Redfin threatened with legal action by former CEO on eve of IPO

Redfin has been threatened with legal action by its former CEO on the eve of its IPO. The high-tech brokerage, which is expected to raise over $100 million when it goes public on Friday, received a letter on July 24 from David Eraker that "asserts a variety of claims" against Redfin director Paul Goodrich and Redfin investor Madrona Venture Group, Redfin disclosed in an updated SEC filing. The claims are "related to events prior to Mr. Eraker's departure from Redfin in August 2006" and focus on allegations "about the inventorship of one of Redfin's patent applications that has not issued and does not cover our current products or services," Redfin said in an amended version of an IPO prospectus that it filed today. "Mr. Eraker released all claims against Redfin in connection with his departure," the company added. The letter threatens litigation but no legal complaint has been filed, Redfin said. Redfin said the claims have no merit and that it would defend itself "vi...

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