

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

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|--|---|-------------------|
| Quality Health Ideas, Inc., | : | |
| | : | |
| Plaintiff, | : | |
| | : | |
| v. | : | |
| | : | |
| The Stellar Health Group, Inc., Benjamin | : | |
| Arnold Kraus, Michael Meng, Ari | : | |
| Brenner, and Howard Dubin, | : | |
| | : | |
| Defendants. | : | December 18, 2020 |

COMPLAINT

Plaintiff Quality Health Ideas, Inc. (“QHI”), by its attorneys, and in support of its claims against The Stellar Health Group, Inc. (“Stellar Health”), Benjamin Arnold Kraus (“Kraus”), Michael Meng (“Meng”), Ari Brenner (“Brenner”), and Howard Dubin (“Dubin”) (collectively, the “Defendants”) respectfully makes the following allegations:

NATURE OF THE ACTION

1. This is an action brought by QHI against QHI’s former President and Chief Operating Officer, and the QHI founders’ son-in-law, Benjamin Kraus, former QHI employees Ari Brenner and Howard Dubin,¹ and former QHI Board Advisor, Michael Meng, (collectively the “Individual Defendants”) and Stellar Health, the Individual Defendants’ new business venture that competes directly and unlawfully with QHI. Instead of acting in QHI’s best interest, pursuant to their fiduciary duties to QHI, and their contractual obligations, the Individual Defendants decided to loot QHI of its valuable business assets including its customers, business prospects, perspective financing, software products, and other valuable trade secrets to stand-up a competitor to QHI in the web-based healthcare platform space. Currently, Stellar Health

¹ Kraus, Brenner, and Dubin are, collectively, the “QHI Employee Defendants”.

unlawfully competes directly with QHI in the web-based healthcare platform space using technology developed by QHI over a number of years at great time and expense.

2. The Individual Defendants' and Stellar Health's conduct, collectively and/or individually, gives rise to claims of breach of fiduciary duties, aiding and abetting breach of fiduciary duties, breach of contract, tortious interference, fraud, misappropriation of trade secrets in violation of the United States Defend Trade Secrets Act ("DTSA") 18 U.S.C § 1831 *et seq.*, and the Connecticut Uniform Trade Secrets Act ("CUTSA") Conn. Gen. Stat. § 35-50 *et seq.*, and violations of the Connecticut Unfair Trade Practices Act ("CUTPA") Conn. Gen. Stat. § 42-110 *et seq.*

3. QHI is entitled to monetary damages and equitable remedies in light of the Defendants' unlawful conduct as set forth below.

PARTIES

4. Plaintiff QHI is a Delaware corporation with its principal place of business in Suffield, Connecticut.

5. Defendant Benjamin Arnold Kraus is a citizen of Massachusetts.

6. Defendant Michael Meng is a citizen of New York.

7. Defendant Ari Brenner is a citizen of New York.

8. Defendant Howard Dubin is a citizen of Connecticut.

9. Defendant Stellar Health is a Delaware Corporation with its principal place of business in New York, NY.

JURISDICTION AND VENUE

10. Subject matter jurisdiction also is conferred upon this Court pursuant to 18 U.S.C. § 1836(c), 28 U.S.C. §§ 1331 and 1367 and the doctrine of supplemental jurisdiction.

11. This Court has personal jurisdiction over Stellar Health pursuant to Conn. Gen. Stat. § 33-929(f) because the claims asserted herein arise out of or involve tortious conduct that occurred and had effects in this state. For example, Stellar Health transacts business in this state, has solicited QHI's customers in this state, has misappropriated QHI's trade secrets that are located in this state and has committed unfair trade practices in this state. This Court has personal jurisdiction over the non-resident Individual Defendants pursuant to Conn. Gen. Stat. § 52-59b(a) because the claims asserted herein arise out of or involve tortious conduct that occurred and had effects in this state. Specifically, as employees and advisors of QHI, the non-resident Individual Defendants breached fiduciary duties to QHI (or aided and abetted in such breaches) while located in this state, breached contracts substantially performed in this state, worked at facilities located in this state, and gained unlawful access to and misappropriated QHI's trade secrets that are located in this state. This court also has jurisdiction over defendant Dubin who is a Connecticut resident.

12. Pursuant to 28 U.S.C. § 1391, venue is proper in this Court because a substantial part of the events or omissions giving rise to the claims occurred in Connecticut and because the Individual Defendants and Stellar Health are subject to personal jurisdiction in Connecticut.

QHI BACKGROUND AND PRODUCTS

13. QHI is a Connecticut based healthcare technology and consulting company that created a web-based application that delivers actionable information to primary care providers, improving their quality of care and reducing total medical expenses. Started by a husband and wife team over twenty-two years ago, QHI has developed into a leading provider of software and consulting services assisting healthcare practitioners nationwide.

14. QHI's main software product is CareScreen® and related services. CareScreen® is a web-based application that delivers actionable information to primary care providers, improving the quality of care delivered to patients and reducing total medical expenses. When combined with QHI's clinical service offerings, CareScreen® reduces bad outcomes to patients, and reduces costs by reducing hospital and skilled nursing facility (SNF) days by facilitating coordinated care, and optimizes payments to providers and health plans by identifying missed chronic conditions, optimizing disease coding and severity, and maximizing value visits.

QHI'S CONFIDENTIAL INFORMATION AND TRADE SECRETS

15. QHI built its business upon its ability to use and exploit certain confidential information and trade secrets it has developed expending substantial time and resources. QHI has maintained a competitive advantage through its ability to keep such information confidential while exploiting it for financial gain and to help its contract partners deliver better care.

16. QHI's CareScreen® software product, and the source code underlying the product, contain numerous trade secrets and confidential information. QHI delivers CareScreen® to its users using a software as a service or "SaaS" licensing model, which means that users of CareScreen® do not have access to the source code that underlies CareScreen® and its implementing logic. Embedded within that source code is certain business logic that differentiates CareScreen® in the marketplace, at substantial benefit to QHI and the clients that utilize CareScreen®.

17. One of the critical trade secrets embedded in CareScreen® is its Quality Value Unit ("QVU®") system. QVU® is a scoring methodology that builds upon providers' and payers' knowledge of the "Relative Value Units" or RVUs system, which is used to measure value in almost all care provider medical reimbursement formulae. Users of CareScreen®

services benefit from using QVU® scores along with RVU scores over using the traditional RVU scores alone to determine payments because QVU® scores compensate care providers for value-based care tasks and therefore increases the amount of value-based care tasks being completed. This increased quality outcomes benefits all, and adds value to QHI's customers and translates directly to increased sales of CareScreen® services by QHI.

18. Another critical trade secret within CareScreen® is the business logic and source code underlying the Encounter Form or Primary Care Form feature. The Primary Care Form is a feature of CareScreen® that presents an industry leading checklist of physician services relevant to each and every patient during patient encounters with care providers. CareScreen®'s Primary Care Form features take patient information and apply QHI's trade secret logic to recommend certain physician tasks based on past and present patient conditions and treatments and sometimes including real-time provider input. Much like retailers recommending other value added or safety related products, features or enhancements to purchase when a potential buyer places a product order; CareScreen® applies a proprietary algorithm to recommend other provider tasks, including preventative medicine acts to improve patient outcomes (i.e., more screening for cancer, diabetes, and depression). Bridging gaps between patient current and historical conditions and recommended value-based care tasks to providers and tracking whether providers perform these recommended tasks constitutes QHI's trade secret. Keeping the logic underlying its algorithm a secret provides QHI a unique product feature in the marketplace.

19. Competitors to QHI would benefit from knowing the inner-workings of CareScreen® services and, in particular, the workings of the QVU® systems and Primary Care Form systems. QHI and its clients benefit from the output of these systems, and from the trade secrets remaining secret with the methods underlying CareScreen® services and QVU® systems

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