

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK**

JMB CAPITAL PARTNERS MASTER FUND,
L.P.,

Plaintiff,

-against-

JASON INDUSTRIES, INC. and JEFFRY N.
QUINN,

Defendants.

Index No.

SUMMONS

Plaintiff designates New York
County as the place of trial. Venue
is proper pursuant to CPLR § 501
insofar as the contract at issue
authorizes the commencement of
this action in New York County

TO THE ABOVE NAMED DEFENDANTS:

You are hereby summoned and required to serve upon the undersigned attorney for Plaintiff, JMB Capital Partners Master Fund, L.P., an answer to the Complaint in this action within twenty (20) days after the service of this Summons, exclusive of the day of service, or within thirty (30) days after service is complete if this Summons is not personally delivered to you within the State of New York. In case of your failure to answer, judgment will be taken against you for the relief sought in the Complaint.

Dated: New York, New York
December 22, 2016

COLE SCHOTZ P.C.

By: /s/ Damian L. Albergo
Damian L. Albergo
Attorneys for Plaintiff, JMB Capital
Partners Master Fund, L.P.
1325 Avenue of the Americas
Suite 1900
New York, NY 10019
(212) 752-8000

TO: Jason Industries, Inc.
833 East Michigan Street
Suite #900
Milwaukee, Wisconsin 53202

Jeffry N. Quinn, Esq.
12 Muirfield Lane
Saint Louis, MO 63141-7355

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK**

JMB CAPITAL PARTNERS MASTER FUND,
L.P.,

Index No.

Plaintiff,

COMPLAINT

-against-

JASON INDUSTRIES, INC. and JEFFRY N.
QUINN,

Defendants.

Plaintiff, JMB Capital Partners Master Fund, L.P. (“JMB” or “Plaintiff”), by and through its attorneys, Cole Schotz P.C. and The Law Offices of Ronald Richards & Associates, A.P.C., as and for its Complaint against Defendants, Jason Industries, Inc. (“Jason Industries” or the “Company”) and Jeffrey N. Quinn (“Quinn”) (together, Jason Industries and Quinn are “Defendants”), alleges and states as follows:

INTRODUCTION

1. This action seeks redress for materially false and misleading statements made by Defendants in connection with the sale of preferred stock to JMB. Between March 2014 and June 2014, Jason Industries embarked on an ambitious business combination with a publically-traded company with a total purchase price of approximately \$655 million. In connection with that transaction, Defendants issued press releases, filed reports with the United States Securities and Exchange Commission (“SEC”) and hired brokers to raise an additional \$45 million through the sale of preferred stock. According to Defendants’ multiple representations, made both orally and in writing, the proceeds from the preferred stock issuance were to be used specifically for new business acquisitions that would provide “transformational growth” for the Company. In that regard, Defendants claimed to have identified 45 potential target acquisitions that would

yield approximately \$1.25 to \$1.5 billion in topline revenues by 2017 with straight-line increases in profitability.

2. Despite Defendants' rosy forecasts and promises to use the invested proceeds for new business acquisitions, what followed was nothing more than a desperate money-grab by Defendants. Rather than implement an aggressive growth strategy as represented, the Company almost immediately began using JMB's investment to fund existing business operations as Jason Industries began to suffer huge financial losses. As the financial situation at Jason Industries worsened in 2015 and 2016, Quinn repeatedly promised JMB that he was working on new deals to "turn the business around", but no significant acquisition ever occurred, and the Company's financial prospects continue to decline without any hope in sight.

3. Having lost all faith and confidence in management, JMB has demanded a return of its investment, a demand the Company has steadfastly rejected. As a result of Defendants' multiple breaches of representations and warranties, together with their other wrongful, fraudulent and tortious conduct, JMB demands a return of its \$15 million investment, together with other damages, interest, reasonable attorneys' fees, costs of suit and such other and further relief as the Court deems just and equitable.

THE PARTIES

4. JMB is a Cayman Islands limited partnership with its principal place of business located at 1999 Avenue of the Stars, Suite 2040, Los Angeles, California 90067.

5. The limited partnership has citizens of New York and citizens of Delaware as limited partners.

6. Upon information and belief, Jason Industries (f/k/a Quinpario Acquisition Corp.) is a Delaware corporation with its principal place of business located at 833 East Michigan Street, Suite 900, Milwaukee, Wisconsin 53202.

7. Upon information and belief, Quinn is an individual residing at 12 Muirfield Ln., Saint Louis, MO 63141-7355. Quinn is believed to be Jason Industries' Chief Executive Officer and Chairman of its Board of Directors.

JURISDICTION AND VENUE

8. This Court has jurisdiction over Defendants and venue is appropriate in the County of New York because Section 15 of the applicable Backstop and Subscription Agreement dated as of May 14, 2014 ("Subscription Agreement") provides that the parties consent to jurisdiction in the federal or state courts whose district encompasses the City of New York for any claims arising under the Subscription Agreement. Moreover, Defendants' representatives have engaged in tortious conduct in the State of New York, County of New York, that form the basis or the claims herein.

BACKGROUND

9. Jason Industries, formerly known as Quinpario Acquisition Corp. ("QPAC"), was a special purpose acquisition company that completed its initial public offering in August 2013. QPAC was formed for the purpose of acquiring one or more businesses through a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combinations.

10. On March 17, 2014, QPAC issued a press release announcing the execution of a Stock Purchase Agreement (the "Purchase Agreement") dated as of March 16, 2014 by and among QPAC, JPHI Holdings Inc., a wholly owned subsidiary of QPAC ("Quinpario Sub"), Jason Partners Holdings Inc. ("Jason") and Jason Partners Holdings LLC, providing for the acquisition of Jason's outstanding common stock by Quinpario Sub (the "Business Combination").

11. The terms of the Business Combination were also disclosed in Item 8.01 of QPAC's Form 8-K filed with the SEC on March 17, 2014.

12. As a follow-up to QPAC's press release, QPAC and Jason released an investor presentation the next day to market the transaction (the "Investor Presentation"). Like the March 17, 2014 press release, QPAC filed the Investor Presentation with the SEC as an exhibit to QPAC's 8-K on March 18, 2014.

13. According to the Investor Presentation, the consideration for QPAC's acquisition of Jason was to be approximately \$655 million, comprised of (a) \$420 million in newly issued debt, (b) \$14 million of foreign rollover debt, (c) \$177 million of cash in trust at QPAC, (d) \$35 million of rollover equity from management and existing shareholders, and (e) \$8.5 million of cash to be left in Jason.

14. Importantly, the Investor Presentation contained a section entitled, "Future M&A Activity to Drive Significant Shareholder Returns". According to QPAC, the post-closing structure of the Business Combination would allow Jason to grow by acquiring businesses that "will leverage Jason's core competencies". Specifically, the Investor Presentation stated that Jason had identified 45 target acquisitions with over \$1 billion in revenue and estimated that Jason would generate between \$250-\$500 million in revenue based on its "new platform".

15. The Investor Presentation also projected "transformational growth" of Jason following the Business Combination and estimated rapidly increasing revenues between 2015 and 2017. For example, QPAC projected that revenues would increase from \$741 million in 2015, to \$1.25-\$1.50 billion in 2017. These dramatic increases in revenue were to be accomplished by, among other things, engaging in "synergistic bolt-on acquisitions".

16. The Investor Presentation also forecasted tremendous EBITDA growth estimates from 2013 through 2017 as follows:

<u>YEAR</u>	<u>EBITDA</u>
2013	\$79.8 million
2015	\$91.6 million
2017	\$150-\$200 million

17. On April 1, 2014, after the issuance of its Investor Presentation, QPAC issued another press release announcing it had entered into commitment agreements with investors to purchase up to \$45 million in shares of newly authorized 8.0% Series A Convertible Perpetual Preferred Stock. According to the press release, the preferred stock issuance was to be consummated simultaneously with the closing of the Business Combination.

18. Moreover, QPAC's April 1, 2014 press release explicitly stated that the intended uses of the funds raised from the preferred stock issuance was to be "used to help consummate the acquisition and to fund future organic and inorganic growth opportunities." Like its earlier press release, QPAC filed its April 1, 2014 press release with the SEC as an exhibit to the Company's Form 8-K.

19. Between April 2014 and May 2014, representatives of JMB had several meetings in New York City with QPAC's private placement agents and Quinn. The purpose of these meetings was to discuss the potential for JMB to participate in the preferred stock issuance.

20. During their meetings, Quinn represented to JMB on several occasions that the proceeds from the preferred stock issuance were to be used purely for a significant acquisition of which QPAC had identified 45 potential targets. In addition to disclosing those potential target

acquisitions, Quinn stated that QPAC expected to close its first acquisition within three (3) months after the Business Combination.

21. Based on QPAC's various representations concerning the use or its investment on May 14, 2014, JMB executed the Subscription Agreement in which JMB agreed to purchase 15,000 Preferred Shares of QPAC for a total purchase price of \$15 million.

22. Among other things, the Subscription Agreement explicitly refers to the Company's expected business activities after closing the Business Combination (i.e., embarking on an aggressive growth strategy). In that regard, Section 5(d) of the Subscription Agreement states the following:

(d) Such Subscriber has been furnished by the Company all information (or provided access to all information) regarding the business and financial condition of the Company and Jason Partners Holdings Inc., *the Company's expected plans for future business activities*, the attributes of the Shares and the merits and risks of an investment in the Shares which the Subscriber has requested or otherwise needs to evaluate the investment in the Company.

(Emphasis added.)

23. In addition, Section 6(c) of the Subscription Agreement incorporates by reference all the statements made by QPAC in its filings with the SEC and represents and warrants that none of its SEC filings contained an untrue statement of material fact or was misleading. To that end, Section 6(c) of the Subscription Agreement provides as follows:

(c) The Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Securities Act and the Exchange Act (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents (other than exhibits to such documents) incorporated by reference therein, being hereinafter referred to herein as the "SEC Documents") since December 31, 2013, or has timely filed for a valid extension of such time of filing and has filed any such SEC Documents prior to the expiration of any such extension. As of their respective dates, the SEC

Documents complied in all material respects with the requirements of the Securities Act and the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, ***and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.***

(Emphasis added.)

24. On June 30, 2014, QPAC consummated the Business Combination among Jason and Quinpario Sub, pursuant to the Purchase Agreement, which resulted in QPAC Sub acquiring all the capital stock of Jason (the “Closing Date”). In connection with the closing, QPAC changed its name to Jason Industries, Inc.

25. After the Closing Date, and despite its repeated representations and warranties to the contrary, Jason Industries failed to make any material accretive acquisitions with the proceeds from the preferred stock issuance. Upon information and belief, rather than use JMB’s funds for the stated purpose, Jason Industries’ executives used JMB’s investment to fund existing operations, including the payment of exorbitant and unreasonable executive salaries. Although the Company consummated one business acquisition post-closing, that acquisition was funded by incurring new indebtedness.

26. Contrary to QPAC’s rosy estimates of substantial, straight-line growth following the Business Combination, Jason Industries almost immediately began reporting shocking and tremendous losses. For example, in the Company’s Form 8-K filed with the SEC on March 1, 2016, Jason Industries reported 2015 year-end revenues of only \$708.4 million and a net loss of \$89.6 million compared with its \$741 million revenue forecast in the Investor Presentation for 2015.

27. More disturbingly, on November 4, 2016, Jason Industries released its 2016 third quarter results which indicated only \$170.1 million in net sales and a net loss of \$2.5 million. In addition, Jason Industries projected 2016 year-end revenues in the range of only \$695 to \$705 million and an Adjusted EBITDA in the range of \$62 to \$65 million. These projections reflect a far cry from the huge growth and profitability that was supposed to result from the Company's acquisition of new businesses.

28. To add insult to injury, Jason Industries had retained \$39.6 million in cash and cash equivalents as of September 30, 2016 – funds from the preferred stock issuance that were intended to be used for growth. Due to the current performance of Jason Industries and the lack acquisitions, it is apparent that Plaintiff's capital is subject to further being improperly spent on losses and operations. Defendants have no intention of purchasing or acquiring value enhancing assets.

29. Having lost all faith and confidence in the Company's management, JMB has demanded a return of its \$15 million investment. Despite its repeated demands, Jason Industries has refused and failed to repay JMB.

FIRST COUNT
(Breach of Representations and Warranties)

30. Plaintiff repeats and restates each of the allegations contained in the preceding paragraphs with the same force and effect as though fully set forth at length herein.

31. The Subscription Agreement constitutes a valid and binding contract between JMB and Jason Industries.

32. Sections 6(c) of the Subscription Agreement, among other things, represents and warrants that none of the statements made by the Company in its filings with the SEC contained an untrue statement of material fact or were misleading.

33. By virtue of its aforesaid conduct, Jason Industries has breached the representations and warranties contained in Section 6(c) of the Subscription Agreement.

34. As a direct and proximate result of Jason Industries' breaches of its representations and warranties, JMB has suffered, and continues to suffer, substantial monetary damages.

SECOND COUNT
(Fraudulent Inducement)

35. Plaintiff repeats and restates each of the allegations contained in the preceding paragraphs with the same force and effect as though fully set forth at length herein. During multiple conversations with JMB and a meeting in New York City with JMB, Quinn was emphatic that the capital was going to be used exclusively for acquisitions to create value.

36. In various documents and filings including, but not limited to, the Investor Presentation and April 1, 2014 Press Release, Defendants represented, promised, and assured JMB that Defendants were using the funds raised from the preferred stock issuance to fund future acquisitions consistent with the foregoing promises. In addition, Defendants made oral representations to JMB that they would use the funds raised from the preferred stock issuance to fund future acquisitions.

37. At the time Defendants made said representations, promises and assurances, Defendants knew those representations, promises and assurances were false and, furthermore, Defendants made those statements without having any intention of honoring same.

38. Defendants made these representations, promises and assurances for the sole purpose of fraudulently inducing JMB to purchase \$15 million of the Company's preferred stock.

39. JMB reasonably relied on said representations, promises and assurances, all of which were false and misleading, to its substantial detriment as aforesaid.

40. Defendants' conduct, as aforesaid, was willful, wanton, and in reckless disregard of Plaintiff's rights.

41. As a direct and proximate result of Defendants' actions, JMB was injured, has and will continue to suffer substantial damages.

THIRD COUNT
(Negligent Misrepresentation)

42. Plaintiff repeats and restates each of the allegations contained in the preceding paragraphs with the same force and effect as though fully set forth at length herein.

43. At all times referenced herein, Defendants owed to JMB a duty to convey accurate and competent information with regard to JMB's acquisition of the preferred stock.

44. In various documents and filings including, but not limited to, the Investor Presentation and April 1, 2014 Press Release, Defendants represented, promised, and assured JMB that Defendants were using the funds raised from the preferred stock to fund future acquisitions consistent with the foregoing paragraphs. In addition, Defendants made oral representations to JMB that they were using the funds raised from the preferred stock issuance to fund future acquisitions.

45. Defendants made the representations complained of in the course of its business activities.

46. Defendants failed to exercise reasonable care and competence in making said representations and promises and either knew said statements to be false or reasonably should have known that said statements were false at the time the statements were made.

47. JMB reasonably relied on said representations, promises and assurances, all of which were false and misleading, to its substantial detriment as aforesaid.

48. As a direct and proximate result of Defendants' actions, JMB was injured, has and will continue to suffered substantial damages.

FOURTH COUNT
(Conversion)

49. Plaintiff repeats and restates each of the allegations contained in the preceding paragraphs with the same force and effect as though fully set forth at length herein.

50. Through its unlawful acts as aforesaid, Defendants misappropriated Plaintiff's money for their own use and benefit. Specifically, Defendants used JMB's \$15 million investment to fund existing operations and pay executive salaries with no intention to invest JMB's money as promised.

51. In so doing, Defendants improperly and unlawfully exerted dominion and control over Plaintiff's assets.

52. As a direct result of Defendants' actions, JMB was injured, has and will continue to suffered substantial damages.

FIFTH COUNT
(Unjust Enrichment)

53. Plaintiff repeats and restates each of the allegations contained in the preceding paragraphs with the same force and effect as though fully set forth at length herein.

54. Defendants have been unjustly enriched at the expense of and to the detriment of Plaintiff by misallocating Plaintiff's \$15 million investment for their own use and benefit.

55. As a direct result of Defendants' actions, JMB was injured, has and will continue to suffered substantial damages.

SIXTH COUNT

(Breach of the Implied Covenant of Good Faith and Fair Dealing)

56. Plaintiff repeats and restates each of the allegations contained in the preceding paragraphs with the same force and effect as though fully set forth at length herein.

57. Defendants have breached the implied covenant of good faith and fair dealing implicit in all agreements by destroying, frustrating, or impairing JMB's ability to enjoy the benefits owed to JMB under the Subscription Agreement.

58. As stated herein, Defendants underhandedly induced JMB to enter into the Subscription Agreement by the false pretenses that, among other things, Defendants would use JMB's investment for certain target acquisitions, when in reality Defendants intended to, and ultimately did, use the money to fund existing operations and exorbitant salaries.

59. As a direct result of Defendants' actions, JMB was injured, has and will continue to suffered substantial damages.

WHEREFORE, Plaintiff demands judgment against Defendants, as follows:

A. On the First Count, against Jason Industries for compensatory damages in an amount to be determined at trial, together with attorneys' fees, pre-judgment and post-judgment interest, costs of suit, and such other and further relief as the Court deems just and equitable under the circumstances;

B. On the Second Count, against Defendants, individually, jointly and severally, for rescission of the Subscription Agreement, compensatory damages, consequential and punitive damages in an amount to be determined at trial, together with attorneys' fees, pre-judgment and post-judgment interest, costs of suit, and such other and further relief as the Court deems just and equitable under the circumstances;

C. On the Third Count, against Defendants, individually, jointly and severally, for rescission of the Subscription Agreement, compensatory damages, consequential and punitive damages in an amount to be determined at trial, together with attorneys' fees, pre-judgment and post-judgment interest, costs of suit, and such other and further relief as the Court deems just and equitable under the circumstances;

D. On the Fourth Count, against Defendants, individually, jointly and severally, for rescission of the Subscription Agreement, compensatory damages, consequential and punitive damages in an amount to be determined at trial, together with attorneys' fees, pre-judgment and post-judgment interest, costs of suit and such other and further relief as the Court deems just and equitable under the circumstances;

E. On the Fifth Count, against Jason Industries for compensatory damages in an amount to be determined at trial, together with attorneys' fees, pre-judgment and post-judgment interest, costs of suit, and such other and further relief as the Court deems just and equitable under the circumstances; and

F. On the Sixth Count, against Jason Industries for compensatory damages in an amount to be determined at trial, together with attorneys' fees, pre-judgment and post-judgment interest, costs of suit, and such other and further relief as the Court deems just and equitable under the circumstances.

Dated: New York, New York
December 22, 2016

COLE SCHOTZ P.C.

By: s/ Damian L. Albergo
Damian L. Albergo, Esq.
Attorneys for Plaintiff, JMB Capital
Partners Master Fund, L.P.
1325 Avenue of the Americas
Suite 1900
New York, New York 10019
(212) 752-8000

-and-

THE LAW OFFICES OF RONALD
RICHARDS & ASSOCIATES, A.P.C.

Ronald N. Richards, Esq.
Attorneys for Plaintiff,
JMB Capital Partners Master Fund, L.P.
Pro Hac Vice motion pending
P.O. Box 11480
Beverly Hills, CA 90213
(310) 556-1001