

1 **MAGNANIMO DEAN LAW, APC**
2 LAUREN A. DEAN (SBN 174722)
3 Email: Lauren@MagDeanLaw.com
4 5850 Canoga Avenue, Suite 400
5 Woodland Hills, CA 91367
6 Telephone: (818) 305-3450
7 Facsimile: (818) 305-3451

8 **GAINEY McKENNA & EGGLESTON**
9 THOMAS J. MCKENNA
10 Email: tjmckenna@gme-law.com
11 GREGORY M. EGGLESTON
12 Email: gegleston@gme-law.com
13 501 Fifth Avenue, 19th Floor
14 NY, NY 10017
15 Tel: (212) 983-1300
16 Fax: (212) 983-0383

17 **UNITED STATES DISTRICT COURT**
18 **CENTRAL DISTRICT OF CALIFORNIA**

19 BRIAN LINDSEY, Derivatively on
20 Behalf of MOMENTUS, INC. (F/K/A
21 STABLE ROAD ACQUISITION
22 CORP.),

23 Plaintiff,

24 vs.

25 CHRIS HADFIELD, BRIAN KABOT,
26 MITCHEL B. KUGLER, VICTORINO
27 MERCADO, KIMBERLY A. REED,
28 LINDA J. REINERS, AND JOHN C.
ROOD,

Defendants,

-and-

MOMENTUS, INC. (F/K/A STABLE
ROAD ACQUISITION CORP.)

Nominal Defendant.

Case No.:

**VERIFIED SHAREHOLDER
DERIVATIVE COMPLAINT**

DEMAND FOR JURY TRIAL

1 Plaintiff Brian Lindsey, by and through his undersigned counsel, derivatively on
2 behalf of Nominal Defendant Momentus, Inc. (“Momentus” or “Company”) (f/k/a
3 Stable Road Acquisition Corp.) (“SRAC”), submit this Verified Shareholder Derivative
4 Complaint (the “Complaint”). Plaintiff’s allegations are based upon his personal
5 knowledge as to himself and his own acts, and upon information and belief, developed
6 from the investigation and analysis by Plaintiff’s counsel, including a review of publicly
7 available information, including filings by Momentus with the U.S. Securities and
8 Exchange Commission (“SEC”), press releases, news reports, analyst reports, investor
9 conference transcripts, publicly available filings in lawsuits, and matters of public
10 record.

11 **NATURE OF THE ACTION**

12 1. This is a shareholder derivative action brought in the right, and for the
13 benefit, of Momentus.

14 2. SRAC, Momentus, and their directors and officers, misled investors
15 regarding Momentus’s business and future prospects in an attempt to gain investor
16 support for a proposed merger between SRAC, mom a special purpose acquisition
17 company (or “SPAC”) focused on the cannabis industry, and Momentus, a privately
18 owned space industry startup with no revenue.¹

19 _____
20 ¹ On August 12, 2021, SRAC consummated a merger contemplated by the
21 Agreement and Plan of Merger, dated as of October 7, 2020, as amended (the “Merger
22 Agreement”), by and among SRAC, Project Marvel First Merger Sub, Inc., a Delaware
23 corporation and a direct, wholly-owned subsidiary of SRAC (“First Merger Sub”),
24 Project Marvel Second Merger Sub, LLC, a Delaware limited liability company and a
25 direct, wholly-owned subsidiary of SRAC (“Second Merger Sub”), and the Delaware
26 corporation that was formerly known as Momentus Inc. (“Legacy Momentus”).
27 Pursuant to the terms of the Merger Agreement, First Merger Sub merged with and into
28 Legacy Momentus (the “First Merger”), with Legacy Momentus being the surviving
corporation of the First Merger, immediately followed by the surviving corporation
merging with and into Second Merger Sub (the “Second Merger” and, collectively with
the First Merger and the other transactions contemplated by the Merger Agreement, the
“Business Combination”), with Second Merger Sub continuing as the surviving entity as
a wholly owned subsidiary of SRAC under the name Momentus Space LLC. On the
closing date, and in connection with the closing of the business combination, SRAC
changed its name to Momentus.

1 3. SRAC tried to locate a cannabis/marijuana related company to acquire as
2 was its stated purpose but they were unable to locate one prior to the May 13, 2021
3 deadline upon which SRAC would need to repay \$172.5 million to shareholders if no
4 successful merger was consummated. In order to prevent this return of money and to
5 enrich Defendants (defined below), who would make tens of millions of dollars from the
6 merger, SRAC entered into the merger with Momentus. To make sure that shareholders
7 approved this last-minute deal, Defendants misleadingly touted the proposed merger and
8 Momentus’s prospects.

9 4. This was confirmed by the SEC itself when on July 13, 2021, the SEC
10 publicly detailed the defendants’ misconduct in: (a) a cease and desist order against
11 Momentus, SRAC, SRCNI Holdings LLC (the “Sponsor” of SRAC) and Brian Kabot
12 (SRAC’s CEO); and (b) a civil filed against Kokorich. According to the SEC Order and
13 SEC Complaint, the defendants had misleadingly promoted the proposed merger and
14 Momentus’s prospects while failing to disclose that (i) multiple federal agencies had
15 determined that Momentus’s then-CEO Defendant Kokorich, who is a citizen of Russia
16 with ties to the Russian government and who is not a citizen or legal permanent resident
17 of the United States, posed an unacceptable national security risk, (ii) Momentus had
18 never successfully tested its technology in space as claimed, (iii) as a result, Momentus’s
19 financial projections of immediate, explosive revenue growth were highly misleading,
20 and (iv) SRAC’s superficial due diligence of Momentus failed to provide any reasonable
21 basis for its public statements about the company. Moreover, the SEC Order and
22 Complaint explained that Momentus, SRAC, and Kabot agreed to pay the SEC fines
23 totaling over \$8 million, the Sponsor agreed to give up SRAC stock potentially worth
24 millions of dollars, and Defendants agreed to allow certain investors to cancel
25 agreements to purchase SRAC securities.

26 5. In a July 13, 2021 press release announcing the SEC Order and the SEC
27 Complaint, SEC Chair Gary Gensler confirmed that the defendants “misled the investing
28 public” and that SRAC had “fail[ed] to undertake adequate due diligence to protect

1 shareholders.” Gensler stated:

2 This case illustrates risks inherent to SPAC transactions, as those who
3 stand to earn significant profits from a SPAC merger may conduct
4 inadequate due diligence and mislead investors . . . Stable Road, a SPAC,
5 and its merger target, Momentus, both misled the investing public. The fact
6 that Momentus lied to Stable Road does not absolve Stable Road of its
7 failure to undertake adequate due diligence to protect shareholders.
8 Today’s actions will prevent the wrongdoers from benefitting at the
9 expense of investors and help to better align the incentives of parties to a
10 SPAC transaction with those of investors relying on truthful information to
11 make investment decisions.

12 JURISDICTION

13 6. This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1331
14 because Plaintiff’s claims raise a federal question under Section 10(b) of the Exchange
15 Act (15 U.S.C. § 78j(b)) and Section 21D of the Exchange Act (15 U.S.C. § 78u-4(f)).
16 Plaintiff’s claims also raise a federal question pertaining to the claims made in the
17 securities class actions entitled *In re Stable Road Acquisition Corp. Securities Litigation*,
18 Master File No. 2:21-CV-5744-JFW(SHKx) (C.D. Cal.) (the “Securities Class Action”)
19 based on violations of the Exchange Act.

20 7. This Court has supplemental jurisdiction over Plaintiff’s state law claims
21 pursuant to 28 U.S.C. § 1367(a).

22 8. This derivative action is not a collusive action to confer jurisdiction on a
23 court of the United States that it would not otherwise have.

24 9. Venue is proper in this District because the alleged misstatements and
25 wrongs complained of herein entered this District, Defendants have conducted business
26 in this District, and Defendants’ actions have had an effect in this District. In addition,
27 the Company’s principal executive offices are in this District.

28 THE PARTIES

Plaintiff

10. Plaintiff is, and was at relevant times, a shareholder of Stable Road, which

1 is now Momentus. Plaintiff will fairly and adequately represent the interests of the
2 shareholders in enforcing the rights of the corporation. Plaintiff currently holds
3 Momentus shares as of the filing of this Complaint.

4 **Defendant SRAC**

5 11. Defendant SRAC was a special purpose acquisition company. SRAC was
6 incorporated in Delaware. SRAC maintained its principal executive offices at 1345
7 Abbot Kinney Blvd. Venice, California 90291.

8 12. *Defendant Juan Manuel Quiroga* (“Quiroga”) served as Chief Investment
9 Officer and Secretary of SRAC. Defendant Quiroga was a manager of the Sponsor,
10 shared voting and dispositive control over securities owned by the Sponsor and was
11 reported as beneficially owning securities owned by the Sponsor. Defendant Quiroga’s
12 business address was c/o Stable Road Acquisition Corp., 1345 Abbot Kinney Blvd.
13 Venice, California 90291.

14 13. *Defendant James Norris* (“Norris”) served as Chief Financial Officer
15 (“CFO”) and a director of SRAC. Defendant Norris was directly or indirectly a member
16 of the Sponsor. Defendant Norris’s business address was c/o Stable Road Acquisition
17 Corp., 1345 Abbot Kinney Blvd. Venice, California 90291.

18 14. *Defendant James Hofmockel* (“Hofmockel”) served as a director of SRAC.
19 Defendant Hofmockel was directly or indirectly a member of the Sponsor. Defendant
20 Hofmockel’s business address was c/o Stable Road Acquisition Corp., 1345 Abbot
21 Kinney Blvd. Venice, California 90291.

22 15. Defendants Quiroga, Norris, Hofmockel and Kabot (*see below*) are referred
23 to herein as the “SRAC Individual Defendants.”

24 **Nominal Defendant Momentus**

25 16. Nominal Defendant Momentus was a privately owned space industry
26 startup that was an acquisition target of SRAC. Momentus’s principal executive offices
27 were located at 3050 Kenneth St., Santa Clara, California 95054.

28 **Momentus Board of Directors**

1 17. **Defendant Mikhail Kokorich** (“Kokorich”) served as CEO and a director
2 of Momentus, until his resignation effective immediately on or about January 25, 2021.
3 Defendant Kokorich was a major shareholder of Momentus until he sold his shares to
4 Momentus on or about June 8, 2021. Defendant Kokorich’s business address was c/o
5 Momentus Inc., 3050 Kenneth Street, Santa Clara, CA 95054.

6 18. **Defendant Brian Kabot** (“Kabot”) served as CEO and Chairman of the
7 board of directors of SRAC. Defendant Kabot was a manager of the Sponsor, shared
8 voting and dispositive control over securities owned by the Sponsor and was reported as
9 beneficially owning securities owned by the Sponsor. Defendant Kabot is also a
10 member of the Board of Momentus and is the Chairperson of the Audit Committee.
11 Defendant Kabot’s business address was c/o Stable Road Acquisition Corp., 1345 Abbot
12 Kinney Blvd. Venice, California 90291.

13 19. **Defendant Dawn Harms** (“Harms”) served as Chief Revenue Officer of
14 Momentus, until Defendant Kokorich’s resignation effective immediately on or about
15 January 25, 2021, at which time Defendant Harms became interim CEO and a director
16 of Momentus. Defendant Harms’s business address was c/o Momentus Inc., 3050
17 Kenneth Street, Santa Clara, CA 95054.

18 20. **Defendant Fred Kennedy** (“Kennedy”) served as President of Momentus.
19 Defendant Kennedy’s business address was c/o Momentus Inc., 3050 Kenneth Street,
20 Santa Clara, CA 95054.

21 21. **Defendant Chris Hadfield** (“Hadfield”) is a member of the Board.
22 Defendant Hadfield is also a member of the Compensation Committee, Disclosure
23 Committee and Nominating and Corporate Governance Committee.

24 22. **Defendant Mitchel B. Kugler** (“Kugler”) is a member of the Board.
25 Defendant Kugler is also the Chairperson of the Compensation Committee, and a
26 member of the Disclosure Committee and the Nominating and Corporate Governance
27 Committee. Defendant Kugler is also a member of the Audit Committee.

28 23. **Defendant Victorino Mercado** (“Mercado”) is a member of the Board.

1 Defendant Mercado is the Chairperson of the Nominating and Corporate Governance
2 Committee and the Security Committee.

3 24. *Defendant Kimberly A. Reed* (“Reed”) is a member of the Board.
4 Defendant Reed is a member of the Audit Committee and the Nominating and Corporate
5 Governance Committee.

6 25. *Defendant Linda J. Reiners* (“Reiners”) is a member of the Board.
7 Defendant Reiners is the Chairperson of the Audit Committee.

8 26. *Defendant John C. Rood* (“Rood”) is the CEO of the Company and Chair
9 of its Board. Defendant Rood is a member of the Disclosure Committee.

10 27. Defendants Kokorich, Kabot, Harms, Kenndey, Hadfield, Kugler, Mercado,
11 Reed, Reiners and Rood are collectively referred to hereinafter as the “Momentum
12 Individual Defendants.”

13 28. The SRAC Individual Defendants and the Momentum Individual
14 Defendants are collectively referred to herein as “Defendants”.

15 29. Defendants Kabot, Hadfield, Kugler, Mercado, Reed, Reiners and Rood are
16 collectively referred to herein as the “Director Defendants”.

17 **CODE OF BUSINESS CONDUCT AND ETHICS**

18 30. Defendants were held to the highest standards of honesty and integrity and
19 charged with overseeing the Company’s business practices and policies and assuring the
20 integrity of its financial and business records.

21 31. The conduct of Defendants complained of herein involves a knowing and
22 culpable violation of their obligations as directors and officers of the Company, the
23 absence of good faith on their part, and a reckless disregard for their duties to the
24 Company and its investors that Defendants were aware posed a risk of serious injury to
25 the Company.

26 **DUTIES OF THE DIRECTOR DEFENDANTS**

27 32. By reason of their positions as officers and/or directors of the Company,
28 and because of their ability to control the business and corporate affairs of the Company,

1 Defendants owed the Company and its investors the fiduciary obligations of trust,
2 loyalty, and good faith. The obligations required Defendants to use their utmost abilities
3 to control and manage the Company in an honest and lawful manner. Defendants were
4 and are required to act in furtherance of the best interests of the Company and its
5 investors.

6 33. Defendants owe to the Company and its investors the fiduciary duty to
7 exercise loyalty, good faith, and diligence in the administration of the affairs of the
8 Company and in the use and preservation of its property and assets. In addition, as
9 officers and/or directors of a publicly held company, Defendants had a duty to promptly
10 disseminate accurate and truthful information with regard to the Company's operations,
11 finances, and financial condition, as well as present and future business prospects, so
12 that the market price of the Company's stock would be based on truthful and accurate
13 information.

14 34. To discharge their duties, the officers and directors of the Company were
15 required to exercise reasonable and prudent supervision over the management, policies,
16 practices, and controls of the affairs of the Company. By virtue of such duties, the
17 officers and directors of the Company were required to, among other things:

18 (a) ensure that the Company complied with its legal obligations and
19 requirements, including acting only within the scope of its legal authority and
20 disseminating truthful and accurate statements to the SEC and the investing
21 public;

22 (b) conduct the affairs of the Company in an efficient, businesslike
23 manner so as to make it possible to provide the highest quality performance of its
24 business, to avoid wasting the Company's assets, and to maximize the value of
25 the Company's stock;

26 (c) properly and accurately guide investors and analysts as to the true
27 financial condition of the Company at any given time, including making accurate
28 statements about the Company's business prospects, and ensuring that the

1 Company maintained an adequate system of financial controls such that the
2 Company's financial reporting would be true and accurate at all times;

3 (d) remain informed as to how the Company conducted its operations,
4 and, upon receipt of notice or information of imprudent or unsound conditions or
5 practices, make reasonable inquiries in connection therewith, take steps to correct
6 such conditions or practices, and make such disclosures as necessary to comply
7 with federal and state securities laws;

8 (e) ensure that the Company was operated in a diligent, honest, and
9 prudent manner in compliance with all applicable federal, state and local laws,
10 and rules and regulations; and

11 (f) ensure that all decisions were the product of independent business
12 judgment and not the result of outside influences or entrenchment motives.

13 35. Each Defendant, by virtue of his position as a director and/or officer, owed
14 to the Company and to its shareholders the fiduciary duties of loyalty, good faith, and
15 the exercise of due care and diligence in the management and administration of the
16 affairs of the Company, as well as in the use and preservation of its property and assets.
17 The conduct of Defendants complained of herein involves a knowing and culpable
18 violation of their obligations as directors and officers of the Company, the absence of
19 good faith on their part, and a reckless disregard for their duties to the Company and its
20 shareholders that Defendants were aware, or should have been aware, posed a risk of
21 serious injury to the Company.

22 36. Defendants breached their duties of loyalty and good faith by causing the
23 Company to issue false and misleading statements concerning the financial condition of
24 the Company.

25 **MOMENTUS'S AUDIT COMMITTEE CHARTER**

26 37. Momentus's Audit Committee Charter states in relevant part:

27 **Responsibilities**

28

1 In addition to such other responsibilities as may be delegated to the
2 Committee from time-to-time by the Board, the Committee shall:

3 3.1. Review on a continuing basis the adequacy of the Company's
4 system of internal controls, including meeting periodically with the
5 Company's management and the independent auditors to review the
6 adequacy of such controls and to review before release the disclosure
7 regarding such system of internal controls required under SEC rules to be
8 contained in the Company's periodic filings and, if applicable, the
9 attestations or reports by the independent auditors relating to such
10 disclosure;

11 3.2. Pre-approve all audit and permissible non-audit services and
12 related engagement fees and terms for services provided to the Company
13 by the independent auditors (or subsequently approving non-audit services
14 in those circumstances where a subsequent approval is necessary and
15 permissible);

16 3.3. Review and provide guidance with respect to the external
17 audit and the Company's relationship with its independent auditors by: (i)
18 reviewing the independent auditors' proposed audit scope, approach and
19 independence; (ii) obtaining on a periodic basis in accordance with
20 applicable requirements of the Public Company Accounting Oversight
21 Board ("PCAOB") a written statement from the independent auditors
22 regarding relationships and services with the Company which may impact
23 independence or objectivity, and to the extent there are relationships,
24 monitoring and investigating such relationships, including actively
25 engaging in a dialogue with the independent auditors with respect to any
26 disclosed relationships or services that may impact the objectivity and
27 independence of the independent auditors, and presenting such information
28 to the Board; (iii) receiving and reviewing a report by the independent
auditors describing any material issues raised by the most recent internal
quality control review, or peer review, of the independent auditing firm, or
by any inquiry or investigation by governmental or professional authorities
and any steps taken to deal with any such issues; (iv) discussing with the
Company's independent auditors the financial statements and audit
findings, including any significant adjustments, management judgments
and accounting estimates, critical audit matters addressed during the audit,
significant new accounting policies, any alternative treatments of financial
information within GAAP that the independent auditor has discussed with
management, ramifications of the use of these alternative disclosures and

1 the treatment preferred by the independent auditor and disagreements with
2 management and any other matters required to be discussed by applicable
3 accounting standards; and (v) reviewing reports submitted to the
4 Committee by the independent auditors in accordance with the applicable
SEC requirements and other legal or regulatory requirements;

5 3.4 Recommend to the Board as to whether the Company’s
6 audited financial statements should be included in the Company’s Annual
7 Report on Form 10-K based on the Committee’s review and discussions (1)
8 with management of the audited financial statements, (2) with the
9 independent auditor of the matters required to be discussed by the PCAOB
and the SEC, and (3) with the independent auditor concerning the
independent auditor’s independence;

10 3.5 Review and discuss with management and the independent
11 auditors the annual audited financial statements and quarterly unaudited
12 financial statements, including the Company’s disclosures under
13 “Management’s Discussion and Analysis of Financial Condition and
14 Results of Operations,” prior to filing the Company’s Annual Report on
Form 10-K and Quarterly Reports on Form 10-Q, respectively, with the
15 SEC;

16 3.6 Direct the Company’s independent auditors to review before
17 filing with the SEC the Company’s interim financial statements included in
18 Quarterly Reports on Form 10Q, using professional standards and
procedures for conducting such reviews;

19 3.7. Conduct a post-audit review of the financial statements and
20 audit findings, including any significant suggestions for improvements
21 provided to management by the independent auditors;

22 3.8. Review before release the unaudited quarterly or annual
23 operating results (or financial outlook or guidance) to be stated in the
24 Company’s quarterly earnings release with particular attention to any use
of “pro forma” or “adjusted” non-GAAP information;

25 3.9. Review the contents of the officer certifications to be filed
26 with the SEC pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act
27 and the process conducted to support the certifications;

28 3.10. Consider the establishment, and oversee the activities, of any

1 internal audit function within the Company;

2 3.11. Review any reports by management or internal auditors, if
3 any, regarding the effectiveness of, or any deficiencies in, the design or
4 operation of internal controls and any fraud, whether or not material, that
5 involves management or other employees who have a significant role in the
6 Company's internal controls and review before release the disclosure
7 regarding the Company's system of internal controls required under SEC
8 rules to be contained in the Company's periodic filings and, if applicable,
9 the attestations or reports by the independent auditors relating to such
10 disclosure;

11 3.12. Oversee compliance with legal requirements for disclosure of the
12 Company's independent auditor's services and Committee members,
13 member qualifications and activities;

14 3.13. Periodically review the Company's code of business conduct and
15 ethics and approve any amendments thereto or waivers thereof, and
16 perform those functions delegated to the Committee set forth in the
17 Company's code of business conduct and ethics;

18 3.14. Review, in conjunction with counsel, any legal matters that could
19 have a significant impact on the Company's financial statements;

20 3.15. Provide oversight and review at least annually of the Company's
21 financial risk management policies, including its investment policies;

22 3.16. If necessary, institute special investigations with full access to all
23 books, records, facilities and personnel of the Company;

24 3.17. As appropriate, engage and obtain advice and assistance from outside
25 legal, accounting or other advisors with funding to be provided by the
26 Company;

27 3.18. Conduct appropriate review and oversight of related party
28 transactions, as defined by applicable rules of the SEC and Nasdaq Stock
Market;

3.19. Review and assess the adequacy of this Charter and
recommending any proposed changes to the Board for approval, on an
annual basis;

1
2 3.20. Review annually its own performance against the
3 responsibilities outlined in this Charter and as otherwise established by the
4 Board;

5 3.21. Provide a report in the Company's proxy statement in
6 accordance with the rules and regulations of the SEC;

7 3.22. Establish procedures for receiving, retaining and treating
8 complaints received by the Company regarding accounting, internal
9 accounting controls or auditing matters and procedures for the confidential,
10 anonymous submission by employees of concerns regarding questionable
11 accounting or auditing matters;

12 3.23. Review and discuss with management, the independent
13 auditor and the internal auditor, if any, the Company's major financial risk
14 exposures and the steps management has taken to monitor and control such
15 exposures, except as to those risks for which oversight has been assigned to
16 other committees of the Board or retained by the Board;

17 3.23. Review the adequacy and effectiveness of the Company's
18 information and cyber security policies and the internal controls regarding
19 information and cyber security
20 and

21 3.24. Review with management and members of internal audit, if
22 any, the Company's business continuity and disaster preparedness
23 planning.

24 3.25. Oversee the implementation of the terms of the settled
25 Securities and Exchange Commission's Order issued to the Company on
26 July 13, 2021.

27 **Background of SRAC**

28 38. SRAC was a special-purpose acquisition company, which was incorporated
on May 28, 2019 for the purpose of effecting a merger, capital stock exchange, asset
acquisition, stock purchase, reorganization or similar business combination with one or
more businesses.

39. SRAC filed its IPO prospectus with the SEC on November 8, 2019. On or

1 about November 13, 2019, SRAC completed its IPO, selling 17,250,000 units at \$10.00
2 per unit and generating gross proceeds of \$172.5 million. Following its IPO, SRAC's
3 public units, Class A common stock and public warrants were publicly traded on the
4 Nasdaq Capital Market under the ticker symbols "SRACU," "SRAC" and "SRACW,"
5 respectively.

6 40. During the IPO and afterwards, the directors and officers of SRAC, who
7 also controlled the Sponsor, held themselves out to investors as highly experienced
8 businesspeople, with successful track records in acquiring and growing businesses. In
9 particular, the directors and officers of SRAC held themselves out to investors as highly
10 experienced in the cannabis industry, which they repeatedly stated would be SRAC's
11 focus for completing an acquisition.

12 41. From SRAC's IPO, SRAC had only three officers: Defendants Kabot,
13 Norris, and Quiroga. Apart from these three officers, SRAC had no employees.

14 42. At the time of its IPO SRAC had five directors: Kabot (Chairman),
15 Defendant Norris, Defendant Hofmockel, March Lehmann, and Kellen O'Keefe. On
16 December 23, 2019, Ann Kono joined SRAC's board. SRAC's board consisted of these
17 six members, apart from the resignation of O'Keefe effective immediately on March 24,
18 2021.

19 43. SRAC was led by Defendant Kabot, who served as SRAC's CEO and
20 Chairman since its inception. In the IPO Prospectus, SRAC repeatedly touted Kabot's
21 investment experience, and his investment experience in the cannabis industry. For
22 instance, SRAC stated: "Mr. Kabot is well qualified to serve as a director due to his
23 extensive investing and advisory experience in the cannabis industry."

24 44. The IPO Prospectus did not disclose, for any of its directors or officers, any
25 experience with satellites, the space industry, engineering, national security regulations,
26 or any related matters. SRAC's directors and officers had no meaningful experience in
27 these subjects.

28 45. In its IPO Prospectus, SRAC repeatedly emphasized that its business

1 strategy and source of competitive advantage would be a focus on the cannabis industry.
2 For instance, SRAC stated: “[o]ur strategy is to pursue one or more business
3 combinations with companies servicing and operating adjacent or ancillary to, the
4 cannabis sector but which are not directly involved in the production, distribution and
5 sale of cannabis (*i.e.* businesses that ‘touch the plant’).” SRAC also stated: “[w]hile we
6 may pursue an initial business combination target in any business or industry, we intend
7 to focus our search on companies in the cannabis industry.”

8 46. SRAC assured investors that it believed its management team “is well
9 positioned to identify and evaluate businesses within the cannabis sector that would
10 benefit from their skills and access to the public markets,” and that its management team
11 offers “a deep network of contacts, in the cannabis sector.” SRAC also stated that “Mr.
12 Kabot and Mr. Quiroga have, in the aggregate, executed over 20 transactions within or
13 ancillary to the cannabis sector and have been responsible for investing over \$150
14 million within or ancillary to the cannabis sector since July 2017.”

15 47. The IPO Prospectus mentions “cannabis” 281 times, but contains no
16 references to satellites, the space industry, engineering, national security regulations, or
17 any related matters.

18 48. SRAC’s intense focus on the cannabis industry continued beyond its IPO.
19 For instance, in its SEC Form 10-K annual report filed March 26, 2020, SRAC repeated
20 many of its IPO Prospectus statements regarding the cannabis experience of its
21 management and its focus on the cannabis industry. SRAC stated: “[o]ur strategy is to
22 pursue one or more business combinations with companies servicing and operating
23 adjacent or ancillary to, the cannabis sector but which are not directly involved in the
24 production, distribution and sale of cannabis (*i.e.*, businesses that ‘touch the plant’).”
25 SRAC’s SEC Form 10-Q quarterly report filed August 11, 2020 likewise repeated that
26 “[a]lthough the Company is not limited to a particular industry or sector for purposes of
27 consummating a Business Combination, the Company is focusing its search on
28 companies in the cannabis industry.”

1 49. SRAC's other SEC filings subsequent to the IPO and prior to its October 7,
2 2020 announcement of the Momentus merger agreement similarly contain numerous
3 references to cannabis, but no references to satellites, the space industry, engineering,
4 national security regulations, or any related matters.

5 **SRAC's Business Combination By The May 13, 2021 Deadline**

6
7 50. Due to the SRAC Individual Defendants' ownership interests in SRAC and
8 the terms and financial structure of SRAC as a SPAC, the SRAC Individual Defendants
9 possessed strong financial incentives to complete a qualifying transaction by the May
10 13, 2021 deadline. The SRAC Individual Defendants faced pressure to complete a
11 transaction irrespective of the merits of that transaction for SRAC's public shareholders.

12 51. SRAC was subject to certain restrictions in its amended and restated
13 certificate of incorporation regarding its pursuit of an acquisition. First, SRAC only had
14 18 months to complete a business combination from the closing date of the IPO. If
15 SRAC did not complete a business combination in time (*i.e.*, by May 13, 2021) or obtain
16 postponement of this deadline, its corporate existence would cease, except for purposes
17 of winding up its affairs and liquidating. SRAC was required to hold the approximately
18 \$172.5 million of net proceeds from its IPO in a trust account, and these funds were to
19 be released only upon the consummation of a qualifying business combination, or in the
20 case of liquidation to return the funds to SRAC's investors.

21 52. Second, if SRAC's stockholders approved an amendment to the amended
22 and restated certificate of incorporation that would affect the substance or timing of
23 SRAC's obligation to redeem 100% of the public shares if SRAC did not complete a
24 business combination on time, SRAC was required to provide the holders of its public
25 shares with the opportunity to redeem all or a portion of their public shares upon
26 approval of any such amendment. Attempting to obtain such a postponement of its
27 deadline for a business combination thus presented serious risks that (i) shareholders
28 would not approve the postponement and so SRAC would be forced to liquidate if it

1 failed to complete a transaction on time, or (ii) if a postponement was approved,
2 shareholders may decide to redeem SRAC shares in amounts that would significantly
3 deplete SRAC's \$172.5 million trust account and jeopardize its ability to complete a
4 transaction even with an extended deadline.

5 53. The directors and officers of SRAC acquired a significant financial interest
6 in SRAC prior to the IPO, through their interests in and control over SRAC's Sponsor.
7 Each of SRAC's officers and directors was, directly or indirectly, a member of the
8 Sponsor. The Sponsor's board of managers was comprised of Edward K. Freedman,
9 Defendant Kabot and Defendant Quiroga. SRAC reported each of Freedman, Kabot,
10 and Quiroga as beneficially owning the securities owned by the Sponsor and reported
11 that these individuals shared voting and dispositive control over such securities.

12 **Momentum**

13 54. Momentum was founded in 2017 in Santa Clara, California, by cofounders
14 Defendant Kokorich and Lev Khasis. Kokorich served as Momentum's CEO from
15 November 2017 until his abrupt resignation on January 25, 2021. At the time of the
16 October 7, 2020 merger agreement announcement by SRAC and Momentum, among
17 Momentum's largest beneficial owners were Defendant Kokorich and Olga Khasis, the
18 spouse of cofounder Lev Khasis. At the time of the October 7, 2020 merger agreement
19 announcement, key members of the Momentum management team included Defendant
20 Kokorich, Defendant Harms, then serving as Momentum's Chief Revenue Officer, and
21 Defendant Kennedy, Momentum's President.

22 55. The joint press release from Momentum and SRAC announcing their merger
23 agreement on October 7, 2020, described Momentum as "a commercial space company
24 offering in-space transportation and infrastructure services." SRAC and Momentum
25 claimed that "Momentum is developing capabilities to provide critical infrastructure
26 services: in-space transportation, satellite as a service, and in-orbit services." They
27 further claimed that "Momentum's customers include satellite operators, satellite
28 manufacturers, launch providers, defense primes such as Lockheed Martin and

1 government agencies such as NASA.”

2 56. At no time have Momentus’s operations had any connection to the cannabis
3 industry.

4 **Momentum Conceals Problems That Might Prevent A Merger With SRAC**

5 57. Since its founding in 2017, Momentus had been regularly incurring losses.
6 Momentus recorded net losses of \$6.2 million for 2018, \$15.8 million for 2019, and
7 \$15.4 million for just the six months ended June 30, 2020.

8 58. Momentus was dependent for its continued existence on raising funds from
9 investors. At the time of the October 2020 merger announcement, Momentus had
10 already raised, and spent, tens of millions of dollars of investor capital.

11 59. In May 2020, Momentus received a \$970,000 loan under the federal
12 government’s Paycheck Protection Program, which required it to certify that “[c]urrent
13 economic uncertainty makes this loan request necessary to support the ongoing
14 operations of the Applicant.”

15 60. As of June 30, 2020, Momentus’s total liabilities were greater than its total
16 assets. As of June 30, 2020, Momentus had \$10.7 million in cash on hand, which would
17 not even be enough to continue its operations through the end of the year based on the
18 rate of its losses in the first half of 2020.

19 61. The Momentus Individual Defendants had a strong incentive to conceal any
20 problems that might prevent Momentus from completing a merger with SRAC and
21 gaining access to its badly needed cash.

22 **UNDISCLOSED FACTS KNOWN TO DEFENDANTS**

23 **Momentum’s Russian CEO Was A National Security Risk**

24
25 62. Momentus and the Momentus Individual Defendants knew, but failed to
26 disclose, that the U.S. government had determined that Momentus’s CEO Defendant
27 Kokorich presented a national security risk, which posed serious problems for
28 Momentus and created a heightened risk that Momentus would not be granted regulatory

1 approvals necessary for its operations.

2 63. Kokorich is a citizen of Russia. At no time has he been a citizen or legal
3 permanent resident of the United States.

4 64. Kokorich co-founded Momentus with Lev Khasis, who from 2013 has been
5 First Deputy Chairman of the Executive Board of Sberbank, which is the largest bank in
6 Russia and which is owned by the Russian state. Sberbank is subject to U.S. sanctions
7 imposed by the U.S. Treasury Department Office of Foreign Assets Control in 2018
8 because Sberbank supported Russia's annexation of Crimea from Ukraine. Sberbank
9 has been led from 2007 by its CEO and Chairman Herman Gref, who is reported to be
10 close to Russia's autocratic leader Vladimir Putin. In a 2018 report to Congress, the
11 Treasury Department named Gref on a list of "senior foreign political figures and
12 oligarchs in the Russian Federation, as determined by their closeness to the Russian
13 regime and their net worth."

14 65. Prior to his founding of Momentus, Defendant Kokorich founded and led a
15 company called Dauria Aerospace, which had offices near Moscow and in Mountain
16 View, California. Dauria Aerospace obtained contracts from the Russian state via the
17 state-owned company Roscosmos State Corporation for Space Activities. Dauria
18 Aerospace partnered with the Skolkovo Foundation, which purports to be a non-profit
19 backed by the Russian state to support a scientific and technological center for the
20 development and commercialization of advanced technologies. According to a warning
21 published by the FBI's Boston office in 2014, the Skolkovo Foundation "may be a
22 means for the Russian government to access our nation's sensitive or classified research,
23 development facilities and dual-use technologies with military and commercial
24 applications."

25 66. The parties to the SEC's litigation against Defendant Kokorich have filed
26 various documents as exhibits in that litigation, which directly confirm Momentus's and
27 Kokorich's knowledge of the U.S. government's national security concerns relating to
28 Kokorich.

1 67. On March 22, 2018, the U.S. Department of Commerce, Bureau of Industry
2 and Security (“BIS”) sent an Export License Rejection Notice to Momentus (which was
3 at that time operating under the name Space Apprentices Enterprise). The Rejection
4 Notice denied Momentus’s application to provide to Defendant Kokorich “[t]echnology
5 required for the use of electrothermal propulsion devices and thrusters,” *i.e.*, the
6 propulsion technology that formed the core of all of Momentus’s planned services, and
7 which Momentus advertised as its main competitive advantage. The Rejection Notice
8 stated that the Department of Commerce had concluded that Kokorich “is not an
9 acceptable recipient at this time of U.S.-origin items controlled for national security
10 reasons.”

11 68. On June 24, 2018, an attorney for Defendant Kokorich wrote a letter to the
12 U.S. Department of Treasury, Committee on Foreign Investment in the United States
13 (“CFIUS”) regarding Kokorich’s ownership of stock in another space industry company,
14 Astro Digital U.S., Inc. (“Astro Digital”). The letter was written to follow up on the
15 attorney’s recent phone conference with CFIUS personnel in the U.S. Departments of
16 Treasury and Defense regarding the same subject matter. Kokorich’s attorney stated in
17 the letter that “[d]uring the teleconference, CFIUS informed us that it is preparing to
18 order the Kokoriches to divest their ownership interest in Astro Digital. According to
19 your colleagues, CFIUS has concluded that the Kokoriches present a threat to the
20 national security of the United States.” The letter further stated that Kokorich was “well
21 versed in U.S. export control and sanctions laws and regulations.” According to the
22 letter, CFIUS’ investigation relating to national security concerns surrounding
23 Defendant Kokorich had “now spanned almost two years,” and prevented Astro Digital
24 from being able to obtain new investment or funding. Defendant Kokorich’s counsel
25 listed Kokorich and his spouse as receiving copies of the letter.

26 69. On November 12, 2020, Momentus received a notification from the Office
27 of National Security and Technology Transfer Controls within the BIS, informing
28 Momentus that the U.S. Department of Commerce intended to deny Momentus’

1 application for the deemed export of its “Vigoride” software and technology to
2 Defendant Kokorich. The notification stated that the Department of Commerce believed
3 the denial “furthers the United States policy . . . to restrict the export of goods and
4 technology which would make a significant contribution to the military potential of any
5 other country or combination of countries which would prove detrimental to the national
6 security of the United States.” The notification further stated that the Department of
7 Commerce made its determination in consultation with the Department of Defense, the
8 Department of State, and the Department of Energy.

9 70. The U.S. Department of Defense, Office of Foreign Investment Review
10 sent a letter dated January 13, 2021 to the SEC concerning the proposed merger between
11 SRAC and Momentus. According to admissions later made in SRAC’s SEC filings:
12 “On January 21, 2021, Momentus became aware of correspondence from the U.S.
13 Department of Defense . . . stating Momentus posed a risk to national security as a result
14 of the foreign ownership and control of Momentus by Mikhail Kokorich and Lev Khasis
15 and their associated entities, as well as concerns regarding disclosures relating to such
16 matters made by Stable Road in its SEC filings in connection with the Business
17 Combination.”

18 71. The January 13, 2021 letter stated that the Department of Defense “has
19 concluded that Momentus presently poses a risk to national security and accordingly has
20 requested appropriate governmental agencies conduct national security reviews” and that
21 the Office of Foreign Investment Review would “continue to recommend that DoD
22 places an indefinite hold on all Momentus’ relationships with DoD.” The letter stated
23 that Kokorich’s previous Dauria Aerospace company partnered with the Skolkovo
24 Foundation, which the FBI assessed “may be a means for the Russian government to
25 access our nation’s sensitive or classified research.” The letter also noted national
26 security concerns relating to Momentus’ “complex and opaque foreign ownership
27 structure [that] may not accurately reflect the ultimate beneficial owner of Momentus
28 nor the true identity of financiers of Momentus.” In particular, the letter noted that

1 reported major Momentus shareholder Olga Khasis was the wife of Lev Khasis, who
2 was the “First Deputy Chairman of Russia’s state-owned bank, Sberbank,” and that
3 Sberbank is on the Treasury Department Office of Foreign Assets Control’s “Sanctions
4 List.”

5 72. The Department of Defense’s January 13, 2021 letter went on to state that it
6 believed SRAC’s November 2, 2020 S-4 filed with the SEC to be misleading regarding
7 these and related national security issues, and that the “DoD is currently reviewing a
8 2019 federal investigation to determine if Mikhail Kokorich violated export control laws
9 while serving as both an investor and executive in several satellite companies.” The
10 letter concludes by stating that the Defense Department “concluded that Momentus’
11 current proposal poses a risk to investors,” and by requesting that the SEC “delay the
12 IPO of Momentus in order to provide DoD and other government agencies the
13 appropriate time to conduct further due diligence.”

14 73. This Department of Defense letter appears to have prompted the SEC’s
15 investigation of Momentus, SRAC and the proposed merger. As SRAC admitted in later
16 SEC filings, “[o]n January 24, 2021, [Momentus] received a subpoena from the Division
17 of Enforcement of the U.S. Securities and Exchange Commission . . . requesting
18 documents regarding the Registration Statement on Form S-4 and Amendment No. 1
19 thereto 1 . . . filed by SRAC in connection with the Business Combination.” SRAC
20 further admitted in other filings that “[i]n January 2021, the SEC’s Division of
21 Enforcement informed SRAC and Momentus that it was investigating certain disclosures
22 made in filings with the SEC, including in connection with the Business Combination.”

23 74. In addition to the foregoing documents filed in the SEC’s ongoing litigation
24 against Defendant Kokorich, the SEC revealed additional details regarding Kokorich’s
25 national security risks and related problems in the SEC Complaint and the SEC Order.
26 According to the SEC Order’s findings and the SEC Complaint’s allegations, in June
27 2018, U.S. Customs and Immigration Services (“USCIS”) revoked Defendant
28 Kokorich’s work visa and denied his application for permanent resident status. In

1 September 2018, Kokorich applied for asylum, claiming to be a prominent critic of the
2 Russian government. On or about August 28, 2019, USCIS informed Kokorich that it
3 had not granted his asylum application, and that it had referred his case to an
4 immigration judge for adjudication in removal proceedings. USCIS based its
5 determination on “inconsistencies” in Kokorich’s application and testimony “with regard
6 to [his] political affiliations and activities in Russia.” On or about the same date, the
7 FBI, the Department of Homeland Security, and the BIS’s Office of Export Enforcement
8 arrived unannounced at Momentus’s headquarters, questioned multiple employees, and
9 detained Kokorich and transported him to an immigration detention center after which
10 he was released on bond. Kokorich was in the process of adjudicating the removal
11 proceedings when he left the U.S. in January 2021.

12 75. The SEC Order and SEC Complaint also provide additional factual findings
13 and allegations regarding the November 12, 2020 notification from the BIS informing
14 Momentus that it intended to deny Momentus’ application for the deemed export of its
15 “Vigoride” software and technology to Defendant Kokorich. Momentus had filed this
16 application in February 2020, and on April 15, 2020, Momentus learned that the
17 application was placed on “hold without action” by the BIS reviewer.

18 76. On October 7, 2020, a BIS representative emailed Momentus stating that
19 the Departments of Defense and State would recommend denying the application, and
20 two days later the same BIS representative further disclosed that the Department of
21 Energy would also recommend denial. On October 23, 2020, the BIS representative
22 emailed again to disclose that BIS’s Operating Committee had determined to deny the
23 license.

24 77. Momentus and the Momentus Individual Defendants failed to disclose to
25 investors the foregoing highly material known facts, that multiple U.S. government
26 agencies had repeatedly concluded that Defendant Kokorich was an unacceptable
27 national security risk, which posed serious problems for Momentus’s ability to carry out
28 its planned operations in the space industry, which is very regulated and highly sensitive

1 from a national security standpoint.

2 **Momentum's Space Technology Was A Failure**

3 78. Momentum and the Momentum Individual Defendants knew, but failed to
4 disclose, that Momentum had only conducted one test of its technology in space, that this
5 test was not completed due to an equipment failure, and that even if this test had been
6 successfully completed it would not have demonstrated the commercial viability of
7 Momentum's technology. As such, Momentum was highly unlikely to be able to develop
8 and commercialize its technology on the aggressive timeline touted by Defendants in
9 support of the merger.

10 79. The critical piece of technology that Momentum touted as a breakthrough
11 and its key source of competitive advantage was the water plasma propulsion system
12 that was to be the source of power to provide Momentum's advertised services of
13 transporting satellites in space. This water plasma thruster was of primary importance to
14 all of Momentum's plans and had to work in space in order for Momentum to generate any
15 revenue.

16 80. Under pressure from the SEC to correct their prior misstatements,
17 Defendants admitted the severe shortcomings of the one and only in space test that
18 Momentum ever attempted of this technology:

19 Our first-generation X-band thruster, which operates at 30 Watts, was
20 flown aboard a demonstration mission called El Camino Real in mid- 2019.
21 During this mission, Momentum launched its first MET [microwave
22 electrothermal thruster] into space as a hosted payload on a nanosatellite.
23 The mission's objective was to demonstrate the MET's ability to produce
24 water plasma in space by performing 100 one-minute firings . . . Failure of
25 the host satellite in November 2019 prematurely terminated the
26 demonstration after only 23 of the planned 100 firings of the thruster had
27 been performed . . .

26 81. Momentum later confirmed the failure of this mission in a press release
27 reporting: "The MET water plasma-based thruster was launched in July 2019 in a
28 mission known as El Camino Real. The mission did not meet its prelaunch success

1 criteria.”

2 82. Momentus and its personnel including Defendants Kokorich and Harms
3 were immediately aware of the premature end of the test due to the equipment failure.
4 This failure was discussed in a November 26-27, 2019 email chain among six Momentus
5 employees including Defendants Harms and Kokorich, as well as Momentus’s Chief
6 Engineer, with the subject line: “Need El Camino Real Failure Review Board.” In that
7 email chain, Momentus’s Chief Technology Officer wrote, “[e]ven if we recover the
8 spacecraft, at this point it is my judgement that we need to convene a failure review
9 board.”

10 83. Defendants’ admissions detailed further shortcomings of this one and only
11 in space test, stating that of the 23 firings completed before the mission’s failure, there
12 were “12 hot firings with microwave power turned on and 11 cold firings with the
13 microwave turned off,” and that “a pump issue significantly restricted flow of water into
14 the thruster during nine of the 12 hot firings, preventing plasma-generation.”

15 84. Even for the three hot firings that had water present, Defendants admitted
16 that “pressure and temperature data did not provide sufficient information to either
17 confirm or contradict plasma presence.” However, Defendants went on to state
18 “Momentus believes that the reflected power data collected during the three hot firings
19 with water present to be sufficient to conclude that plasma was produced.”

20 85. Defendants went on to admit “issue[s]” and “weaknesses” revealed by this
21 test, reporting “[t]he aforementioned pump issue and other observed weaknesses from El
22 Camino Real have informed our propulsion system design, pressure sensor selection and
23 overall vehicle design process.”

24 86. In addition, Defendants admitted that the technology they planned to
25 commercially deploy was not the small, commercially useless test model thruster
26 involved in the 2019 in space test, but a redesigned version that was supposed to
27 generate many times more thrust, that would be needed for any commercial operations.
28 While the 2019 test model was supposed to operate at 30 Watts, Defendants admitted

1 that their planned commercial use thrusters were supposed to operate at powers of 550
2 Watts, 750 Watts, or more. Defendants also admitted that “the technology underlying
3 Momentus’s anticipated service offerings (including its water plasma propulsion
4 technology) is still in the process of being developed and has not been fully tested or
5 validated in space.”

6 87. The SEC also revealed additional details regarding Momentus’s failure to
7 successfully test its technology in space in the SEC Complaint and the SEC Order.
8 According to the SEC Order’s findings and the SEC Complaint’s allegations, a former
9 Momentus officer stated that the thruster tested in the El Camino Real mission did not
10 have “commercial potential” because it was “too small, too inefficient, too low in
11 [specific impulse], too low in total impulse.” A former Momentus officer stated that the
12 mission yielded “no data to suggest that that thruster would deliver an impulse of any
13 commercial significance.” A Momentus engineer admitted that the mission did not yield
14 sufficient data to demonstrate the propulsion system’s reliability or longevity. The SEC
15 also revealed that while the satellite used in the El Camino Real test is still in space, it is
16 not functional.

17 88. The SEC Complaint and the SEC Order also confirm Defendant Kokorich’s
18 knowledge of these facts. Defendant Kokorich admitted he understood even before the
19 launch that the mission was not designed to show that the thruster could provide a
20 measurable change in velocity from thrust, to measure specific impulse, or to show the
21 thruster’s reliability. In a February 2020 internal Momentus document sent to Defendant
22 Kokorich, a Momentus engineer acknowledged that Momentus did not obtain “any
23 useful mission results” from the launch.

24 89. Momentus and the Momentus Individual Defendants failed to disclose to
25 investors the foregoing highly material known facts, that Momentus’s only test of its
26 technology in space was not completed due to an equipment failure, and that even if this
27 test had been successfully completed it would not have demonstrated the commercial
28 viability of Momentus’s technology.

1 **Momentum's Revenue Projections**

2 90. Defendants repeatedly emphasized to public investors their aggressive
3 revenue projections for Momentum. For instance, Defendants' projections issued as part
4 of the October 7, 2020 deal announcement forecast \$2 million in 2020 revenue, \$19
5 million in 2021, and \$152 million in 2022, growing to over \$4 billion by 2027.

6 91. Because Momentum would only recognize revenue upon successfully
7 providing its planned services in space, these forecasts were premised on the key
8 assumptions that Momentum's technology would work as hoped in space, and that
9 Momentum would be granted all of the many required regulatory approvals to conduct its
10 operations and place its products on rocket launches. As such, Defendants' near-term
11 revenue forecasts likewise depended on the critical assumption that Momentum would be
12 allowed to participate in one rocket launch in 2020, and three more in 2021.

13 92. But Momentum and the Momentum Individual Defendants knew that the
14 federal government had serious national security concerns relating to Defendant
15 Kokorich which posed a high risk that Momentum would not receive regulatory
16 approvals necessary to conduct its operations. And Momentum and the Momentum
17 Individual Defendants knew that it had never successfully demonstrated the commercial
18 viability of its technology in space which posed a high risk that its technology would not
19 perform as hoped on its first ever commercial missions.

20 93. Momentum and the Momentum Individual Defendants knew of these serious
21 risks to its planned operations and launch schedule, and likewise knew that their revenue
22 projections ignored those risks and simply assumed that the federal government would
23 grant Momentum all required regulatory approvals and that Momentum's technology
24 would work in space as hoped. Defendants knew that the best-case scenario
25 assumptions they used in preparing Momentum's published financial projections were
26 likely to fail, and that the aggressive revenue projections based on those assumptions
27 were unlikely to be achieved.

28 **SRAC Lack of Due Diligence**

1 94. SRAC and the SRAC Individual Defendants knew, but failed to disclose,
2 that they had conducted inadequate due diligence of Momentus that failed to follow up
3 on known red flags regarding Defendant Kokorich’s national security issues, and that
4 failed to investigate the results of Momentus’s only test of its technology in space.

5 95. SRAC and the SRAC Individual Defendants knew that they lacked
6 sufficient information to assess the truth or falsity of their own statements regarding
7 regulatory risks facing Momentus, or the purported success of Momentus’s one and only
8 in space test of its technology. These Defendants knew that they lacked sufficient
9 information to assess the truth or falsity of their own statements reiterating Momentus’s
10 aggressive revenue projections, because those projections were based on key
11 assumptions that SRAC had never evaluated.

12 96. Under pressure from the SEC to correct their prior misstatements,
13 Defendants admitted facts showing that SRAC failed to reasonably investigate
14 Momentus’s claims regarding its technology.

15 97. Defendants admitted that “none of the directors or officers of SRAC are
16 engineers or physicists, and therefore their views as to the technical and commercial
17 viability of Momentus’ technology relied on the review and conclusions of experts that
18 SRAC engaged as part of its due diligence review, as well as the representations of
19 Momentus’ senior management.”

20 98. Defendants admitted that their technical advisors’ review did not evaluate
21 Momentus’s claims to have successfully tested its technology in space and was rushed to
22 completion in only four weeks:

23 On September 1, 2020, SRAC engaged Stellar Solutions, a technology
24 consulting firm, to assist with technical due diligence. Stellar Solutions’
25 review, which resulted in a final report to SRAC in approximately four
26 weeks, was designed to conduct an assessment encompassing technical
27 capabilities, technical maturity, system and operational risks and concerns,
28 as well as industry expert observations on market and competitive
considerations for the services and business. Stellar Solutions did not
conduct a review of the results of the 2019 demonstration mission called El

1 Camino, based on its determination regarding the further development of
2 the technology since that time and the additional ground testing that had
3 been conducted by Momentus thereafter.

4 99. Defendants admitted that members of the law firm, Kirkland & Ellis LLP,
5 retained by SRAC in connection with the proposed merger and due diligence of
6 Momentus, included investors in the Sponsor and its affiliate SRAC Pipe Partners LLC.
7 SRAC's attorneys assisting with due diligence were not independent and objective, but
8 shared the SRAC Individual Defendants' conflicts of interest based on their financial
9 interests in the Sponsor. According to SRAC's SEC filings, "[c]ertain partners of
10 Kirkland & Ellis LLP are investors in the Sponsor and SRAC Partners."

11 100. The SEC revealed additional details regarding the failure of SRAC and the
12 SRAC Individual Defendants to conduct adequate due diligence of Momentus in the
13 SEC Complaint and the SEC Order.

14 101. The SEC Order found that SRAC did not specifically ask Stellar Solutions
15 to review Momentus's El Camino Real mission, and Stellar Solution's report to SRAC
16 made no mention of that mission.

17 102. The SEC Order also found that SRAC and Defendant Kabot conducted
18 inadequate due diligence relating to national security concerns surrounding Defendant
19 Kokorich. SRAC and Defendant Kabot knew that CFIUS had required Kokorich to
20 divest from another space technology company in 2018. During due diligence, SRAC
21 received a copy of CFIUS's final order and repeatedly asked Momentus for
22 correspondence and other documents that would describe the basis of the order.
23 Momentus responded that it did not possess those documents. SRAC failed to obtain a
24 full and complete understanding of the basis for the CFIUS order or its impact on
25 Momentus's business.

26 103. SRAC and the SRAC Individual Defendants knew that they had failed to
27 verify key information relating to Momentus's technology and Kokorich's national
28 security risks, and that they were simply repeating to public investors unsupported

1 assertions made to them by Momentus and the Momentus Individual Defendants.

2 **Defendants Hype Momentus's Prospects**

3
4 104. On October 7, 2020, SRAC and Momentus announced that they had entered
5 into a merger agreement, pursuant to which the two companies would merge, SRAC
6 stockholders would gain a proportionate interest in Momentus, Momentus would gain
7 access to the \$172.5 million in SRAC's trust account (plus additional funds from a
8 concurrent private placement), and Momentus would become a publicly traded
9 company. Defendants stated that completion of the proposed transaction was subject to
10 approval by Momentus and SRAC shareholders and was expected to be completed in
11 early 2021.

12 105. On October 7, 2020, SRAC filed with the SEC a Form 8-K that contained
13 further information about the proposed merger transaction. The Form 8-K included as
14 attachments a copy of the joint press release from SRAC and Momentus, a copy of the
15 merger agreement, and an investor presentation about Momentus and the proposed
16 merger. On the same day, Defendants conducted a public conference call to discuss the
17 proposed merger and to provide further information to investors, and Defendant Kabot
18 gave a televised interview on *CNBC*. Through these various channels, Defendants
19 aggressively promoted the proposed merger and Momentus's prospects.

20 106. Defendants' October 7, 2020 statements were materially false and/or
21 misleading, and failed to disclose material adverse facts about the Momentus's business,
22 operations, and prospects. Defendants failed to disclose to investors that: (i) the federal
23 government had determined Momentus's CEO, Defendant Kokorich, to be a threat to
24 national security, (ii) Momentus had never successfully tested its technology in space,
25 (iii) as a result, Defendants' projections of Momentus's future revenue were wildly
26 overstated, and (iv) SRAC's due diligence of Momentus was superficial, ignored red
27 flags that demanded further investigation, and did not provide a reasonable basis for
28 SRAC's statements about Momentus.

1 107. Nowhere in Defendants’ October 7, 2020 statements did they mention that
2 the federal government had raised national security concerns regarding Momentus’s co-
3 founder, major shareholder and CEO Defendant Kokorich, which had caused the U.S.
4 Department of Commerce Bureau of Industry and Security to deny Momentus an export
5 license, and which had caused the U.S. Treasury Department Committee on Foreign
6 Investment in the United States to order Kokorich to divest his ownership interests in
7 another space industry company he had led.

8 108. In the press release announcing the Merger Agreement, SRAC and
9 Momentus stated that: “[i]n 2019, the Company successfully tested its water plasma
10 propulsion technology in space.” However, the mission referred to failed before
11 achieving its objectives, and did not even attempt to demonstrate the commercial
12 viability of Momentus’s technology.

13 109. Defendants ignored the substantial risks to Momentus’s business posed by
14 these national security concerns and the unproven status of its technology, and
15 baselessly forecast revenues of \$2 million in 2020, \$19 million in 2021, increasing to
16 over \$1 billion by 2024, and over \$4 billion by 2027, despite never having earned any
17 revenue in the company’s history to date.

18 110. And when Defendant Kabot went on television, in response to a question
19 regarding the current “blank check bonanza,” and “whether you think there’s just too
20 many” SPACs, he stated:

21 what I think is great for the investor is we did four months of due diligence.
22 We spent a lot of money with some of the top service providers out there
23 from Stellar Solutions to Kirkland and Ellis, from Orrick to Evercore to
24 cantor completing our underwriting, right, we did four months of due
25 diligence, which in a traditional ipo you would never have the opportunity
26 to do, so I think SPACs are very healthy for the market.

27 111. Defendant Kabot made these statements despite knowing that SRAC had
28 failed to undertake basic due diligence such as confirming whether Momentus’s
technology was actually successfully tested in space or following up on red flags known

1 to SRAC about national security issues relating to Defendant Kokorich.

2 **Defendants Promoted The Proposed Merger**

3
4 112. From Defendants' first public announcement of the proposed Merger on
5 October 7, 2020 up to the SEC's July 13, 2021 announcement of the SEC Order and the
6 filing of the SEC Complaint, Defendants misleadingly promoted the proposed Merger
7 and Momentus's business prospects in numerous public statements.

8 113. Defendants falsely ignored and downplayed the U.S. government's national
9 security concerns relating to Defendant Kokorich. Defendants falsely told investors that
10 Momentus had successfully tested its technology in space. Defendants ignored national
11 security and technological risks to baselessly claim that Momentus could achieve
12 explosive revenue growth, beginning in only a matter of months. And Defendants falsely
13 boasted of SRAC's purportedly "extensive" due diligence of Momentus.

14 114. SRAC filed with the SEC a Registration Statement on Form S-4 on
15 November 2, 2020, which, similar to Defendants' October 7, 2020 statements, contained
16 false and misleading statements and omissions regarding Momentus, SRAC's due
17 diligence, and the proposed merger.

18 115. While SRAC's November 2, 2020 Registration Statement (and later
19 amendments) recited certain potential risks that could arise in connection with the
20 merger with Momentus, it provided no reasons to suspect that SRAC had failed to
21 reasonably investigate such risks, or any indication that any of these potential risks had
22 already substantially materialized. In short, SRAC's shareholders had no reason to doubt
23 the Defendants' characterization of Momentus as a valuable business with a clear path to
24 rapid and substantial revenue growth and profitability.

25 116. SRAC subsequently amended the Registration Statement four times:
26 December 14, 2020; March 8, 2021; June 29, 2021; and July 12, 2021. While certain of
27 these amendments provided additional information regarding Momentus's national
28 security problems, Momentus's failure to successfully test its technology in space,

1 Momentus’s financial projections, or SRAC’s due diligence, each amended Registration
2 Statement still omitted material information and failed to disclose sufficient information
3 to fully reveal the truth to investors.

4 117. SRAC also filed with the SEC updated versions of the investor presentation
5 relating to Momentus that had been initially filed on October 7, 2020. SRAC filed such
6 updated investor presentations, each of which remained materially misleading for the
7 above stated reasons, on October 13, 2020; November 17, 2020; December 14, 2020;
8 April 7, 2021; and May 5, 2021.

9 118. Momentus issued a dozen promotional press releases, which touted
10 Momentus’s business and/or promoted the proposed Merger, for example by announcing
11 customer “contracts” to deliver satellites to lunar orbits which Momentus had never
12 attempted and lacked the technology to achieve.

13 119. Defendants gave interviews to public media outlets to misleadingly
14 promote the proposed merger. For example, on January 4, 2021, simultaneously with
15 Defendants’ announcement that Momentus’s launch schedule would be delayed in order
16 to obtain regulatory approvals, Defendant Kennedy gave an interview to IPO Edge in
17 which he misleadingly reaffirmed Momentus’s revenue projections and downplayed
18 national security concerns relating to Defendant Kokorich. And on May 4, 2021,
19 Defendants Kabot and Harms, along with Momentus Chief Technology Officer Rob
20 Schwartz, gave another interview to IPO Edge, in which they continued to misleadingly
21 tout Momentus’s prospects and technology.

22 **THE TRUTH EMERGES**

23 120. From January 4, 2021 until July 13, 2021, the truth regarding SRAC and
24 Momentus was revealed to investors in a series of partial corrective disclosures and
25 materializations of previously concealed risks. Over this period, Momentus and SRAC
26 made several piecemeal partial disclosures of regulators’ national security concerns
27 relating to Momentus, resulting in the repeated postponement of its planned space
28 missions, the resignation of Defendant Kokorich, and customers and suppliers

1 abandoning Momentus. Over this period, Momentus and SRAC similarly made
2 piecemeal partial disclosures relating to and as a result of the SEC’s investigation into
3 their misleading statements to investors, culminating in the SEC’s announcement of the
4 Cease and Desist Order and the filing of a civil enforcement action against Defendant
5 Kokorich on July 13, 2021.

6 121. In response to SRAC’s and Momentus’s partial corrective disclosures and
7 materializations of concealed risks over the January 4, 2021 to July 13, 2021 period, and
8 ultimately in response to the SEC’s revelations, SRAC’s publicly traded stock price
9 declined dramatically.

10 **January 4, 2021 Disclosures Concerning Launch Delay**

11 122. On January 4, 2021, after the close of stock market trading, Momentus
12 published a press release titled “Momentus Announces Move of Vigoride from January
13 2021 Mission; Will be Remanifesting to a Subsequent Launch,” and SRAC publicly
14 filed a copy of the press release with the SEC.

15 123. The press release stated in relevant part that Momentus “will be
16 remanifesting its January 2021 mission to a subsequent launch opportunity in 2021. This
17 move will allow for the additional time necessary to secure FAA approval of Momentus’
18 payloads, including completion of a standard interagency review.”

19 124. From the October 7, 2020 deal announcement onward, Defendants had
20 repeatedly touted a planned December 2020 or January 2021 mission to place customer
21 satellites in space and test Momentus’s technology in space. However, as partially
22 revealed by the January 4, 2021 press release, the risks relating to national security and
23 SRAC’s deficient due diligence concealed by Defendants’ false statements had begun to
24 materialize, with a federal government agency denying an approval without which
25 Momentus could not operate its business, and with the announcement of an ongoing
26 “interagency review.”

27 125. Following publication of this press release, on January 5, 2021 SRAC’s
28 stock closed at \$16.25 per share, 6.0% lower as compared to its previous day closing

1 price. SRAC's stock continued to fall in the next trading session, closing January 6,
2 2021 at a price of \$15.40 per share, representing a total loss of 10.9% since publication
3 of the press release.

4 **January 25, 2021 Disclosures Concerning Kokorich's Resignation**

5 126. On January 25, 2021 before the open of stock market trading, Momentus
6 published a press release titled "Momentus Names Dawn Harms Interim CEO," and
7 SRAC publicly filed a copy of the press release with the SEC.

8 127. The press release disclosed that Defendant Kokorich had resigned effective
9 immediately, and would be replaced by Defendant Harms as interim CEO. The press
10 release stated in relevant part, "Momentus, in consultation with . . . Stable Road . . . has
11 determined that accepting Mr. Kokorich's resignation is in the best interest of the
12 Company, in an effort to expedite the resolution of U.S. government national security
13 and foreign ownership concerns surrounding the Company, the existence of which the
14 Company recently has confirmed." The press release quoted Defendant Kabot as
15 stating, "We believe that this leadership transition will position the company for success
16 and help accelerate regulatory reviews by the U.S. government." The press release stated
17 that "Momentus and Stable Road are fully committed to cooperating with the U.S.
18 government in connection with any regulatory reviews."

19 128. From the October 7, 2020 deal announcement onward, Defendants had
20 touted Defendant Kokorich's central importance to Momentus and its future plans.
21 However, as partially revealed by the January 25, 2021 press release, the federal
22 government had "national security and foreign ownership concerns" relating to
23 Momentus. Also as partially revealed by the January 25 press release, the risks relating
24 to national security and SRAC's deficient due diligence concealed by Defendants' false
25 statements had further materialized, to the point that Momentus's CEO and co-founder
26 was forced to resign, amid ongoing "regulatory reviews by the U.S. government."

27 129. Following publication of this press release, on January 25, 2021 SRAC's
28 stock closed at \$23.68 per share, 4.7% lower as compared to its previous day closing

1 price. SRAC's stock continued to fall in the next trading session, closing January 26,
2 2021 at a price of \$22.75 per share. And SRAC's stock continued to fall in the following
3 trading session, closing January 27, 2021 at a price of \$20.10 per share, representing a
4 total loss of 19.1% since publication of the press release.

5 **March 8, 2021 Disclosures Concerning Governmental Investigations**

6 130. On March 8, 2021, SRAC publicly filed with the SEC an amended
7 Registration Statement on Form S-4/A.

8 131. The amended Registration Statement contained partial corrective
9 disclosures, and revealed the further materialization of concealed risks, relating to the
10 federal government's national security concerns surrounding Defendant Kokorich. For
11 example, the amended Registration Statement disclosed that:

12 On January 21, 2021, Momentus became aware of correspondence from
13 the U.S. Department of Defense . . . stating Momentus posed a risk to
14 national security as a result of the foreign ownership and control of
15 Momentus by Mikhail Kokorich and Lev Khasis and their associated
16 entities, as well as concerns regarding disclosures relating to such matters
17 made by Stable Road in its SEC filings in connection with the Business
18 Combination.

19 132. The amended Registration Statement also revealed that "after a series of
20 communications with the FAA with respect to a license for the January 2021 mission,
21 the FAA ultimately determined that it was unable to grant to SpaceX an approval of the
22 Momentus payload for the SpaceX Transporter-1 launch in January 2021 due to national
23 security and foreign ownership concerns regarding Momentus raised by the Department
24 of Defense during an interagency review."

25 133. The amended Registration Statement further disclosed that Momentus had
26 offered to undertake costly and time consuming "mitigation" efforts, that would
27 adversely impact its business, in order to address the federal government's national
28 security concerns:

These proposed mitigation measures include, among other things, the

1 engagement of an independent professional to conduct an audit of
2 Momentus' technology, adoption and implementation of a NSIT- or ISO-
3 compliant data security plan, and appointment of a security officer to
4 oversee compliance with mitigation terms agreed with CFIUS. Momentus
5 and SRAC indicated in the CFIUS notice that the proposed mitigation
6 measures are not intended to be exhaustive or exclusive, and that they are
7 committed to wholly addressing CFIUS's and its member agencies'
8 national security concerns.

9 134. The amended Registration Statement revealed that Momentus now did not
10 expect to complete its first launch until June 2021 and that Momentus generally
11 expected a more delayed schedule for launches and commercialization of its technology
12 as compared to its prior forecasts.

13 135. The amended Registration Statement revealed that Momentus's backlog of
14 customer contracts fell from \$90 million to \$86 million. This represented the
15 cancellation of \$4 million worth of customer contracts and was a further materialization
16 of concealed risks relating to national security and SRAC's deficient due diligence, and
17 the resulting significant delay in Momentus's planned launch schedule. Also, the
18 amended Registration Statement deleted a statement from the prior version of the
19 Registration Statement, which had said "[w]e were recently selected by Lockheed
20 Martin to support its \$89.7 million contract from NASA's 2020 Tipping Point
21 solicitation, to provide Satellite as a Service using our Vigoride vehicle for Lockheed
22 Martin's payload," thus revealing that Lockheed Martin would no longer use Momentus
23 for this mission.

24 136. The notes to Momentus's financial statements included in the amended
25 Registration Statement revealed that Momentus "has concluded there is substantial
26 doubt about its ability to continue as a going concern within one year after the date these
27 financial statements are issued," due to its history of losses, need to obtain additional
28 investment, and uncertainty surrounding its products and services. The substantial doubt
about Momentus's ability to continue as a going concern represented a further

1 materialization of risks relating to national security and SRAC's deficient due diligence
2 concealed from investors, as delays in Momentus's launch schedule and ability to
3 generate revenue were directly caused by the federal government's national security
4 review of Kokorich and Momentus.

5 137. The amended Registration Statement also revealed that "in January 2021,
6 the SEC's Division of Enforcement informed SRAC and Momentus that it was
7 investigating certain disclosures made in filings with the SEC, including in connection
8 with the Business Combination. SRAC and Momentus are fully cooperating with the
9 SEC's investigation and are unable to predict the outcome of the matter at this time."

10 138. Following publication of the amended Registration Statement, on March 8,
11 2021 SRAC's stock closed at \$12.50 per share, 8.0% lower as compared to its previous
12 day closing price.

13 **May 4, 2021 Disclosures Concerning Loss Of Customers**

14 139. On May 4, 2021, representatives of SRAC and Momentus participated in a
15 live broadcast interview with IPO Edge. The interview was accompanied by a modified
16 version of Momentus's investor presentation.

17 140. On May 5, 2021, SRAC publicly filed a transcript of this interview with the
18 SEC on Form 425, along with a copy of the accompanying investor presentation.

19 141. The investor presentation was similar to presentations previously published
20 by SRAC and Momentus. However, whereas prior presentations had touted \$90 million
21 or \$86 million of "backlog" customer contracts, Defendants removed all backlog
22 numbers from this new version of the presentation. The May 4, 2021 presentation
23 contained slides titled "Momentus at a Glance" and "Significant Customer Traction and
24 Expected Demand" that were substantially similar to slides included in prior
25 presentations, with the exception that the prior versions contained specific backlog
26 numbers which were now conspicuously absent from the May 4, 2021 presentation.
27 Also, conspicuously absent from the May 4, 2021 presentation was the inclusion of
28 Lockheed Martin among the lists of customers included in prior presentation versions.

1 These changes to the investor presentation revealed to the market that Momentus
2 continued to lose customers and backlog. This was a further materialization of concealed
3 risks relating to national security and SRAC's deficient due diligence, and the resulting
4 significant delay in Momentus's planned launch schedule.

5 142. Following the broadcast of this interview and presentation, on May 4,
6 2021 SRAC's stock closed at \$11.08 per share, 6.7% lower.

7 **May 24, 2021 Disclosures Concerning Launch Delays**

8 143. On May 24, 2021, SRAC publicly filed with the SEC a current report on
9 Form 8-K.

10 144. The current report stated: "On May 23, 2021, Momentus informed Stable
11 Road that it does not expect to fly any missions in 2021 and that this determination was
12 based on information from SpaceX that it was suspending its Momentus-related efforts
13 while Momentus works to secure approvals from the U.S. government . . . Momentus is
14 in the process of updating its financial projections and backlog."

15 145. Defendants repeatedly touted participation in multiple planned launches in
16 2021, even after they admitted to delays in the launch schedule in response to ongoing
17 national security investigations. Defendants had also promoted SpaceX as a key partner
18 important to Momentus's future plans and success. However, the risks relating to
19 national security and SRAC's deficient due diligence concealed by Defendants' false
20 statements had further materialized, and Momentus would now not be able to participate
21 in any launches in 2021, and so would not be able to generate any revenue from offering
22 its services in space in 2021.

23 146. Also, Defendants had promoted the potential revenue from Momentus's
24 customer order backlog, and aggressive revenue projections based on multiple launches
25 occurring in 2021, but now admitted that these figures required "updating."

26 **The June 29, 2021 Disclosures**

27 147. On June 29, 2021, SRAC publicly filed with the SEC an amended
28 Registration Statement on Form S-4/A.

1 148. The amended Registration Statement contained partial corrective
2 disclosures relating to Momentus’s unproven technology. The amended Registration
3 Statement disclosed that “the technology underlying [Momentus’s] anticipated service
4 offerings (including its water plasma propulsion technology) is still in the process of
5 being developed and has not been fully tested or validated in space and may never have
6 the capabilities or functionality in space that Momentus currently expects.”

7 149. The amended Registration Statement admitted that Momentus’s sole in
8 space test had not met its objectives and had encountered serious operational problems:

9 Our first-generation X-band thruster, which operates at 30 Watts, was
10 flown aboard a demonstration mission called El Camino Real in mid- 2019.
11 During this mission, Momentus launched its first MET into space as a
12 hosted payload on a nanosatellite. The mission’s objective was to
13 demonstrate the MET’s ability to produce water plasma in space by
14 performing 100 one-minute firings. The MET was instrumented with
15 temperature, pressure and RF reflected power sensors to infer the presence
16 of water plasma, which if detected, would indicate that the water propellant
17 was flowing into the thrust chamber and radio frequency energy was being
18 absorbed by the water.

19 Failure of the host satellite in November 2019 prematurely terminated the
20 demonstration after only 23 of the planned 100 firings of the thruster had
21 been performed including 12 hot firings with microwave power turned on
22 and 11 cold firings with the microwave turned off. While a pump issue
23 significantly restricted flow of water into the thruster during nine of the 12
24 hot firings, preventing plasma generation, the three hot firings that did have
25 water present were found to have produced plasma.

26 150. The amended Registration Statement also contained partial corrective
27 disclosures, relating to the federal government’s national security concerns surrounding
28 Defendant Kokorich. For instance, the amended Registration Statement disclosed that:

On June 8, 2021, CFIUS’ review of the joint notice relating to historical
acquisitions of interests in Momentus by Mr. Kokorich, his wife, and
entities that they control concluded when the Company entered into a
National Security Agreement with Mr. Kokorich, on behalf of himself and
Nortrone Finance S.A. (an entity controlled by Mr. Kokorich), Lev Khasis

1 and Olga Khasis, each in their respective individual capacities and on
2 behalf of Brainyspace LLC (an entity controlled by Olga Khasis), and the
3 U.S. government, represented by the U.S. Departments of Defense and the
4 Treasury (the 'NSA'). In accordance with the NSA, on June 8, 2021, Mr.
5 Kokorich, Nortrone Finance S.A., Lev Khasis and his wife Olga Khasis,
6 and Brainyspace LLC fully divested all the equity interests in Momentus
7 owned or beneficially owned by them by selling such equity interests to
8 Momentus. The NSA also establishes various requirements and restrictions
9 on Momentus in order to protect national security, certain of which may
10 materially and adversely affect the operating results of Momentus due to
11 uncertainty associated with and the cost of compliance with security
12 measures, and limitations on Momentus' control over certain U.S.
13 facilities, contracts, personnel, vendor selection and operations.

14 151. The amended Registration Statement revealed that Momentus would have
15 to pay Defendant Kokorich, Lev Khasis, and their affiliates, \$50 million in exchange for
16 the repurchase of their interests in Momentus.

17 152. The amended Registration Statement revealed that Momentus's National
18 Security Agreement with the U.S. government imposed onerous and expensive
19 requirements on Momentus, including that:

20 Under the NSA, we are required to hire and pay for the costs of a full time
21 Security Officer who will be responsible for overseeing compliance with
22 the NSA, an independent third-party monitor to monitor compliance with
23 the NSA by the parties to the NSA, as well as an independent third-party
24 auditor to regularly audit our compliance with the NSA. We are also
25 required to establish: (i) a security plan to safeguard protected technical
26 information, systems and facilities; (ii) a board-level Security Committee
27 to oversee the development and implementation of policies and procedures
28 to safeguard protected technical information, systems and facilities and to
exercise appropriate oversight and monitoring of Momentus' operations to
ensure that the protective measures contained in the NSA are effectively
maintained and implemented; (iii) an audit plan; and (iv) a communications
plan. We are also required to provide detailed and frequent reports to the
third-party monitor. We will incur substantial costs to implement these and
other requirements under the NSA, and we expect that substantial
personnel time will need to be devoted to implement and comply with
these requirements . . . These costs, requirements and restrictions may

1 materially and adversely affect our operating results.
2

3 153. The amended Registration Statement revealed further delays to Momentus's
4 anticipated launch schedule:

5 Our first launch with customers is currently anticipated to occur in June
6 2022, subject to receipt of licenses and other government approvals and
7 availability of slots on our launch provider's manifests. Prior planned
8 launches were cancelled due to not receiving required licenses and other
9 governmental approvals and other factors, and we can offer no assurances
10 that our first launch will occur in June 2022. And Defendants similarly
11 admitted that "Momentus now anticipates sending its first two Vigoride
vehicles into space in June 2022 . . . approximately 18 months later than
had been contemplated at the time of our initial merger announcement."

12 154. Defendants further admitted in the amended Registration Statement that the
13 national security concerns and resulting delays had led customers to abandon Momentus:

14 If we do not receive [government] approvals in a timely manner, our
15 financial condition, results of operations, backlog and prospects will be
16 materially adversely affected. For example, we have experienced erosion in
17 our backlog of \$86 million as of March 4, 2021 to \$66 million as of June
18 11, 2021 as customers chose to cancel their contracts with us and seek
19 alternative providers due to delays in our scheduled missions as we await
receipt of necessary governmental approvals.

20 155. The amended Registration Statement revealed that SRAC and Momentus
21 had amended their merger agreement, to reflect the fact that Momentus was only half as
22 valuable as Defendants had previously represented to public investors:

23 On June 29, 2021, SRAC, Momentus and the other parties to the Merger
24 Agreement entered into an amendment to the Merger Agreement to, among
25 other things, reduce the enterprise valuation of Momentus from \$1.131
26 billion to \$566.6 million due to regulatory delays which have resulted in
27 delays in the closing of the Business Combination and Momentus' launch
28 schedule. As a result of these delays, Momentus has updated its financial
projections.

1 156. The amended Registration Statement disclosed dramatic downward
2 revisions to Momentus’s prior revenue projections. For instance, Defendants admitted
3 Momentus had no revenue in 2020, projected no revenue for 2021, and projected only
4 \$5 million in revenue for 2022, in addition to dramatic downward revisions in all later
5 years as well. Defendants admitted, “[i]n general, projected revenue and gross profits
6 have shifted forward by 18 months.”

7 157. The amended Registration Statement admitted that Momentus’s revenue
8 projections “are based on assumptions about Momentus’ ability to fully develop, test and
9 validate its technology in space, including its water plasma propulsion technology, and
10 assumes that Momentus can obtain the necessary licenses and regulatory approvals from
11 the U.S. government for its missions on a timely basis.”

12 158. The amended Registration Statement also admitted that “Momentus has
13 incurred significant losses since inception, it expects to incur losses in the future and it
14 may not be able to achieve or maintain profitability.”

15 159. The amended Registration Statement admitted regarding the ongoing SEC
16 investigation:

17 On January 24, 2021, the Company received a subpoena from the Division
18 of Enforcement of the U.S. Securities and Exchange Commission . . .
19 requesting documents regarding the Registration Statement . . . filed by
20 SRAC in connection with the Business Combination. Most recently, the
21 Company has entered into settlement discussions with the Division of
22 Enforcement in an effort to resolve a potential enforcement action.

22 **The July 13, 2021 SEC Order And SEC Complaint**

23 160. On July 13, 2021, the SEC published the SEC Order, publicly filed the SEC
24 Complaint, and issued a related press release.

25 161. The SEC Order and the SEC Complaint revealed material additional facts,
26 not previously disclosed, regarding Momentus’s unproven technology, Defendant
27 Kokorich’s national security risks, and SRAC’s deficient due diligence, which corrected
28 Defendants’ prior false and misleading statements and omissions.

1 **DEFENDANTS FALSE AND MISLEADING STATEMENTS**

2 **October 7, 2020 Merger Agreement**

3 162. On October 7, 2020, Defendants announced the proposed merger between
4 SRAC and Momentus in communications including: (a) a joint press release from SRAC
5 and Momentus, (b) an investor presentation prepared by Momentus and filed with the
6 SEC by SRAC, (c) a conference call with Defendants Kabot and Kokorich participating,
7 the script for which was filed with the SEC by SRAC, and (d) a televised interview with
8 Defendant Kabot on *CNBC*, the transcript of which was filed with the SEC by SRAC.
9 SRAC filed these documents with the SEC as exhibits to current reports signed by
10 Defendant Kabot.

11 **National Security Risks**

12 163. The joint press release from SRAC and Momentus stated: “The Company
13 plans to launch its first Vigoride vehicle in December 2020 with commercial customers
14 and four to five Vigorides in 2021.”

15 164. The investor presentation presented a timeline under the heading “First
16 Mover with Rapid Progress To Date,” forecasting four launches by the end of 2021.

17 165. In the television interview, Defendant Kabot stated regarding Momentus’s
18 launch schedule:

19 Our first commercial launch will be in December 2020 with SpaceX. We
20 have a pretty full vehicle of satellites to deliver. And then we have a
21 phenomenal launch cadence for 2021 going up with SpaceX in February,
22 June, and December 2021. We actually have one and a half vehicles
23 already booked for December 2021. So pretty aggressive launch cadence
24 with SpaceX.

24 166. The conference call quotes Defendant Kokorich as saying: “I am the
25 Founder and CEO of Momentus . . . We are a first mover in offering space transportation
26 and infrastructure services, powered by our groundbreaking water plasma propulsion
27 technology.” The conference call script further quotes Defendant Kokorich as saying
28 that Momentus “will be conducting our first flight with customers in December 2020.”

1 167. The joint press release from SRAC and Momentus quoted Defendant
2 Kokorich as stating: “Momentus is at the forefront of the new space economy and is
3 poised to capitalize on the significant growth opportunity as a first mover.” The press
4 release further quoted Defendant Kokorich as stating: “[w]e expect to deploy the
5 proceeds of this transaction to support our rapid growth and operations, and to support
6 our capital needs as we ramp up revenues.”

7 168. The joint press release from SRAC and Momentus quoted Defendant Kabot
8 as stating: “As the only public, pure-play commercial space company capable of
9 revolutionizing space infrastructure, Momentus is poised to capitalize on its market-
10 defining position.”

11 169. The investor presentation stated: “Exceptional Team Led By Visionary
12 Founder,” featuring a picture of Defendant Kokorich, who it described as a “Visionary
13 space entrepreneur and innovator,” and who it identified as Momentus’s CEO and
14 founder. The presentation also stated under the heading “Momentus Opportunity,”
15 “Well-seasoned team with experience in aerospace, propulsion and robotics piloted by
16 visionary leader and innovator,” in reference to Defendant Kokorich. The conference
17 call script quotes Defendant Kabot as stating: “[w]ith its visionary founder, highly
18 experienced management team, progress to date and significant commercial traction,
19 Momentus is set to revolutionize and enable the future of the space economy.”

20 170. The statements above were false and/or misleading when made because
21 they failed to disclose, among other things, the national security risks pertaining to
22 Defendant Kokorich. These undisclosed adverse facts made it highly likely that the
23 federal government would significantly restrict Momentus’s operations so long as
24 Kokorich remained an officer or shareholder, and likewise made it highly unlikely that
25 the federal government would grant Momentus the approvals necessary to achieve its
26 advertised launch schedule.

27 171. Further, the statements of SRAC and Defendant Kabot above were false
28 and/or misleading because they failed to disclose, among other things, SRAC’s failure to

1 perform adequate due diligence on Momentus. Because SRAC and Defendant Kabot
2 had not performed adequate due diligence on Kokorich’s national security risks, their
3 statements regarding his continued involvement with Momentus and regarding
4 Momentus’s planned launch schedule lacked any reasonable basis and so were
5 materially misleading.

6 **Momentus’s Technology**

7 172. The investor presentation under the heading “Company Overview,” stated:
8 “Groundbreaking water propulsion technology that significantly reduces costs and is
9 reusable,” and “Successfully tested water-based propulsion technology on a demo flight
10 launched mid-2019 – is still operational today.”

11 173. In the television interview, Defendant Kabot stated: “we had a very
12 successful test launch, the vehicle is still flying around in space, which is great.” 200.
13 The joint press release from SRAC and Momentus stated “Momentus offers its
14 customers significantly more affordable access to space by combining the capabilities of
15 low-cost launch vehicles and Momentus’ transport and service vehicles, powered by
16 water plasma propulsion technology . . . In 2019, the Company successfully tested its
17 water plasma propulsion technology in space.”

18 174. The investor presentation presented a timeline under the heading “First
19 Mover with Rapid Progress To Date,” reflecting the “El Camino test flight” in 2019.

20 175. The investor presentation presented a slide titled “Cornerstone Water
21 Propulsion Innovation” which stated: “High ISP . . . 2 to 5 times any chemical
22 propulsion system” and “High thrust . . . 10 times higher than most electric propulsion.”

23 176. The joint press release from SRAC and Momentus quoted Defendant
24 Kokorich as stating: “The technologies we’ve developed or built upon, including our
25 groundbreaking water plasma propulsion, will support growing demand from the
26 booming satellite industry with affordable, versatile and low risk transportation and
27 infrastructure services.”

28 177. The conference call quotes Defendant Kokorich as stating: “We are

1 building upon last year’s successful in-space test of our water plasma propulsion and
2 will be conducting our first flight with customers in December 2020.” The script also
3 quotes Defendant Kokorich as stating: “We are a first mover in offering space
4 transportation and infrastructure services, powered by our groundbreaking water plasma
5 propulsion technology.” The script further quotes Defendant Kokorich stating:

6 At the heart of our vehicles is our groundbreaking water plasma propulsion
7 technology, which uses simple water as a propellant. Our system was
8 designed to be safe, inexpensive and offer an excellent mix of thrust and
9 efficiency. Our thruster is more efficient than conventional chemical
10 propulsion and has higher thrust than electric propulsion, such as Hall-
11 effect thrusters.

12 178. The statements above were false and/or misleading because they failed to
13 disclose, among other things, Momentus’s in space test failure. These undisclosed
14 adverse facts directly contradicted Defendants’ claims to have successfully tested
15 Momentus’s technology in space and rendered Defendants’ statements about the
16 properties and commercial readiness of this technology materially misleading.

17 179. Further, the statements of SRAC and Defendant Kabot above were false
18 and/or misleading because they failed to disclose, among other things, SRAC’s failure to
19 perform adequate due diligence on Momentus. Because SRAC and Defendant Kabot
20 had not performed adequate due diligence on the El Camino Real mission, their
21 statements regarding the results of this mission and the commercial readiness of
22 Momentus’s technology lacked any reasonable basis and so were misleading.

23 **Financial Projections**

24 180. The investor presentation stated under the heading “Transaction
25 Highlights,” “No additional capital needs expected prior to achieving profitability.”

26 181. The joint press release from SRAC and Momentus stated: “As of
27 September 30, 2020, the Company had customer contracts which represent
28 approximately \$90 million in potential revenue over the next several years.”

182. The investor presentation contained a slide titled “Significant Customer

1 Traction and Expected Demand,” which stated: “Signed Contracts >\$90M.”

2 183. In the television interview, the interviewer asked: “I read that the company
3 has contracts for \$90 million in potential revenue – I should not, potential – over the
4 next several of years, what kind of risk is involved in those kind of forecasts?”
5 Defendant Kabot responded: “That \$90 million is fully contracted and then a portion are
6 options that are written into the agreements.”

7 184. The joint press release from SRAC and Momentus stated “Combined
8 company will have an estimated enterprise value of approximately \$1.2 billion”

9 185. The conference call script quotes Defendant Kokorich: “we believe that our
10 financial projections assume a conservative market capture” and also states:

11 Commercially, we have seen strong market traction. Our customers include
12 defense primes such as Lockheed Martin, government agencies such as
13 NASA, and dozens of small satellite manufacturers and operators. Our
14 backlog encompasses the initial and early deployment of our customers’
15 constellations, and we expect our backlog with existing customers will
16 grow by many multiples as we plan to serve the rollout of our customers’
17 constellations. We have several substantial opportunities currently in
18 negotiation or in discussions, worth more than \$1 billion of additional
19 potential revenue.

20 We expect good margin expansion over the next few years and we are
21 projecting that we will be profitable by 2023 and operating at or near run-
22 rate margins by 2025. On a run rate basis, we expect gross margins of
23 around 70%, and EBITDA margins of 60%.

24 186. The statements above were false and/or misleading when made because
25 they failed to disclose, among other things, Kokorich’s national security risks and
26 Momentus’s failed in space test made the assumptions underlying the financial
27 projections and related metrics unreasonable and made it highly unlikely that these
28 projections and related metrics would be achieved.

187. Further, the statements of SRAC and Defendant Kabot above were false
and/or misleading when made because they failed to disclose, among other things,
SRAC’s failure to perform adequate due diligence on Momentus. Because SRAC and

1 Defendant Kabot had not performed adequate due diligence on Kokorich’s national
2 security risks or the El Camino Real mission, their statements regarding financial
3 projections and related metrics for Momentus, which depended on key assumptions
4 regarding Momentus’s launch schedule and technology, lacked any reasonable basis and
5 so were misleading.

6 **Due Diligence**

7 188. In the television interview, the interviewer asked: “Speaking of SPACs
8 right, I came into this segment saying blank check bonanza, SPAC-a-palooza . . . I’m
9 wondering what you make of it and whether you think there’s just too many.”

10 Defendant Kabot stated:

11 I think it’s very healthy, right . . . And what I think is great for the investor
12 is we did four months of due diligence. We spent a lot of money with some
13 of the top service providers out there from Stellar Solutions to Kirkland
14 and Ellis, from Orrick to Evercore to cantor completing our underwriting,
15 right, we did four months of due diligence, which in a traditional ipo you
16 would never have the opportunity to do, so I think SPACs are very healthy
17 for the market.

18 189. The statements of SRAC and Defendant Kabot above were false and/or
19 misleading when made because they failed to disclose, among other things, SRAC’s
20 failure to perform adequate due diligence on Momentus. Because SRAC and Defendant
21 Kabot had not performed adequate due diligence on Momentus, their statements touting
22 their due diligence process were misleading.

23 **October 13, 2020 Updated Investor Presentation**

24 190. On October 13, 2020, SRAC filed with the SEC a current report on Form 8-
25 K, signed by Defendant Kabot, which contained as an exhibit an updated version of the
26 investor presentation filed by SRAC on October 7, 2020.

27 191. The false and misleading statements and omissions contained in this
28 updated investor presentation were identical or substantially similar to the false and
misleading statements and omissions contained in the previously published investor

1 presentation.

2 **November 2, 2020 Registration Statement**

3 192. On November 2, 2020, SRAC filed a registration statement on Form S-4
4 with the SEC seeking shareholder approval of the merger. The registration statement
5 was signed by Defendants Kabot and Norris, and by each member of SRAC’s board of
6 directors including Defendant Hofmockel. The registration statement incorporated
7 information about Momentus that was supplied to SRAC by Momentus and the
8 Momentus Individual Defendants.

9 **National Security Risks**

10 193. The registration statement stated that “[u]pon the consummation of the
11 Business Combination, the Company’s co-founder, Mr. Kokorich, will serve as Chief
12 Executive Officer and a director of the Combined Company.” The registration statement
13 also stated: “[w]e believe Mikhail Kokorich will play a vital role in helping us achieve
14 our goals and advance the interests of our stockholders,” and that “[w]e believe that Mr.
15 Kokorich is qualified to serve as a member of the board of directors of the Combined
16 Company because of his extensive professional experience in the space technology
17 industry and deep knowledge of the operations of Momentus as our Chief Executive
18 Officer.”

19 194. The registration statement stated that “[w]e plan to launch the first iteration
20 of our pioneer transport vehicle, Vigoride, in December 2020, followed by five vehicles
21 in 2021. All of our flights, beginning in December 2020, will have paying customers
22 onboard.” The registration statement also stated that “Vigoride’s first commercial
23 mission is planned to launch in December 2020, followed by launches in April 2021,
24 June 2021, and December 2021.”

25 195. The registration statement stated that: “restrictions on the ability of foreign
26 persons to invest in us could limit our ability to engage in strategic transactions that
27 could benefit our stockholders.”

28 196. The registration statement stated that “it is possible that Mr. Kokorich’s

1 controlling interests in the Company, or perceptions surrounding Mr. Khasis and his
2 affiliation with Sberbank, could make it more difficult to obtain CFIUS approval in
3 connection with future potential investments by the Company in U.S. businesses.”

4 197. The registration statement also stated that:

5 With respect to any investment by Momentus that is within CFIUS’s
6 jurisdiction . . . CFIUS could block the consummation of an acquisition or
7 investment within its jurisdiction or could order divestiture after the
8 transaction is completed. Recently, a number of stockholders of a U.S.
9 company, including Mr. Kokorich, divested their interests in such company
pursuant to an order by CFIUS.

10 198. Regarding Momentus’s application to the BIS for an export license to
11 provide its technology to Defendant Kokorich, the registration statement stated that:

12 We have been pursuing a BIS license since early 2018 to authorize the
13 deemed export of the Company’s controlled technology to Mr. Kokorich,
14 but we have not yet been able to obtain such a license, and there is no
15 assurance we will ever be able to obtain such a license in the future. If we
16 continue to operate without such a license, Mr. Kokorich will continue to
17 be unable to access this controlled technology for as long as he remains a
18 non-US person. While we believe that if the current restrictions on Mr.
19 Kokorich’s access to controlled technology remain in place, we will be
20 able to continue to operate our business without any material adverse
21 impact on us, it is possible that these restrictions could in the future lead to
22 complications or other issues that may have a material adverse impact on
23 our operations.

24 199. Regarding Defendant Kokorich’s immigration status, the registration
25 statement stated that:

26 Momentus’ co-founder and Chief Executive Officer, Mikhail Kokorich,
27 who will be the Chief Executive Officer of the Combined Company, is a
28 citizen of the Russian Federation who is seeking asylum in the United
States and is authorized to work in the United States while his asylum
application is pending. While Momentus believes Mr. Kokorich’s
application will be granted, if for any reason it is not, he may not be able to
remain in the United States, which could make it difficult for him to
perform his duties as Chief Executive Officer and as a director of the

1 Company and the Combined Company, which would adversely impact us.
2

3 200. The statements above were false and/or misleading when made because
4 they failed to disclose, among other things, the national security risks pertaining to
5 Defendant Kokorich. These undisclosed adverse facts made it highly likely that the
6 federal government would significantly restrict Momentus's operations so long as
7 Kokorich remained an officer or shareholder, and likewise made it highly unlikely that
8 the federal government would grant Momentus the approvals necessary to achieve its
9 advertised launch schedule.

10 201. Further, the statements above were false and/or misleading when made
11 because the risk warnings presented as mere hypothetical risks adverse events that had
12 already materialized; and the risk warnings failed to disclose specific facts concerning
13 regulatory actions involving Defendant Kokorich.

14 202. Further, the statements of SRAC and the SRAC Individual Defendants
15 above were materially false and/or misleading when made because they failed to
16 disclose, among other things, SRAC's failure to perform adequate due diligence on
17 Momentus. Because SRAC and the SRAC Individual Defendants had not performed
18 adequate due diligence on Kokorich's national security risks, their statements regarding
19 his continued involvement with Momentus, Momentus's planned launch schedule, and
20 Momentus's regulatory risks lacked any reasonable basis and so were materially
21 misleading.

22 **Momentus's Technology**

23 203. The registration statement stated that: "Momentus has developed a portfolio
24 of technologies, including its cornerstone water plasma propulsion technology, which it
25 successfully tested in space in 2019."

26 204. The registration statement stated that: "[o]ur revolutionary water plasma
27 propulsion technology provides a unique competitive advantage for our vehicles and
28 services" and that "[w]e view this technology as ground-breaking, as it can achieve

1 considerable propulsive thrust level while maintaining high ISP, which enables a shorter
2 duration of missions, an enhanced reach, and excellent payload mass ratio.”

3 205. The registration statement reproduced a slide from the SRAC/Momentumus
4 investor presentations previously published on October 7, 2020 and October 13, 2020,
5 which slide was titled “Cornerstone Water Propulsion Innovation,” and which stated
6 “High ISP . . . 2 to 5 times any chemical propulsion system” and “High thrust . . . 10
7 times higher than most electric propulsion.”

8 206. The registration statement, under the heading “Competitive Advantage
9 Overview,” stated:

10 A key space-specific barrier to entry is flight heritage. Ultimately the only
11 way to assess the reliability of a product, such as satellites or launch
12 services, is by seeing a history of successful results, which in turn
13 influences insurance rates and customers’ perceptions. Therefore, we
14 believe that our status as a first mover will offer a substantial competitive
15 advantage as we continue to build flight heritage ahead of competitors.

16 207. The statements above were materially false and/or misleading when made
17 because they failed to disclose, among other things, Momentumus’s in space test failure.
18 These undisclosed adverse facts directly contradicted Defendants’ claims to have
19 successfully tested Momentumus’s technology in space and rendered Defendants’
20 statements about the properties and commercial readiness of this technology materially
21 misleading.

22 208. Further, the statements of SRAC and the SRAC Individual Defendants
23 above were materially false and/or misleading when made because they failed to
24 disclose, among other things, SRAC’s failure to perform adequate due diligence on
25 Momentumus. Because SRAC and the SRAC Individual Defendants had not performed
26 adequate due diligence on the El Camino Real mission, their statements regarding the
27 results of this mission and the commercial readiness of Momentumus’s technology lacked
28 any reasonable basis and so were misleading.

Financial Projections

1 209. The registration statement stated that: “The Combined Company will have
2 an anticipated initial enterprise value of \$1.2 billion, implying a 1.0x multiple of 2025
3 projected EBITDA as Momentus’ operations are expected to achieve scale.”

4 210. The registration statement stated that: “we have received significant interest
5 from a wide range of different customers across different satellite applications. Our
6 current signed backlog (as of November 1, 2020) is worth approximately \$90 million in
7 potential revenue and continues to increase, while our pipeline consists of approximately
8 \$1.1 billion in potential contracts in negotiation or early conversations.”

9 211. The registration statement contained the following revenue projections:

<i>Management Forecasted Financials⁽¹⁾</i>								
<i>(\$ in millions)</i>	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Satellite Transportation Services ⁽¹⁾	\$ 2	\$ 19	\$ 122	\$ 435	\$ 852	\$ 1,089	\$ 1,453	\$ 1,717
Satellite as a Service ⁽¹⁾	—	—	30	153	319	721	1,192	1,650
In-Orbit Services ⁽¹⁾	—	—	—	10	29	150	343	669
Revenue⁽¹⁾	\$ 2	\$ 19	\$ 152	\$ 598	\$ 1,200	\$ 1,960	\$ 2,987	\$ 4,035
(%) Growth	NM	809%	718%	293%	101%	63%	52%	35%

16
17 212. The registration statement claimed that “in the view of Momentus’
18 management,” these projections “reflect[] to the best of management’s knowledge and
19 reasonable belief at the time of preparation, the expected course of action and the
20 expected future financial performance of Momentus as of the date of preparation.”

21 213. The statements above were materially false and/or misleading when made
22 because they failed to disclose, among other things, the adverse facts regarding financial
23 projections. The undisclosed adverse facts regarding Kokorich’s national security risks
24 and Momentus’s failed in space test made the assumptions underlying the financial
25 projections and related metrics unreasonable and made it highly unlikely that these
26 projections and related metrics would be achieved.

27 214. Further, the statements of SRAC and the SRAC Individual Defendants
28 above were materially false and/or misleading when made because they failed to

1 disclose, among other things, the adverse facts regarding SRAC's failure to perform
2 adequate due diligence on Momentus. Because SRAC and the SRAC Individual
3 Defendants had not performed adequate due diligence on Kokorich's national security
4 risks or the El Camino Real mission, their statements regarding financial projections and
5 related metrics for Momentus, which depended on key assumptions regarding
6 Momentus's launch schedule and technology, lacked any reasonable basis and so were
7 materially misleading.

8 **Due Diligence**

9 215. Regarding SRAC's due diligence, the registration statement stated that:

10 During the period between the execution of the Confidentiality Agreement
11 and the execution of the Merger Agreement on October 7, 2020, SRAC and
12 its advisors conducted extensive due diligence with respect to Momentus'
13 financial model, customer base and customer contracts, total addressable
14 market, industry in which Momentus operates, companies comparable to
15 Momentus and aero-defense companies with similar characteristics,
16 technology solutions, intellectual property and relationship with SpaceX.
17 Momentus provided representatives of SRAC and its advisors with, among
18 other materials in connection with SRAC's diligence review, confidential
19 presentations reflecting an overview of Momentus' business, as wellm as
20 financial forecasts and written responses to detailed business and financial
21 due diligence questions.

22 216. The registration statement also stated that: “[r]epresentatives of each of
23 SRAC and Momentus, as well as each of their advisors, met telephonically several times
24 throughout July, August and September 2020 to discuss disclosure requests and
25 responses in connection with SRAC's diligence review.”

26 217. The registration statement also stated that: “[o]n September 1, 2020, SRAC
27 engaged Stellar Solutions to assist with technical due diligence, including with respect to
28 Momentus' R&D strategy, vehicle development to date, testing progress and
competitive market positioning,” and that “[f]rom September 25, 2020 until signing on
October 7, 2020, SRAC had multiple teleconferences and email exchanges with
representatives of K&E, Stellar Solutions, RSM and certain of its other advisors

1 regarding the results of their due diligence review of Momentus and any outstanding
2 areas of their due diligence review.”

3 218. The registration statement stated that in deciding to approve the merger
4 agreement, SRAC’s board of directors “considered the scope of the due diligence
5 investigation conducted by SRAC’s management and outside advisors and evaluated the
6 results thereof,” including “extensive meetings and calls with the Momentus
7 management team,” “review of materials related to Momentus made available by
8 Momentus, including . . . export control and security matters,” “review of financial due
9 diligence materials prepared by professional advisors,” “technical diligence by a third
10 party systems engineering service provider with significant experience in system and
11 subsystem design and propulsion technology,” and “discussions with industry experts.”

12 219. The statements of SRAC and the SRAC Individual Defendants above were
13 false and/or misleading when made because they failed to disclose, among other things,
14 the adverse facts regarding SRAC’s failure to perform adequate due diligence on
15 Momentus. Because SRAC and the SRAC Individual Defendants had not performed
16 adequate due diligence on Momentus, their statements touting their due diligence
17 process were materially misleading.

18 **December 14, 2020 Amended Registration Statement**

19 220. On December 14, 2020, SRAC also filed an amended registration statement
20 on Form S-4/A with the SEC seeking shareholder approval of the merger. The amended
21 registration statement was signed by Defendant Kabot and Defendant Norris, and by
22 Defendant Kabot as attorney-in-fact for each member of SRAC’s board of directors
23 including Defendant Hofmockel. The amended registration statement incorporated
24 information about Momentus that was supplied to SRAC by Momentus and the
25 Momentus Individual Defendants. The amended registration statement was substantially
26 similar to the version previously filed by SRAC on November 2, 2020.

27 221. The false and misleading statements and omissions contained in this
28 amended registration statement were identical or substantially similar to the false and

1 misleading statements and omissions contained in the previously published registration
2 statement (with the exception that Momentus’s planned inaugural commercial mission
3 was postponed from December 2020 to January 2021).

4 222. Further, the December 14, 2020 amended registration statement added new
5 misleading statements regarding Momentus’s application to the BIS for an export license
6 to provide its technology to Defendant Kokorich, stating: “notwithstanding the
7 restrictions on Mr. Kokorich’s access to export-controlled materials, Momentus has been
8 able to secure contracts with customers ranging from private space companies to
9 established U.S. space industry entities such as NASA and Lockheed Martin.”

10 223. In discussing Momentus’s BIS application, the amended registration
11 statement further stated: “Mr. Kokorich is pursuing several paths to U.S. Person status,
12 and we believe that he meets all of the legal requirements to be granted such status in the
13 United States. Momentus is also continuing to pursue appropriate export licensure for
14 Mr. Kokorich.”

15 224. The statements above were false and/or misleading when made because
16 they failed to disclose, among other things, the adverse facts regarding national security
17 risks pertaining to Defendant Kokorich. These undisclosed adverse facts made it highly
18 likely that the federal government would significantly restrict Momentus’s operations so
19 long as Kokorich remained an officer or shareholder, and made it highly unlikely that
20 the federal government would grant Kokorich U.S. Person status.

21 225. In addition, the statements of SRAC and the SRAC Individual Defendants
22 above were false and/or misleading when made because they failed to disclose, among
23 other things, the adverse facts regarding SRAC’s failure to perform adequate due
24 diligence on Momentus. Because SRAC and the SRAC Individual Defendants had not
25 performed adequate due diligence on Kokorich’s national security risks, their statements
26 regarding his continued involvement with Momentus, whether he would be granted U.S.
27 Person status, and Momentus’s regulatory risks lacked any reasonable basis and so were
28 misleading.

1 **January 4-5, 2021 Press Release And Interviews**

2 226. On January 4, 2021, Momentus issued a press release, which SRAC filed
3 with the SEC as an exhibit to a current report on Form 8-K, signed by Defendant Kabot.
4 Also, on January 4, 2021, *IPO Edge* published an interview with Defendant Kennedy,
5 which SRAC filed with the SEC. On January 5, 2021, *Forbes* published an interview
6 with Defendant Kokorich, which SRAC filed with the SEC.

7 **National Security Risks**

8 227. In the press release, Momentus stated regarding regulatory approvals and its
9 launch schedule that:

10 [Momentus] will be remanifesting its January 2021 mission to a subsequent
11 launch opportunity in 2021. This move will allow for the additional time
12 necessary to secure FAA approval of Momentus' payloads, including
13 completion of a standard interagency review. Momentus currently holds all
14 other necessary licenses for its Vigoride vehicle. The Company has
15 booked several additional launches with SpaceX between June and
16 December of 2021.

16 228. The press release quoted Defendant Kennedy as stating: "We will continue
17 to work with the FAA, as we have done successfully with other regulatory agencies, to
18 obtain approval in a timely manner."

19 229. The *IPO Edge* interviewer asked Kennedy: "What caused the delays?", to
20 which Defendant Kennedy replied:

21 The most recent shift (from January 2021 to a subsequent launch in 2021)
22 came about as result of a delay in the Federal Aviation Administration's
23 (FAA's) approval of Momentus' spacecraft. The FAA did not express any
24 specific concerns of its own, but rather indicated that more time was
25 needed to complete its interagency review of Momentus' payload.

25 230. The *IPO Edge* interviewer asked: "What is the nature of this interagency
26 review, and is this the first time you are undergoing such a review?" to which Defendant
27 Kennedy replied:

28 We are quite familiar with interagency review processes, and we have

1 cleared similar reviews for our other licenses. For example, we recently
2 cleared an interagency review as part of our effort to obtain a license from
3 the National Oceanic and Atmospheric Administration (NOAA) to allow
4 the operation of our spacecraft’s camera. While we discuss interagency
5 reviews in our S-4, these reviews are a standard part of various license
6 application processes, allowing multiple government agencies – the
7 Department of Commerce, Department of Defense, Department of State,
8 NASA, and others – to examine the applications from their individual
9 perspectives.

8 231. The *IPO Edge* interviewer asked: “You state in your S-4 that interagency
9 review may include a review of foreign ownership. Is that a concern for Momentus?” to
10 which Defendant Kennedy replied:

11 NOAA and its partner agencies have already reviewed Momentus’ foreign
12 ownership – this review was completed to the satisfaction of these
13 agencies, as evidenced by NOAA’s issuance of a license.

14 Momentus is approximately 74% U.S.-owned today, and this U.S.-
15 majority ownership is expected to increase to approximately 84% upon the
16 company’s merger with Stable Road. This merger is on target to close in
17 the first quarter of 2021 (subject to approval of Stable Road’s and
18 Momentus’ stockholders and other closing conditions, including a
19 registration statement being declared effective by the SEC). We also
20 mention in our S-4 that Mikhail Kokorich, the CEO of Momentus and one
21 of the company’s larger shareholders, is an asylum seeker from the Russian
22 Federation, currently pursuing several paths to U.S. Person status. We
23 believe that Mr. Kokorich meets all legal requirements to be granted such
24 status in the United States, and that he will be offered U.S. citizenship,
25 further increasing U.S. ownership of Momentus.

23 232. The *IPO Edge* interviewer asked: “In addition to the FAA approval, are
24 there any other approvals/licenses Momentus still needs in order to launch Vigoride?” to
25 which Defendant Kennedy replied: “No, Momentus currently holds all necessary
26 licenses for its Vigoride vehicle.”

27 233. The *Forbes* interviewer asked Kokorich: “Who is your biggest inspiration?”
28

1 to which Defendant Kokorich replied:

2 My source of inspiration is the story of Igor Sikorsky, a great Russian-
3 American inventor, aviator and entrepreneur. I found a lot of
4 commonalities in his life and my own. He became famous and successful
5 in the Russian Empire, where he built the largest plane in the world, and
6 finally ran from the Bolshevik regime of Soviet Russia to the United
7 States. He created a large aerospace company and became the inventor of a
8 new class of flying machines: helicopters, the possibility of which was
9 predicted by the great Leonardo Da Vinci.

8 234. The statements above were false and/or misleading when made because
9 they failed to disclose, among other things, the adverse facts regarding national security
10 risks pertaining to Defendant Kokorich. These undisclosed adverse facts made it highly
11 likely that the federal government would significantly restrict Momentus's operations so
12 long as Kokorich remained an officer or shareholder, and likewise made it highly
13 unlikely that the federal government would grant Momentus the approvals necessary to
14 achieve its advertised launch schedule.

15 235. Further, the statements of SRAC and Defendant Kabot above were false
16 and/or misleading when made because they failed to disclose, among other things, the
17 adverse facts regarding SRAC's failure to perform adequate due diligence on
18 Momentus. Because SRAC and Defendant Kabot had not performed adequate due
19 diligence on Kokorich's national security risks, their statements regarding his continued
20 involvement with Momentus, Momentus's planned launch schedule, and Momentus's
21 regulatory risks lacked any reasonable basis and so were misleading.

22 **Financial Projections**

23 236. In the press release, Momentus stated that: "The Company reaffirms its
24 expectation of 2021 revenue as detailed in its December 2020 investor presentation."

25 237. The press release quoted Defendant Kennedy as stating: "We anticipate that
26 by launching our first Vigoride vehicle on a subsequent mission, we will still achieve
27 our revenue expectations for 2021 while delivering our customers' payloads to orbit."

28 238. The *IPO Edge* interviewer asked Defendant Kennedy: "How will the new

1 launch date impact your 2021 revenue?” to which Defendant Kennedy replied “The
2 number of launches did not change. Rather than launching in January, we will launch
3 this particular vehicle at our first opportunity, later this year. Hence, we do not expect
4 changes to our total revenue for 2021.”

5 239. The *Forbes* interviewer asked Kokorich: “Why did you choose the SPAC
6 route to going public? What are the benefits of this versus the traditional IPO route?” to
7 which Defendant Kokorich replied: During the SPAC merger process, a company can
8 communicate its plans and projections to the market, which is challenging to do during
9 the IPO process. This is especially valuable for fast-growing companies, who place a lot
10 of value in future growth. Additionally, a company can negotiate and test its valuation
11 during the PIPE process before the deal becomes public and the company goes to
12 market. PIPE is common for SPAC deals, and it also signals to the market that the
13 valuation was negotiated with professional and reputable investors.

14 240. The statements above were materially false and/or misleading when made
15 because they failed to disclose, among other things, the adverse facts regarding financial
16 projections. The undisclosed adverse facts regarding Kokorich’s national security risks
17 and Momentus’s failed in space test made the assumptions underlying the financial
18 projections and related metrics unreasonable, and made it highly unlikely that these
19 projections and related metrics would be achieved.

20 241. Further, the statements of SRAC and Defendant Kabot above were false
21 and/or misleading when made because they failed to disclose, among other things, the
22 adverse facts regarding SRAC’s failure to perform adequate due diligence on
23 Momentus. Because SRAC and Defendant Kabot had not performed adequate due
24 diligence on Kokorich’s national security risks or the El Camino Real mission, their
25 statements regarding financial projections and related metrics for Momentus, which
26 depended on key assumptions regarding Momentus’s launch schedule and technology,
27 lacked any reasonable basis and so were misleading.

28

1 **January 25, 2021 Press Release**

2 242. On January 25, 2021, Momentus issued a press release, which SRAC filed
3 with the SEC as an exhibit to a current report on Form 8-K, signed by Defendant Kabot.
4 The press release announced that Momentus’s “Board of Directors has appointed Dawn
5 Harms, the Company’s Chief Revenue Officer, as a director and interim CEO effective
6 immediately, following the resignation of director and founding CEO Mikhail
7 Kokorich.”

8 243. The press release stated: “Momentus, in consultation with [SRAC], has
9 determined that accepting Mr. Kokorich’s resignation is in the best interest of the
10 Company, in an effort to expedite the resolution of U.S. government national security
11 and foreign ownership concerns surrounding the Company, the existence of which the
12 Company recently has confirmed.”

13 244. The press release quoted Defendant Kabot as stating: “We believe that this
14 leadership transition will position the company for success and help accelerate
15 regulatory reviews by the U.S. government . . . We have full confidence in Dawn and
16 the team to lead the Company to reach both near-term targets and achieve even greater
17 success over the longer-term.”

18 245. The statements above were false and/or misleading when made because
19 they failed to disclose, among other things, the adverse facts regarding national security
20 risks pertaining to Defendant Kokorich. These undisclosed adverse facts made it highly
21 likely that the federal government would significantly restrict Momentus’s operations so
22 long as Kokorich remained a shareholder, and likewise made it highly unlikely that the
23 federal government would grant Momentus the approvals necessary to achieve its
24 advertised launch schedule.

25 246. Further, the statements of SRAC and Defendant Kabot above were
26 materially false and/or misleading when made because they failed to disclose, among
27 other things, the adverse facts regarding SRAC’s failure to perform adequate due
28 diligence on Momentus. Because SRAC and Defendant Kabot had not performed

1 adequate due diligence on Kokorich’s national security risks, their statements regarding
2 the effect of his resignation, Momentus’s planned launch schedule, and Momentus’s
3 regulatory risks lacked any reasonable basis and so were misleading.

4 **March 8, 2021 Amended Registration Statement**

5 247. On March 8, 2021, SRAC filed an amended registration statement on Form
6 S-4/A with the SEC seeking shareholder approval of the merger. The amended
7 registration statement was signed by Defendant Kabot and Defendant Norris, and by
8 Defendant Kabot as attorney-in-fact for each member of SRAC’s board of directors
9 including Defendant Hofmockel. The amended registration statement incorporated
10 information about Momentus that was supplied to SRAC by Momentus and the
11 Momentus Individual Defendants.

12 248. The amended registration statement disclosed regarding Defendant
13 Kokorich’s resignation:

14 On January 21, 2021, Momentus became aware of correspondence from
15 the U.S. Department of Defense (“DoD”) stating Momentus posed a risk to
16 national security as a result of the foreign ownership and control of
17 Momentus by Mikhail Kokorich and Lev Khasis and their associated
18 entities, as well as concerns regarding disclosures relating to such matters
19 made by Stable Road in its SEC filings in connection with the Business
20 Combination. In an effort to expedite the resolution of these U.S.
21 Government concerns, on January 23, 2021, Mr. Kokorich resigned as
22 Momentus’ Chief Executive Officer and as a director of Momentus.

23 249. The amended registration statement described Kokorich’s relinquishment of
24 voting rights in his Momentus stock as part of efforts to overcome the U.S.
25 government’s national security concerns:

26 As contemplated by the CFIUS notice, on March 1, 2021, each of (i) Mr.
27 Kokorich (and Nortrone Finance S.A. (“Nortrone”), which is wholly
28 owned and controlled by Mr. Kokorich and his wife (collectively, the
“Kokorich Parties”)), and (ii) Brainyspace LLC (“Brainyspace”) (the
beneficial owner of which is Olga Khasis, a U.S. citizen and wife of Lev
Khasis, a co-founder and former director of Momentus who is a legal

1 permanent U.S. resident and also a Russian citizen), relinquished their
2 ability to direct the voting of any shares in Momentus through the
3 implementation of trust structures and certain voting arrangements.

4 250. The amended registration statement disclosed that Kokorich planned to
5 remain a shareholder of Momentus for several years, stating: “The Kokorich Parties and
6 Brainyspace have agreed with Momentus that they will fully divest their shares by
7 March 1, 2024, or as required by CFIUS.”

8 251. The amended registration statement discussed Momentus’s planned launch
9 schedule, stating: “Vigoride’s first two commercial missions are planned to launch in
10 June 2021, followed by a mission in August 2021 and three additional missions in
11 December 2021.”

12 252. The statements above were false and/or misleading when made because
13 they failed to disclose, among other things, the adverse facts regarding national security
14 risks pertaining to Defendant Kokorich. These undisclosed adverse facts made it highly
15 likely that the federal government would significantly restrict Momentus’s operations so
16 long as Kokorich remained a shareholder, and likewise made it highly unlikely that the
17 federal government would grant Momentus the approvals necessary to achieve its
18 advertised launch schedule.

19 253. Further, the statements of SRAC and the SRAC Individual Defendants
20 above were false and/or misleading when made because they failed to disclose, among
21 other things, the adverse facts regarding SRAC’s failure to perform adequate due
22 diligence on Momentus. Because SRAC and the SRAC Individual Defendants had not
23 performed adequate due diligence on Kokorich’s national security risks, their statements
24 regarding the effect of his resignation, Momentus’s planned launch schedule, and
25 Momentus’s regulatory risks lacked any reasonable basis and so were misleading.

26 **April 7, 2021 Preliminary Proxy Statement**

27 254. On April 7, 2021, SRAC filed with the SEC a current report on Form 8-K,
28 signed by Defendant Kabot, which contained as an exhibit an updated version of the

1 investor presentations previously published by SRAC and Momentus. Also, on April 7,
2 2021, SRAC filed with the SEC a preliminary proxy statement on Form 14A, signed by
3 Defendant Kabot, to postpone its May 13, 2021 deal deadline.

4 **National Security Risks**

5 255. The preliminary proxy statement stated regarding Momentus's efforts to
6 resolve regulatory concerns: "Momentus has undertaken several important actions in an
7 effort to further accelerate the resolution of these concerns," including "The entry into
8 trust structures and certain voting arrangements providing for the complete
9 relinquishment of the ability to direct the voting of shares of Momentus by Mr. Kokorich
10 and Mr. Khasis and/or their associated entities," and "Arrangements providing for the
11 complete divestment of shares of Momentus by Mr. Kokorich and Mr. Khasis and/or
12 their associated entities by March 1, 2024 or as required by CFIUS."

13 256. The preliminary proxy statement stated: "Momentus' first launch of
14 customer payloads is currently anticipated to occur in June 2021 on a SpaceX Falcon-9
15 rocket," and further stated that "Momentus still plans to build and launch six Momentus
16 vehicles in 2021 in three launches."

17 257. The investor presentation likewise contained a timeline forecasting
18 Momentus's launch of six Momentus vehicles in 2021 in three launches.

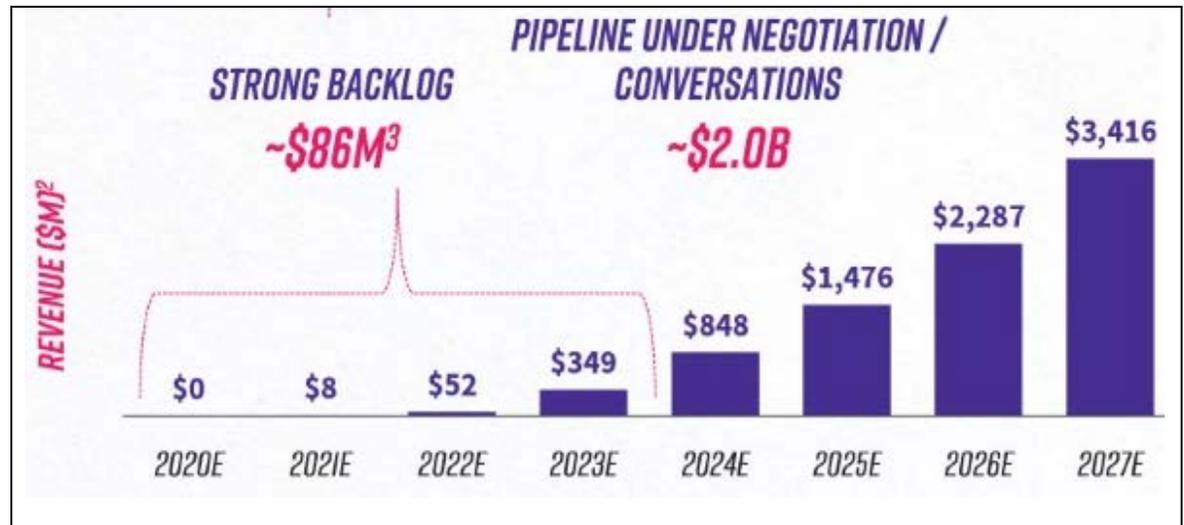
19 258. The statements above were materially false and/or misleading when made
20 because they failed to disclose, among other things, the adverse facts regarding national
21 security risks pertaining to Defendant Kokorich. These undisclosed adverse facts made
22 it highly likely that the federal government would significantly restrict Momentus's
23 operations so long as Kokorich remained a shareholder, and likewise made it highly
24 unlikely that the federal government would grant Momentus the approvals necessary to
25 achieve its advertised launch schedule.

26 259. Further, the statements of SRAC and Defendant Kabot above were false
27 and/or misleading when made because they failed to disclose, among other things, the
28 adverse facts regarding SRAC's failure to perform adequate due diligence on

1 Momentus. Because SRAC and Defendant Kabot had not performed adequate due
 2 diligence on Kokorich's national security risks, their statements regarding the effect of
 3 his resignation, Momentus's planned launch schedule, and Momentus's regulatory risks
 4 lacked any reasonable basis and so were misleading.

5 Financial Projections

6 260. The investor presentation contained the following revenue projections:



16 261. The investor presentation repeated these revenue projections under the
 17 heading "Clear Path to Profitability and >\$1B in EBITDA."

18 262. The investor presentation contained a slide titled "Significant Customer
 19 Traction and Expected Demand" which stated "Current Backlog of Potential Revenue
 20 ~\$86M."

21 263. The statements above were false and/or misleading when made because
 22 they failed to disclose, among other things, the adverse facts regarding financial
 23 projections. The undisclosed adverse facts regarding Kokorich's national security risks
 24 and Momentus's failed in space test made the assumptions underlying the financial
 25 projections and related metrics unreasonable, and made it highly unlikely that these
 26 projections and related metrics would be achieved.

27 264. Further, the statements of SRAC and Defendant Kabot above were false

28

1 and/or misleading when made because they failed to disclose, among other things, the
2 adverse facts regarding SRAC's failure to perform adequate due diligence on
3 Momentus. Because SRAC and Defendant Kabot had not performed adequate due
4 diligence on Kokorich's national security risks or the El Camino Real mission, their
5 statements regarding financial projections and related metrics for Momentus, which
6 depended on key assumptions regarding Momentus's launch schedule and technology,
7 lacked any reasonable basis and so were misleading.

8 **DERIVATIVE AND DEMAND FUTILITY ALLEGATIONS**

9 265. Plaintiff brings this action derivatively in the right and for the benefit of the
10 Company to redress injuries suffered and to be suffered as a direct and proximate result
11 of the breaches of fiduciary duties and gross mismanagement by the Director
12 Defendants.

13 266. Plaintiff will adequately and fairly represent the interests of the Company
14 and its shareholders in enforcing and prosecuting its rights and has retained counsel
15 competent and experienced in derivative litigation.

16 267. Plaintiff is a current owner of the Company stock and has continuously
17 been an owner of Company stock during all times relevant to the Director Defendants'
18 wrongful course of conduct alleged herein. Plaintiff understands his obligation to hold
19 stock throughout the duration of this action and is prepared to do so.

20 268. During the illegal and wrongful course of conduct at the Company and
21 through the present, the Board consisted of the Director Defendants. Because of the
22 facts set forth throughout this Complaint, demand on the Company Board to institute
23 this action is not necessary because such a demand would have been a futile and useless
24 act.

25 269. The Company Board is currently comprised of Defendants Hadfield, Kabot,
26 Kugler, Mercado, Reed, Reiners and Rood. Thus, Plaintiff is required to show that a
27 majority of the Demand Defendants, *i.e.*, four (4), cannot exercise independent objective
28 judgment about whether to bring this action or whether to vigorously prosecute this

1 action.

2 270. The Director Defendants face a substantial likelihood of liability in this
3 action because they caused the Company to issue false and misleading statements
4 concerning its financial results and future prospects. Because of their advisory,
5 executive, managerial, and directorial positions with the Company, the Director
6 Defendants had knowledge of material non-public information regarding the Company
7 and was directly involved in the operations of the Company at the highest levels.

8 271. The Director Defendants either knew or should have known of the false and
9 misleading statements that were issued on the Company's behalf and took no steps in a
10 good faith effort to prevent or remedy that situation.

11 272. The Director Defendants (or at the very least a majority of them) cannot
12 exercise independent objective judgment about whether to bring this action or whether
13 to vigorously prosecute this action. For the reasons that follow, and for reasons detailed
14 elsewhere in this Complaint, Plaintiff has not made (and should be excused from
15 making) a pre-filing demand on the Board to initiate this action because making a
16 demand would be a futile and useless act.

17 273. The Director Defendants approved and/or permitted the wrongs alleged
18 herein to have occurred and participated in efforts to conceal or disguise those wrongs
19 from the Company's stockholders or recklessly and/or with gross negligence disregarded
20 the wrongs complained of herein and are therefore not disinterested parties.

21 274. The Director Defendants authorized and/or permitted the false statements to
22 be disseminated directly to the public and made available and distributed to
23 shareholders, authorized and/or permitted the issuance of various false and misleading
24 statements, and are principal beneficiaries of the wrongdoing alleged herein, and thus,
25 could not fairly and fully prosecute such a suit even if they instituted it.

26 275. Because of their participation in the gross dereliction of fiduciary duties,
27 and breaches of the duties of due care, good faith, and loyalty, the Director Defendants
28 are unable to comply with their fiduciary duties and prosecute this action. They are in a

1 position of irreconcilable conflict of interest in terms of the prosecution of this action
2 and defending themselves in the securities fraud class action lawsuit brought under the
3 Securities Exchange Act of 1934.

4 276. Additionally, each of the Director Defendants received payments, benefits,
5 stock options, and other emoluments by virtue of their membership on the Board and
6 their control of the Company.

7 **MOMENTUS INDIVIDUAL DEFENDANTS ARE NOT INDEPENDENT**

8 **Defendant Rood**

9 277. Defendant Rood is the CEO of the Company. Defendant Rood is also the
10 Chairman of the Board of the Company.

11 278. Defendant Rood is not disinterested or independent, and therefore, is
12 incapable of considering demand because rood (as CEO) is an employee of the
13 Company who derived substantially all of his income from his employment with the
14 Company, making him not independent. Further, Defendants Kabot, Hadfield and
15 Kugler, as members of the Compensation Committee, determine Defendant Rood's
16 compensation, and Defendant Rood would never consider suing the members of the
17 Compensation Committee – the body that determines his salary. Moreover, Defendant
18 Rood cannot independently consider any demand to sue himself for breaching his
19 fiduciary duties to the Company, because that would expose him to liability and threaten
20 his livelihood.

21 279. This lack of independence and financial benefits received by Defendant
22 Rood renders him incapable of impartially considering a demand to commence and
23 vigorously prosecute this action.

24 **Defendant Kabot**

25 280. Defendant Kabot made many of the false and misleading statements to the
26 market and thus, could not fairly and fully prosecute such a suit even if he instituted it.

27 281. Defendant Kabot was a manager of the Sponsor, shared voting and
28 dispositive control over securities owned by the Sponsor and was reported as

1 beneficially owning securities owned by the Sponsor.

2 282. Defendant Kabot is a defendant in the Securities Class Action.

3 **Defendants Reiners, Reed and Kugler**

4 283. Defendant Reiners is the Chairman of the Audit Committee and Defendants
5 Reed and Kugler are members of the Audit Committee.

6 284. Defendants Reiners, Reed and Kugler breached their fiduciary duties of due
7 care, loyalty, and good faith, because the Audit Committee, *inter alia*, allowed or
8 permitted false and misleading statements to be disseminated by the Company as alleged
9 herein, and otherwise failed to ensure that adequate internal controls were in place
10 regarding the serious business reporting issues and deficiencies described above.

11 285. Based thereon and for other reasons described herein, Defendants Reiners,
12 Reed and Kugler face a substantial likelihood of liability for their breach of fiduciary
13 duties and any demand upon them is futile.

14 **FIRST CAUSE OF ACTION**

15 **(Against Defendants for Breach of Fiduciary Duties)**

16 286. Plaintiff incorporates by reference and re-alleges each and every allegation
17 contained above, as though fully set forth herein.

18 287. Defendants owe the Company fiduciary obligations. By reason of their
19 fiduciary relationships, Defendants owed and owe the Company the highest obligation
20 of good faith, fair dealing, loyalty, and due care.

21 288. Defendants violated and breached their fiduciary duties of care, loyalty,
22 reasonable inquiry, and good faith.

23 289. Defendants engaged in a sustained and systematic failure to properly
24 exercise their fiduciary duties. Among other things, Defendants breached their fiduciary
25 duties of loyalty and good faith by allowing the Company to improperly misrepresent
26 the Company's publicly reported financials. These actions could not have been a good
27 faith exercise of prudent business judgment to protect and promote the Company's
28 corporate interests.

1 Securities Class Action, which asserts claims under the federal securities laws for
2 violations of Sections 10(b) and 20(a) of the Exchange Act, and SEC Rule 10b-5
3 promulgated thereunder. If and when the Company is found liable in the Securities
4 Class Action for these violations of the federal securities laws, the Company's liability
5 will be in whole or in part due to Defendants Kabot's willful and/or reckless violations
6 of their obligations as officers of Stable Road

7 306. Defendant Kabot, because of his positions of control and authority was able
8 to and did, directly and/or indirectly, exercise control over the business and corporate
9 affairs of the Company, including the wrongful acts complained of herein and in the
10 Securities Class Action.

11 307. Accordingly, Defendants Kabot is liable under 15 U.S.C. § 78j(b), which
12 creates a private right of action for contribution, and Section 21D of the Exchange Act,
13 15 U.S.C. § 78u-4(f), which governs the application of a private right of action for
14 contribution arising out of violations of the Exchange Act.

15 308. As such, the Company is entitled to receive all appropriate contribution or
16 indemnification from Defendants Kabot.

17 **REQUEST FOR RELIEF**

18 **WHEREFORE**, Plaintiff demands judgment as follows:

19 A. Determining that this action is a proper derivative action
20 maintainable under law, and that demand is excused;

21 B. Awarding, against all the Director Defendants and in favor of the
22 Company, the damages sustained by the Company as a result of the Director
23 Defendants' breaches of their fiduciary duties;

24 C. Directing the Company to take all necessary actions to reform and
25 improve its corporate governance and internal procedures, to comply with the
26 Company's existing governance obligations and all applicable laws and to protect
27 the Company and its investors from a recurrence of the damaging events
28 described herein;

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VERIFICATION

I, BRIAN LINDSEY, declare that I have reviewed the Verified Shareholder Derivative Complaint (“Complaint”) prepared on behalf of Stable Road Acquisition Corp. and authorize its filing. I have reviewed the allegations made in the Complaint, and to those allegations of which I have personal knowledge, I believe those allegations to be true. As to those allegations of which I do not have personal knowledge, I rely on my counsel and their investigation and for that reason believe them to be true. I further declare that I am a current holder, and have been a holder, of Stable Road Acquisition Corp. common stock at all relevant times.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on June 09, 2022.



BRIAN LINDSEY