

## **AiB v Grace Yu**

### Background Events & Timeline

- September 2022, Grace Yu joins AiB as Head of Growth and Strategy for the Ignite product division.
- November 2022 Grace is made lead negotiator for the Ignite spin-out from AiB; Ignite also negotiates an agreement with Jae Kwon whereby he acknowledges Ignite as an “autonomous” team, and expressly provides a commitment in writing that he will not interfere with the team’s personnel decisions.
- December 14, 2022, during the last joint meeting consisting of all AiB employees (company “Townhall”), Jae Kwon confirms that AiB and Ignite are aligned on independence terms and should aim to finalize and formalize the separation of Ignite as its own independent entity no later than mid January 2023.
- December 17, 2022, AiB provides \$75k retainer to Cooley law firm to formalize the spin out process and create a new legal entity on behalf of Ignite.
- January 6, 2023, Jae Kwon fires Grace Yu via Signal message; “our work has been terminated. This doesn’t feel like a good direction for us.”
- January 9, 2023, Ignite management team (Head of CLI, Head of Chain, Head of Dev Relations, Head of Design) requests a meeting with AiB Board of Directors as Grace’s termination is a violation of a standing agreement.
- January 11, 2023, Jae Kwon fires the full management roster of the Ignite team and a core tech developer (6 persons).
- Despite having issued several dozen termination agreements in 2022 (more than 90 people left the AiB organization in 2022), AiB communicates they are unable to deliver severance information and

termination agreements. In particular, AiB cites the need to "reconcile" restrictive covenants into the structure of termination agreements as reason for delay in conveying drafts of severance and termination agreements. In AiB's communications with a recently terminated employee, they write: "The non compete clause is limited to 1 year...in particular Ignite CLI/Starport or other Companies which are working on building alternative products to Ignite CLI/Starport."

- AiB uses severance amount and disbursement of severance to be made contingent on former employees signing termination agreements composed of specific restraints on trade and overbroad, non-specific constraints on their speech. While it is unenforceable to have a non compete in employee agreements/contracts, they can be made enforceable in a termination agreement. AiB also demands that former employees are to abide by the confidentiality clauses of their employee agreements and are disallowed from speaking about negotiations for their termination agreements – which are violations of [National Labor Relations Board rules](#).
- Denis Fadeev, Creator of Ignite CLI is unable to continue work on Ignite CLI independently of AIB due to a non compete provision in his employment contract with AIB's Employer of Record. The non-compete Denis signed carries a three-year tail.
- February 2, 2023 Grace whistleblows on AIB's use and invocation of confidentiality clauses during severance and termination agreement negotiations. She believes that AiB's demand for ex employees to conceal bullying, harassment, and discrimination at the workplace are direct violations of [National Labor Relations Board \(NLRB\) rules](#). According to her understanding, AiB's use of non-competes in employment agreements and consulting contracts cannot be enforced as California is cited as the applicable jurisdiction in employee agreements. Additionally, non-competes are used in EOR agreements in international jurisdictions where they are also illegal e.g., Armenia. Grace criticizes AiB's use of restrictive covenants that seemingly cannot be enforced, and

questions AiB's lack of commitment to open source practices and principles.

- Grace organizes awareness and community-led petitioning initiative to generate public support for Denis. The objective of #FreeDenis is to secure a waiver from AiB that allows Denis to fork Ignite CLI. She finds it unfair that Denis Fadeev is intimidated to advocate for himself (due to nondisclosure and confidentiality agreements) and unable to continue to work on the open source project he created.
- On 2/23 [Denis Fadeev tweets](#) that "work on a community fork of Ignite CLI depended on getting a waiver from a non-compete clause in my employment contract. Many in the community may have been confused by my dilemma because I'm effectively asking for permission to fork a project I created and designed. I asked for a waiver not because the non-compete can be effectively enforced to prohibit a fork of #foss software. I asked for a waiver for my mental health."
- On 2/24, Grace [withdraws the Spellshape proposal](#), clearly stating she would be pursuing a new technical direction rather than forking CLI.
- On 3/23/23 AiB files a federal lawsuit against Grace Yu for alleged breach of non-disparagement provision in her consulting contract. AiB alleges Grace engaged in social conspiracy to defame AiB with Jacob Gadikian, Jack Zampolin, Zaki Manian and The Corporation in the interest of promoting a competing fork of Ignite CLI.
- On 3/24/23 [AiB announces on Twitter](#) they are suing Grace, an "AiB contractor who has knowingly and relentlessly made false, disparaging statements about AiB while promoting a competing fork of one of our products and attempting to unfairly transfer its goodwill."

- AiB's pleading names Grace, but cites numerous well-known individuals/entities in Cosmos suggesting this is either a proxy fight or a preamble for more defamation/disparagement suits to come. The manner in which additional persons and parties are invoked and integrated into the pleading have no relevance to supporting AiB's claim that Grace breached non disparagement agreement.
- The pleading contains multiple misrepresentations and inaccuracies. Notably, it alleges that Grace socially engineered #FreeDenis to generate support for a competing fork of Ignite CLI. This is false. It also suggests a vast social conspiracy to defame AiB. This is also false. The general unpopularity of Jae Kwon and AiB is truly decentralized, and predates Grace's employment at AiB or in Cosmos.
- 4/2/23 Denis Fadeev finally receives a simple waiver to fork Ignite CLI from AiB.
- 4/3/23 Grace Yu is served papers.

*\*\*California law prohibits employers, including those who operate out of state but employ California residents, from enforcing noncompete agreements. Even when invalid, these agreements can discourage workers from seeking new opportunities, causing workers in a variety of professions to mistakenly believe that they cannot pursue or accept a competitor's offer of better pay or working conditions in fear of facing legal repercussions.*