whomever of the two predeceased the other would pass to the surviving spouse. This direction, however, was never followed.

20. Two months later, in March 2013, Eileen suddenly passed away.

21. The 2006 Estate Plan in effect at Eileen's death called for Eileen's voting stock to be passed to Connie, and for Eileen's non-voting stock to pass to Eileen's Trust. The First National Bank of Omaha ("FNB") is the Trustee of Eileen's Trust.

22. Immediately following her mother's death, Connie insisted that FNB turn Eileen's voting shares over to Connie. From that point forward, her behavior towards her father, Dr. Ryan, has been one of disenfranchisement, marginalization, personal attacks, withholding of Company information and breaches of her fiduciary duties. At the same time, members of Streck's Board of Directors (the "Board" or "Streck's Board") and advisors to Streck repeatedly informed Connie that her duty to her father, the majority shareholder and founder, was of the highest duty, and to have control, but not ownership, required of her the highest duty of fairness and transparency.

23. Connie has disregarded this advice. Instead, Connie has used the power vested in her 319,000 voting shares of Streck to oppress her father, the beneficial owner of 35.5 million shares of Streck.

The Wrongful Acts

24. Once in control of Streck, Connie falsely and repeatedly told Streck's Board and its employees that Dr. Ryan was incompetent and disruptive. The Chairman of Streck's Board suggested that if Connie had legitimate concerns about Dr. Ryan, she should formally ask the Board to address the issue. Connie declined to do so, but continued to disparage Dr. Ryan and his reputation amongst Streck employees and the community at large.

25. In September 2013, Connie, Dr. Ryan and the Board all agreed that the Company would be sold. Connie requested to be made CEO of the Company, with the understanding that she would work in that role with Dr. Ryan and the Chairman of the Board, to sell the Company in an open and fair process. With this understanding, Connie became CEO of Streck.

26. Once she had the title of CEO, Connie undertook additional actions designed to further marginalize and oppress Dr. Ryan at Streck. In particular, Connie recorded Dr. Ryan's telephone conversations and monitored his emails. Connie told other Streck employees to "report back" to her regarding Dr. Ryan's activities. Connie denied Dr. Ryan access to Streck's books and records; and in those instances where Dr. Ryan was given financial information, Connie caused the redaction of vital information that had been previously made available to Dr. Ryan.

27. Connie also prevented Streck employees from working with Dr. Ryan. Historically, Dr. Ryan enjoyed the services of two assistants: Jeanne, his long-time primary assistant, and Patty, who worked with both Dr. Ryan and Jeanne. In July 2014, in violation of an agreement that promised Dr. Ryan the use of two assistants, Connie prohibited Patty from supporting Dr. Ryan or Jeanne in any manner.

28. At the direction of Connie, another Streck employee engaged in a pattern of harassment directed at Jeanne. Connie herself told Jeanne that she should not send information to

Carol, Dr. Ryan's Trustee, under threat of being fired. The atmosphere of oppression created by Connie eventually forced Jeanne to resign.

29. During this same time period, Connie replaced Dr. Ryan as the head of R&D with a vastly less-experienced employee. The new head of R&D told Dr. Ryan's two long-time research assistants not to assist Dr. Ryan or share information with Dr. Ryan. When one of the researchers refused to follow that direction, he was fired. The other felt he had no choice but to resign.

30. In early August, 2014, faced with the hostile work environment created by Connie, and the lack of staff support, Dr. Ryan began to explore other employment options, including work collaborating with the University of Nebraska Medical Center ("UNMC"). His hand was finally forced on August 26, 2014, when Connie caused Streck's Director of Human Resources, Joey Patterson, to send Dr. Ryan a letter characterizing his contemplated departure as a "resignation" rather than the constructive discharge which it actually was (the "August 26 Letter").

31. In the August 26 Letter, Ms. Patterson asserted that Dr. Ryan had effectively resigned because Dr. Ryan allegedly had "stopped reporting to work, without calling in or providing any explanation for your absence." The August 26 Letter, which was intended to be delivered to Dr. Ryan at his home on August 27, stated that Dr. Ryan had two days, or until the close of business on August 29, to dispute Ms. Patterson's characterizations of Dr. Ryan's intent, or "the company will consider your resignation to be effective as of that date." The August 26 Letter also stated that Dr. Ryan's health insurance would continue for five more days, or through August 31.

32. The August 26 Letter also maintained that Dr. Ryan was limited in pursuing future work by asserting that Dr. Ryan had signed an Employee Confidentiality Agreement. In fact, as Connie had previously acknowledged, in a December 2013 email, that “[w] are not going to have Dr. Ryan sign a confidentiality agreement...He has never signed one.”

33. Not satisfied to run Dr. Ryan out of Streck, Connie has interfered with Dr. Ryan’s attempt to work. Since leaving Streck, Dr. Ryan has worked with his two former Streck researchers at UNMC. At all times, Dr. Ryan has made it clear that his work at UNMC would not involve opportunities which would otherwise be available to Streck.

34. Regardless, in October 2014, at the direction of Connie, Ms. Patterson, Streck’s HR manager, wrote to UNMC and stated that Dr. Ryan’s work for the UNMC was limited by an alleged Confidentiality Agreement. As noted above, Dr. Ryan was *not* bound by such an agreement.

Dr. Ryan is Excluded from the Streck Sale Process

35. Contrary to her promises and fiduciary duties, Connie also excluded Dr. Ryan and Carol from the process of attempting to sell Streck.

36. In late 2013, without Dr. Ryan’s knowledge, Connie attempted to sell Streck to an Omaha buyer for substantially less than market value. When a concerned Board member learned of Connie’s efforts, he proposed that others be permitted to bid on the purchase of Streck, so as to maximize the value of Streck to its shareholders.

37. Three private equity firms subsequently made proposals to purchase Streck.

38. Connie excluded Dr. Ryan and Carol from participating in meetings with the potential purchasers. In addition, she conditioned Dr. Ryan’s access to information about the bidders on his execution of a Non-Disclosure Agreement which would have prohibited his

discussing the information with *any* third party, including any other shareholder. Dr. Ryan refused to sign the Non-Disclosure Agreement.

39. Connie also has excluded FNB, Trustee of Eileen's Trust, from participating in the bidding process. She has failed to notify FNB of critical meetings, and denied its participation in other meetings where the sale of Streck was being discussed. According to Connie, "FNB has nothing to say about the [sales] process."

40. Connie also resorted to trickery in an attempt to promote the bidder that she personally favored ("Bidder A"), in spite of the fact that Bidder A's proposed purchase price was not the highest offer for Streck.

41. According to Connie, Bidder A presented "a good financial deal" for her personally, offered her special deals and contracts of employment. In an attempt to convince Dr. Ryan to agree to sell his stock to Bidder A, Connie fabricated a June 27, 2014 PowerPoint presentation called "Summary Buyer Profiles" to create the impression that Streck's outside financial advisor had assembled all of the materials in the PowerPoint. However, the outside advisor had not prepared the package of materials that Connie provided to Dr. Ryan. Instead, the falsified materials were given to Dr. Ryan by Connie in an attempt to convince Dr. Ryan that Streck's outside financial advisor, like Connie, favored Bidder A.

42. Throughout the bidding process, Dr. Ryan maintained that: a) he wanted to achieve the highest price possible for the shareholders of Streck; and b) he wanted to be directly involved in the process. Because Connie had precluded Dr. Ryan from speaking directly to the bidders, Dr. Ryan believed the process to be tainted and he stated that he would no longer consider selling his shares as part of the process as run by Connie.

43. Thereafter, Carol and Dr. Ryan approached a potential bidder which had been excluded from the bidding process. This bidder told Dr. Ryan that, had it been permitted to bid, its bid would have been 20% higher than any bid considered by Connie and the Board. This bidder's attempts to make a bid in the sales process run by Connie were rebuffed by Connie.

44. Dr. Ryan and Carol recently advised Connie that this bidder was interested in potentially acquiring the Company. Connie refused to consider the proposal or reopen the bidding process. Contrary to the wishes of the holders of 92% of the equity in Streck, Connie told the potential bidder that "Streck was not for sale."

COUNT I **Shareholder Oppression**

45. Plaintiffs adopt and incorporate paragraphs 1 through 43 as if fully set forth in this paragraph.

46. At all times relevant to this Complaint, there was in full force and effect in the State of Nebraska a certain provision of the Business Corporation Act, codified at Neb. Rev. Stat. § 21-20,162, providing, in relevant part, that "[e]xcept as provided in subdivision (2)(b) of this section, the court may dissolve a corporation:

2(a) In a proceeding by a shareholder if it is established that:

(ii) The directors or those in control of the corporation have acted, are acting, or will act in a manner that is illegal, oppressive, or fraudulent;

47. Connie owns the majority of the voting shares of Streck, and is its president and CEO. Hence she is in control of Streck.

48. By virtue of his status as the founder of Streck and its largest shareholder, Dr. Ryan had a reasonable expectation of:

a. continued employment at Streck;

- b. access to information made available to him as CEO;
- c. having sufficient researchers to further Streck's business objectives;
- d. having personal assistants to aid in his work;
- e. full participation in major business decisions, most importantly the sales process, of the company he had devoted his life to; and
- f. being treated with the dignity and respect by the daughter who received her shares in Streck as a gift.

49. The acts referenced in paragraphs 23-43 above constitute acts of oppression by Connie directed to Dr. Ryan.

50. Dr. Ryan has been individually damaged by Connie's actions, including the loss of his job and related benefits.

COUNT II

Breach of Fiduciary Duty

51. Plaintiffs adopt and incorporate paragraphs 1 through 43 as if fully set forth in this paragraph.

52. There are three owners of the non-voting stock in Streck: Connie, FNB (as Trustee for Eileen's Trust) and Dr. Ryan's Trust.

53. As a shareholder, director, president and CEO of Streck, Connie owed fiduciary duties to Dr. Ryan's Trust and to its beneficiary, Dr. Ryan.

54. The acts set forth above in paragraphs 23-43 constitute breaches of Connie's fiduciary duties.

55. Dr. Ryan has been harmed by Connie's breaches of fiduciary duty. Among other things, he has been forced out of his job.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully pray that this Court enter Judgment in their favor and against Defendant Connie Ryan, and that the Court order:

- the dissolution of Streck;
- that Dr. Ryan be restored to his previous position at Streck and be awarded damages arising from his termination from Streck;
- that Dr. Ryan's stock be purchased by Connie and/or Streck or that Connie's stock be purchased by Dr. Ryan;
- the sale of the Company in a fair and open process;
- that Defendants pay reasonable attorneys' fees pursuant to Neb. Rev. Stat. §21-20, 166; and
- Any further relief, whether specified under Neb. Rev. Stat. § 21-20,162 or otherwise, that the Court deems appropriate and just.

Dated: October 30, 2014.

Respectfully submitted,

THE WAYNE L. RYAN REVOCABLE TRUST,
CAROL RYAN, as trustee for the Wayne L. Ryan
Revocable Trust, and Dr. WAYNE L. RYAN,
Plaintiffs,

By: /s/ Marnie A. Jensen

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