

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

David Danon
1294 Karen Lane
Wayne, PA 19087,

Plaintiff,

v.

VANGUARD GROUP, INC.
100 Vanguard Boulevard
Malvern, PA 19355

Defendant.

CIVIL ACTION – LAW

NO. 15-CV-6864

FILED

MAR 12 2018

KATE M. ... Clerk
... Dep. Clerk

AMENDED COMPLAINT

Plaintiff files this Amended Complaint in accordance with F.R.C.P. 15(a)(2).

I. PARTIES

1) The Plaintiff herein is David Danon, Esq. an individual who resides at 1294

Karen Lane, Wayne, PA. 19087.

2) The Defendant Vanguard Group Inc. (hereinafter referred to as Vanguard) is a

Pennsylvania corporation with its principal office located at 100 Vanguard Blvd., Malvern PA

19355. Vanguard also maintains corporate offices in Valley Forge, PA.

3) Vanguard is engaged in the business of providing investment services and the operation and management of publicly traded mutual funds; exchange traded funds and performs other financial services on behalf of individuals and corporate investors, retirement and pension plans.

4) Vanguard is subject to the laws of the federal and state governments as to its corporate actions particularly as to the laws and regulations governing securities transactions and the taxation of income derived from such activities and transactions.

II. STATEMENT OF JURISDICTION

5) This action is brought under the laws of the United States including the Dodd-Frank Wall Street Reform and Consumer Protection Act, (124 STAT 1376-2203).

III. A JURY TRIAL IS DEMANDED

IV. NATURE OF CLAIM

6) Beginning in 2008, David Danon, Esq. was an attorney with expertise in the tax laws of the United States and was employed by the Defendant Vanguard.

7) Beginning in 2008 and continuing through the course of his employment, the Plaintiff advised various senior corporate employees and members of the Defendant's tax department that in his opinion Vanguard was engaged in illegal tax and corporate practices in violation of the security and internal revenue laws of the United States.

8) Plaintiff on multiple occasions internally reported to Shawn Travis a Principal of Vanguard that Vanguard's financial reporting to the SEC and to the IRS was in violation of the law and specifically referenced Vanguard's practice of funding and failing to report as income a contingency reserve and failing to report true taxable income under the rules and principles established by United States tax regulations under Section 482.

9) As required by the Sarbanes Oxley Act, Plaintiff on multiple occasions internally reported to Paul Atkins, Vanguard's controller, of the unlawful practices that were not in accord with SEC regulations and the tax code of the United States (hereafter "tax code").

10) On multiple occasions Mr. Danon advised other attorneys in Vanguard's Tax Division that its tax reporting was in violation of the tax code.

11) The Plaintiff was advised by Mr. Travis on several occasions to cease and desist in his attempts to notify the Defendant and was instructed to never put his opinions in writing. The Defendant prevented Plaintiff's efforts to bring about compliance with the law.

12) In the course of his employment he was instructed to prepare filings under Section 482 of the tax code which filings were in further violation of the laws and regulations of the SEC and the IRS. Plaintiff refused to sign or participate in the fraudulent filings and again advised senior officers and attorneys at Vanguard of his analysis of the law and regulations.

13) Plaintiff's actions were clearly protected whistleblowing activities under the Sarbanes Oxley Act whether Plaintiff sought damages under that Act or chose not to. His right of protection is not contingent on a claim for damages under that Act.

14) Following Plaintiff's disclosure, Defendant sought the opinion of a senior partner of the tax department of a prominent law firm on its reporting of the contingency reserve; that partner advised Defendant that Plaintiff's interpretation of the laws and regulations was correct. Defendant continued to file false reports with the SEC and IRS despite its knowledge that the reports were in violation of the law.

15) In retaliation for Plaintiff's attempts to correct the Defendant's violations, in January 2013 Plaintiff was notified of Vanguard's intention to terminate him at the end of an unspecified period of time.

16) Thereafter from January 2013 until June 10, 2013, Plaintiff remained a full-time employee, received his regular salary, had full access to Vanguard's computer system and performed services on behalf of Vanguard.

17) However, during that same period of time Vanguard engaged in additional retaliation conduct against Plaintiff and made it impossible for him to continue his employment.

18) In May 2013, while Plaintiff was still in the employment of Defendant, Plaintiff reported all of his opinions and prior disclosures to Vanguard to the Securities Exchange Commission and thereby acquired protected status under Dodd Frank.

19) At all relevant times Plaintiff's reporting was protected conduct under the Sarbanes Oxley Act and the Dodd Frank Act as set forth by the U.S. Supreme Court in *Digital Realty Trust Inc. v. Somers*, 583 U.S. _____ 2018.

20) Plaintiff further avers that Defendant Vanguard, its agents, servants and employees have directly or indirectly continued to retaliate against Plaintiff and have interfered with his attempts to find new employment.

21) Notwithstanding Mr. Danon's internal reporting and the reporting to the SEC, Defendant refused to rescind its intent to terminate Mr. Danon and in fact did terminate him as of June 10, 2013.

22) The Plaintiff was earning approximately \$275,000 per year in compensation and fringe benefits and has lost and will continue to lose substantial wages. He has sustained other monetary and non-monetary damages as may be recoverable by statute.

23) In addition to his loss of income Plaintiff has been obliged to retain counsel and incur costs relating to this litigation and seeks reimbursement for all costs and expenses.

24) Plaintiff seeks reinstatement at the current salary level, double recovery of all lost salary and benefits and all other damages permitted under the Dodd Frank Act.

V. PUNITIVE DAMAGES

25) Vanguard knew that Mr. Danon's actions constituted whistleblowing activities

26) Defendant deliberately ignored the law protecting both internal whistleblowers under Sarbanes Oxley and those who report first to the SEC.

27) Defendant acted with malice and with intent to harm the Plaintiff both financially and professionally.

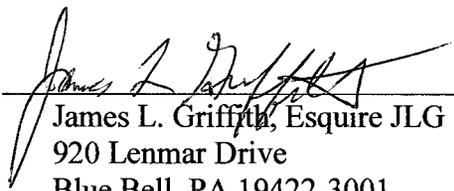
28) Vanguard caused Plaintiff to lose employment, suffer embarrassment, depression and humiliation in order to punish him for his attempts to expose the Defendant's violations of the law.

29) The Plaintiff demands punitive damages and such other relief as the court deems appropriate.

WHEREFORE Plaintiff asked the court to award damages and such amount as may be determined by a jury.

Respectfully submitted,

JAMES L. GRIFFITH, ESQUIRE LLC

By: 
James L. Griffith, Esquire JLG 1633
920 Lenmar Drive
Blue Bell, PA 19422-3001
(484) 868-9700

Dated: March 12, 2018

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CERTIFICATE OF SERVICE

I, James L. Griffith, Esquire, hereby certify that on this date I caused a true and correct copy of the *Plaintiff's Amended Complaint* to be served via first class mail on:

Paul G. Nofer, Esq.
Klehr Harrison Harvey Branzburg
1835 Market Street
Suite 1400
Philadelphia, PA 19103

Respectfully submitted,


JAMES L. GRIFFITH, SR., ESQ.

Attorney for Plaintiff
920 Lenmar Drive
Blue Bell, PA 19422
484-868-9700

Dated: March 12, 2018