Former NFL Star Shawne Merriman Faces Federal Lawsuit Alleging Fraud, Defamation, and +$3.5 Million in Unpaid Loan Obligations

A.R.I. Seeks Court Ruling Confirming Its Controlling Ownership of Lights Out, Merriman's Removal from Leadership of Company, and A.R.I.'s Rights Over Pledged IP Assets

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NEW YORK – November 23, 2026 – Former NFL All-Pro linebacker **Shawne Merriman** faces a **12-count federal lawsuit** (the "Lawsuit") brought by lender **A.R.I.** and Lights Out Enterprises ("**Lights Out**"), including allegations of **fraud**, **breach of contract**, **defamation**, **interference with business relationships,** and **unjust enrichment**.

The Lawsuit alleges that **Merriman owes ARI more than $3.5 million** related to financing provided to Lights Out Enterprises in 2024 and 2025, supported by personal guaranties from Merriman and his Trust.

A.R.I.'s November 19, 2026, **Motion for Partial Summary Judgment** (the "Motion") details **financial misconduct**, **concealed collateral arrangements**, **overlapping security interests**, **millions in unpaid obligations**, and actions that **damaged the business** and **interfered with ARI's contractual rights**.

Readers may learn more about the litigation and access related court filings at **www.MerrimanLitigation.com**.

Litigation Background and Filing of Motion for Partial Summary Judgment

In January 2026, following repeated defaults by Merriman on his financial commitments, A.R.I. exercised certain contractual voting and governance rights that Merriman granted under A.R.I.'s financing arrangements with Lights Out. Through the exercise of those rights, A.R.I. (i) **removed Merriman** from his officer, director, and managerial positions at Lights Out, and (ii) exercised an equity warrant that resulted in **A.R.I. acquiring majority control of Lights Out Enterprises.**

In May 2026, **A.R.I. and Lights Out sued Merriman** to enforce A.R.I.'s contractual rights and recover millions of dollars in unpaid financing obligations that Merriman personally guaranteed. Merriman's outstanding obligations to A.R.I. currently stand at more than $3.5 million. A.R.I. and Lights Out allege that Merriman engaged in financial misconduct, concealed overlapping collateral interests, damaged Lights Out's business, and obstructed A.R.I.'s efforts to enforce its contractual rights.

A.R.I.'s latest **Motion** asks the Court to affirm that (i) A.R.I. validly purchased approximately 84% of the outstanding equity of Lights Out; (ii) Merriman has no authority to act on behalf of Lights Out; and (iii) A.R.I. holds a valid, enforceable, first-priority security interest in the "Lights Out" trademarks and related intellectual property pledged as collateral for its financing.

Merriman's Alleged Fraud in Obtaining A.R.I. Financing

A.R.I.'s Lawsuit and Motion detail Merriman's alleged fraud in connection with Lights Out's financing, including:

- **Misrepresentation of Intellectual Property Ownership**: A.R.I. alleges that Merriman misrepresented the ownership of the "Lights Out" trademarks and related intellectual property that were pledged as collateral for A.R.I.'s loans. Merriman represented that those assets were owned by a Wyoming company called *Lights Out Holdings LLC*, while concealing that a separate California company he controlled – *with the exact same name* – was actually the owner of those assets. The California company never signed A.R.I.'s security agreement, preventing A.R.I. from enforcing its liens against those assets after default.

- **Multiple Concealed Pledges of the Same Collateral**: According to A.R.I.'s Lawsuit, Merriman pledged overlapping Lights Out assets to three separate creditors – (i) A.R.I., (ii) Shamir Mamdani, and (iii) Nader Sobh and Trident Marketing & Development Consulting, LLC – without disclosing the competing claims. A.R.I. alleges that Merriman first pledged the assets to Mamdani to secure a personal loan for hundreds of thousands of dollars and then concealed Mamdani's loan from A.R.I. in order to obtain A.R.I.'s financing. A.R.I. also alleges that Merriman then secretly pledged overlapping assets to a third creditor, Sobh and Trident, while A.R.I.'s loans were already in default.

- **Failure to Disclose $4 Million Liability in the Wrongful Death Lawsuit of Kimberly Fattorini**: On December 5, 2025, a California court ruled that Merriman was liable for $4 million in connection with the wrongful death of Kimberly Fattorini, who passed away in July 2017. The Fattorini family sued Merriman, accusing him and other defendants of battery, negligence, and drug-related misconduct after GHB – a common date-rape drug – was found in her bloodstream. A.R.I. alleges that Merriman failed to disclose the $4 million liability despite his request on December 11, 2025, for approximately $500,000 in additional financing, just six days after the ruling.

Campaign of Threats, Intimidation, and Obstruction by Merriman and His Attorney at Mintz Levin

After A.R.I. assumed control of Lights Out and removed Merriman from all of his officer, director, and managerial positions at the company in January 2026, A.R.I. alleges that Merriman and his attorney, **Andrew Skale of Mintz Levin**, responded by engaging in a series of threats, intimidation tactics, and obstructive conduct.

According to A.R.I. and Lights Out's Motion:

- On January 9, 2026, Skale emailed A.R.I.'s counsel, accusing A.R.I. of "unlawful activity regarding Lights Out" and attached a draft complaint that Merriman intended to file "along with an immediate request for a [Temporary Restraining Order]." *(pp. 12–13, citing the January 9, 2026 email chain, Exhibit Z to the Filor Declaration.)*

- Skale offered to "hold off filing the complaint" only if A.R.I. agreed to inform its contacts "that Shawne is still CEO of Lights Out," and "cease and desist from pursuit of any remedies under the loan agreement." Skale demanded a response by the end of that day. *(p. 13, citing Exhibit Z to the Filor Declaration.)*

- **Skale thus demanded that A.R.I. relinquish governance and ownership rights already exercised under the financing documents, publicly recognize Merriman as CEO despite his removal, and abandon its contractual remedies without repayment of the outstanding obligations. Skale's demands were not reconcilable with the reality of the situation.** *(p. 13, citing the Ellison Declaration, ¶ 61.)*

- On January 11, 2026, Merriman left a voicemail describing the dispute as a "nuclear situation" and warning of consequences for Dr. Ellison's "future," "partners," "board," and "investors." *(p. 13, citing the Ellison Declaration, ¶ 63.)*

- On January 19, 2026, "A.R.I. was forced to pause Lights Out's operations due to Merriman's and Mintz Levin's interference." *(p. 13, citing the Ellison Declaration, ¶ 67.)*

A.R.I. alleges the actions of Merriman and Skale disrupted A.R.I.'s efforts to stabilize the Lights Out business. Through their Motion, A.R.I. and Lights Out seek a court ruling confirming A.R.I.'s majority ownership of Lights Out, its corporate governance authority, and its security rights in the "Lights Out" trademarks and related intellectual property.

Statement from A.R.I. and Lights Out Enterprises

The facts are clear. A.R.I. validly exercised its contractual rights and acquired approximately 84% of the outstanding equity of Lights Out, making it the majority owner. The intellectual property identified in the financing documents was pledged as collateral to A.R.I., which holds a valid, enforceable, perfected, first-priority security interest in those assets. Merriman has no authority in any capacity to act on behalf of, Lights Out Enterprises.

A.R.I. made its investment in good faith. Integrity, transparency, and fiduciary responsibility have guided our decisions throughout the financing, workout, and litigation. We welcome a full examination of the factual record and are highly confident that the evidence unequivocally supports the rulings we seek.

Case Information and the Parties' Legal Representation

Case: *ARI Agent, LLC and Lights Out Enterprises, Inc., et al. v. Shawne Merriman et al.*, United States District Court for the Southern District of New York, Case No. 1:26-cv-03778-JAV.

Plaintiffs' Counsel: Greenberg Traurig, LLP represents A.R.I. and Lights Out in the litigation. DLA Piper served as A.R.I.'s transaction counsel and conducted legal due diligence in connection with the May 2024 financing and subsequent related transactions.

Defendants' Counsel: Merriman is represented by Alain Mathieu, Partner and Chair of the Sports & Entertainment Practice at Foley Hoag LLP, who previously practiced at Mintz Levin. Merriman has a longstanding relationship with Mintz Levin as intellectual property counsel, including representation by Andrew Skale concerning the Lights Out intellectual property and matters described in the plaintiffs' filings.

Note: As the introductory phrase signifies, the entirety of the text of A.R.I.'s Lawsuit and the descriptions of the Lawsuit constitute only allegations, and every fact described should be treated as an allegation.

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About Applied Real Intelligence

Applied Real Intelligence (A.R.I.) is a research-driven investment firm specializing in private credit, venture debt, structured equity, and customized financing for innovative North American companies. A.R.I. combines rigorous underwriting, financial structuring, and active portfolio management to protect investor capital and pursue attractive risk-adjusted returns. Integrity, transparency, and fiduciary responsibility guide the firm's investment and ownership decisions. Learn more at www.arivc.com.

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