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11 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
12 **COUNTY OF SANTA CLARA**

15 DIRK LENNARZ
16 Plaintiff,
17 v.
18 TIKTOK INC., a California corporation;
19 TIKTOK U.S. DATA SECURITY INC., a
20 Delaware corporation, BYTEDANCE INC., a
21 Delaware corporation, and Does 1 through
22 100, Inclusive,
23 Defendants.

Case Number: 24CV448968

Assigned for all purposes to:

- COMPLAINT FOR:**
- 1. **WRONGFUL TERMINATION IN VIOLATION OF PUBLIC POLICY LABOR CODE SECTION 1102.5**
 - 2. **RETALIATION LABOR CODE SECTION 1102.5**

Complaint filed:

25 Plaintiff DIRK LENNARZ alleges as follows:

26 GENERAL ALLEGATIONS

27 1. Plaintiff now, and at all relevant times has, resided in the City of Fremont, County
28 of Alameda, State of California.

1 2. At all times alleged herein, plaintiff was employed by defendants, TIKTOK U.S.
2 DATA SECURITY, INC., TIKTOK INC., and BYTEDANCE INC. and Does 1 through 50, and
3 each of them, who resided in and conducted business in the City of Lincoln, Lancaster County,
4 State of California, City of Mountain View, Santa Clara County, State of California, the City of
5 San Jose, Santa Clara County, State of California and the defendants' conduct hereinafter alleged
6 occurred in each County and State. In addition, at all times alleged herein defendants Does 51
7 through 100, inclusive, and each of them, were plaintiff's direct and immediate supervisors and
8 engaged in the unlawful and actionable conduct as alleged herein.

9 3. Plaintiff is informed and believes, and on that basis alleges, that defendants,
10 TIKTOK U.S. DATA SECURITY, INC., and Does 1 through 50, inclusive, and each of them,
11 were corporations and/or other business entities form unknown conducting business in the State
12 of California, County of Santa Clara.

13 4. Plaintiff is informed and believes, and on that basis alleges, that defendants Does
14 51 through 100, inclusive, and each of them, were at all relevant times individuals working in the
15 County of Santa Clara, State of California.

16 5. The true names and capacities of defendants named as Does 1 through Doe 100,
17 inclusive, are presently unknown to plaintiff. Plaintiff will amend this complaint, setting forth the
18 true names and capacities of these fictitious defendants when they are ascertained. Plaintiff is
19 informed and believes, and on that basis alleges, that each of the fictitious defendants has
20 participated in the acts alleged in this complaint to have been done by the named defendants.

21 6. Plaintiff is informed and believes, and on that basis alleges, that at all relevant
22 times, each of defendants, whether named or fictitious, was the agent or employee of each of the
23 other defendants, and in doing the things alleged to have been done in the complaint, acted within
24 the scope of such agency or employment, or ratified the acts of the other. Moreover, at all relevant
25 times there existed such a unity of interest and ownership between the corporation and its equitable
26 owner that no separation actually existed and an inequitable result if the acts in question are treated
27 as those of the corporation alone.
28

1 of the fraud team. The business unit, however, pushed to expand the allowlist process to include
2 more accounts. Plaintiff expressed concern that this process would provide criminals additional
3 opportunities. Specifically, Plaintiff voiced serious concerns about this expansion, highlighting
4 that it would lead to further fraud. While Plaintiff successfully added purchasing limits to close
5 the most problematic loophole, the expansion of the allowlist continued, increasing the risk of
6 significant fraud similar to the October 2023 incident.

7 12. In February 2024, another major fraud attack occurred, resulting in over \$2,000,000
8 in losses. This attack validated Plaintiff's earlier concerns about the flawed allowlist process.
9 Plaintiff's investigation linked some of the fraudulent accounts in this attack to the same accounts
10 as appeared involved in the October 2023 Hamas-related fraud. Despite being proven correct in
11 his warnings, Plaintiff was marginalized at work as a result of his exposure of fraud that were
12 inconvenient facts for Defendants. In Q1 2024, Amin Salighehdar became Plaintiff's manager, and
13 Chen Ruan became his skip-level manager.

14 13. In June 2024, Plaintiff was asked to provide TikTok data in response to an FBI
15 subpoena related to the October 2023 Hamas incident. Plaintiff then discovered additional
16 accounts related to the October 2023 Hamas fraud attack, which TikTok had failed to identify in
17 its internal investigation. Plaintiff reported these new accounts to the AML team, further
18 demonstrating Plaintiff's concern that TikTok was not conducting a thorough investigation into
19 the matter. Subsequently, Salighehdar informed Plaintiff that he would no longer be leading
20 collaboration projects with the AML team.

21 14. On or around July 1, 2024, Plaintiff reported to the US fraud team, including his
22 managers Amin Salighehdar and Chen Ruan, that TikTok was storing unencrypted Principal
23 Account Numbers (PANs) of U.S. users' credit cards in violation of PCI DSS requirements.
24 Plaintiff further reported that access to these sensitive PANs was not restricted to employees with
25 a business need to know, and that he, along with others on the fraud team, had access to this data
26 without any legitimate business justification. Plaintiff also reported this violation to TikTok's
27 compliance team.

28 15. On or around July 8, 2024, Plaintiff was placed on a Performance Improvement

1 Plan (PIP) by his manager, Amin Salighehdar. Plaintiff was informed that if he did not accept the
2 PIP by July 11, 2024, he would face termination. On July 22, 2024, Plaintiff had a conversation
3 with Alex Chan, Head of Financial Crimes Compliance at TikTok USDS, during which he raised
4 concerns about Chinese ByteDance employees having access to U.S. user data through a system
5 called REP, in violation of U.S. data sharing policies.

6 16. Thereafter, plaintiff was terminated on or around July 29, 2024, in retaliation for
7 his repeated reporting of fraudulent activity, data security violations, and noncompliance with
8 federal and state laws, in violation of California Labor Code section 1102.5.

9 17. Based on information and belief, the reason that Defendants retaliated against
10 Plaintiff when he was only doing his job in identifying and then notifying his employer about
11 fraudulent or illegal activity, was that Defendants were either profiting from the activity and did
12 not want to lose it as a profit center, or were interested in concealing the activity to avoid
13 government scrutiny into its practices of who it was doing business with and the type of business
14 they were doing on Defendant's site.

15 **FIRST CAUSE OF ACTION**

16 (Wrongful Discharge in Violation of Labor Code Section 1102.5, against all Defendants)

17 18. Plaintiff incorporates each and every other allegation of this Complaint as though
18 fully set forth herein.

19 19. The above-described conduct of defendant, and each of them, constitutes retaliation
20 and wrongful termination of plaintiff in violation of public policy embodied in various statutes and
21 other law, including but not necessarily limited to Labor Code section 1102.5.

22 20. As a result of defendants' unlawful actions against him, plaintiff has suffered and
23 continues to suffer damages, in the form of lost wages and other employment benefits, as well as
24 severe emotional and physical distress, the exact amount of which will be proven at trial.

25 21. Defendants, and each of them, acted for the purpose of causing plaintiff to suffer
26 financial loss and severe emotional distress and physical distress and are guilty of oppression and
27 malice, justifying an award of exemplary and punitive damages.

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2 **SECOND CAUSE OF ACTION**

3 (Unlawful Retaliation in Violation of Labor Code Section 1102.5, against all Defendants)

4 22. Plaintiff incorporates each and every other allegation of this Complaint as though
5 fully set forth herein.

6 23. As alleged, Plaintiff exercised his rights under California law by repeatedly
7 reporting significant issues involving fraud and security violations within the Defendant
8 companies, including TikTok U.S. Data Security Inc., TikTok Inc., and ByteDance Inc.

9 24. In retaliation for these reports, Defendants took adverse actions against Plaintiff,
10 including marginalizing his role within the company, subjecting him to unwarranted scrutiny,
11 placing him on a Performance Improvement Plan (PIP) with the threat of termination, and
12 ultimately terminating his employment on or around July 29, 2024.

13 25. As a result of Defendants' retaliation, Plaintiff has suffered and continues to suffer
14 damages, including but not limited to lost wages, loss of employment benefits, and severe
15 emotional and physical distress, the exact amount of which will be proven at trial.

16 26. Defendants acted with the intent to cause Plaintiff to suffer financial loss and severe
17 emotional distress and are guilty of oppression and malice, justifying an award of exemplary and
18 punitive damages.

19
20 **PRAYER**

21 WHEREFORE, plaintiff prays:

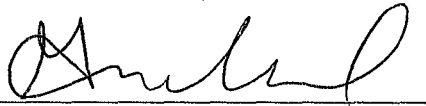
- 22 1. For compensatory damages according to proof;
23 2. Prejudgment and post-judgment interest to the extent allowable by law;
24 3. For exemplary and punitive damages according to proof;
25 4. For reasonable attorney's fees and expert witness fees pursuant to statute and law,
26 including but not necessarily limited to Labor Code section 1102.5;
27 5. For statutory penalties under the Labor Code, Government Code and as otherwise
28 allowable under the law;

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- 6. For injunctive relief;
- 7. For costs of suit; and
- 8. For such other and further relief as the court may deem proper.

DATED: October 2, 2024

Respectfully submitted,
MCCUNE LAW GROUP, APC
MCCUNE WRIGHT AREVALO VERCOSKI KUSEL
WECK BRANDT, APC



GAVIN P. KASSEL
Attorneys for Plaintiffs