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5 Attorney for Plaintiff

Huey Hall

6 **SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN MATEO**

7 HUEY HALL, an individual,

8 Plaintiff,

9 v.

10 BACKBLAZE, INC., a Delaware
Stock Corporation; and DOES 1–10,

11 Defendants.

Case No.: 24-CIV-06802

COMPLAINT FOR DAMAGES:

- 1) **Whistleblower Retaliation in Violation of CAL. LAB. CODE § 1102.5;**
- 2) **Failure to Produce Employment Records, Labor Code §§ 226(b), 432, 1198.5;**

JURY TRIAL DEMANDED

PUNITIVE DAMAGES SOUGHT

13 Plaintiff HUEY HALL (“Hall”) states and alleges in his whistleblower Complaint against
14 Defendants BACKBLAZE, INC. and DOES 1–10 (collectively, “Backblaze”) as follows:

15 **EXECUTIVE SUMMARY**

16 1. This lawsuit arises from Backblaze’s retaliation against Mr. Huey Hall after Hall
17 refused to certify Backblaze’s inaccurate financial representations to the Securities & Exchange
18 Commission (“SEC”). Specifically, Hall refused to certify 10-Q¹ and 10-K² filings because he knew
19 that *at least* four financial data points were incorrect: (1) Fixed Assets; (2) Capitalized R&D;
20 (3) Cash Flow Statements; and (4) Equity.

21 2. Hall was Backblaze’s *Senior Director of the Financial Planning & Analysis*
22 (*“FP&A”*) *Department*. Hall was the correct choice to lead the FP&A Department, because Hall
23 conducted the heavy financial analysis required for Backblaze’s successful IPO at \$19 per share
24 in November 2021. However, six months later, the stock plummeted to (and remains at) \$7 per
25 share. To keep its stock afloat, Backblaze pressured Hall to certify overly optimistic financials.

26 3. Throughout 2022 and 2023, Hall expressed his doubts regarding the accuracy of
27

28 ¹ The Form 10-Q is a quarterly SEC report that provides a company’s unaudited financial statements and condition.

² The Form 10-K is an annual SEC report that provides a detailed overview of a company’s financial performance.

Electronically
FILED
by Superior Court of California, County of San Mateo
ON 10/28/2024
By /s/ Kimberly Clausen
Deputy Clerk

1 Backblaze’s financial disclosures to the SEC. On at least **three separate *written* occasions**, Hall
2 refused to certify inaccurate financials, and *Backblaze punished Hall each time he refused*.

3 4. First, on November 3, 2022, Hall resisted Backblaze’s pressure to certify its
4 inaccurate Quarter 3 (“Q3”) 2022 10-Q filing. [Ex. 1] In retaliation, in November 2022,
5 Backblaze demoted Hall, changing his direct report from Backblaze’s Chief Financial Officer
6 (“CFO”) Frank Patchel (“Patchel”) to its VP of Investor Relations James Kisner (“Kisner”).³

7 5. Second, on March 14, 2023, Hall resisted Backblaze’s pressure to certify its
8 inaccurate 2022 10-K filing. [Ex. 2] Hall refused to certify the draft 2022 Form 10-K because he
9 knew parts of the disclosures were inaccurate, and other parts he was not qualified to certify:

10 I am not comfortable with the Financial Statements or any other
11 areas as I am not involved in them. For example, I can’t get
12 reasonable assurance that Fixed Asset is correct. I can’t in the right
13 conscience sign off [on] something that I am not responsible for.

14 [Ex. 2] In retaliation, in July 2023, Backblaze removed Hall from his own FP&A Department
15 and placed him in the Accounting Department. Patchel informed Hall that his transfer was to
16 “shore up operational weaknesses.” In reality, Backblaze’s majority stockholders—its
17 founders—were pressuring Patchel to inflate Backblaze’s stock price so that they could sell more
18 personal shares than the public stock market would bear had it had *accurate* financials.

19 6. Third, on November 1, 2023, Hall resisted Backblaze’s pressure to certify its
20 inaccurate Q3 2023 10-Q filing. [Ex. 3] In retaliation, Backblaze gave Hall his first negative
21 performance review in four years.⁴ [Ex. 7] Notably, Backblaze’s biggest complaint regarding
22 Hall is that *Hall disclosed information too freely to Backblaze’s internal auditor*:

23 [R]ecommended internal controls training should focus on . . .
24 appropriate disclosure practices, particularly in interactions with
25 internal auditors. [Ex. 7, at 5]

26 7. On February 23, 2024, shortly after receiving his critical performance review for
27 disclosing his concerns to Backblaze’s auditors, Backblaze terminated Hall.

28 ³ In November 2023, Backblaze also terminated Kisner for protesting Backblaze’s inaccurate financial disclosures.
⁴ Hall’s 2020, 2021, and 2022 annual performance reviews demonstrate that Hall was a superstar technical
accountant, receiving three “Meets to Exceeds” Expectations, with extensive commentary regarding Hall’s extreme
dedication to the company, proficiency in accounting, and innovation with financial models. [Exs. 4–6]

1 **JURISDICTION AND VENUE**

2 8. This Court has subject matter jurisdiction over all causes of action alleged in this
3 Complaint pursuant to the CAL. CONST. art. VI, § 10, and CAL. CIV. PROC. CODE § 410.10, and
4 is a Court of competent jurisdiction to grant the relief requested. Hall’s CAL. LAB. CODE § 1102.5
5 claim arises under the laws of the State of California, is not preempted by federal law, does not
6 challenge conduct within any federal agency’s exclusive domain, and is not statutorily assigned
7 to any other trial court.

8 9. Venue is proper in the Superior Court for the County of San Mateo because
9 Backblaze’s acts that form the basis for the cause of action in this Complaint occurred in the
10 County of San Mateo, CAL. CIV. PROC. CODE § 395(a), and Backblaze’s principal place of business
11 is located at 201 Baldwin Ave., San Mateo, CA 94401.

12 **THE PARTIES**

13 10. Plaintiff, Huey Hall, is an individual residing in Fremont, CA. He was
14 Backblaze’s Senior Director of Financial Planning & Analysis (“FP&A”) from March 2020 until
15 his demotion to the Accounting Department in July 2023. In February 2024, Backblaze
16 terminated Hall.

17 11. Defendant Backblaze, Inc. is a Delaware stock corporation with its principal
18 address at 201 Baldwin Ave., San Mateo, CA 94401. Backblaze’s main products are Cloud Storage
19 and Computer Backup services, targeted at both business and personal markets.

20 12. The true names and capacities, whether individual, corporate, or otherwise of
21 Defendants named herein as Does 1 through 10 are unknown to Hall who therefore sues said
22 Defendants by such fictitious names. Hall will amend this Complaint to set forth the true names
23 and capacities of Defendant Does once they have been ascertained. Hall is informed and believes
24 and, on that basis, alleges that each Defendant Doe participated in, aided or abetted some or all
25 of the acts alleged herein and is liable to Hall on that basis.

26
27
28

FACTUAL ALLEGATIONS

A. In 2007, the Founders Incorporate Backblaze, Inc. (“Backblaze”)

13. Chief Executive Officer Gleb Budman (“Budman”), Billy Ng, Nilay Patel, Brian Wilson, Casey Jones, Tim Nufire, Damon Uyeda (collectively the “Founders”) establish Backblaze, Inc. (“Backblaze”). Backblaze’s main products are Cloud Storage and Computer Backup services, targeted at both business and personal markets.

B. In 2020, Backblaze Hires Hall as its Senior Director of FP&A to Prepare for its IPO; and Hall Performs Wonderfully in his Role.

14. In March 2020, Backblaze hires Huey Hall, M.B.A. (“Hall”) as the Senior Director to its new Financial Planning and Analysis (“FP&A”) Department to prepare for its upcoming Initial Public Offering (“IPO”). As Hall’s direct supervisor, Chief Financial Officer (“CFO”) Frank Patchel (“Patchel”), tasks Hall with establishing Backblaze’s FP&A department and building its first FP&A team. Hall’s job duties include reviewing Backblaze’s financial documents, working with auditors, and performing various duties relating to auditing and analyzing financials. Since 1995, Hall has successfully performed those duties for multiple employers.

15. As the Senior Director of the FP&A team, Hall was intimately familiar with Backblaze’s financial condition and was Backblaze’s go-to guy for providing financial projections that both auditors and bankers relied on for a successful IPO launch and subsequent SEC filings. Hall had a documented record of success at Backblaze evidenced by: (i) his positive performance reviews, [Exs. 4-6]; and (ii) four raises bringing his salary from \$200,000 up to \$261,014.40, an average salary increase of \$15,253.16 *per year*.

C. On November 11, 2021, Backblaze Becomes a Public Company and the Founders’ Focus on Dumping Their Stock Leads to a Swift Price Decline.

16. On November 11, 2021, Backblaze went public after generating just \$16 million in revenue in Q2 of 2021. Backblaze’s IPO price was \$19 per share; Backblaze raised \$100

1 million at its IPO.⁵ Each of Backblaze’s Founders—and many of its Officers—prioritized
2 personal “liquidity” and decided to sell approximately 2,000 shares of stock per day.

3 17. In April 2022, after Backblaze’s stock price halved from \$19 in its November
4 2021 IPO to approximately \$10, the five Founders ignored all external capital markets advice
5 and continued selling as much Backblaze stock as their 10b5-1 plans would allow. In fact, Adam
6 J. Epstein, a small-capital markets expert and corporate lawyer, advised Backblaze’s founders
7 that their 10b5-1 plans likely breached their fiduciary duties to Backblaze, but the Founders did
8 not care. Backblaze’s Founders wanted to sell their stock as quickly as possible before the stock
9 cratered out (which it eventually did at \$3.82 per share on November 22, 2022).

10 **D. In 2022, Hall Begins Voicing Concerns to Internal and External Auditors**
11 **Regarding the Inaccuracy of Backblaze’s Financial Disclosures to the SEC.**

12 18. In 2022, the first full year that Backblaze was a public company, almost every
13 month, Hall expressed concerns to internal auditor Alex Wang, external auditors, Backblaze’s
14 CFO Patchel, and others on his FP&A team regarding the accuracy of Backblaze’s financial
15 forecasts in its quarterly 10-Q filings with the SEC.

16 **E. In November 2022, Backblaze Demotes Hall for Refusing to Sign Sub-**
17 **Certifications Based on Accuracy Concerns for the 2022 10-Qs.**

18 19. Backblaze wanted Hall to certify its Q3 quarterly 10-Q filings because Hall was
19 the most knowledgeable regarding the financial data contained therein.⁶ However, on November
20 3, 2022, Hall *refused* to certify Backblaze’s drafted Q3 2022 10-Q filing because of its many
21 inaccuracies. [Ex. 1] In retaliation for Hall’s refusal, Backblaze demotes Hall by having him no
22 longer report to CFO Patchel, and instead report to the VP of Investor Relations James Kisner.

23 **F. In March 2023, Hall Refuses to Certify Misleading Financials for**
24 **Backblaze’s 2022 10-K for the SEC.**

25 20. On March 13, 2023, Backblaze’s SEC Reporting Manager Byron Tan (“Tan”)
26 requests Hall review and certify the draft 10-K for the 2022 fiscal year. [Ex. 2, at 6–7] Hall

27 ⁵ <https://www.cnbc.com/2021/11/12/backblaze-ipo-takes-opposite-approach-to-rivian-going-public-small.html>.

28 ⁶ The certification process (and its component sub certifications) is a certification made by an entity that all financial reports being submitted to the SEC were true and accurate. The SEC requires that the sub certification must be signed by a high-ranking official with actual knowledge of the financials being disclosed.

1 refuses to certify the 2022 10-K because he knows there are misstatements regarding the Fixed
2 Assets, Capitalized R&D, Cash Flow statements, and Equity accounting:

3 I am not comfortable with the Financial Statements or any other
4 areas as I am not involved in them. For example, I can't get
5 reasonable assurance that Fixed Asset is correct. I can't in the right
6 conscience sign off something that I am not responsible for.

6 [Ex. 2, at 2]

7 21. In response to Hall's refusal to falsely certify the accuracy of Backblaze's 2022
8 10-K, Hall's new boss Kisner reassures Hall that Backblaze would never pressure Hall to sign
9 inaccurate financials (although that has been Hall's exclusive experience with Backblaze):

10 Hey Huey – I'd never ask you to certify anything that you aren't
11 qualified or comfortable certifying- that would miss the point! [I]
12 Will work with [Corporate Controller] Waleed [Kazmi] on how to
13 carve this certification out appropriately. [Ex. 2, at 1]

14 22. Every time Hall refused to certify Backblaze's inaccurate financials disclosures
15 to the SEC – Quarterly 10-Qs & Annual 10-Ks – Backblaze's Corporate Controller Waleed
16 Kazmi ("Kazmi") signed them instead.⁷

16 **G. In April 2023, Hall Works with Backblaze's Auditors to Approve
17 Backblaze's "Going Concern" Memorandum**

18 23. In April 2023, Kazmi and his team work on a "going concern" memorandum that
19 was to be presented to BDO, Backblaze's auditor. BDO does not accept the memorandum due to
20 the many problems raised from tying financials between actuals and forecasts. At the eleventh
21 hour, Patchel asks Hall to resolve BDO's concerns. Hall meets with the BDO auditors, Christina
22 Minasi ("Minasi") and Ismail Amao ("Amao"), provides all background information and assists
23 with clearing up BDO's concerns. Based on Hall's efforts, BDO checks off on the going concern
24 memorandum for Backblaze's Q1 2023 10-Q filing.

24 **H. In July 2023, Backblaze Further Demotes Hall While Hall Continues to
25 Assist Backblaze's Auditors Understand the Questionable Financials.**

26 24. In July 2023, in retaliation for Hall's consistent questioning of Backblaze's
27

28 ⁷ In contrast to Hall, who Backblaze fired for refusing to certify inaccurate financials, Backblaze actually *promoted*
Kazmi for being its yes-man certifier, promoting him from "Corporate Controller" to "VP, Corporate Controller."

1 purported financials in his written and oral communications with Backblaze’s internal auditor
2 Alex Wang and external auditors, Backblaze transfers Hall from the FP&A Department to the
3 Accounting Department. Backblaze’s official justification for demoting Hall from FP&A to
4 Accounting was to “help clean up operational weaknesses.” In reality, Backblaze’s majority
5 stockholders—its founders—were pressuring Patchel to keep Backblaze’s stock price inflated so
6 that they could sell more personal shares than the public stock market would bear had it had
7 *accurate* financials.

8 25. Despite Hall’s transfer and demotion to the Accounting Department, Patchel still
9 requires Hall to continue to work full-time hours on the projections for Q3 2023 and work closely
10 with the BDO auditors, Minasi and Amao, on the Q2 2023 10-Q filing (on top of his accounting
11 duties). Thus, *Backblaze punished Hall for his internal complaints to auditors by essentially*
12 *doubling Hall’s workload.*

13 26. By October 2023, Hall is still performing double duties in both the Accounting
14 and FP&A Department. During October 2023, Hall continues to work with the BDO auditors on
15 another “going concern” memorandum. When BDO’s Anthony Salvadori (“Salvadori”) becomes
16 the new lead auditor for the “going concern” memorandum, Salvadori raises concerns about the
17 accuracy of draft models and assumptions. Hall informs Salvadori that he shares the same
18 concerns regarding the accuracy of the Q3 “going concern” memorandum.

19 **I. In November 2023, Hall Refuses to Certify Backblaze’s Misleading Q3 2023**
20 **10-Q Financials, so Kazmi Reprimands Hall and Certifies Them Himself.**

21 27. On November 1, 2023, Backblaze requests Hall certify its 10-Q for its Q3 2023
22 financials even though Hall is no longer with the FP&A team and no longer in a position to certify
23 them. As such, Hall declines to blindly certify the accuracy of Backblaze’s Q3 2023 10-Q. [Ex. 3]

24 28. In response to Hall’s refusal to falsely certify Backblaze’s Q3 2023 10-Q,
25 Backblaze’s Corporate Controller Kazmi removes Hall from working on resolving audit and SEC
26 related matters.⁸ Kazmi also then excludes Hall from all discussions moving forward & criticizes

27 _____
28 ⁸ By November 2023, Hall reported to Kazmi. By then, Hall no longer reported to Backblaze’s VP of Investor Relations James Kisner, because Backblaze had recently terminated Kisner for similar whistleblowing conduct: disclosing his concerns regarding inaccurate financials to auditors and Backblaze’s own Board of Directors.

1 Hall for not performing proper due diligence. Yet, Backblaze’s internal control documents state
2 that Kazmi, not Hall, is responsible for final approval of the models and projections.

3 **J. In February 2023, Backblaze Pressures its CFO Patchel to Resign, while its**
4 **CEO Makes a Small Fortune Trading on Inside Knowledge of Patchel’s**
5 **Impending Resignation.**

6 29. In early February 2024, Patchel tells Hall over lunch that Budman was pressuring
7 Patchel to resign. From February 21–23, 2024, Budman sells \$1.6 million in stock at prices
8 ranging from \$11.67 to \$9.95, shortly before the announcement of Patchel’s resignation.⁹

9 **K. On February 23, 2023, Backblaze Terminates Hall for “Performance”**
10 **Despite his Stellar Performance Record and Acknowledging in Hall’s**
11 **Performance Review that Hall’s Weakness is Disclosing Information to**
12 **Auditors.**

13 30. On February 23, 2024, Kazmi, Hall’s newest supervisor, gives Hall a negative
14 review, [Ex. 7], and immediately terminates Hall over a Zoom call due to his “performance.”
15 However, Kazmi never supervised Hall’s work, so he was not in a position to issue Hall’s
16 performance review.¹⁰ Worse, *Kazmi’s criticism of Hall’s performance was based on Hall’s*
17 *whistleblowing activity to Backblaze’s internal and external financial auditors:*

18 [R]ecommended internal controls training should focus on . . .
19 appropriate disclosure practices, particularly in interactions with
20 internal auditors.

21 [Ex. 7, at 5] In other words, Hall was blowing the whistle on Backblaze’s inaccurate financial
22 disclosures to the SEC, and Backblaze was punishing Hall for doing so.¹¹

23 31. After terminating Hall, Kazmi certified Backblaze’s 2023 10-K and subsequent
24 quarterly 10-Q filings, notwithstanding their significant inaccuracies.

25 ⁹ Sure enough, once Backblaze announced Patchel’s retirement, its stock price dropped by 20% down from \$9 to
26 \$7.50 on May 9, 2024. Budman avoided losing money on this dip by selling his shares prior to the public
27 announcement of Patchel’s retirement.

28 ¹⁰ The only reason Kazmi oversaw Hall’s performance review is that Backblaze had recently terminated Hall’s
previous supervisor James Kisner in November 2023 for similar whistleblowing conduct: disclosing his concerns
regarding Backblaze’s inaccurate financials to auditors and Backblaze’s own Board of Directors.

¹¹ Kazmi attempts to justify his criticisms of Hall by arguing that Hall has “limited technical knowledge impacting
interactions with auditors.” [Ex. 7, at 4] However, Hall is a superstar technical accountant, receiving three “Meets”
to “Exceeds” Expectations annual reviews from 2020 through 2022, with extensive commentary regarding his
extreme dedication to the company, proficiency in accounting, and innovation with financial models. [Exs. 4–6]

1 **L. On July 23, 2024, Hall Requests his Employment Records from Backblaze, and Backblaze Fails to Supply Them.**

2 32. On July 23, 2024, Hall’s counsel served on Backblaze’s general counsel Tom
3 MacMitchell via FedEx overnight mail and electronic service an Evid. Code § 1154 Settlement
4 Demand Letter. As part of that letter, Hall’s counsel expressly requested that Backblaze provide
5 all Hall’s employment records upon receipt of the demand:
6

7 [P]lease send to my office all my Client’s payroll records, any
8 documents signed by my Client, his personnel files, and his
9 invoices as required by Labor Code §§ 226(b), 432, 1198.5.

10 33. To date, Backblaze has failed to provide Hall’s payroll records, personnel files,
11 invoices, or any other employment records to Hall or his counsel.

12 **FIRST CAUSE OF ACTION**

13 **(Whistleblower Retaliation in Violation of CAL. LAB. CODE § 1102.5)**

14 34. Hall incorporates by reference the factual allegations set forth in all preceding
15 paragraphs.

16 35. CAL. LAB. CODE § 1102.5(b) provides:

17 An employer . . . shall not retaliate against an employee for
18 disclosing information . . . to a person with authority over the
19 employee or another employee who has the authority to investigate,
20 discover, or correct the violation or noncompliance, or for providing
21 information to, or testifying before, any public body conducting an
22 investigation, hearing, or inquiry, if the employee has reasonable
23 cause to believe that the information discloses a violation of state or
24 federal statute, or a violation of or noncompliance with a local, state,
25 or federal rule or regulation, regardless of whether disclosing the
26 information is part of the employee’s job duties.

27 *See also Killgore v. SpecPro Pro. Servs., LLC*, 51 F.4th 973, 985 (2022) (citing *Green v. Ralee*
28 *Eng. Co.*, 19 Cal.4th 66, 77 (1998) (LAB. CODE § 1102.5 reflects “broad public policy interest in
encouraging workplace whistleblowers to report unlawful acts without fearing retaliation.”).

 36. There is a two-step analysis for a plaintiff to state a claim under LAB. CODE
§ 1102.5. First, the plaintiff must “establish, by a preponderance of the evidence, that retaliation
for an employee’s protected activities was a contributing factor in a contested employment
action.” *Lawson v. PPG Architectural Finishes, Inc.*, 12 Cal.5th 703, 718 (2022). Second, after

1 the plaintiff establishes that the protected conduct contributed to the adverse employment action,
2 “the burden shifts to the employer to demonstrate, *by clear and convincing evidence*, that it would
3 have taken the action in question for legitimate, independent reasons even had the plaintiff not
4 engaged in protected activity.” *Id.* (Emphasis added.)

5 37. Under LAB. CODE § 1102.5, the standard for an “adverse employment action” is
6 the same as retaliation lawsuits under the FEHA — actions that “*materially affect* the terms and
7 conditions of employment”. *Patten v. Grant Joint Union High School Dist.*, 134 Cal.App.4th
8 1378, 1387 (2005).

9 38. The causal link may be established by an inference derived from circumstantial
10 evidence such as the employer’s knowledge that the employee engaged in protected activities
11 and the proximity in time between the protected action and allegedly retaliatory employment
12 decision: “Essential to a causal link is evidence that the employer was aware that the plaintiff had
13 engaged in the protected activity.” *Morgan v. Regents of Univ. of Calif.* 88 Cal.App.4th 52, 69–
14 70, (2000). Further, the causal link need only prove that the protected activity was a “contributing
15 factor” to the adverse employment action. California Civil Jury Instructions (CACI) 2730.

16 39. Here, Hall has a wealth of evidence demonstrating that his protected conduct of
17 raising complaints regarding Backblaze’s inaccurate financial disclosures to the SEC contributed
18 to his two demotions then termination. For example, at least three times, Backblaze quickly
19 retaliated against Hall each time he engaged in protected conduct by refusing to certify inaccurate
20 financials to the SEC:

- 21 i. **Demotion #1**: On November 3, 2022, Hall refuses to certify
22 Backblaze’s Q3 2022 10-Q because of its many inaccuracies. [Ex.
23 1] In retaliation, Backblaze demotes Hall by changing his supervisor
24 from the CFO Patchel to the VP of Investor Relations Kisner;
- 25 ii. **Demotion #2**: On March 14, 2023, Hall refuses to certify the 2022
26 10-K because he knows there are misstatements regarding the Fixed
27 Assets, Capitalized R&D, Cash Flow statements, and Equity
28 accounting. [Ex. 2] In retaliation, Backblaze demotes Hall by
removing him from his own department (the FP&A Department)
and quarantining him in the Accounting Department; and

1 iii. **Termination:** On November 1, 2023, Hall refuses to certify
2 Backblaze’s Q3 2022 10-Q because of its many inaccuracies.
3 [Ex. 3] In retaliation, Backblaze demotes Hall further by changing
4 his supervisor from Kisner—who Backblaze just terminated for
5 complaining about Backblaze’s inaccurate financials—to its
6 Corporate Controller Kazmi. Worse, Kazmi then gives Hall a
7 critical performance review for 2023 despite him not supervising
8 Hall, and then immediately terminates him on February 23, 2024.

9 40. Circumstantial evidence also supports Hall’s contention that his protected conduct
10 contributed to Backblaze’s imposition of multiple adverse employment actions. Namely, in
11 November 2023, Backblaze also terminated its VP of Investor Relations Kisner. Kisner also
12 complained of Backblaze’s inaccurate financial disclosures to the SEC, both internally and
13 externally.¹²

14 41. Finally, Hall’s termination for his alleged “poor performance” provides further
15 circumstantial evidence that Backblaze demoting then terminating Hall states a claim under LAB.
16 CODE § 1102.5. Namely, Hall received stellar performance reviews for his first three years on
17 the job, all of which commend him for his extreme dedication to the company and advanced
18 proficiency in financial analysis. [Exs. 4–6] Hall’s *only* critical performance review, [Ex. 7],
19 comes from Backblaze’s Corporate Controller Kazmi right after Hall refused to certify inaccurate
20 Q3 2023 10-Qs. Notably, Kazmi was *not* in a position to oversee review Hall’s performance, so
21 Kazmi was not positioned to critique Hall. Moreover, Backblaze’s own internal control
22 documents state that Kazmi, not Hall, is responsible for final approval of the financial models
23 and projections. Kazmi’s insistence that Hall certify Backblaze’s 10-Qs and 10-Ks suggests that
24 Kazmi knew they were inaccurate. Despite Kazmi’s reluctance in certifying Backblaze’s
25 inaccurate financials, he did so, which benefited Backblaze’s Founders, who were trying to
26 liquidate their Backblaze stock quicker than their fiduciary duties allowed. However,
27 Backblaze’s Founders rewarded Kazmi for terminating Hall and certifying the inaccurate
28 financials by: (i) promoting him to a “Vice President” role; and (ii) providing him with extra
29 compensation and stock options.

¹² In fact, Kisner complained directly to Backblaze’s Board of Directors regarding the inaccurate financial disclosures Backblaze was submitting to the SEC.

1 is entitled to (i) his Employment Records; (ii) \$1,500 in statutory damages; and (iii) reasonable
2 attorney's fees and costs of suit.

3 **PRAYER FOR RELIEF**

4 **WHEREFORE, Hall prays judgment against Defendants as follows:**

5 1. For Count I, Whistleblower Retaliation in Violation of Labor Code § 1102.5:

6 a. Compensatory damages, including front pay, back pay, benefits, and
7 emotional distress; and

8 b. Reasonable attorney's fees.

9 2. For Count II, Backblaze's Failure to Provide Employment Records in Violation
10 of Labor Code §§ 226(b), 432 and 1198.5:

11 a. \$750 in statutory damages under Labor Code § 226(f);

12 b. \$750 in statutory damages under Labor Code § 1198.5(k);

13 c. Injunctive relief ordering Backblaze to produce the entirety of Hall's
14 Employment Record, Labor Code §§ 226(h), 1198.5(l); and

15 d. Reasonable attorney's fees and cost of suit. Labor Code §§ 226(e)(1),
16 226(h), 1198.5(l).

17 3. Punitive damages;

18 4. Pre-judgment interest; and

19 5. Such other and further relief as this Court deems just and proper.
20

21 Dated: October 28, 2024

Respectfully submitted,

22 **THE CLOPPER LAW FIRM, P.C.**

23 
24 ATTORNEY AT LAW

25 Eric Clopper, Esq.
26 Attorney for Plaintiff Huey Hall
27
28

From: Huey Hall hhall@backblaze.com
Subject: Re: Complete with DocuSign: Sub-Certification - Q3'2022 10-Q Filing (11.01.22) (F).docx
Date: Nov 3, 2022 at 2:02:54 PM
To: Amy Kunde akunde@backblaze.com

Amy,
Please delete as I am not signing the sub-cert. Thanks.
Huey

On Thu, Nov 3, 2022 at 12:41 PM Amy Kunde via DocuSign
<dse_NA3@docusign.net> wrote:



Amy Kunde sent you a document to review and sign.

REVIEW DOCUMENT

Amy Kunde
akunde@backblaze.com

Please find attached the Sub-certification agreement which is to be signed after reading the Q3'22 10-Q. Both the redline and clean versions have been sent to you via email from Byron and Waleed. If there are any questions, please don't hesitate to contact them.

Thank you.

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--

Huey Hall

Head of FP&A

Backblaze, Inc.

hhall@backblaze.com

From: Huey Hall hhall@backblaze.com
Subject: Re: Q4 Form 10-K Subcertification
Date: Mar 14, 2023 at 12:51:22 PM
To: James Kisner jkisner@backblaze.com

Hi James,

Thank you for having my back. I am proposing the following as it is within my realm of responsibility. Let me know if this works.

Thanks.

Huey

Downloading
image.png
22 KB

On Tue, Mar 14, 2023 at 12:31 PM James Kisner <jkisner@backblaze.com> wrote:

Hey Huey -

I'd never ask you to certify anything that you aren't qualified or comfortable certifying- that would miss the point! Will work with Waleed on how to carve this certification out appropriately.

Best,

James

On Tue, Mar 14, 2023 at 2:22 PM Huey Hall

<hhall@backblaze.com> wrote:

James,

For the modeling and going concern memo, I don't mind clearing that line item and certifying it. However, I am not comfortable with the Financial Statements or any other areas as I am not involved in them. For example, I can't get reasonable assurance that Fixed Asset is correct. I can't in the right conscience sign off something that I am not responsible for.

If you want me to certify it, I will since you are my boss. However, it's not my intention since it's affecting my integrity as I was not involved in the accounting treatment of policies or the management in the accounting department.

Please advise if you wish to proceed. Thanks.

Huey

On Tue, Mar 14, 2023 at 9:52 AM James Kisner

<jkisner@backblaze.com> wrote:

Huey -

We specifically decided to keep you on the cert this year as you did all the recent cash flow and balance sheet modeling for our banks, and therefore may have the most insight into liquidity/going concern commentary in particular. Idea was potentially to take you off next year. I'll still certify the whole document, but we were hoping you'd give this year's 10-K a read and assure us you have no concerns.

Best,

J

On Tue, Mar 14, 2023 at 11:38 AM

<btan@backblaze.com> wrote:

Hi Huey and James,

Huey – Thank you.

James – Would you please advise who else on the FP&A team, if any, would be the appropriate person to review the sections previously designated to Huey?

Please let me know if you have any questions.

Thank you,

Byron J. Tan

SEC Reporting Manager

(650) 490-0633

btan@backblaze.com

Backblaze.com

From: Huey Hall <hhall@backblaze.com>
Sent: Monday, March 13, 2023 10:29 AM
To: Byron Tan <btan@backblaze.com>
Subject: Re: Q4 Form 10-K Subcertification

Byron,

I am not an exec. As such, I am not in a position to sub-cert the 10K. Thanks.

Huey

On Mon, Mar 13, 2023 at 10:04 AM Byron Tan
<btan@backblaze.com> wrote:

Hi,

I hope you are doing well.

Gleb and Frank have requested your sub-certification of the Q4 Form 10-K, which is planned to be filed with the SEC during the week of March 20, 2023. Gleb and Frank will be completing the formal certification forms that are required to be filed with the SEC, which will rely on your completed sub-certification.

Attached is a 2022 Form 10-K Draft and a redlined version against the 2021 10-K.

Please note that the risk factors section has been redlined to the Q3 2022 10-Q, and financial tables have not been redlined to enhance readability.

Please provide your sub-certification of the items requested via DocuSign that Amy will be sending out shortly.

Please provide your response no later than close of business on Thursday, March 16, 2023 . Let Tom or Waleed know if you have any questions or if you would like to discuss.

All the best,

Byron J. Tan

SEC Reporting Manager

Backblaze, Inc.

--

Huey Hall

Sr. Director, FP&A

Backblaze, Inc.

hhall@backblaze.com

--

Huey Hall

Sr. Director, FP&A

Backblaze, Inc.

hhall@backblaze.com

--

Huey Hall

Sr. Director, FP&A

Backblaze, Inc.

hhall@backblaze.com

From: Huey Hall hhall@backblaze.com
Subject: Re: Complete with DocuSign: CLEAN_BLZE
10-Q 2023.09.30_V.5 (as of 10.29.23
10am).docx, REDLINE_BLZE...
Date: Nov 1, 2023 at 10:38:05 AM
To: Amy Kunde akunde@backblaze.com

I already talked to Waleed and am not signing it.

On Wed, Nov 1, 2023 at 10:32 AM Amy Kunde
<akunde@backblaze.com> wrote:

As Accounting Ops, they are asking you to review and sign.
He says he will talk directly with you.

Amy



Amy E Kunde
Sr. Executive Assistant
(650) 714-1315
akunde@backblaze.com
Backblaze.com

On Wed, Nov 1, 2023 at 10:15 AM Huey Hall
<hhall@backblaze.com> wrote:

Amy,

Why are you sending this to me for signature again? I am in Accounting Operations and have nothing to do with SEC reporting. This belongs to Waleed and his Financial Reporting team. Thanks.

Huey

----- Forwarded message -----

From: Amy Kunde via DocuSign

<dse_NA3@docusign.net>

Date: Wed, Nov 1, 2023 at 8:21 AM

**Subject: Complete with DocuSign: CLEAN_BLZE 10-Q
2023.09.30_V.5 (as of 10.29.23 10am).docx,
REDLINE_BLZE...**

To: Huey Hall <hhall@backblaze.com>



Amy Kunde sent you a document to review and sign.

REVIEW DOCUMENTS

Amy Kunde

akunde@backblaze.com

Per the recent email, please find the Q3 2023 10-Q for you to read and sign. Please contact Waleed if there are any questions or comments. We ask that this be reviewed and returned signed by Friday, November 3rd. A red-line copy has been provided for your convenience.

Sincerely,
Amy

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Huey Hall
Sr. Director, Accounting Operations
Backblaze, Inc.
201 Baldwin Ave
San Mateo, CA 94401
hhall@backblaze.com

--

Huey Hall
Sr. Director, Accounting Operations
Backblaze, Inc.
201 Baldwin Ave
San Mateo, CA 94401
hhall@backblaze.com

Hall, Huey

165-Head of FP&A

Position ID - 7M7001202

Reports To - Patchel, Frank

Department - 000620-Accounting & Finance

Location - SAM0-Corporate Office

REVIEW INFORMATION

Reviews for April 2021

Review Period - 04/01/2020 to 03/31/2021

Status - Released to Employee

Target Completion Date - 05/31/2021

REVIEWER INFORMATION

Reviewer - Patchel, Frank

INTRODUCTION

Welcome!

Your anniversary is coming up! The success of an organization is largely determined by its most critical asset, its employees. Your contributions to Backblaze are valued and impact our ability to meet our organizational goals.

An annual review is a meaningful activity that can contribute to your growth and development here at Backblaze. Please take the time to reflect, engage and answer the following questions. Once the review is complete, your manager will schedule a one-on-one with you to discuss the review and any future actions

RATING SCALE

Does Not Meet Expectations	Performance standards are consistently below expectations.
Partially Meets Expectations	Performance standards typically meet expectations, but do not always meet expectations.
Meets Expectations	Performance standards consistently meet expectations, and at times exceed expectations.
Exceeds Expectations	Performance standards consistently exceed expectations.
Greatly Exceeds Expectations	Performance standards consistently surpass expectations.

QUESTIONS

Instructions

HI BACKBLAZE TEAM, please follow the instructions linked here to complete the assigned performance review: <https://tinyurl.com/mvb4nkn7>

1 - EMPLOYEES, please list 3-5 things that you're most proud of from the past 12 months. What are some things you liked/enjoyed doing? Is there anything you'd prefer to do less of? Why?

Category -

Employee Response

Successfully implemented PBCS system in time for budget process. Usually takes over 12 weeks and we were able to complete in 8.
Develop standard Management Report for monthly reviews. Increasing visibility for flux analysis.
Setup department analysis and has started to coordinate with Dept head for their flux review.
Completed multiyear forecasts to be used for 409A valuation.

Reviewer Response

Huey established the FP&A function this year, meaning everything he worked on was new or newly developed. Huey inherited a complex model of activity that was prone to breaking if touched and was not providing all the necessary information needed for a full budget or forecast. To establish the function, Huey accomplished the following:

- Produced a simplified model that was closer to GAAP
- Produced a set of new Financial Statements that followed the Budget and was suitable for lessors and Banks. This was critical due to pandemic lessor issues with canceling credit facilities.
- Based upon requirements, selected and helped with the install of a budget and forecast system that would tract expenses at the department level.
- Modified the Budget to produce a forecast of activity.
- Produced a budget that was highly accurate for revenue and much better at forecasting expenses despite numerous changes for GAAP that he incorporated on an on-going basis.
- Provided a key control in comparing NetSuite detail to the reporting system and finding errors
- Hired Shane Broome and trained him as a financial analyst.

Huey was also producing a set of models, not one, to help manage the business. These included:

- Steady State Budget for the 409-A and Bank covenants
- Combined Budget for the investment scenario
- Quarterly budget for the Analysts, the Street Model.

Since each model was different in complexity and form, Huey had to design these all from scratch.

2 - Development Goals - EMPLOYEES, what are some personal goals you'd like to accomplish or improve in the next 12 months?

Category -

Employee Response

Provide quarterly forecasts and Key Metrics for street guidance.
Improve PBCS system for more functionality and fix various issues within the system.

Reviewer Response

Goals for Next Review Period

- Budgeting and Forecasting must move more completely from excel spread sheets to the NetSuite module to produce variation more quickly and easily. Huey will need IT and other support to make this happen.
- Huey needs to define the role for Shane. He currently is managing the Departmentals, budget support, insurance, tax issues and cash forecasting.
- Models need to look outward for longer periods to give us time to make business adjustments.

3 - ONLY FOR CONTRIBUTORS/PEERS:** Please summarize your individual experience working directly with this person and/or their team. We'd like to learn about how the individual performs in these specific areas: leadership, collaboration, interpersonal skills, problem-solving, motivation, and job-effectiveness (i.e. proficiency, ownership, etc.).

Note: Not all areas may be relevant to your experience with the employee, so please respond based on your own interactions with them and provide examples when applicable.

****Managers, you will not need to answer this question. Feel free to input "N/A" below or utilize the field to summarize contributor's comments.**

Category -

Reviewer Only Question

Employee Response

Employee response is not required as this is a Reviewer only Question.

Reviewer Response

N/A

4 - ONLY FOR CONTRIBUTORS/PEERS:** Do you have any suggestions for their development opportunities or any additional constructive feedback?

****Managers, you will not need to answer this question. Feel free to input "N/A" below or utilize the field to summarize contributor's comments.**

Category -

Reviewer Only Question

Employee Response

Employee response is not required as this is a Reviewer only Question.

Reviewer Response

N/A

OVERALL COMMENTS

Employee Response

The constant restatements of prior financial data has caused multiple iterations of the models to sometimes be materially affected in the forecast.

I will spend more time in developing Shane to ensure he's successful in his role.

My hope, after we've completed our 2020 audit, the 2021 close will go more smoothly and get back to what I've experienced as a normal process.

As for helping me succeed in my role, I am looking forward to attending more FP&A related seminars for current trends and industry standards.

Reviewer Response

Overall Rating
Exceeds Expectations

Overall, Huey is a highly dedicated contributor. He has worked countless weekends and late nights to accomplish changing priorities. He is adaptable and an expert in excel and using systems.

SIGNATURES

Employee Signature

Reviewer Signature

Hall, Huey

165-Head of FP&A

Position ID - 7M7001202

Reports To - Patchel, Frank

Department - 000620-Accounting & Finance

Location - SAM0-Corporate Office

REVIEW INFORMATION

Reviews for March 2022

Review Period - 01/01/2021 to 12/31/2021

Status - Released to Employee

Target Completion Date - 04/30/2022

REVIEWER INFORMATION

Reviewer - Patchel, Frank

INTRODUCTION

Welcome!

Your anniversary is coming up! The success of an organization is largely determined by its most critical asset, its employees. Your contributions to Backblaze are valued and impact our ability to meet our organizational goals.

An annual review is a meaningful activity that can contribute to your growth and development here at Backblaze. Please take the time to reflect, engage and answer the following questions. Once the review is complete, your manager will schedule a one-on-one with you to discuss the review and any future actions

RATING SCALE

Does Not Meet Expectations	Performance standards are consistently below expectations.
Partially Meets Expectations	Performance standards typically meet expectations, but do not always meet expectations.
Meets Expectations	Performance standards consistently meet expectations, and at times exceed expectations.
Exceeds Expectations	Performance standards consistently exceed expectations.
Greatly Exceeds Expectations	Performance standards consistently surpass expectations.

QUESTIONS

Instructions

HI BACKBLAZE TEAM, please follow the instructions linked here to complete the assigned performance review: <https://tinyurl.com/mvb4nkn7>

1 - EMPLOYEES, please list 3-5 things that you're most proud of from the past 12 months. What are some things you liked/enjoyed doing? Is there anything you'd prefer to do less of? Why?

Category -

Employee Response

The things I am most proud of are the followings:

1. Achieved FY'21 budget revenue target of ~100% @\$67.5M
2. Achieved FY'21 budget EBITDA target of 5%
3. Provided accurate forecasting model for Auditors to rely on for Going Concern assessment
4. Completed Multiyear Street Model and successfully assist in going IPO

I enjoyed collaborating with management and have open door discussion regarding both my concerns and opinions.

Reviewer Response

The key accomplishments of this the second year of the FP&A function established by Huey, was:

- Working with me to produce two rounds of Investment Banking Analysts' day presentation. This was done from almost zero key analysis and conflicting directions by B of A. The second for Oppenheimer was much more honed since many metrics were settled and Oppenheimer was clear on expectations.
- Keeping 4 versions of the Forecasts and Budgets. We went into the year with two versions, going public and not. Added to that were versions for Wall Street, 409 – A's, commercial banks and updates for the going public or not. These versions proved important since both HomeStreet and CNB used them to grant credit. Also, BDO used them to ensure the company had no going concern issues. BDO also praised their accuracy. CNB did so as well. This occupied nearly all of Huey's time.
- The 2022 budgets were performed in more detail, necessary for a public company, and key issues were surfaced early. These included a lack of information in the Marketing budget to explain any investments or their expected returns.
- New staff was added with Stewart, who is an excellent modeler and has public experience, knowing the importance of forward guidance and how it can be developed and used.
- Shane also took on additional responsibilities in the close for expense analysis, departmental accuracy, insurance coverage data, and the overall budgeting system in NetSuite. This involved several changes by NetSuite and other third parties.
- The budget system, PBCS, has been upgraded, a key goal.

2 - Development Goals - EMPLOYEES, what are some personal goals you'd like to accomplish or improve in the next 12 months?

Category -

Employee Response

I would like to improve on our budget system so that we can have readily available dashboard to address any course corrections.

I would like to gain more insights into e-staff discussion so that I can prepare for appropriate response as needed.

I would like to have further involvement with Accounting Operations to assist in minimizing operational weaknesses.

Reviewer Response

Goals for Next Review Period

- Budget models need to allow faster updates to have quicker projections by quarter.
- Forecasts need to be rolling for 6 – 8 quarters routinely.
- The FY' 23 target budget needs to be honed with key assumptions.
- All budgets and forecasts need walkdowns of key areas with assumptions.
- Huey needs to define a greater role for Stewart to allow for work beyond sales modeling.
- Models need to look outward for longer periods to give us time to make business adjustments.
- Ensure work and answers provided to non-team members are of sufficiently high quality. Quick analysis often causes errors that need to be reanalyzed.

3 - ONLY FOR CONTRIBUTORS/PEERS: Please summarize your individual experience working directly with this person and/or their team. We'd like to learn about how the individual performs in these specific areas: leadership, collaboration, interpersonal skills, problem-solving, motivation, and job-effectiveness (i.e. proficiency, ownership, etc.).**

Note: Not all areas may be relevant to your experience with the employee, so please respond based on your own interactions with them and provide examples when applicable.

****Managers, you will not need to answer this question. Feel free to input "N/A" below or utilize the field to summarize contributor's comments.**

Category -

Reviewer Only Question

Employee Response

Employee response is not required as this is a Reviewer only Question.

Reviewer Response

N/A

4 - ONLY FOR CONTRIBUTORS/PEERS:** Do you have any suggestions for their development opportunities or any additional constructive feedback?

****Managers, you will not need to answer this question. Feel free to input "N/A" below or utilize the field to summarize contributor's comments.**

Category -

Reviewer Only Question

Employee Response

Employee response is not required as this is a Reviewer only Question.

Reviewer Response

N/A

OVERALL COMMENTS

Employee Response

I am very proud to be in the current position where I can provide my knowledge and expertise that management staff can value. Over the last 12 months, I am very happy to produce accurate, measurable, and reliable budget and forecasts; to introduce departmental variance analysis, to collaborate with S&M in developing trackable metrics. These items provide invaluable insights into the overall company performance as well.

I am also proud of my team (Shane) and my referral (Alex) for identifying and recovering hundreds of thousands of dollars for money that we would not otherwise received. Kudos to them for their efforts.

Reviewer Response

Overall Rating
Meets Expectations

Overall, Huey remains a highly dedicated contributor who is striving to meet all new public company priorities. Huey's performance over the past year has been **between meeting and exceeding expectations**. ADP does not allow me to give in between ratings so please disregard the rating field above.

SIGNATURES

Employee Signature

Reviewer Signature

Hall, Huey

404-Sr. Director, Financial Planning

Position ID - 7M7001202

Reports To - Kisner, James

Department - 000620-Accounting & Finance

Location - SAM0-Corporate Office

REVIEW INFORMATION

2022-2023 Annual Review

Review Period - 01/01/2022 to 12/31/2022

Status - Released to Employee

Target Completion Date - 03/15/2023

REVIEWER INFORMATION

Reviewer - Kisner, James

INTRODUCTION

Welcome!

Your annual review has been launched! The success of an organization is largely determined by its most critical asset, its employees. Your contributions to Backblaze are valued and impact our ability to meet our organizational goals.

An annual review is a meaningful activity that can contribute to your growth and development here at Backblaze. Please take the time to reflect, engage and answer the following questions. Once the review is complete, your manager will schedule a one-on-one with you to discuss your performance from the past year, along with discussing the goals set out for you in the upcoming year.

Feel free to contact Vanna should any question arise.

RATING SCALE

Does Not Meet Expectations	Performance standards are consistently below expectations.
Partially Meets Expectations	Performance standards typically meet expectations, but do not always meet expectations.
Meets Expectations	Performance standards consistently meet expectations, and at times exceed expectations.
Exceeds Expectations	Performance standards consistently exceed expectations.
Greatly Exceeds Expectations	Performance standards consistently surpass expectations.

QUESTIONS

Instructions

HI BACKBLAZE TEAM, please follow the instructions linked here to complete the assigned performance review: <https://tinyurl.com/mvb4nkn7>

1 - EMPLOYEES, please list 3-5 things that you're most proud of from the past 12 months. What are some things you liked/enjoyed doing? Is there anything you'd prefer to do less of? Why?

Category -

Employee Response

Things I am most proud of and enjoyed doing for FY22 are as follows:

1. FY23 budget process started earlier and smoother than prior years. Increased efficiency by at least 50%. --- Goals met
2. Reviewed and identified at least 1 accounting deficiency of over \$50K each month. --- Key control
3. Collaborated with Internal Audit for SOX Compliance. --- Key control
4. Recommended proper accounting treatment of R&D Capitalization with total impact of over \$300K. --- Key function
5. Maintained multiple versions of forecasts (Worst, Base, Best) and provided accurate Revenue/EBITDA quarterly guidance. --- Key function
6. Analyzed Marketing programs and timely prevented additional spending. Saved \$4M of brand marketing and halted additional 20 SDR headcounts. --- Key function

Reviewer Response

Huey's has demonstrated a strong work ethic has spent long hours and weekends completing tasks. He has developed a variety of models including those needed for our lender. He also manages Shane and they have produced capex models to drive cash flow forecasts.

He also has provided timely and constructive feedback for the accounting operations team. This is especially evident in the flux analysis review he performs during the monthly close cycle, as he routinely suggests targeted and operational improvements, which result in higher quality financial statements for Backblaze. Huey actively seeks out issues within FP&A budgets and related accounting results and drives to resolution.

Huey has also trained Shane in the budgeting/forecasting IT system and has overseen a comprehensive expansion in its capabilities using third-party developers and IT. NetSuite has limitations that are understood, and effective workarounds have been designed and implemented.

In terms of areas to be improved on, the feedback from peers has been very consistent that Huey's cross functional communication and collaboration needs to significantly improve and falls below the standards of a

Senior Director. The feedback is that Huey is very "short" in his communication and his cross functional partners feel that he has an adversarial relationship with them and is not effective in producing analysis they believe is useful in driving business decisions. He receives positive feedback on effectiveness from his partners in the Accounting organization, but even this team consistently indicates Huey has issues with his communication style.

Additionally, cross-functional partners indicate a shortfall in quality of analysis and a lack of confidence in the analysis Huey does and its conclusions. This also is a key criteria for a Senior Director level position.

I would like to work closely with Huey to address this issue and develop him to help him become significantly more effective in these areas. Below are the guidelines for a Senior Director position.

Knowledge & Application: Develops and provides strategy, vision and direction to multiple functions. Implements company wide policies and practices. Provides input to executive management. Accountable for function financial results which impact organization performance

Complexity & Problem Solving: Works consistently with abstract ideas or situations across functional areas of the business. Through assessment of intangible variables, identifies and evaluates fundamental issues, providing strategy and direction for multiple functional areas. Anticipates factors that could influence strategies and company position in the market.

Discretion & Impact: Establishes and develops broader company strategy and translates into multi functional objectives. Erroneous decisions will effect the company's success, five years or longer.

Collaboration & Interaction: Interacts with internal and external executive level management, requiring negotiation of extremely critical matters Influences policymaking and strategy based on communication strategies and persuasion skills. Partners with executive leadership team for the function to provide cohesive direction towards company goals.

Management & Supervision Pro: Leads activities of one or more functional areas, divisions, product groups and services through subordinate directors / managers who have overall responsibility for the successful operation of assigned areas. Oversees team(s) to develop new methods and solve company-wide matters.

.

2 - Development Goals - EMPLOYEES, what are some personal goals you'd like to accomplish or improve in the next 12 months?

Category -

Employee Response

Some of the personal goals I would like to accomplish/improve in the next 12 months are to have more control over accounting operations, re-develop management reports, reset multi-year forecasts, and improve PBCS system.

Reviewer Response

- 1. Collaboration and Emotional Intelligence.** This really comes down to making business partners and team mates feel like he is respecting them, listening to them, and incorporating their feedback. I would like to see an **end to "short" emails and slack messages to all team mates**, including subordinates. Additionally, Huey needs to try and **end criticism of cross functional partners** in Sales, Marketing, and Accounting, and find a way to deliver constructive feedback in a more considerate way. Additionally, careful communication with cross functional partners is needed to improve accuracy. For example, I have had multiple members of cross functional leadership complain that there was miscommunication in the recent salary/ head count roll up for 2023 budgets. I also want Huey to be more choiceful in his commentary in team meetings. I do want him to continue to speak up and share issues he is seeing - a good example was when he raised the issue of R&D capitalization in our FP&A team meeting and flagged it is an important accounting issue that could affect our expense forecast. However, at times Huey has begun extended commentary, usually criticism on spending and lack of results by Sales and Marketing, that are not on topic and make our meetings less efficient.
- 2. Synthesis of Information.** Huey needs to aim to both deliver overall conclusions in a clear and concise way and present data in that is more digestible. Also we must aim to answer obvious questions arising from the data prior to management (such as our CEO) asking them. A recent example is growth in subscriptions spending that was presented to Gleb. We should have seen that growth and had quick answers and analysis to explain it. In a follow up meeting, this still was not

done. We must not dump/paste spreadsheets into slides, except perhaps in appendices. Going forward, I want to see presentations and models prior to sharing with senior management.

3. **Business and Finance Knowledge.** I have observed Huey has at times shown a lack of understanding of critical business concepts and processes. I would like him to become very adept and understanding our business, and become nimble about converting between licenses, petabytes and ARR when necessary, and also the various selling motions. He commented in a team meeting that he had "no use for ARR" which is the key metric that we are using as a company to drive OKRs and is easily converted into revenue and petabytes. I've also observed that Huey has at times demonstrated a lack of understanding and application of our ROI model, which has been shared with him at multiple times. For example, in a team meeting, he commented that sales should be generating a multiple of their salaries, which is inconsistent with the ROI model we have established. I would also like Huey to review key finance concepts including NPV, cost of capital, and Free Cash Flow.
4. **Alignment with Role and Responsibilities.** At times, Huey has demonstrated a lack of alignment with his new role and defined responsibilities. I have been concerned he is working on things that is out of scope with the responsibilities I have given him, which is forecasting and analyzing Expenses. For example, in a meeting early after I assigned him Expenses, he stated he "had a problem" with not providing a revenue forecast, because he had been accurate in the past. This was borderline subordination. He also recently stated in a meeting that he planned to do a product line P&L -- after I had just published one that reached completely different conclusions on product profitability (and that he had been copied on.) It was apparent that he had not absorbed the new product profitability analysis and was also deciding to work on something without a directive to do so. Self-directing work creates confusion with the organization and creates inefficiencies. I need Huey to align with me on the work he is doing and its conclusions to ensure that we aren't duplicating effort, the conclusions are sound, and the product created by our FP&A organization is consistent and effective.

On Emotional Intelligence and Communication, I am recommending two courses for Huey, which I would like him to begin in the next week:

- 1) The MIT Sloan presentation on Storytelling/Communication
- 2) The Coursera course on Emotional Intelligence

3 - ONLY FOR CONTRIBUTORS/PEERS:** Please summarize your individual experience working directly with this person and/or their team. We'd like to learn about how the individual performs in these specific areas: leadership, collaboration, interpersonal skills, problem-solving, motivation, and job-effectiveness (i.e. proficiency, ownership, etc.).

Note: Not all areas may be relevant to your experience with the employee, so please respond based on your own interactions with them and provide examples when applicable.

****Managers, you will not need to answer this question. Feel free to input "N/A" below or utilize the field to summarize contributor's comments.**

Category -

Reviewer Only Question

Employee Response

Employee response is not required as this is a Reviewer only Question.

Reviewer Response

n/a

4 - ONLY FOR CONTRIBUTORS/PEERS:** Do you have any suggestions for their development opportunities or any additional constructive feedback?

****Managers, you will not need to answer this question. Feel free to input "N/A" below or utilize the field to summarize contributor's comments.**

Category -

Reviewer Only Question

Employee Response

Employee response is not required as this is a Reviewer only Question.

Reviewer Response

n/a

OVERALL COMMENTS

Employee Response

Overall Rating
Exceeds Expectations

Over the past 12 months, I've greatly contributed to the improvements of accounting operation weaknesses, provided accurate guidance, and developed multiple forecasts and analyses.

Although accounting operations have improved over the years by doubling the staff, the weaknesses are not resolved. FP&A continued to provide feedback regarding proper expense account classifications and to identify incorrect accruals/prepays. Capital assets, lease liabilities, inventories, R&D capitalization still needs improvements.

At the beginning of the year, we've set a Street guidance of \$84.9M in revenue with the expectation that we will "meet and exceed". We ended the year currently at \$85.2M. Our EBITDA guidance initially set at -16%. With the improvements from stopping the Branding campaign and hiring freeze of 20 SDR headcounts, we ended the year at -11%. 5 points improvement. As such, I am very proud of having provided such an accurate guidance.

For multiple forecast, I've developed the Worst, Base, Best scenario. Worst assumptions are customer acquisition continued a downward declined, no revenue contribution from SDR and other marketing programs, but continued spending at the max budget. Base assumptions included Stewart's bottoms up model with modest spend. Best scenario includes revenue meet or exceeds targets with additional upsides from current cohorts.

In conclusion, I believe I have the **Foresight** to ensure continued success in our department, the expertise to reliably **Predict** our financial results, and the ability to **Adapt** to uncertainties. However, I feel like my talents are not properly appreciated. While my peers seems all to have succeed in their career paths, I felt like I am being held back. Hopefully, for the current year, I would like to further expand my role and have further involvement in management discussion.

Reviewer Response

Overall Rating
Meets Expectations

Huey is highly valued by our CFO and received largely positive feedback from the accounting organization on his effectrivies. We also appreciate his hard work in the past year. However, both the accounting organization and his cross functional team members indicate problems with communication and collaboration that fall short of the expectations for a Senior Director, and the quality of analysis, presentation and leadership Huey is currently presenting also fall short of a Senior Director. Huey needs to work with vigor to address these

shortfalls -- If he continues with his current approach to these issues, he will not be meeting expectations for this role.

SIGNATURES

Employee Signature

Reviewer Signature

Hall, Huey (Hall, Huey)

404-Sr. Director, Financial Planning

Position ID - 7M7001202

Reports To - Patchel, Frank (Patchel, Francis)

Department - 000620-Accounting & Finance

Location - SAM0-Corporate Office

REVIEW INFORMATION

2023-2024 Annual Review

Review Period - 01/01/2023 to 12/31/2023

Status - Released to Employee

Target Completion Date - 02/29/2024

REVIEWER INFORMATION

Reviewer - Kazmi, Waleed (Kazmi, Waleed)

INTRODUCTION

Welcome team!

Conducting or contributing to an employee's annual review will positively contribute to their overall growth and development at Backblaze.

Let's get started!

RATING SCALE

Does Not Meet Expectations	Performance standards are consistently below expectations, for example: *Knowledge, skills and abilities have not been demonstrated at appropriate levels *May require close guidance and direction to perform routine job duties *Performance may impede the work of others
Partially Meets Expectations	Performance standards typically meet expectations, but do not always meet expectations. For example: *Demonstrates satisfactory performance inconsistently. *Deliverables/results are sometimes completed promptly and with acceptable amount of accuracy *May require more supervision/guidance than necessary for their level. *Coaching, additional resources or training may be provided for them to gain proficiency *Could be new to the role or new to the company
Meets Expectations	Performance standards consistently meet expectations, and at times exceed expectations. For example: *Not an 'average' score. Backblaze expectations are very high and continue to grow *Employees on "on-track" and meeting all the expectations of their current role and job level. *Can occasionally exceed expectations *Wholly and independently perform all aspects of their job function *Performance is consistent, meets all the requirements of job description and made meaningful contributions to their team *Deliverables/results are usually completed in a timely manner and with accuracy
Exceeds Expectations	Performance standards consistently exceed expectations, for example: *Consistently exceeds expectations of job function, responsibilities or goals *Demonstrates unique understanding of work beyond assigned areas of responsibility, high levels of effort, effectiveness and judgment with limited/ supervision *Highly productive, innovative, responsive and generates top quality work *Consistently works towards overall objectives of the dept and/or company *Achieves valuable accomplishments in several critical areas of the job
Greatly Exceeds Expectations	Performance standards consistently surpass expectations, for example: *Considered an exceptional or top performer for their position and viewed as an excellent resource for providing training, guidance and support to others *Exceeds expectations in all aspects of their job function, responsibility or goals *Contributed overall extraordinary results well beyond what is expected and made

remarkable contributions to the objectives of their team, dept, and/or company *Consistently identify needs and provide unique, innovative and workable solutions *Achievements and abilities are very obvious to peers, managers and/or direct reports

QUESTIONS

Instructions

HI BACKBLAZE TEAM, please follow the instructions linked here to complete the assigned performance review: <https://tinyurl.com/mvb4nkn7>

1 - MANAGERS: Please summarize your employee's overall performance. Consider things that went well and things that could be improved on.

CONTRIBUTORS: Summarize your individual experience working directly with this person. Please respond based on your own interactions and provide examples when applicable.

Category -

Employee Response

For FY'23, I am proud of the following achievements.

1. Led charge in selecting Adaptive for FP&A team
2. Accurately established FY'23 budget with quarterly guidance that aligned with wall street consensus.

Since moving to Accounting Ops mid year, I've improved efficiency in several areas.

1. AP have improved tremendously by reducing the number of late payments being processed. Most of AP currently are within due dates when paid.
2. Improved month end close efficiency through clear understanding of the control matrix (designate clearly who's in charge of what).
3. Speed up on PR/PO process, will be rolling out in Q1'24. Currently pending finalization of UAT testing
4. Led charge to enhance Netsuite features (Void/Reverse)
5. Pushing for Docusign replacement of invoice approval workflow. Q1'24 roll out, pending UAT testing.

Reviewer Response

In FY'23, Huey led the selection of Adaptive for FP&A, aligned the budget with Wall Street consensus, and improved Accounting Ops efficiency. This involved reducing late payments in AP. Further Huey also enhanced Netsuite features.

The transition from FP&A to accounting has presented challenges, and after six months, Huey seems to struggle with certain responsibilities, lacking integration and ownership. Issues include improper month period management, quality control deficiencies, limited technical knowledge impacting interactions with auditors, and a lack of initiative-driven improvements.

While Huey is described as a nice individual, his professional conduct is critiqued. His specific preferences in work execution, efforts to be helpful, and occasional delays in reviewing/approving entries are noted. However, concerns persist regarding his readiness for the current job title and overall job satisfaction within the accounting team under his leadership.

2 - MANAGERS: What are some goals you'd like to see this employee accomplish or execute in the next 12 months?

CONTRIBUTORS: Do you have any suggestions for this employee's development opportunities or any additional constructive feedback?

Category -

Employee Response

To spend more time improving accounting operations and streamline each process. Currently there are many distractions that prevented me from effectively roll out some key areas that I would like to implement.

1. Setup template for JEs
2. Streamline recon workbook
3. Speed up close process through implementing pre-close
4. Work closely with Internal Control for matrix enhancement

Reviewer Response

There is a clear need for technical training to ensure a comprehensive review of financials, emphasizing a basic understanding of technical accounting. Additionally, recommended internal controls training should focus on documentation requirements and appropriate disclosure practices, particularly in interactions with internal auditors.

OVERALL COMMENTS

Employee Response

Over the last 4 years, I feel like all my work and efforts are not being recognized and that I am being left out. Everyone around me have been promoted several times over. However, I am still being stuck at the same. I would love to get a promotion to ensure that my work is being valued. I am happy with Head of Accounting Operations. Other than that, work has been challenging and interesting to say the least. There are constantly new things that came up which made work never a dull moment.

Reviewer Response

Overall Rating
Partially Meets Expectations

No Response

SIGNATURES

Employee Signature

Reviewer Signature