



# Exhibit C

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

D1 JASPER HOLDINGS LP, D1 SPV JL :  
 MASTER LP, JAY BLOCKER LTD., :  
 JAY DOMESTIC LLC, GCCU II LLC, :  
 TOCU XX LLC, OC II FIE VIII LP, :  
 SPV HOLDINGS, LLC, EMS J-INV LLC, :  
 DISRUPTIVE TECHNOLOGY SOLUTIONS :  
 XIV, LLC, DISRUPTIVE TECHNOLOGY :  
 SOLUTIONS XVI, LLC-SERIES A, :  
 DISRUPTIVE TECHNOLOGY SOLUTIONS :  
 XVI, LLC-SERIES B, and DISRUPTIVE :  
 TECHNOLOGY SOLUTIONS XVI, :  
 LLC-SERIES C, :  
 :  
 Plaintiffs, :  
 :  
 v. : Civil Action  
 : No. 2023-1060-NAC  
 JUUL LABS, INC. and JL TAO LLC, :  
 :  
 Defendants. :

- - -

Chancery Courtroom No. 12A  
 Leonard L. Williams Justice Center  
 500 North King Street  
 Wilmington, Delaware  
 Wednesday, March 13, 2024  
 9:15 a.m.

- - -

BEFORE: HON. NATHAN A. COOK, Vice Chancellor

- - -

# TRIAL TRANSCRIPT - VOLUME I

## 1 APPEARANCES CONT'D:

2  
 3 RICHARD P. ROLLO, ESQ.  
 4 TRAVIS S. HUNTER, ESQ.  
 5 ALEXANDER M. KRISCHIK, ESQ.  
 6 JOHN M. O'TOOLE, ESQ.  
 7 Richards, Layton & Finger, PA`  
 8 -and-  
 9 ROBERT A. WEIKERT, ESQ.  
 10 of the California Bar  
 11 Nixon Peabody LLP  
 12 for Non-Party JL Tao LLC  
 13  
 14  
 15  
 16  
 17  
 18  
 19  
 20  
 21  
 22  
 23  
 24

- - -

## 1 APPEARANCES:

2 DANIEL A. MASON, ESQ.  
 3 SABRINA M. HENDERSHOT, ESQ.  
 4 ELIZABETH WANG, ESQ.  
 5 Paul, Weiss, Rifkind, Wharton & Garrison LLP  
 6 -and-  
 7 MARTIN FLUMENBAUM, ESQ.  
 8 JEFFREY J. RECHER, ESQ.  
 9 NINA KOVALENKO, ESQ.  
 10 CESAR RIVIERE, ESQ.  
 11 of the New York Bar  
 12 Paul, Weiss, Rifkind, Wharton & Garrison LLP  
 13 for Plaintiffs  
 14  
 15 WILLIAM M. LAFFERTY, ESQ.  
 16 ALEXANDRA M. CUMINGS, ESQ.  
 17 GRANT E. MICHL, ESQ.  
 18 DAVID J. TEKLOTS, ESQ.  
 19 KIRK ANDERSEN, ESQ.  
 20 Morris, Nichols, Arsht & Tunnell LLP  
 21 -and-  
 22 ROGER A. COOPER, ESQ.  
 23 LINA BENSMAN, ESQ.  
 24 DELANY D. SISIRUCA, ESQ.  
 ALEXIS BRAMHALL, ESQ.  
 REGINA PAPARO, ESQ.  
 BRUNO DOIG, ESQ.  
 ETHAN SINGER, ESQ.  
 ROMAN GIEROK, ESQ.  
 JACOB GORDON, ESQ.  
 ANDREW O'CONNOR, ESQ.  
 AMIRA PERRYMAN, ESQ.  
 of the New York Bar  
 Cleary Gottlieb Steen & Hamilton LLP  
 -and-  
 DAVID I. GELFAND, ESQ.  
 of the District of Columbia Bar  
 Cleary Gottlieb Steen & Hamilton LLP  
 for Defendant

Appearances Cont'd ...

1 THE COURT: Good morning, everyone.  
 2 ATTORNEY MASON: Good morning, Your  
 3 Honor. Your Honor, Dan Mason of Paul Weiss for  
 4 plaintiffs. I would like to introduce several of my  
 5 colleagues from Paul Weiss. Jeff Recher, Nina  
 6 Kovalenko, and Martin Flumenbaum.  
 7 THE COURT: Good morning. Welcome.  
 8 Mr. Lafferty.  
 9 ATTORNEY LAFFERTY: Good morning, Your  
 10 Honor. Bill Lafferty on behalf of defendant JUUL  
 11 Labs. With me at counsel table are my colleagues from  
 12 Cleary Gottlieb: David Gelfand, Roger Cooper, Lina  
 13 Bensman. And our client representative is here as  
 14 well, the CEO of the company, K.C. Crosthwaite, who's  
 15 in the back. He's going to be present for the trial,  
 16 and he will also be testifying later in the trial as  
 17 well, Your Honor.  
 18 THE COURT: That's fine. Welcome.  
 19 Thank you.  
 20 ATTORNEY ROLLO: Good morning, Your  
 21 Honor. Rich Rollo, Richards, Layton & Finger on  
 22 behalf of defendant, JL Tao. I am rising to introduce  
 23 Joe Perkovich from JL Tao, my partner Travis Hunter,  
 24 Rob Weikert from Nixon Peabody, and my colleague

<p style="text-align: right;">Page 109</p> <p>1 <b>that in a board setting with or without me present.</b></p> <p>2 Q. Well, am I correct, sir, that you</p> <p>3 recused yourself when the board was deciding whether</p> <p>4 or not to accept the offer that you guys had made?</p> <p>5 Correct?</p> <p>6 <b>A. I don't think I was generally present</b></p> <p>7 <b>for a lot of discussion around the term loan</b></p> <p>8 <b>refinancing as it relates to the entity related to me.</b></p> <p>9 Q. Is it your testimony that you never</p> <p>10 heard Mr. Crosthwaite refer to you at a board meeting</p> <p>11 as a board insider?</p> <p>12 <b>A. I mean, it's super possible that's the</b></p> <p>13 <b>case. I don't remember any specific conversation.</b></p> <p>14 Q. Super possible that you do remember;</p> <p>15 correct?</p> <p>16 <b>A. No. Super possible that he said that.</b></p> <p>17 <b>If I remembered, I would tell you I remembered.</b></p> <p>18 Q. You are not denying that he said that,</p> <p>19 are you?</p> <p>20 <b>A. I'm not denying.</b></p> <p>21 Q. And am I correct that during the</p> <p>22 summer of 2022, there were also discussions about the</p> <p>23 governance of the board? Correct?</p> <p>24 <b>A. Just remind me the date, please.</b></p>	<p style="text-align: right;">Page 111</p> <p>1 <b>comments. I do think it would have been important for</b></p> <p>2 <b>the full board to be aligned.</b></p> <p>3 Q. And did you say at the board meetings</p> <p>4 in August of 2022 that it was important that certain</p> <p>5 members of the board with specific knowledge about the</p> <p>6 company and its situation across a number of areas be</p> <p>7 permitted to weigh in?</p> <p>8 <b>A. I think, actually, I do remember that</b></p> <p>9 <b>from my deposition. And this was, I think,</b></p> <p>10 <b>specifically with relation to Altria. And I do have a</b></p> <p>11 <b>rich history of understanding the negotiation with</b></p> <p>12 <b>Altria, how the contract was set up and the</b></p> <p>13 <b>relationship there.</b></p> <p>14 THE COURT: One question. When is</p> <p>15 that from?</p> <p>16 THE WITNESS: The relationship with</p> <p>17 Altria? The relationship with Altria, the transaction</p> <p>18 was consummated in 2017. And there were some</p> <p>19 revisions to the contract with Altria that I had been</p> <p>20 helpful with.</p> <p>21 THE COURT: And it's your testimony</p> <p>22 that you have a rich memory and understanding of those</p> <p>23 discussions in 2017?</p> <p>24 THE WITNESS: Yes. Yes, because it</p>
<p style="text-align: right;">Page 110</p> <p>1 Q. Summer of 2022.</p> <p>2 <b>A. Yeah, I don't remember specific dates</b></p> <p>3 <b>on those discussions.</b></p> <p>4 Q. There were a couple of independent</p> <p>5 directors on that board; correct?</p> <p>6 <b>A. There were.</b></p> <p>7 Q. And one was a woman named Teresa</p> <p>8 Sebastian?</p> <p>9 <b>A. Yes.</b></p> <p>10 Q. And one was a woman named Rona</p> <p>11 Ambrose?</p> <p>12 <b>A. Yes.</b></p> <p>13 Q. And am I correct that at board</p> <p>14 meetings you stated that you did not want to form a</p> <p>15 special committee and that it was important that the</p> <p>16 full board's voice be heard?</p> <p>17 <b>A. On what specific topic was this?</b></p> <p>18 Q. Related to bankruptcy.</p> <p>19 <b>A. I don't remember that. I do think</b></p> <p>20 <b>that bankruptcy is a full board discussion.</b></p> <p>21 Q. Did you also state that you wanted the</p> <p>22 full board to be aligned on any decision surrounding</p> <p>23 Altria or Chapter 11?</p> <p>24 <b>A. I don't remember any specific</b></p>	<p style="text-align: right;">Page 112</p> <p>1 was a deeply involved process and negotiation that I</p> <p>2 was specifically involved with.</p> <p>3 BY ATTORNEY FLUMENBAUM:</p> <p>4 Q. That's the transaction that closed in</p> <p>5 December of 2018; correct?</p> <p>6 <b>A. Oh, yeah, that's right. Sorry.</b></p> <p>7 <b>December of 2018. I got my dates mixed up. But yes.</b></p> <p>8 Q. And am I correct that you stated at a</p> <p>9 board meeting that forming a special committee may</p> <p>10 create friction?</p> <p>11 <b>A. I don't remember the specific use of</b></p> <p>12 <b>those words.</b></p> <p>13 Q. Was it your position in August of 2022</p> <p>14 that creating a special committee may create friction?</p> <p>15 <b>A. I mean, it was a very fluid time at</b></p> <p>16 <b>that moment in time and I thought that it was</b></p> <p>17 <b>important that we would be able to act as a full board</b></p> <p>18 <b>in real time as relates to the strategic conversations</b></p> <p>19 <b>that were taking place.</b></p> <p>20 Q. Let me ask you to look at your binder,</p> <p>21 Exhibit 433.</p> <p>22 <b>A. I see this.</b></p> <p>23 Q. And am I correct that Gwendolyn Moy</p> <p>24 works for you?</p>

## R. Valani - Cross

<p style="text-align: right;">Page 113</p> <p>1       <b>A.</b>       <b>She does.</b></p> <p>2       Q.       And am I correct, sir, that on</p> <p>3 September 26th she wrote to Skadden, to lawyers at</p> <p>4 Skadden Arps, that "Riaz and Nick verbally confirmed</p> <p>5 to KC (the CEO) that they will fund"?</p> <p>6               Do you see that?</p> <p>7       <b>A.</b>       <b>I do.</b></p> <p>8       Q.       And was she accurate?</p> <p>9       <b>A.</b>       <b>Yes. We did fund.</b></p> <p>10      Q.       And am I correct, sir, that on the</p> <p>11 same day -- let me show you -- take a look at Exhibit</p> <p>12 429. It's a letter from -- excuse me.</p> <p>13               Before I ask you about this, Skadden</p> <p>14 represented you personally?</p> <p>15      <b>A.</b>       <b>I think me and my entities.</b></p> <p>16      Q.       So they were your lawyers?</p> <p>17      <b>A.</b>       <b>Yes.</b></p> <p>18      Q.       And they also represented Mr. Pritzker</p> <p>19 and his entity?</p> <p>20      <b>A.</b>       <b>I think so.</b></p> <p>21      Q.       The two of you had formed a group?</p> <p>22      <b>A.</b>       <b>I think it's called joint</b></p> <p>23 <b>representation.</b></p> <p>24      Q.       But you were working in tandem;</p>	<p style="text-align: right;">Page 115</p> <p>1               Do you see that?</p> <p>2      <b>A.</b>       <b>Yes, I do.</b></p> <p>3      Q.       Does that refresh your recollection</p> <p>4 that JUUL was in imminent default of its loan in</p> <p>5 September of 2022?</p> <p>6      <b>A.</b>       <b>At that point in time, I think the</b></p> <p>7 <b>company was worried about being -- as I mentioned,</b></p> <p>8 <b>there was a minimum cash balance, and I think that</b></p> <p>9 <b>they were worried about there being a drop in the cash</b></p> <p>10 <b>balance below the minimum cash balance at the time.</b></p> <p>11      Q.       Well, JUUL had not raised any money</p> <p>12 from any third-party investor; correct?</p> <p>13      <b>A.</b>       <b>You mean in terms of the debt</b></p> <p>14 <b>refinancing?</b></p> <p>15      Q.       Yes, as of September 26th, 2022.</p> <p>16      <b>A.</b>       <b>Yes. It exhausted -- it ran an</b></p> <p>17 <b>exhaustive process to try and get a debt refinancing</b></p> <p>18 <b>done, and it was, as I mentioned, a difficult time.</b></p> <p>19      Q.       And there was not one third-party</p> <p>20 investor that offered to take over the term loan;</p> <p>21 correct?</p> <p>22      <b>A.</b>       <b>To my recollection, there was a number</b></p> <p>23 <b>of kind of piecemeal offers, but there was no one that</b></p> <p>24 <b>came through in that span of time.</b></p>
<p style="text-align: right;">Page 114</p> <p>1 correct?</p> <p>2      <b>A.</b>       <b>We did work closely.</b></p> <p>3      Q.       And on September 26th, if you look at</p> <p>4 Exhibit 429, there's an email to Kirkland from a</p> <p>5 lawyer named Phil Anker from WilmerHale.</p> <p>6               Do you see that?</p> <p>7      <b>A.</b>       <b>I do see this.</b></p> <p>8      Q.       And was WilmerHale also representing</p> <p>9 you and your entities?</p> <p>10      <b>A.</b>       <b>Yes.</b></p> <p>11      Q.       And was WilmerHale also representing</p> <p>12 Mr. Pritzker and his entities?</p> <p>13      <b>A.</b>       <b>I think so.</b></p> <p>14      Q.       And he writes that he represents "Nick</p> <p>15 Pritzker and Riaz Valani in respect of matters</p> <p>16 relating to your client, Juul ...."</p> <p>17               Do you see that, sir?</p> <p>18      <b>A.</b>       <b>I do.</b></p> <p>19      Q.       And it says that "The Company[] [] has</p> <p>20 advised that the Company's existing term loan, which</p> <p>21 we understand [] in the approximate amount of []400</p> <p>22 million, will likely be in imminent default and []</p> <p>23 could lead to an acceleration of that loan by the</p> <p>24 lenders."</p>	<p style="text-align: right;">Page 116</p> <p>1      Q.       And Mr. Anker writes that "The Company</p> <p>2 has requested that Mr. Pritzker and Mr. Valani</p> <p>3 consider providing a new term loan, also in the</p> <p>4 approximate amount of \$400 million, the proceeds of</p> <p>5 which would be used by the Company to pay off the</p> <p>6 existing term loan, so that the Company will be able</p> <p>7 to avoid an imminent default, and have additional time</p> <p>8 both to explore ways to address the litigation it is</p> <p>9 facing and to maximize its value for the benefit of</p> <p>10 all constituencies."</p> <p>11               Do you see that, sir?</p> <p>12      <b>A.</b>       <b>I do.</b></p> <p>13      Q.       And was that accurate?</p> <p>14      <b>A.</b>       <b>Well, you know, I think it was really</b></p> <p>15 <b>important to us that the company not trip a minimum</b></p> <p>16 <b>cash requirement at the time and that, yeah, that that</b></p> <p>17 <b>not be a reason for it to default. So I think it was</b></p> <p>18 <b>important to us that actually the term loan get</b></p> <p>19 <b>refinanced, and it was important for us for the</b></p> <p>20 <b>company, at that period of time, which was a difficult</b></p> <p>21 <b>period of time, to try and find ways to see it through</b></p> <p>22 <b>all of its issues.</b></p> <p>23      Q.       And you and Mr. Pritzker and your</p> <p>24 various entities became the secured lenders to the</p>

## N. Pritzker - Cross

<p style="text-align: right;">Page 209</p> <p>1 Q. Right. I think the "to/from" line got 2 cut off on the below email. But I think the top email 3 shows you who is on the email. Kc@juul you know is 4 Mr. Crosthwaite, the CEO. Right? 5 <b>A. Yes.</b> 6 Q. And you know who dbarse is. Right? 7 That's Mr. Barse? 8 <b>A. I do.</b> 9 Q. He is one of the directors on the 10 independent committee at JUUL? 11 <b>A. Correct.</b> 12 Q. Same with Mr. Aronzon? 13 <b>A. Yes.</b> 14 Q. Mr. Kim writes this group. And this 15 is November 26, 2022. So this is, just to orient 16 ourselves, about two weeks before the backstop 17 agreement is signed. Right? 18 <b>A. Yes.</b> 19 Q. The backstop agreement is signed 20 December 7, 2022. Correct? 21 <b>A. I believe those dates are right, yes.</b> 22 Q. All right. And Mr. Kim writes to this 23 group and he says, "The insiders would like to have a 24 principals [and] advisors call in the morning, with</p>	<p style="text-align: right;">Page 211</p> <p>1 Q. And then Mr. Kim writes, "On their 2 side" -- meaning the side of the company insiders -- 3 "[it's] Riaz, Nick" -- that's you. Right? 4 <b>A. Yes.</b> 5 Q. "Zach" -- that's Zach Frankel? 6 <b>A. Yes.</b> 7 Q. "Skadden" -- and Skadden represented 8 you and Mr. Valani, correct, in this transaction? 9 <b>A. Yes.</b> 10 Q. "[A]nd Guggenheim." Guggenheim were 11 financial advisors that were also representing you and 12 Mr. Valani. Right? Correct? 13 <b>A. I think that's who Guggenheim</b> 14 <b>represented. I'm not 100 percent sure.</b> 15 Q. Okay. And did you, in fact, have this 16 principals and advisors call with the company where 17 you served as a principal for JL Tao, this ultimate 18 signatory to the backstop agreement? 19 <b>A. Again, I question your use of</b> 20 <b>"principal." And is the question did this call</b> 21 <b>happen? Was that your question?</b> 22 Q. Did the call happen? 23 <b>A. I remember a call. I couldn't tell</b> 24 <b>you exactly who was on the call, whether it was</b></p>
<p style="text-align: right;">Page 210</p> <p>1 the goal of resolving all open items." 2 Do you see that? 3 <b>A. Yes.</b> 4 Q. And you were still in discussions 5 about the terms of the backstop agreement at this 6 time. Right? 7 <b>A. I think that's right, yes.</b> 8 Q. And there's a reference there to a 9 Sunday evening deadline. 10 Do you see that in the next sentence? 11 <b>A. I do.</b> 12 Q. And that was a deadline imposed by the 13 MDL plaintiffs. Correct? 14 <b>A. I don't know what the deadline was. I</b> 15 <b>don't know.</b> 16 Q. And Mr. Kim at least writes that the 17 insiders suggested Paul, David, KC, and Tyler. Right? 18 Do you see that? As well as advisors? 19 <b>A. Sorry. I would like to read this</b> 20 <b>whole paragraph.</b> 21 <b>Okay. Yeah, I do see this.</b> 22 Q. Okay. And Tyler is Tyler Mace, the 23 general counsel of the company? 24 <b>A. Yes.</b></p>	<p style="text-align: right;">Page 212</p> <p>1 <b>everyone on this list.</b> 2 Q. Okay. But you were involved with 3 calls with the independent directors about the terms 4 of the backstop agreement that would be signed in 5 December of 2022? 6 <b>A. I do remember this call.</b> 7 Q. You do remember it? 8 <b>A. Yes.</b> 9 Q. Okay. And Mr. Perkovich isn't 10 mentioned in this email, is he? 11 <b>A. Mr. who?</b> 12 Q. Perkovich. 13 <b>A. No.</b> 14 Q. Okay. Mr. Perkovich is an associate 15 of yours? 16 <b>A. Yes.</b> 17 Q. He's worked for you? 18 <b>A. Yes.</b> 19 Q. For more than ten years. Correct? 20 <b>A. Yeah, I think about ten years.</b> 21 Q. Right. He had a significant position 22 at your family office, Tao Capital Management? 23 <b>A. The president of the office.</b> 24 Q. Now --</p>

# Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

## Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

## Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

## Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

## API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

## LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

## FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

## E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.