
In the
Court of Appeal
of the
State of California
FOURTH APPELLATE DISTRICT
DIVISION ONE

D075028

SALAM RAZUKI,
Plaintiff-Respondent,

v.

NINUS MALAN, SAN DIEGO UNITED HOLDINGS GROUP, LLC,
FLIP MANAGEMENT, LLC, BALBOA AVE COOPERATIVE,
CALIFORNIA CANNABIS GROUP, DEVILISH DELIGHTS, INC.,
CHRIS HAKIM, MIRA ESTE PROPERTIES, LLC and ROSELLE PROPERTIES, LLC,
Defendants-Appellants.

APPEAL FROM THE SUPERIOR COURT OF SAN DIEGO COUNTY
HONORABLE EDDIE C. STURGEON · CASE NO. 37-2018-000034229-CU-BC-CTL

APPELLANTS' APPENDIX
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SALAM RAZUKI

9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**

10 **COUNTY OF SAN DIEGO, CENTRAL DIVISION**

11 SALAM RAZUKI, an individual,

12 Plaintiff,

13 v.

14 NINUS MALAN, an individual; MONARCH
MANAGEMENT CONSULTING, INC. a
15 California corporation; SAN DIEGO
UNITED HOLDING GROUP, LLC, a
16 California limited liability company; FLIP
MANAGEMENT, LLC, a California limited
17 liability company; MIRA ESTE
PROPERTIES, LLC, a California limited
18 liability company; ROSELLE PROPERTIES,
LLC, a California limited liability company;
19 and DOES 1-100, inclusive,

20 Defendants,

CASE NO. 37-2018-00034229-CU-BC-CTL

COMPLAINT FOR DAMAGES FOR:

- (1) **BREACH OF CONTRACT**
- (2) **BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING**
- (3) **BREACH OF ORAL AGREEMENT**
- (4) **BREACH OF FIDUCIARY DUTY**
- (5) **FRAUD AND DECEIT**
- (6) **MONEY HAD AND RECEIVED**
- (7) **CONVERSION**
- (8) **ACCOUNTING**
- (9) **APPOINTMENT OF RECEIVER**
- (10) **INJUNCTIVE RELIEF**
- (11) **DECLARATORY RELIEF**
- (12) **CONSTRUCTIVE TRUST**
- (13) **DISSOLUTION**

DEMAND FOR JURY TRIAL

1 Plaintiff SALAM RAZUKI complains and alleges as follows:

2 **I.**
3 **INTRODUCTION**

4 1. For years, Salam Razuki (“Razuki”) and Ninus Malan (“Malan”) engaged in numerous
5 business dealings and property investments. The two entered into certain oral agreements whereby
6 Razuki would provide the initial cash investment to purchase a certain asset while Malan would manage
7 the assets. The parties agreed that after reimbursing the initial investment to Razuki, Razuki would be
8 entitled to seventy-five percent (75%) of the profits & losses of that particular asset and Malan would
9 be entitled to twenty-five percent (25%) of said profits & losses. Unfortunately, due to Malan’s refusal
10 to be completely forthcoming with the Partnership Assets (as defined below in Section III), this oral
11 agreement became untenable and disputes arose. Instead of litigating the matter, Razuki and Malan
12 decided to enter into an Agreement of Compromise, Settlement and Mutual General Release (referred
13 to herein as the “Settlement Agreement”) to memorialize their prior oral agreements and to describe
14 additional duties and obligations for each of them. Under the Settlement Agreement, Razuki and Malan
15 agreed to transfer all Partnership Assets into one entity, RM Property Holdings, LLC (“RM Holdings”) which
16 was formed for that particular business purpose. After recuperating any initial investments
17 related to the Partnership Assets, Razuki would be entitled to seventy-five percent (75%) of the profits
18 & losses of RM Holdings and Malan would be entitled to twenty-five percent (25%) of the profits &
19 losses of RM Holdings.

20 2. Even with the Settlement Agreement in place and RM Holdings formed, Malan
21 continued to deceive Razuki and manipulate the Partnership Assets for his own gain. Shortly after the
22 Settlement Agreement was signed, Malan began negotiations to sell some of the Partnership Assets
23 while they were still under his name. During these sale negotiations, Malan never informed the potential
24 buyer of Razuki’s interest in the Partnership Assets. Based on information and belief, Malan
25 intentionally stole and/or redirect revenue from the Partnership Assets to a new entity owned by Malan
26 (*i.e.* Monarch). Given Malan’s blatant breach of the Settlement Agreement and his clear intentions to
27 conceal the profits of the Partnership Assets, Razuki now brings this instant Complaint in order to
28 enforce the terms of the Settlement Agreement and take control of his Partnership Assets.

29 **II.**
30 **PARTIES AND JURISDICTION**

1 3. Plaintiff SALAM RAZUKI (“Razuki”) is an individual residing in the County of San
2 Diego, State of California.

3 4. Defendant NINUS MALAN (“Malan”) is an individual residing in the County of San
4 Diego, State of California.

5 5. Defendant MONARCH MANAGEMENT CONSULTING, INC. (“Monarch”) is a
6 California corporation organized under the laws of the State of California. Monarch’s principal place
7 of business is in the County of San Diego, State of California. Razuki is informed and believes and
8 thereon alleges that Monarch has two shareholder, Chris Hakim (hereafter “Hakim”) and Malan who
9 are also the officers and directors of said corporation.

10 6. Defendant SAN DIEGO UNITED HOLDING GROUP, LLC (“SD United”) is a
11 California limited liability company organized under the laws of the State of California. SD United’s
12 principal place of business is in the in the County of San Diego, State of California.

13 7. Defendant FLIP MANAGEMENT, LLC (“Flip”) is a California limited liability
14 company organized under the laws of the State of California. Flip’s principal place of business is in the
15 in the County of San Diego, State of California.

16 8. Defendant MIRA ESTE PROPERTIES, LLC (“Mira Este”) is a California limited
17 liability company organized under the laws of the State of California. Mira Este’s principal place of
18 business is in the in the County of San Diego, State of California.

19 9. Defendant ROSELLE PROPERTIES, LLC (“Roselle”) is a California limited liability
20 company organized under the laws of the State of California. Roselle’s principal place of business is in
21 the in the County of San Diego, State of California.

22 10. The true names and capacities of defendants sued as DOES (the “DOE Defendants”) are
23 unknown to Razuki and therefore are sued under such fictitious names. Razuki is informed and believes,
24 and based upon such information and belief alleges that defendants sued as DOES are in some manner
25 responsible for the acts and damages alleged. Razuki will amend this complaint when the true names
26 and capacities of such fictitiously named defendants are ascertained.

27 11. Malan, Monarch, SD United, Flip, Mira Este, Roselle and DOE Defendants are
28 collectively referred to as “Defendants” hereinafter

 12. Razuki is informed and believes, and thereon alleges that at all times mentioned

1 Defendants were acting as the agent, employee, attorney, accountant, and/or representative of each other
2 and within the scope of the above-mentioned agency, employment, relationship, and/or representation.
3 In doing the acts alleged, each defendant was acting with the full authority and consent of each other
4 defendant.

5 13. Razuki is informed and believes and thereon alleges that some of the corporations,
6 limited liability companies, and entities named as defendants herein including, but not limited to,
7 Monarch, SD United, Flip, Mira Este, Roselle, and DOES 1 through 100, (hereinafter occasionally
8 collectively referred to as the "Alter Ego Entities"), and each of them, were at all times relevant the alter
9 ego of Malan (hereinafter occasionally collectively referred to as the "Individual Defendants") by reason
10 of the following:

- 11 a. Razuki is informed and believes and thereon alleges that said Individual Defendants,
12 at all times herein mentioned, dominated, influenced, and controlled each of the Alter
13 Ego Entities and the officers thereof as well as the business, property, and affairs of
14 each of said corporations.
- 15 b. Razuki is informed and believes and thereon alleges that, at all times herein
16 mentioned, there existed and now exists a unity of interest and ownership between
17 said Individual Defendants and each of the Alter Ego Entities; the individuality and
18 separateness of said Individual Defendants and each of the Alter Ego Entities have
19 ceased.
- 20 c. Razuki is informed and believes and thereon alleges that, at all times since the
21 incorporation of each, each Alter Ego Entities has been and now is a mere shell and
22 naked framework which said Individual Defendants used as a conduit for the conduct
23 of their personal business, property and affairs.
- 24 d. Razuki is informed and believes and thereon alleges that, at all times herein
25 mentioned, each of the Alter Ego Entities was created and continued pursuant to a
26 fraudulent plan, scheme and device conceived and operated by said Individual
27 Defendants, whereby the income, revenue and profits of each of the Alter Ego
28 Entities were diverted by said Individual Defendants to themselves.
- e. Razuki is informed and believes and thereon alleges that, at all times herein

1 mentioned, each of the Alter Ego Entities was organized by said Individual
2 Defendants as a device to avoid individual liability and for the purpose of substituting
3 financially irresponsible corporations in the place and stead of said Individual
4 Defendants, and each of them, and accordingly, each Alter Ego Entities was formed
5 with capitalization totally inadequate for the business in which said entities was
6 engaged.

7 f. By virtue of the foregoing, adherence to the fiction of the separate corporate
8 existence of each of the Alter Ego Entities would, under the circumstances, sanction
9 a fraud and promote injustice in that Razuki would be unable to realize upon any
10 judgment in his favor.

11 14. Jurisdiction is proper with the above-entitled Court as all parties are residents of this
12 county and any contract/agreement that is the subject of this action was entered into in this jurisdiction
13 and was to be performed entirely within the jurisdiction of this Court.

14 **III.**
GENERAL ALLEGATIONS

15 15. Since 2016, Razuki and Malan have engaged in numerous business dealings relating to
16 property investments in San Diego County. The oral agreements between Razuki and Malan was
17 simple: Razuki would provide the initial investment to purchase the property and Malan would manage
18 the property (e.g. ensure upkeep and acquire tenants). After Razuki was paid back for his initial
19 investment, Razuki would receive seventy-five percent (75%) of any profits while Malan would receive
20 twenty-five percent (25%) of any profits.

21 16. Under this oral agreement, Razuki trusted Malan to provide proper accounting of the
22 revenue generated from the various properties and provide him with the agreed upon profit split.

23 17. Over the years, Razuki and Malan have acquired the following interests, directly or
24 indirectly, (the "Partnership Assets") in the following businesses and/or entities:

25 a. One hundred percent (100%) interest in SD United. SD United owns real property
26 located at 8859 Balboa Avenue, Suites A-E, 8861 Balboa Avenue, Suite B, and 8863
27 Balboa Avenue, Suite E. Razuki and Malan own, directly or indirectly, a marijuana
28 retail business located at 8861 Balboa Avenue and 8863 Balboa Avenue. Razuki
provided all the initial monetary investment for SD United. However, on paper,

1 Malan owned a one-hundred percent (100%) in and to SD United.

- 2 b. One hundred percent (100%) interest in Flip. Flip served as the operating entity for
3 Razuki and Malan's marijuana retail businesses located at 8861 Balboa Avenue and
4 8863 Balboa Avenue. Razuki provided all the initial monetary investment for this
5 business. On paper, Malan owned a one-hundred percent (100%) in Flip.
- 6 c. Fifty percent (50%) interest in Mira Este. Mira Este owns real property located at
7 9212 Mira Este Court, San Diego, CA 92126. Razuki and Malan own, directly or
8 indirectly, a marijuana distribution and manufacturing business located at 9219 Mira
9 Este Court. Razuki provided fifty percent (50%) of the initial monetary investment
10 for Mira Este. On paper, Malan owns a fifty percent (50%) ownership interest in
11 Mira Este.
- 12 d. Fifty percent (50%) interest in Roselle. Roselle owns real property located at 10685
13 Roselle Street, San Diego, CA 92121. Razuki and Malan own, directly or indirectly,
14 a marijuana cultivation business located at 10685 Roselle Street. Razuki provided
15 fifty percent (50%) of the initial monetary investment for Roselle. On paper, Malan
16 owns a fifty percent (50%) ownership interest in Roselle.
- 17 e. A twenty percent (20%) interest in Sunrise Property Investments, LLC ("Sunrise").
18 Sunrise owns real property located at 3385 Sunrise Street, San Diego, CA 92102.
- 19 f. A twenty-seven percent (27%) in Super 5 Consulting Group, LLC ("Super 5"). Super
20 5 is the operator of a marijuana dispensary located at 3385 Sunrise Street, San Diego,
21 CA 92102.

22 18. For all the Partnership Assets, regardless of the paperwork, Razuki and Malan had an
23 oral agreement that after recuperating the initial investments, Razuki would share in seventy-five
24 percent (75%) of the profits & losses and Malan would share in twenty-five percent (25%) of the profits
& losses.

25 19. For Mira Este and Roselle, Hakim provided fifty percent (50%) of the initial investment
26 and owns a fifty percent (50%) ownership in Mira Este and Roselle.

27 20. SD United, Flip, Mira Este, and Roselle are all entities involved in Razuki and Malan's
28 marijuana operations. The marijuana operations were structured as such:

- 1 a. California Cannabis Group (a non-profit entity where Malan serves as President and
2 CEO), and Devilish Delights, Inc. (a non-profit entity where Malan serves as
3 President and CEO) are the license holders for the marijuana operations.
4 b. Flip served as the operator for the marijuana operations.
5 c. SD United, Mira Este, and Roselle are the property owners for the physical location
6 of the businesses and held the Conditional Use Permits (CUPs) for the marijuana
7 operations.

8 21. Under this structure, Razuki believed all revenue and profits from the marijuana
9 operations would be deposited into accounts owned by either SD United, Flip, Mira Este, or Roselle.

10 **A. Dispute Regarding the Partnership Assets**

11 22. Unfortunately, this oral agreement was untenable. The agreement provided Malan
12 would maintain proper records of all the profits & losses from the businesses, which was not done.

13 23. Additional problems arose. In early 2017, Mira Este required capital for building
14 renovations. Malan, as the property manager, approached The Loan Company of San Diego, LP to
15 acquire a hard money loan for approximately one million dollars (\$1,000,000). Mira Este was the
16 named borrower on the loan and Razuki signed on as the guarantor of the loan. Razuki provided
17 additional property (property that was solely owned by Razuki) for collateral on the loan.

18 24. Because Razuki agreed to be guarantor and provided collateral, the loan was approved.

19 25. However, shortly after the funds were deposited into Mira Este's account, Malan
20 intended and did take \$390,000 of the new funds for his personal use.

21 26. To date, the funds Malan withdrew from Mira Este's account have not been repaid.

22 **B. The Settlement Agreement**

23 27. In order to memorialize the oral agreement and resolve any ambiguities in Razuki and
24 Malan's business relationship, Razuki and Malan decided to enter into the Settlement Agreement. A
25 copy of the Settlement Agreement is attached to this Complaint as **Exhibit A**.

26 28. The Settlement Agreement had three central components:

- 27 a. Razuki and Malan would transfer all the Partnership Assets into a newly created
28 entity, RM Holdings within thirty (30) days;
b. Razuki and Malan would work together to calculate Razuki's cash investments

1 related to Partnership Assets within thirty (30) days; and,

2 c. After recuperating any initial cash investments, Razuki would receive seventy-five
3 (75%) of the profits & loses of RM Holdings and Malan would receive twenty-five
4 percent (25%) of the profits & loses of RM Holdings. This would essentially
5 formalize the prior oral agreement Razuki and Malan had with respect to all their
6 previous dealings regarding the Partnership Assets.

7 29. Razuki and Malan signed the Settlement Agreement on November 9, 2017.

8 **C. Malan's Refusal to Perform on the Settlement Agreement and Fraudulent Conduct**

9 30. Even after signing the Settlement Agreement, problems continued. After the thirty-day
10 deadline to transfer Partnership Assets to RM Holdings had passed, Malan requested additional time to
11 perform an accounting of the Partnership Assets.

12 31. Malan also made changes relating to the marijuana operations. Starting around late 2017,
13 Malan contracted SoCal Building Ventures, LLC ("SoCal Building") to serve as the new operator for
14 the marijuana operations located at SD United, Mira Este, and Roselle.

15 32. Under the terms of the contract with SoCal Building, SoCal Building would retain all
16 revenue from the marijuana business. SoCal would then pay a monthly guaranteed payment to Monarch
17 for the opportunity to manage and profit from the marijuana business. Despite this contract that required
18 payment to Monarch, Malan informed Razuki that monthly guaranteed payment would be deposited
19 into either SD United, Flip, Mira Este, or Roselle.

20 33. The contract with SoCal Building also entitled SoCal Building to an option to purchase
21 a fifty percent (50%) interest in SD United, Mira Este, and Roselle.

22 34. Starting around January 2018, Malan and his counsel, David Jarvis, represented that
23 Malan was close to completing the sale of SD United, Mira Este, and Roselle to SoCal Building. Malan
24 and his counsel represented that transferring the properties to RM Holdings prior to the sale would make
25 the deal "messy" and risk SoCal Building pulling out.

26 35. Based on these representations, Razuki trusted Malan and agreed to extend the time in
27 which the parties were required to transfer all Partnership Assets to RM Holdings. Between January
28 2018 to May 2018, Malan consistently ensured Razuki that he was negotiating the sale and intended to
split the assets 75/25.

1 36. While waiting for the sale to SoCal Building to be completed, Razuki requested
2 information regarding the current cash flow for SD United, Flip, Mira Este, and Roselle. Malan
3 informed Razuki that SD United, Flip, Mira Este, and Roselle were not producing any profits and were
4 just breaking even. When asked for accounting, Malan said he would provide the accounting but never
5 did.

6 37. On or about the second week of May 2018, Razuki met with the owner of SoCal
7 Building, Dean Bornstein.

8 38. Mr. Bornstein informed Razuki that he was unaware of Flip. Rather, pursuant to the
9 contract with Malan, SoCal Building deposited the monthly guarantee payment to Monarch.

10 39. Malan never informed Razuki of the existence of Monarch. Rather, Malan would
11 consistently tell Razuki that revenue was being deposited to either SD United, Flip, Mira Este, or
12 Roselle.

13 40. Mr. Bornstein also confirmed that the business was thriving and producing a significant
14 profit (directly contradicting what Malan told Razuki between January 2018 and May 2018).

15 41. Mr. Bornstein was also unaware that Razuki had a substantial interest in SD United, Flip,
16 Mira Este, and Roselle. Malan had concealed Razuki's involvement with the Partnership Assets and
17 did not disclose the existence of RM Holdings to Mr. Bornstein. Rather, Mr. Bornstein believed he
18 would be purchasing assets that solely belonged to Malan.

19 42. After having discovered this, Razuki learned of Malan's true intention, which was to cut
20 Razuki out of any deal to sell SD United, Flip, Mira Este, and Roselle to SoCal Building thereby
21 avoiding paying Razuki's his 75% share.

22 43. Razuki is informed and believes and thereon alleges that Malan intentionally concealed
23 Razuki's interest in SD United, Flip, Mira Este, and Roselle as a member of RM Holdings.

24 44. To date, Malan has never transferred any of the Partnership Assets to RM Holdings. Nor
25 has Malan signed any supplemental written agreements that would promise the proceeds of the sale of
26 SD United, Flip, Mira Este, and Roselle to which Razuki was entitled.

27 45. As part of Razuki's efforts to perform under the Settlement Agreement, Razuki deposited
28 roughly twenty-four thousand dollars (\$24,000.00) into a bank account owned by RM Holdings. On
July 9, 2018, Malan withdraw the funds without notifying Razuki and without stating any reason for

1 doing so. Malan withdrew this money without obtaining consent from RM Holdings.

2 46. Razuki is informed and believes and thereon alleges that Malan withdrew these funds
3 from RM Holding for his personal use.

4 **IV.**
CAUSES OF ACTION

5 **FIRST CAUSE OF ACTION**
6 **Breach of Written Contract**
7 **(Against Malan and DOES 1-100)**

8 47. Razuki realleges each and every paragraph of this Complaint as though fully set forth
9 here.

10 48. Razuki and Malan voluntarily entered into the written Settlement Agreement.

11 49. Razuki performed all duties required under the Settlement Agreement. Any duties
12 Razuki may have failed to perform were excused either by circumstance or waived by Malan.

13 50. The Settlement Agreement requires Malan to:

- 14 a. transfer all the Partnership Assets into RM Holdings within thirty (30) days;
15 b. to calculate Razuki's cash investments related to Partnership Assets within thirty
16 (30) days; and
17 c. reaffirm that after recuperating any initial cash investments, Razuki would receive
18 seventy-five (75%) of the profits & losses of RM Holdings and Malan would receive
19 twenty-five percent (25%) of the profits & losses of RM Holdings.

20 51. Malan has breached the Settlement Agreement by, *inter alia*, failing to transfer the
21 Partnership Assets to RM Holdings and by not providing an accounting of Razuki's initial cash
22 investments into the Partnership Assets. Instead, Malan has retained ownership of the Partnership
23 Assets for his own personal benefit. Malan has also failed to provide an accounting of the monetary
24 investments made for the Partnership Assets and hid the Partnership Assets' profits from Razuki.

25 52. As a direct and proximate cause of Malan's breach of the Settlement Agreement, Razuki
26 has suffered substantial compensatory, incidental, and consequential damages.

27 **SECOND CAUSE OF ACTION**
28 **Breach of the Implied Covenant of Good Faith and Fair Dealing**
(Against Malan and DOES 1-100)

53. Razuki realleges each and every paragraph of this Complaint as though fully set forth

1 here.

2 54. Razuki and Malan entered into the Settlement Agreement, which also created an implied
3 covenant of good faith and fair dealing that the parties would not unfairly interfere with the rights of
4 any other party.

5 55. The Settlement Agreement entitled Razuki to a portion of the profits and revenue
6 generated by the Partnership Assets pursuant to its terms.

7 56. Malan has intentionally interfered with Razuki's right to these profits by, *inter alia*:

- 8 a. creating Monarch, and diverting revenue away from RM Holding and toward
9 Monarch;
10 b. devaluing, taking and stealing the Partnership Assets (*e.g.* taking Mira Este's tenant
11 improvement fund for his personal use and the \$24,000 from RM Holdings bank
12 account.);
13 c. intentionally concealing Razuki's interest in the Partnership Assets to third parties;
14 d. intentionally lying about the profits generated from the Partnership Assets; and
15 e. intentionally attempting to deny Razuki profits from the potential sale of the
16 Partnership Assets.

17 57. As a direct and proximate cause of Malan's breach of the implied covenant, Razuki has
18 suffered substantial compensatory, incidental, and consequential damages.

19 **THIRD CAUSE OF ACTION**
20 **Breach of Oral Agreement**
21 **(Against Malan and DOES 1-100)**

22 58. Razuki realleges each and every paragraph of this Complaint as though fully set forth
23 here.

24 59. Pleading in the alternative, if the Court finds that the Settlement Agreement is not
25 enforceable, Razuki and Malan previously entered into a valid oral agreement regarding the ownership
26 interest for all Partnership Assets.

27 60. The oral agreement dictated that Razuki would provide the initial investment for the
28 Partnership Assets and Malan would manage the assets. After recuperating the initial investment,
Razuki would share in seventy-five percent (75%) of all the profits & losses and Malan would share in
twenty-five percent (25%) of all the profits & losses.

1 61. The oral agreement also required Malan, as the manager of the properties and businesses,
2 to provide Razuki with a proper accounting of all the Partnership Assets.

3 62. Razuki has fulfilled all obligations and duties required under the oral agreement by
4 providing the initial investment for the Partnership Assets.

5 63. Malan has breached the oral agreement by not distributing the revenue and profits to
6 Razuki and by not providing a proper accounting for Razuki.

7 64. As a direct and proximate cause of Malan’s breach of the oral agreement, Razuki has
8 suffered substantial compensatory, incidental, and consequential damages.

9 **FOURTH CAUSE OF ACTION**
Breach of Fiduciary Duty
10 **(Against Defendants Malan and DOES 1-100)**

11 65. Razuki realleges each and every paragraph of this Complaint as though fully set forth
12 here.

13 66. Malan, as a member of RM holding and as Razuki’s agent/business partner, owed a
14 fiduciary duty to Razuki.

15 67. Malan has breached his fiduciary duty in multiple ways including, but not limited to, the
16 following:

- 17 a. failing to transfer ownership of the Partnership Assets to RM Holdings;
- 18 b. intentionally creating Monarch in order to divert revenue and profits away from Flip
19 and/or RM Holdings for his own personal interest;
- 20 c. intentionally lying about the profits generated from the Partnership Assets;
- 21 d. intentionally concealing his intentions to maintain his sole ownership of the
22 Partnership Assets by lying about his inability to provide proper accounting and
23 delaying the transfer of Partnership Assets to RM Holdings; and
- 24 e. taking \$24,000 out of RM Holdings bank account for his personal use.

25 68. These actions were not in the best interest of the business and constitute a blatant act of
26 self-dealing.

27 69. As a direct and proximate cause of Malan’s breach of his fiduciary duty, Razuki has
28 suffered substantial compensatory, incidental, and consequential damages.

70. These actions were also intentional and fraudulent, entitling Razuki to seek punitive

1 and/or exemplary damages against Malan.

2 **FIFTH CAUSE OF ACTION**
3 **Fraud and Deceit**
4 **(Against Malan and DOES 1-100)**

4 71. Razuki realleges each and every paragraph of this Complaint as though fully set forth
5 here.

6 **Intentional Misrepresentation**

7 72. Malan made a number of representations to Razuki. Specifically:

- 8 a. Between January 2018 and May 2018, on multiple occasions, Malan told Razuki that
9 the Partnership Assets were not producing profits and were merely breaking even;
10 b. Between January 2018 and May 2018, on multiple occasions, Malan told Razuki that
11 he was preparing an accounting of the Partnership Assets as per the Settlement
12 Agreement; and
13 c. Between January 2018 and May 2018, on multiple occasions, Malan told Razuki that
14 it was necessary to delay the transfer of the Partnership Assets to RM Holdings
15 because effectuating the transfer immediately would sabotage the sale of the
16 Partnership Assets to SoCal Building.

16 73. These representations made by Malan were false.

17 74. Malan knew these representations were false:

- 18 a. Since January 2018, Malan was fully aware of the truthful financial information
19 regarding the Partnership Assets and knew they were producing profits;
20 b. Since January 2018, Malan knew he was not preparing the accounting for the
21 Partnership Assets; and
22 c. Since January 2018, Malan knew that transferring the Partnership Assets to RM
23 Holdings would not affect the deal with SoCal Building.

24 75. Malan intended to have Razuki to rely on these representations. Malan knew that telling
25 Razuki these fraudulent misrepresentations would placate Razuki and would allow Malan to hide the
26 profits and cash flow from the Partnership Assets.

27 76. Razuki reasonably reliable on these representations. He believed that he could trust
28 Malan and that Malan would honor the Settlement Agreement. Because of this trust, Razuki did not

1 attempt to litigate this matter or make further demands upon Malan.

2 **Intentional Concealment**

3 77. Malan, as a fiduciary and business partner to Razuki, owed a duty to truthfully inform
4 Razuki of all relevant information regarding the Partnership Assets.

5 78. Malan intentionally concealed a number of material facts from Razuki. Specifically:

- 6 a. Malan never informed Razuki that Malan created Monarch and directed SoCal
7 Building to deposit all profits of the retail business into Monarch's account instead
8 of Flip's account;
- 9 b. Malan never informed Razuki of his intention to sell off SD United, Flip, Mira Este,
10 and Roselle without the agreed upon compensation owed to Razuki under both their
11 oral agreement, as well as the Settlement Agreement.

12 79. Malan also concealed material facts from Razuki by denying Razuki access to the
13 financial records of SD Untied, Flip, Mira Este, and Roselle.

14 80. Before May 2018, Razuki had no knowledge of Monarch or of Malan's true intention
15 regarding the Partnership Assets. To date, Razuki is still being denied access to the accounts for SD
16 Untied, Flip, Mira Este, and Roselle.

17 81. Malan intentionally concealed these facts in order to deceive Razuki into thinking that
18 Malan would continue to honor their agreement (*i.e.* agreed upon profit split). Had Malan properly
19 disclosed these facts, Razuki would have acted differently (*e.g.*, he likely would not have allowed any
20 delay in transferring all Partnership Assets to RM Holdings).

21 **False Promise**

22 82. In November 2017, Malan agreed to the terms of the Settlement Agreement. However,
23 when Malan agreed to this promise, he never intended on carrying out the terms of the Settlement
24 Agreement. This is evidenced by Malan's immediate attempts to delay the execution of the Settlement
25 Agreement in order to carry out the sale of SD United, Flip, Mira Este, and Roselle to SoCal Building.

26 83. Malan intended to have Razuki rely on this promise. Specifically, Malan believed that
27 making this promise would placate Razuki so that Razuki would not demand further review or
28 accounting of the Partnership Assets.

84. Razuki relied on the Settlement Agreement and assumed Malan would agree to the stated

1 promises.

2 85. Malan did not perform his promise, as he never performed any of the duties outlined in
3 the Settlement Agreement.

4 86. As a direct and proximate cause of Malan's fraudulent misrepresentations, intentional
5 concealment and false promises, Razuki has suffered substantial compensatory, incidental, and
6 consequential damages.

7 87. These actions were also intentional and fraudulent, entitling Razuki to seek punitive or
8 exemplary damages against Malan.

9 **SIXTH CAUSE OF ACTION**

10 **Money Had and Received**

11 **(Against SD United, Flip, Mira Este, Roselle and DOES 1-100)**

12 88. Razuki realleges each and every paragraph of this Complaint as though fully set forth
13 here.

14 89. Pleading in the alternative, if the Court finds that the Settlement Agreement and the oral
15 agreement are not enforceable, Razuki is entitled to have his initial investment returned or his ownership
16 interest secured.

17 90. Over the course of his business relationship with Malan, Razuki has given money into
18 SD United, Flip, Mira Este, and Roselle.

19 91. This money given to SD United, Flip, Mira Este, and Roselle by Razuki was intended to
20 be an investment for Razuki for which he would receive substantial returns. Specifically, Razuki gave
21 this money to secure a seventy-five percent (75%) ownership interest in SD United and Flip and a thirty-
22 seven and one half percent (37.5%) ownership interest in Mira Este and Roselle.

23 92. The money given was not used for the benefit of Razuki, as Razuki still has not secured
24 an ownership interest in these entities, nor have the entities been transferred to RM Holdings pursuant
25 to the terms of the Settlement Agreement.

26 93. SD United, Flip, Mira Este, and Roselle have not returned to Razuki the funds which he
27 contributed to the Partnership Assets.

28 94. Razuki is entitled to have any money given to these entities returned in full or have his
ownership interest secured.

SEVENTH CAUSE OF ACTION

Conversion

1 (Against Malan, Monarch, and DOES 1-100)

2 95. Razuki realleges each and every paragraph of this Complaint as though fully set forth
3 here.

4 96. Razuki holds a seventy-five percent (75%) interest in RM Holdings. RM Holdings,
5 pursuant to the Settlement Agreement has a right to full ownership of all the Partnership Assets, and all
6 revenue generated from the Partnership Assets. Therefore, any conduct that interferes with, devalues,
7 or converts property of RM Holdings would directly interfere with Razuki's property rights.

8 97. Malan and Monarch have interfered with RM Holdings' property. Specifically:

- 9 a. Malan has refused to transfer all Partnership Assets to RM Holdings as per the
10 Settlement Agreement;
11 b. Malan intentionally withdrew \$1,000,000 from Mira Este's account that was
12 intended for construction renovations;
13 c. Malan and Monarch have diverted funds away from Flip and towards Monarch
14 thereby stealing money that belonged to RM Holdings and Razuki; and
15 d. Malan has withdrawn \$24,000 from RM Holdings' bank account without permission
16 from RM Holdings or Razuki and used said money for his personal gain.

17 98. Razuki has never consented to any of these actions by Malan or Monarch. In fact, Malan
18 and Monarch have done most of these actions without even informing Razuki.

19 99. As a direct and proximate cause of Malan's fraudulent misrepresentations, intentional
20 concealment and false promises, Razuki has suffered substantial compensatory, incidental, and
21 consequential damages.

22 100. These actions were also intentional and fraudulent, entitling Razuki to seek punitive or
23 exemplary damages against Malan.

24 **EIGHTH CAUSE OF ACTION**

25 **Accounting**

26 **(Against Malan and DOES 1-100)**

27 101. Razuki realleges each and every paragraph of this Complaint as though fully set forth
28 here.

102. Malan has maintained exclusive control and possession of the Partnership Assets' books

1 and accounts. Razuki is informed and believes that Malan has taken, for his own use, large sums of
2 money from the receipts and profits of the Partnership Assets exceeding his rightful share. It is
3 impossible to know the amount owned to Razuki or whether outstanding debts are sufficient to exhaust
4 the Partnership Assets without said accounting.

5 103. The Settlement Agreement required Malan to provide proper accounting for all
6 Partnership Assets. Despite this written agreement, Malan has refused and continues to refuse to
7 account to Razuki concerning their allocation of Partnership Assets profits/loses.

8 104. Razuki demands a full and proper accounting of the Partnership Assets to properly assess
9 potential damages.

10 **NINTH CAUSE OF ACTION**

11 **Appointment of Receiver**

12 **(Against SD United, Flip, Roselle, Mira Este, Monarch and DOES 1-100)**

13 105. Razuki realleges each and every paragraph of this Complaint as though fully set forth
14 here.

15 106. Razuki is informed and believes and upon such information and belief alleges that unless
16 a receiver is appointed, the property and accounts of the Partnership Assets are in danger of being lost,
17 removed or materially injured since Malan are in control of all Partnership Assets and is applying those
18 assets to their own use.

19 107. Razuki is informed and believes and thereon alleges that Malan is intentionally
20 concealing his true intention with the hope of diverting funds away from the Partnership Assets and
21 towards other entities that are separate from Razuki. In order to protect these entities from further waste
22 and, the Court must appoint a receiver to take control of SD United, Flip, Mira Este, Roselle, and
23 Monarch.

24 108. Razuki requests that a temporary restraining order and preliminary and permanent
25 injunctions in aid of the receiver prohibiting Malan and their agents, employees, and/or representatives
26 from engaging in, or performing, directly or indirectly, any or all of the following acts:

- 27 a. committing or permitting any waste of the SD United, Flip, Mira Este, Roselle, and
28 Monarch;
- b. interfering, hindering or molesting in any way whatsoever the receiver in the
performance of the receiver's duties and in this performance of any duties incidental

- 1 b. Prohibits the sale of Monarch and imposes a freeze on all accounts associated with
2 Monarch;
3 c. Requires that all future monies paid to Monarch be transferred and deposited into an
4 account owned by Flip;
5 d. Requires the transfer of all Partnership Assets to RM Holdings; and
6 e. Require Malan to return the \$24,000 he withdrew from RM Holdings' account.

7 **ELEVENTH CAUSE OF ACTION**
8 **Declaratory Relief**
9 **(Against Malan and DOES 1-100)**

10 114. Razuki realleges each and every paragraph of this Complaint as though fully set forth
11 here.

12 115. An actual controversy has arisen and now exists between Razuki and Malan concerning
13 their respective interest, rights and duties related to the Partnership Assets and RM Holding.

14 116. A judicial declaration is necessary and appropriate at this time under the circumstances
15 in order that Razuki may ascertain the rights and duties of the parties.

16 117. Razuki has suffered, and continues to suffer, financially by the unsettled state of affairs.
17 Malan's actions in denying Razuki's interest in the Partnership Assets has been to Razuki's detriment
18 and Razuki has incurred damages in an amount to be proven at trial.

19 118. Razuki desires a judicial determination of his rights and duties, and a declaration as to
20 the ownership and management of the Partnership Assets. Specifically, Razuki request the Court
21 declares:

- 22 a. Razuki has a seventy-five percent (75%) ownership interest in all Partnership Assets;
23 b. Razuki has not fully recuperated his initial investment in the Partnership Assets and
24 is entitled to full recuperation before any additional profits or revenue are distributed;
25 c. Malan wrongfully utilized the tenant improvement funds intended for Mira Este for
26 their own personal gain; and,
27 d. All funds currently owned or possessed by Monarch are ill-gotten gains and truly
28 belong to Flip or RM Holdings.

TWELFTH CAUSE OF ACTION
Constructive Trust
(Against Malan and Monarch and DOES 1-100)

1
2
3 119. Razuki realleges each and every paragraph of this Complaint as though fully set forth
4 here.

5 120. Malan has gained an ownership interest in the Partnership Assets by fraud, accident,
6 mistake, undue influence, the violation of a trust, or other wrongful act.

7 121. Malan have wrongfully taken money designated for use by Mira Este for his personal
8 gain.

9 122. Monarch has received ill-gotten funds by Malan's scheme to wrongfully divert funds
10 intended for Flip to Monarch

11 123. Razuki is entitled to seventy-five percent (75%) of all Partnership Assets, including
12 seventy-five percent (75%) of all money transferred to Monarch.

13 124. Razuki is entitled to relief in the form of a constructive trust and asks the Court to declare:

- 14 a. Seventy-five (75%) ownership interest in Partnership Assets were wrongfully
15 obtained by Malan and are therefore held in involuntary trust for the benefit of
16 Razuki, pursuant to Civ. Code. §2223 and §2224; and
- 17 b. All proceeds of Monarch received by SoCal Building were wrongfully obtained by
18 Monarch and are therefore held in involuntary trust for the benefit of Flip and/or RM
19 Holdings.
- 20 c. All money taken by Malan from Mira Este that were supposed to be used for
21 renovations were wrongfully obtained and therefore held in involuntary trust for the
22 benefit of Mira Este.
- 23 d. The \$24,000 withdrawn from RM Holdings' account by Malan was wrongfully
24 obtained and therefore held in involuntary trust for the benefit of RM Holdings.

THIRTEENTH CAUSE OF ACTION
Dissolution of RM Holdings
(Against Malan and DOES 1-100)

25
26
27 1. Razuki realleges each and every paragraph of this Complaint as though fully set forth
28

1 here.

2 2. For the reasons stated in this Complaint, dissolution of RM Holdings is necessary to
3 protect the rights of Razuki, the majority interest member.

4 3. For the reasons stated in this Complaint, dissolution of RM Holdings is necessary as
5 Malan is guilty of persistent fraud mismanagement and abuse of his authority.

6 4. Razuki request the Court issue a judicial decree dissolving RM Holdings after all
7 Partnership Assets are transferred to RM Holdings.

8
9 **PRAYER FOR RELIEF**

10 WHEREFORE, Plaintiff prays the court for judgment as follows:

11 **For the First Cause of Action (Breach of Written Contract)**

- 12 1. For just compensation as determined by the Court;
13 2. For attorneys' fees as permitted by contract and/or law;
14 3. For costs incurred in this action;
15 4. For such other and further relief as the Court may deem proper.

16 **For the Second Cause of Action (Breach of the Implied Covenant)**

- 17 1. For just compensation as determined by the Court;
18 2. For attorneys' fees as permitted by contract and/or law;
19 3. For costs incurred in this action;
20 4. For such other and further relief as the Court may deem proper.

21 **For the Third Cause of Action (Breach of the Oral Agreement)**

- 22 1. For just compensation as determined by the Court;
23 2. For attorneys' fees as permitted by contract and/or law;
24 3. For costs incurred in this action;
25 4. For such other and further relief as the Court may deem proper.

26 **For the Fourth Cause of Action (Breach of Fiduciary Duty)**

- 27 1. For just compensation as determined by the Court;
28 2. For attorneys' fees as permitted by contract and/or law;
3. For punitive/exemplary damages;

4. For costs incurred in this action;
5. For such other and further relief as the Court may deem proper.

For the Fifth Cause of Action (Fraud and Deceit)

1. For just compensation as determined by the Court;
2. For attorneys' fees as permitted by contract and/or law;
3. For punitive/exemplary damages;
4. For costs incurred in this action;
5. For such other and further relief as the Court may deem proper.

For the Sixth Cause of Action (Money Had and Received)

1. For just compensation as determined by the Court;
2. For attorneys' fees as permitted by contract and/or law;
3. For punitive/exemplary damages;
4. For costs incurred in this action;
5. For such other and further relief as the Court may deem proper.

For the Seventh Cause of Action (Conversion)

1. For just compensation as determined by the Court;
2. For attorneys' fees as permitted by contract and/or law;
3. For punitive/exemplary damages;
4. For costs incurred in this action;
5. For such other and further relief as the Court may deem proper.

For the Eighth Cause of Action (Accounting)

1. For just compensation as determined by the Court;
2. For attorneys' fees as permitted by contract and/or law;
3. For an accounting of all Partnership Assets.
4. For costs incurred in this action;
5. For such other and further relief as the Court may deem proper.

For the Ninth Cause of Action (Appointment of Receiver)

1. For just compensation as determined by the Court;
2. For attorneys' fees as permitted by contract and/or law;

- 1 3. For costs incurred in this action;
- 2 4. For an appoint of a Receiver to take control of SD United, Flip, Mira Este, Roselle and Monarch
- 3 until the parties' rights to each entity are determined.
- 4 5. For a temporary restraining order and preliminary and permanent injunctions in aid of the
- 5 receiver prohibiting Malan and his agents, employees, and/or representatives from engaging in,
- 6 or performing, directly or indirectly, any or all of the following acts:
- 7 a. committing or permitting any waste of the SD United, Flip, Mira Este, Roselle, and
- 8 Monarch;
- 9 b. interfering, hindering or molesting in any way whatsoever the receiver in the
- 10 performance of the receiver's duties and in this performance of any duties incidental
- 11 thereto;
- 12 c. transferring, directly or indirectly, any interest by sale, assignment or encumbrance
- 13 in any manner any of SD United, Flip, Mira Este, Roselle, and Monarch, and all
- 14 proceeds thereof;
- 15 d. moving any of the assets of SD United, Flip, Mira Este, Roselle, and Monarch from
- 16 any location;
- 17 e. transferring, concealing, destroying, defacing and altering any of SD United, Flip,
- 18 Mira Este, Roselle, and Monarch's books and records;
- 19 f. demanding, collecting, receiving or in any way diverting or using the assets of SD
- 20 United, Flip, Mira Este, Roselle, and Monarch or proceeds therefrom;
- 21 g. Failing or refusing to immediately turn over to the receiver all assets of SD United,
- 22 Flip, Mira Este, Roselle, and Monarch, and all moneys, checks, funds or proceeds
- 23 belonging to or for the benefit of Razuki.
- 24 6. For such other and further relief as the Court may deem proper.

25 **For the Tenth Cause of Action (Injunctive Relief)**

- 26 1. For an injunction that:
- 27 a. Prohibits sale of SD United, Flip, Mira Este, and Roselle until the conclusion of this
- 28 litigation;

- 1 b. Prohibits the sale of Monarch and imposes a freeze on all accounts associated with
2 Monarch;
3 c. Requires that all future monies paid to Monarch be transferred and deposited into an
4 account owned by Flip; and,
5 d. Requires the transfer of all Partnership Assets to RM Holdings.
6 e. Require Malan to return the \$24,000 he withdrew from RM Holdings' account.
7 2. For costs incurred in this action;
8 3. For such other and further relief as the Court may deem proper.

9 **For the Eleventh Cause of Action (Declaratory Relief)**

- 10 1. For a judicial declaration stating:
11 a. Razuki has a seventy-five percent (75%) ownership interest in all Partnership Assets;
12 b. Razuki has not fully recuperated his initial investment in the Partnership Assets and is
13 entitled to full recuperation before any additional profits or revenue are distributed;
14 c. Malan wrongfully utilized the tenant improvement funds intended for Mira Este for their
15 own personal gain; and,
16 d. All funds currently owned or possessed by Monarch are ill-gotten gains and truly belong
17 to Flip or RM Holdings.
18 2. For costs incurred in this action;
19 3. For such other and further relief as the Court may deem proper.

20 **For the Twelfth Cause of Action (Constructive Trust)**

- 21 1. For a judicial declaration stating:
22 a. Seventy-five (75%) ownership interest in Partnership Assets were wrongfully obtained
23 by Malan and are therefore held in involuntary trust for the benefit of Razuki, pursuant
24 to Civ. Code. §2223 and §2224; and
25 b. All proceeds of Monarch received by SoCal Building were wrongfully obtained by
26 Monarch and are therefore held in involuntary trust for the benefit of Flip and/or RM
27 Holdings.
28 c. All money taken by Malan from Mira Este that were supposed to be used for renovations
 were wrongfully obtained and therefore held in involuntary trust for the benefit of Mira

1 Este.

2 d. The \$24,000 withdrawn from RM Holdings' account by Malan was wrongfully obtained
3 and therefore held in involuntary trust for the benefit of RM Holdings.

4 2. For costs incurred in this action;

5 3. For such other and further relief as the Court may deem proper.

6 **For the Thirteenth Cause of Action (Dissolution)**

7 1. For a judicial decree dissolving RM Holdings after all Partnership Assets have been
8 transferred to RM Holdings.

9 2. For costs incurred in this action;

10 3. For such other and further relief as the Court may deem proper.

11 DATED: 7/10/18

LAW OFFICES OF STEVEN A. ELIA, APC

12
13 By: 

14 Steve A. Elia

Maura Griffin

15 James Joseph

16 Attorneys for Plaintiff SALAM RAZUKI


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DEMAND FOR JURY TRIAL

Plaintiff hereby respectfully requests a trial by jury.

DATED: 7/10/18

LAW OFFICES OF STEVEN A. ELIA, APC

By: 

Steve A. Elia
Maura Griffin
James Joseph
Attorneys for Plaintiff SALAM RAZUKI

EXHIBIT A

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**AGREEMENT OF COMPROMISE, SETTLEMENT,
AND MUTUAL GENERAL RELEASE**

This AGREEMENT OF COMPROMISE, SETTLEMENT, AND MUTUAL GENERAL RELEASE ("Agreement") is entered into by and between SALAM RAZUKI (hereinafter collectively "RAZUKI"), on the one hand, and and NINUS MALAN (hereinafter "MALAN"), on the other. The persons to this Agreement may sometimes be referred to collectively as the "Parties" or separately as "Party". This Agreement is entered into with reference to the recitals set forth in the Article titled "Recitals" below and constitutes (i) a settlement agreement between the Parties and (ii) a mutual release of all liabilities of the Parties arising out of the matters described below and except as expressly otherwise noted herein.

**ARTICLE I.
RECITALS**

This Agreement is entered into with reference to the following facts:

1.1 RAZUKI and MALAN have engaged in several business transactions, dealings, agreements (oral and written), promises, loans, payments, related to the acquisition of real property and interests in various medical marijuana businesses. Specifically, RAZUKI and MALAN have each invested certain sums of capital for the acquisition of the following assets (collectively hereinafter referred to as the "Partnership Assets"):

(a) MALAN'S one hundred percent (100%) membership interest in SAN DIEGO UNITED HOLDING GROUP LLC, a California Limited Liability Company, and record owner of the following properties:

- i. The real property commonly known as 8859 BALBOA AVE., STE.. A, SAN DIEGO, CA 92123.
- ii. The real property commonly known as 8859 BALBOA AVE., STE.. B, SAN DIEGO, CA 92123.
- iii. The real property commonly known as 8859 BALBOA AVE., STE.. C, SAN DIEGO, CA 92123.
- iv. The real property commonly known as 8859 BALBOA AVE., STE.. D, SAN DIEGO, CA 92123.
- v. The real property commonly known as 8859 BALBOA AVE., STE.. E, SAN DIEGO, CA 92123.
- vi. The real property commonly known as 8861 BALBOA, STE. B, SAN DIEGO, CA 92123.
- vii. The real property commonly known as 8863 BALBOA, STE. E,

SAN DIEGO, CA 92123.

(b) One hundred percent (100%) membership interest in FLIP MANAGEMENT LLC, a California Limited Liability Company.

(c) MALAN'S fifty percent (50%) membership interest in MIRA ESTE PROPERTIES LLC, a California Limited Liability Company, and record owner of the real property commonly known as 9212 MIRA ESTE CT., SAN DIEGO, CA 92126.

(d) MALAN'S Fifty percent (50%) membership interest in ROSELLE PROPERTIES, LLC, a California Limited Liability Company, and record owner of the real property commonly known as 10685 ROSELLE ST., SAN DIEGO, CA 92121.

(e) RAZUKI'S twenty percent (20%) membership interest in SUNRISE PROPERTY INVESTMENTS, LLC, a California Limited Liability Company, the record owner of the real property located 3385 SUNRISE STREET, SAN DIEGO, CA 92012.

(f) RAZUKI'S twenty seven percent (27%) membership interest in SUPER 5 CONSULTING GROUP, LLC, a California Limited Liability Company, which is the operator of a medical marijuana dispensary located at 3385 SUNRISE STREET, SAN DIEGO, CA 92012.

1.2 RAZUKI and MALAN have an understanding such that regardless of which Party or entity holds title and ownership to the Partnership Assets, RAZUKI is entitled to a seventy-five percent (75%) interest in the capital, profits, and losses of each Partnership Asset and MALAN is entitled to a twenty five percent (25%) interest, and no Party is entitled to receive any profits whatsoever until, and unless the Parties have first been repaid their investment in full (hereinafter referred to as the "Partnership Agreement").

1.3 RAZUKI and MALAN have now formed RM PROPERTY HOLDINGS, LLC, a California Limited Liability Company (the "Company"), whereby RAZUKI and MALAN have agreed to transfer title to the Partnership Assets to the Company, and forever resolve any and all matters, claims or controversies that each Party may have against each other related to the Partnership Agreement as stated in this Agreement.

1.4 RAZUKI and MALAN have not recouped their financial investments in the Partnership Assets.

1.5 The Parties consider it to be in their best interests, in light of the cost of litigation, and to their best advantage, to forever dismiss, settle, adjust and compromise all claims and defenses which have been, or could have been asserted relative to their Partnership Agreement.

1.6 All claims are denied and contested, and nothing contained herein should be construed as an admission by any Party hereto of any liability of any kind to any other Party hereto or to any other person.

1.7 The Parties now wish to settle the dispute between them and forever release,

discharge, and terminate any and all liabilities arising out of, or existing or emanating from their Partnership Agreement, including all demands and causes of action, whether state, federal, or administrative, and whether actually raised or could have been raised by way of complaint, supplemental complaint, or cross-complaint except as expressly otherwise set forth within this Agreement. In order to effectuate this release, the Parties hereto enter into this Agreement.

NOW THEREFORE, in consideration of the mutual promises and covenants, and upon the conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE II TERMS OF SETTLEMENT

2.1 Transfer of Partnership Assets to the Company. The Parties shall use their best efforts to effectuate the transfer of the Partnership Assets to the Company within thirty (30) days, and shall execute any and all further documents as may be necessary to carry out the same.

2.2 Financial Accounting. The Parties agree to work in good faith to calculate each of their respective cash investment amounts in the Partnership Assets within thirty (30) days and shall execute an amendment or exhibit to this Agreement to memorialize the same. Once executed, the exhibit or amendment shall be incorporated and become a part of this Agreement as though set forth originally (the "Accounting"). For avoidance of doubt, the amount agreed to in the Accounting shall be the amount of cash capital investment that must be first repaid to the Parties by the Company before either Party receives any profits therein (each referred to as the "Partners' Cash Investment").

2.3 The Company's Operating Agreement. The Parties hereby reaffirm and acknowledge the terms of the Operating Agreement provide for repayment of the Partners' Cash Investment prior to any distribution of profits and losses. The Parties further reaffirm that once the Partners' Cash Contribution has been repaid by the Company, then RAZUKI shall receive seventy five percent (75%) of the profits and losses of the Company and MALAN shall receive twenty five percent (25%), all as set forth under the terms of the Operating Agreement. It is the Parties' intention that once the Partnership Assets have been transferred to the Company and the Accounting has been agreed upon, then all other business matters shall be governed and controlled by the terms of the Operating Agreement and the Parties shall thereafter be released from all further liability to each other arising under their Partnership Agreement as set forth below.

ARTICLE III MUTUAL GENERAL RELEASE OF ALL CLAIMS

3.1 General Release. In consideration of the terms and provisions of this Agreement, the Parties hereto, on behalf of themselves, successors, and assigns, hereby forever relieve, release, and discharge each other, and their respective successors and assigns, and all of their respective present and former attorneys, accountants, agents, employees, representatives,

administrators, insurers, partners, directors, officers, shareholders, and heirs of and from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs, and expenses, including but not limited to attorney's fees, damages, actions, and causes of action of whatsoever kind or nature, specifically including those related to in any way, directly or indirectly, to any alleged past, present, or future claims for violations of any state, federal, or administrative code or statute, or any type of tort or conversion, or indemnification, contribution, or declaratory relief based on any type of allocation of fault, whether now known or unknown, suspected or unsuspected, based on, arising out of, or in connection with anything whatsoever done, omitted, or suffered to be done at any time, relating to, or in any matter connected with, directly or indirectly, the matters, facts or claims related to their Partnership Agreement as set forth in the Article of this Agreement titled "Recitals". This Agreement shall not be interpreted to bar any claims for the enforcement of the provisions of this Agreement or any provision of the Company's Operating Agreement. Furthermore, this release and settlement shall only be effective upon (i) the transfer to the Company of the Partnership Assets pursuant to section 2.1 above, and (ii) execution of an amendment or exhibit related to the Accounting. Thereafter, the Parties shall forever be barred from bringing any claims related to the Partnership Agreement as set forth herein, and all claims or controversies shall be governed by the terms of the Company's Operating Agreement.

3.2 Waiver under Section 1542 of the California Civil Code. The Parties hereto expressly waive any and all rights under Section 1542 of the Civil Code of the State of California, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

In connection with such waiver and relinquishment, the Parties acknowledge that it may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those which it now knows or believes to be true. Nevertheless, it is the intention of the Parties, through this Agreement, and with the advice of counsel, if any, to fully, finally, and forever settle this dispute. Pursuant to that intention, the Parties expressly consent that this release shall have the same full force and effect as to unknown and unsuspected claims, demands, and causes of action, if any, as to those terms and provisions relating to claims, demands, and causes of action hereinabove specified.

3.3 Representations and Warranties. The Parties hereby represent and warrant to, and agree with each other as follows:

(a) The Parties hereto, and each of them, represent and declare that in executing this Agreement they have relied solely upon their own judgment, belief and knowledge, and the advice and recommendations of their own independently selected counsel, if any, concerning the nature, extent, and duration of their rights and claims, and that they have not been influenced to any extent whatsoever in executing the same by any representations or statements covering any matters made by the other party hereto or by any person representing him or it.

(b) Except as expressly stated in this Agreement, neither of the Parties have made any statements or representations regarding any fact relied upon in entering into this Agreement, and the Parties specifically do not rely on any statements, representations, or promises in executing this Agreement, or in making the settlement provided for herein, except as expressly stated in this Agreement;

(c) The Parties, and their attorneys, if desired, have made such investigation of the facts pertaining to this Agreement and all of the matters pertaining thereto, as they deem necessary;

(d) The terms of this Agreement are contractual, not a mere recital, and are the result of negotiations between the Parties;

(e) The Recitals to this Agreement are expressly made a part hereof;

(f) This Agreement has been carefully read by the Parties hereto, and if they choose, by their attorneys; it is signed freely by each person executing this Agreement and each person executing this Agreement is empowered to do so.

(g) In entering into this Agreement, the Parties recognize that no facts or representations are absolutely certain. The Parties acknowledge that they are aware that they may, after execution of this Agreement, discover facts different from or in addition to those they now know or believe to be true with respect to the liabilities, actions or causes of action to be released. Accordingly, the Parties each assume their own risk of any incomplete disclosure or mistake. If the Parties, or each of them, should subsequently discover that any fact it relied upon in entering into this Agreement was untrue, or that any understanding of the facts or of the law was incorrect, such party shall not be entitled to set aside this Agreement by reason thereof. This Agreement is intended to be final and binding between the Parties hereto, and is further intended to be effective as a final accord and satisfaction between the Parties. The Parties are relying on the finality of this Agreement as a material factor inducing the Parties' execution of this Agreement.

(h) The consideration specified herein is given for the purpose of (i) settling and compromising all claims and disputes which have arisen between the Parties, and (ii) releasing the Parties by operation of this Agreement from any an all claims and liabilities, past, present, and future, that have or may arisen out of the matters described in the Article titled "Recitals". Neither the payment nor tender of consideration, nor anything herein, shall be construed as an admission by any of the Parties, their agents, servants or employees , of any liability of any kind to the other.

(i) The Parties represent and warrant that they have not heretofore transferred or assigned or purported to transfer or assign to any person, firm, or corporation any claim, demand, damage, debt, liability, account, action or cause of action herein to be released.

(j) The Parties acknowledge the adequacy of the consideration given for the release

of all Parties in this Agreement and understands that irrespective of whether the consideration is expressly described herein, adequate consideration exists for the release of all Parties under this Agreement.

3.4 Non-Disparagement. The Parties further agrees not to make any statement or take any action, directly or indirectly, that harms, or could harm, the other Party's business interests, reputation or good will, including any statements that may be made to any past, current, or prospective employees, vendors, or any other third parties whatsoever. Accordingly, the Parties shall not make any statements, written or oral, which disparage the other; however, this provision shall not prevent the any Party from truthfully responding to any inquiry required by law or pursuant to a court order.

ARTICLE IV GENERAL PROVISIONS

4.1 Integration. This Agreement constitutes a single, integrated, written contract expressing the entire Agreement of the Parties hereto relative to the subject matter hereof. No covenants, agreements, representations, or warranties of any kind whatsoever have been made by any Party hereto, except as specifically set forth in this Agreement. All prior discussions and negotiations, if any, are superseded by this Agreement.

4.2 No Construction Against Drafter. Each party to this Agreement and its legal counsel have reviewed and revised this Agreement. The rule of construction that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or of any amendments or exhibits to this Agreement. This Agreement shall not be deemed prepared or drafted by one party or another, or its attorneys, and will be construed accordingly.

4.3 Modification. No modification, waiver, amendment, discharge, or any change of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge, or change is or may be sought.

4.4 Heirs, Successors, and Assigns. This Agreement shall inure to the benefit of, and shall be binding upon, the heirs, successors, and assigns of the Parties hereto, and each of them.

4.5 Severability. In the event that any term, covenant, condition, or provision of this Agreement should be held to be void, voidable, or unenforceable, the remaining portions hereof shall remain in full force and effect.

4.6 Governing Law. This Agreement shall be construed in accordance with, and be governed by the laws of California.

4.7 Venue and Jurisdiction. In the event that any action, suit, or other proceeding arising from this Agreement is instituted, the parties agree that venue for such action shall be in San Diego County, and that personal jurisdiction and subject matter jurisdiction shall be

exercised by the Superior Court of the State of California, in and for the County of San Diego, Central Division.

4.8 Execution in Counterparts. This Agreement may be executed and delivered in two or more counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same Agreement. This Agreement shall be deemed to be executed on the last date any such counterpart is executed.

4.9 Facsimile Signatures. This Agreement may be executed and a copy of such executed Agreement transmitted by facsimile, which when received can be used as an original of the Agreement for all purposes.

4.10 Costs and Attorney's Fees. The Parties hereto agree to bear his or its own costs and attorney's fees, and each party hereby waives any statute, rule of court, or other law, awarding costs, fees, or expenses relating to any litigation. Said waiver shall be effective with respect to the statutes, rules of court, or other laws or provisions of the United States and/or of each state, including, without limitation, the State of California. However, in the event that any action, suit, or other proceeding is instituted to interpret and/or enforce this Agreement, or arising out of a breach of this Agreement, the prevailing party shall recover all of such party's reasonable attorney's fees and costs incurred in each and every action, suit, or other proceeding, including any and all appeals or petitions therefrom.

4.11 Waiver. Any waiver of a default under this Agreement must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement. No delay or omission in the exercise of any right or remedy shall impair such right or remedy or be construed as a waiver. Consent to or approval of any act shall not be deemed to waive or render unnecessary consent to or approval of any other or a subsequent act.

4.12 Confidentiality. The terms of this Agreement are confidential. The Parties expressly understand and agree that it shall constitute a breach of this Agreement to disclose or communicate the terms of this settlement or to disseminate this Agreement to any third party (unless required by Court order or operation of law or to the Parties' respective attorneys, accountants or tax advisers).

4.13 Time of Essence. The Parties hereto agree and confirm that time is of the essence for execution, completion, and full performance of the terms and conditions of this agreement.

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IN WITNESS WHEREOF, the Parties hereto have each approved and executed this Agreement on the dates set forth opposite their respective signatures.

Dated: 11/9/17

RAZUKI

By: 

SALAM RAZUKI

Dated: 11/9/17

MALAN

By: 

NINUS MALAN

07/13/2018 at 06:00:00 PM

Clerk of the Superior Court
By Erika Engel, Deputy Clerk

1 Steven A. Elia (State Bar No. 217200)
Maura Griffin (State Bar No. 264461)
2 James Joseph (State Bar No. 309883)
LAW OFFICES OF STEVEN A. ELIA, APC
3 2221 Camino Del Rio South, Suite 207
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6 james@elialaw.com

7 Attorneys for Plaintiff
SALAM RAZUKI

9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
10 **COUNTY OF SAN DIEGO, CENTRAL DIVISION**

11 SALAM RAZUKI, an individual,
12 Plaintiff,

13 v.

14 NINUS MALAN, an individual; CHRIS
15 HAKIM, an individual; MONARCH
MANAGEMENT CONSULTING, INC. a
16 California corporation; SAN DIEGO
UNITED HOLDING GROUP, LLC, a
17 California limited liability company; FLIP
MANAGEMENT, LLC, a California limited
18 liability company; MIRA ESTE
PROPERTIES, LLC, a California limited
19 liability company; ROSELLE PROPERTIES,
LLC, a California limited liability company;
20 BALBOA AVE COOPERATIVE, a
California nonprofit mutual benefit
21 corporation; CALIFORNIA CANNABIS
GROUP, a California nonprofit mutual
22 benefit corporation; DEVILISH DELIGHTS,
INC., a California nonprofit mutual benefit
23 corporation; and DOES 1-100, inclusive,

24 Defendants,

CASE NO. 37-2018-00034229-CU-BC-CTL

**FIRST AMENDED COMPLAINT FOR
DAMAGES FOR:**

- (1) BREACH OF CONTRACT
- (2) BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING
- (3) BREACH OF ORAL AGREEMENT
- (4) BREACH OF FIDUCIARY DUTY
- (5) FRAUD AND DECEIT
- (6) MONEY HAD AND RECEIVED
- (7) CONVERSION
- (8) ACCOUNTING
- (9) APPOINTMENT OF RECEIVER
- (10) INJUNCTIVE RELIEF
- (11) DECLARATORY RELIEF
- (12) CONSTRUCTIVE TRUST
- (13) DISSOLUTION
- (14) INTENTIONAL INTERFERENCE WITH AN ECONOMIC RELATIONSHIP
- (15) INTENTIONAL INTERFERENCE WITH A CONTRACTUAL RELATIONSHIP

DEMAND FOR JURY TRIAL

1 Plaintiff SALAM RAZUKI complains and alleges as follows:
2

3 **I.**
4 **INTRODUCTION**

5 1. For years, Salam Razuki (“Razuki”) and Ninus Malan (“Malan”) engaged in numerous
6 business dealings and property investments. The two entered into certain oral agreements whereby
7 Razuki would provide the initial cash investment to purchase a certain asset while Malan would manage
8 the assets. The parties agreed that after reimbursing the initial investment to Razuki, Razuki would be
9 entitled to seventy-five percent (75%) of the profits & losses of that particular asset and Malan would
10 be entitled to twenty-five percent (25%) of said profits & losses. Unfortunately, due to Malan’s refusal
11 to be completely forthcoming with the Partnership Assets (as defined below in Section III), this oral
12 agreement became untenable and disputes arose. Instead of litigating the matter, Razuki and Malan
13 decided to enter into an Agreement of Compromise, Settlement and Mutual General Release (referred
14 to herein as the “Settlement Agreement”) to memorialize their prior oral agreements and to describe
15 additional duties and obligations for each of them. Under the Settlement Agreement, Razuki and Malan
16 agreed to transfer all Partnership Assets into one entity, RM Property Holdings, LLC (“RM Holdings”) which
17 was formed for that particular business purpose. After recuperating any initial investments
18 related to the Partnership Assets, Razuki would be entitled to seventy-five percent (75%) of the profits
19 & losses of RM Holdings and Malan would be entitled to twenty-five percent (25%) of the profits &
20 losses of RM Holdings.

21 2. Even with the Settlement Agreement in place and RM Holdings formed, Malan
22 continued to deceive Razuki and manipulate the Partnership Assets for his own gain. Shortly after the
23 Settlement Agreement was signed, Malan began negotiations to sell some of the Partnership Assets
24 while they were still under his name. During these sale negotiations, Malan never informed the potential
25 buyer of Razuki’s interest in the Partnership Assets. Based on information and belief, Malan
26 intentionally stole and/or redirect revenue from the Partnership Assets to a new entity owned by Malan
27 (*i.e.* Monarch). Malan conspired with another individual named Hakim in order to carry out this scheme
28 as well. Given Malan’s blatant breach of the Settlement Agreement and his clear intentions to conceal
the profits of the Partnership Assets, Razuki now brings this instant First Amended Complaint in order
to enforce the terms of the Settlement Agreement and take control of his Partnership Assets.

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II.
PARTIES AND JURISDICTION

3. Plaintiff SALAM RAZUKI (“Razuki”) is an individual residing in the County of San Diego, State of California.

4. Defendant NINUS MALAN (“Malan”) is an individual residing in the County of San Diego, State of California.

5. Defendant CHRIS HAKIM (“Hakim”) is an individual residing in the County of San Diego, State of California.

6. Defendant MONARCH MANAGEMENT CONSULTING, INC. (“Monarch”) is a California corporation organized under the laws of the State of California. Monarch’s principal place of business is in the County of San Diego, State of California. Razuki is informed and believes and thereon alleges that Monarch has two shareholder, Hakim and Malan who are the officers and directors of said corporation.

7. Defendant SAN DIEGO UNITED HOLDING GROUP, LLC (“SD United”) is a California limited liability company organized under the laws of the State of California. SD United’s principal place of business is in the in the County of San Diego, State of California.

8. Defendant FLIP MANAGEMENT, LLC (“Flip”) is a California limited liability company organized under the laws of the State of California. Flip’s principal place of business is in the in the County of San Diego, State of California.

9. Defendant MIRA ESTE PROPERTIES, LLC (“Mira Este”) is a California limited liability company organized under the laws of the State of California. Mira Este’s principal place of business is in the in the County of San Diego, State of California.

10. Defendant ROSELLE PROPERTIES, LLC (“Roselle”) is a California limited liability company organized under the laws of the State of California. Roselle’s principal place of business is in the in the County of San Diego, State of California.

11. Defendant BALBOA AVE COOPERATIVE (“Balboa”) is a California nonprofit mutual benefit corporation that is organized under the laws of the State of California. Balboa’s principal place of business is in the in the County of San Diego, State of California. Malan serves as President and CEO of this entity.

1 12. Defendant CALIFORNIA CANNABIS GROUP (“CCG”) is a California nonprofit
2 mutual benefit corporation that is organized under the laws of the State of California. CCG’s principal
3 place of business is in the in the County of San Diego, State of California. Malan serves as President
4 and CEO of this entity.

5 13. Defendant DEVILISH DELIGHTS, INC. (“Devilish”) is a California nonprofit mutual
6 benefit corporation that is organized under the laws of the State of California. Devilish’s principal place
7 of business is in the in the County of San Diego, State of California. Malan serves as President and CEO
8 of this entity.

9 14. The true names and capacities of defendants sued as DOES (the “DOE Defendants”) are
10 unknown to Razuki and therefore are sued under such fictitious names. Razuki is informed and believes,
11 and based upon such information and belief alleges that defendants sued as DOES are in some manner
12 responsible for the acts and damages alleged. Razuki will amend this complaint when the true names
13 and capacities of such fictitiously named defendants are ascertained.

14 15. Malan, Hakim, Monarch, SD United, Flip, Mira Este, Roselle, Balboa, CCG, Devilish
15 and DOE Defendants are collectively referred to as “Defendants” hereinafter

16 16. Razuki is informed and believes, and thereon alleges that at all times mentioned
17 Defendants were acting as the agent, employee, attorney, accountant, and/or representative of each other
18 and within the scope of the above-mentioned agency, employment, relationship, and/or representation.
19 In doing the acts alleged, each defendant was acting with the full authority and consent of each other
20 defendant.

21 17. Razuki is informed and believes and thereon alleges that some of the corporations,
22 limited liability companies, and entities named as defendants herein including, but not limited to,
23 Monarch, SD United, Flip, Mira Este, Roselle, Balboa, CCG, Devilish and DOES 1 through 100,
24 (hereinafter occasionally collectively referred to as the “Alter Ego Entities”), and each of them, were at
25 all times relevant the alter ego of Malan and/or Hakim (hereinafter occasionally collectively referred to
26 as the “Individual Defendants”) by reason of the following:

- 27 a. Razuki is informed and believes and thereon alleges that said Individual Defendants,
28 at all times herein mentioned, dominated, influenced, and controlled each of the Alter
 Ego Entities and the officers thereof as well as the business, property, and affairs of

1 each of said corporations.

2 b. Razuki is informed and believes and thereon alleges that, at all times herein
3 mentioned, there existed and now exists a unity of interest and ownership between
4 said Individual Defendants and each of the Alter Ego Entities; the individuality and
5 separateness of said Individual Defendants and each of the Alter Ego Entities have
6 ceased.

7 c. Razuki is informed and believes and thereon alleges that, at all times since the
8 incorporation of each, each Alter Ego Entities has been and now is a mere shell and
9 naked framework which said Individual Defendants used as a conduit for the conduct
10 of their personal business, property and affairs.

11 d. Razuki is informed and believes and thereon alleges that, at all times herein
12 mentioned, each of the Alter Ego Entities was created and continued pursuant to a
13 fraudulent plan, scheme and device conceived and operated by said Individual
14 Defendants, whereby the income, revenue and profits of each of the Alter Ego
15 Entities were diverted by said Individual Defendants to themselves.

16 e. Razuki is informed and believes and thereon alleges that, at all times herein
17 mentioned, each of the Alter Ego Entities was organized by said Individual
18 Defendants as a device to avoid individual liability and for the purpose of substituting
19 financially irresponsible corporations in the place and stead of said Individual
20 Defendants, and each of them, and accordingly, each Alter Ego Entities was formed
21 with capitalization totally inadequate for the business in which said entities was
22 engaged.

23 f. By virtue of the foregoing, adherence to the fiction of the separate corporate
24 existence of each of the Alter Ego Entities would, under the circumstances, sanction
25 a fraud and promote injustice in that Razuki would be unable to realize upon any
26 judgment in his favor.

27 18. Jurisdiction is proper with the above-entitled Court as all parties are residents of this
28 county and any contract/agreement that is the subject of this action was entered into in this jurisdiction
and was to be performed entirely within the jurisdiction of this Court.

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III.
GENERAL ALLEGATIONS

19. Since 2016, Razuki and Malan have engaged in numerous business dealings relating to property investments in San Diego County. The oral agreements between Razuki and Malan was simple: Razuki would provide the initial investment to purchase the property and Malan would manage the property (e.g. ensure upkeep and acquire tenants). After Razuki was paid back for his initial investment, Razuki would receive seventy-five percent (75%) of any profits while Malan would receive twenty-five percent (25%) of any profits.

20. Under this oral agreement, Razuki trusted Malan to provide proper accounting of the revenue generated from the various properties and provide him with the agreed upon profit split.

21. Over the years, Razuki and Malan have acquired the following interests, directly or indirectly, (the "Partnership Assets") in the following businesses and/or entities:

- a. One hundred percent (100%) interest in SD United. SD United owns real property located at 8859 Balboa Avenue, Suites A-E, 8861 Balboa Avenue, Suite B, and 8863 Balboa Avenue, Suite E. Razuki and Malan own, directly or indirectly, a marijuana retail business located at 8861 Balboa Avenue and 8863 Balboa Avenue. Razuki provided all the initial monetary investment for SD United. However, on paper, Malan owned a one-hundred percent (100%) in and to SD United.
- b. One hundred percent (100%) interest in Flip. Flip served as the operating entity for Razuki and Malan's marijuana retail businesses located at 8861 Balboa Avenue and 8863 Balboa Avenue. Razuki provided all the initial monetary investment for this business. On paper, Malan owned a one-hundred percent (100%) in Flip.
- c. Fifty percent (50%) interest in Mira Este. Mira Este owns real property located at 9212 Mira Este Court, San Diego, CA 92126. Razuki and Malan own, directly or indirectly, a marijuana distribution and manufacturing business located at 9219 Mira Este Court. Razuki provided fifty percent (50%) of the initial monetary investment for Mira Este. On paper, Malan owns a fifty percent (50%) ownership interest in Mira Este.
- d. Fifty percent (50%) interest in Roselle. Roselle owns real property located at 10685

1 Roselle Street, San Diego, CA 92121. Razuki and Malan own, directly or indirectly,
2 a marijuana cultivation business located at 10685 Roselle Street. Razuki provided
3 fifty percent (50%) of the initial monetary investment for Roselle. On paper, Malan
4 owns a fifty percent (50%) ownership interest in Roselle.

5 e. A twenty percent (20%) interest in Sunrise Property Investments, LLC (“Sunrise”).
6 Sunrise owns real property located at 3385 Sunrise Street, San Diego, CA 92102.

7 f. A twenty-seven percent (27%) in Super 5 Consulting Group, LLC (“Super 5”). Super
8 5 is the operator of a marijuana dispensary located at 3385 Sunrise Street, San Diego,
9 CA 92102.

10 22. For all the Partnership Assets, regardless of the paperwork, Razuki and Malan had an
11 oral agreement that after recuperating the initial investments, Razuki would share in seventy-five
12 percent (75%) of the profits & losses and Malan would share in twenty-five percent (25%) of the profits
& losses.

13 23. For Mira Este and Roselle, Hakim provided fifty percent (50%) of the initial investment
14 and owns a fifty percent (50%) ownership in Mira Este and Roselle.

15 24. SD United, Flip, Mira Este, and Roselle are all entities involved in Razuki and Malan’s
16 marijuana operations. The marijuana operations were structured as such:

17 a. Balboa, CCG, and Devilish hold the California State Licenses for the marijuana
18 operations.

19 b. Flip served as the operator for the marijuana operations.

20 c. SD United, Mira Este, and Roselle are the property owners for the physical location
21 of the businesses and hold the Conditional Use Permits (CUPs), which are obtained
22 from the City of San Diego, for the marijuana operations.

23 25. Under this structure, Razuki believed all revenue and profits from the marijuana
24 operations would be deposited into accounts owned by either SD United, Flip, Mira Este, or Roselle.

25 **A. Dispute Regarding the Partnership Assets**

26 26. Unfortunately, this oral agreement was untenable. The agreement provided Malan
27 would maintain proper records of all the profits & losses from the businesses, which was not done.

28 27. Additional problems arose. In early 2017, Mira Este required capital for building

1 renovations. Malan, as the property manager, approached The Loan Company of San Diego, LP to
2 acquire a hard money loan for approximately one million dollars (\$1,080,000). Mira Este was the
3 named borrower on the loan and Razuki signed on as the guarantor of the loan. Razuki provided
4 additional property (property that was solely owned by Razuki) for collateral on the loan.

5 28. Because Razuki agreed to be guarantor and provided collateral, the loan was approved.

6 29. However, shortly after the funds were deposited into Mira Este's account, Malan
7 intended and did take \$390,000 of the new funds for his personal use. Hakim intended and did take
8 \$540,000 of the new funds for his personal use as well.

9 30. To date, the funds Malan withdrew from Mira Este's account have not been repaid.

10 **B. The Settlement Agreement**

11 31. In order to memorialize the oral agreement and resolve any ambiguities in Razuki and
12 Malan's business relationship, Razuki and Malan decided to enter into the Settlement Agreement. A
13 copy of the Settlement Agreement is attached as **Exhibit A**.

14 32. The Settlement Agreement had three central components:

- 15 a. Razuki and Malan would transfer all the Partnership Assets into a newly created
16 entity, RM Holdings within thirty (30) days;
- 17 b. Razuki and Malan would work together to calculate Razuki's cash investments
18 related to Partnership Assets within thirty (30) days; and,
- 19 c. After recuperating any initial cash investments, Razuki would receive seventy-five
20 (75%) of the profits & losses of RM Holdings and Malan would receive twenty-five
21 percent (25%) of the profits & losses of RM Holdings. This would essentially
22 formalize the prior oral agreement Razuki and Malan had with respect to all their
23 previous dealings regarding the Partnership Assets.

24 33. Razuki and Malan signed the Settlement Agreement on November 9, 2017.

25 34. Shortly after Razuki and Malan entered into the Settlement Agreement, Hakim was made
26 aware of the Settlement Agreement and of Malan's promise to transfer the Partnership Assets to RM
27 Holdings.

28 **C. Malan's Refusal to Perform on the Settlement Agreement and Fraudulent Conduct**

35. Even after signing the Settlement Agreement, problems continued. After the thirty-day

1 deadline to transfer Partnership Assets to RM Holdings had passed, Malan requested additional time to
2 perform an accounting of the Partnership Assets.

3 36. Malan also made changes relating to the marijuana operations. Starting around late 2017,
4 Malan contracted SoCal Building Ventures, LLC (“SoCal Building”) to serve as the new operator for
5 the marijuana operations located at SD United, Mira Este, and Roselle. This arrangement was
6 memorialized in three separate agreement:

- 7 a. The “SD United Management Agreement” was between SoCal Building on one hand
8 and Balboa, SD United, Monarch, Hakim and Malan on the other.
- 9 b. The “Roselle Management Agreement” was between SoCal Building on one hand
10 and Roselle, Hakim, and Malan on the other.
- 11 c. The “Mira Este Management Agreement” was between SoCal Building on one hand
12 and CCG, Devilish, Mira Este, Hakim and Malan on the other.
- 13 d. Collectively, these agreements will be referred to as the “Management Agreements”
14 hereafter.

15 37. Under the terms of the Management Agreements, SoCal Building would retain all
16 revenue from the marijuana business. SoCal Building would then pay a monthly guaranteed payment
17 to Monarch for the opportunity to manage and profit from the marijuana business. Despite this contract
18 that required payment to Monarch, Malan informed Razuki that monthly guaranteed payment would be
19 deposited into either SD United, Flip, Mira Este, or Roselle.

20 38. The contract with SoCal Building also entitled SoCal Building to an option to purchase
21 a fifty percent (50%) interest in SD United, Mira Este, and Roselle.

22 39. Starting around January 2018, Malan and his counsel, David Jarvis, represented that
23 Malan was close to completing the sale of SD United, Mira Este, and Roselle to SoCal Building. Malan
24 and his counsel represented that transferring the properties to RM Holdings prior to the sale would
25 “complicate” the deal and recommended holding off on the transfer.

26 40. Based on these representations, Razuki trusted Malan and agreed to extend the time in
27 which the parties were required to transfer all Partnership Assets to RM Holdings. Between January
28 2018 to May 2018, Malan consistently ensured Razuki that he was negotiating the sale and intended to
split the proceeds 75/25.

1 41. While waiting for the sale to SoCal Building to be completed, Razuki requested
2 information regarding the current cash flow for SD United, Flip, Mira Este, and Roselle. Malan
3 informed Razuki that SD United, Flip, Mira Este, and Roselle were not producing any profits and were
4 just breaking even. When asked for accounting, Malan said he would provide the accounting but never
5 did.

6 42. On or about the second week of May 2018, Razuki met with the owner of SoCal
7 Building, Dean Bornstein.

8 43. Mr. Bornstein informed Razuki that he was unaware of Flip. Rather, pursuant to the
9 contract with Malan, SoCal Building deposited the monthly guarantee payment to Monarch.

10 44. Malan never informed Razuki of the existence of Monarch. Rather, Malan would
11 consistently tell Razuki that revenue was being deposited to either SD United, Flip, Mira Este, or
12 Roselle.

13 45. Mr. Bornstein also confirmed that the business was thriving and producing a significant
14 profit (directly contradicting what Malan told Razuki between January 2018 and May 2018).

15 46. Mr. Bornstein was also unaware that Razuki had a substantial interest in SD United, Flip,
16 Mira Este, and Roselle. Malan had concealed Razuki's involvement with the Partnership Assets and
17 did not disclose the existence of RM Holdings to Mr. Bornstein. Rather, Mr. Bornstein believed he
18 would be purchasing assets that solely belonged to Malan.

19 47. After having discovered this, Razuki learned of Malan's true intention, which was to cut
20 Razuki out of any deal to sell SD United, Flip, Mira Este, and Roselle to SoCal Building thereby
21 avoiding paying Razuki's his 75% share.

22 48. Razuki is informed and believes and thereon alleges that Malan intentionally concealed
23 Razuki's interest in SD United, Flip, Mira Este, and Roselle as a member of RM Holdings.

24 49. To date, Malan has never transferred any of the Partnership Assets to RM Holdings. Nor
25 has Malan signed any supplemental written agreements that would promise the proceeds of the sale of
26 SD United, Flip, Mira Este, and Roselle to which Razuki was entitled.

27 **D. Malan's Recent Attempts to Sabotage the Marijuana Businesses and RM Holdings**

28 50. On May 24, 2018, SoCal Building requested Malan and Hakim provide documents to
conduct a due diligence proving their ownership of SD United, Mira Este, and Roselle. SoCal Building

1 wished to execute their option to purchase fifty percent (50%) of these entities under the Management
2 Agreements.

3 51. On June 22, 2018, SoCal Building again requested Malan provide additional information
4 regarding his ownership of SD United, Mira Este, and Roselle. SoCal Building specifically mentioned
5 that it knew about Razuki's claim of ownership regarding these entities, contrary to Malan's previous
6 representations.

7 52. On July 9, 2018, Malan withdrew twenty-four thousand, twenty-eight dollars and ninety-
8 three cents (\$24,028.93) from RM Holdings' bank account. Razuki had individually deposited this
9 money into RM Holdings. Malan withdrew this money without obtaining consent from RM Holdings.

10 53. Razuki is informed and believes and thereon alleges that Malan withdrew these funds
11 from RM Holding for his personal use.

12 54. In the evening of July 9, 2018, Malan went to the retail dispensary located at 8863 Balboa
13 Ave. ("Tree House Balboa"). Malan took the key from the employee who was locking up and then
14 changed the locks, changed the password for the camera system, and blocked access to the Point of Sale
15 system at Tree House Balboa.

16 55. On July 10, 2018, a letter was sent to SoCal Building informing SoCal Building that
17 Management Agreements were immediately terminated for non-performance.

18 56. Razuki is informed and believes and thereon alleges that Malan individually does not
19 have the right to cancel the Management Agreements. Rather:

- 20 a. SD United and Balboa possess the right to cancel the SD United Management
21 Agreement;
- 22 b. Roselle possesses the right to cancel the Roselle Management Agreement; and
- 23 c. CCG, Devilish, and Mira Este possess the right to cancel the Mira Este Management
24 Agreement.

25 57. On July 10, 2018, an employee of SoCal Building that worked at Tree House Balboa
26 went to the retail location and found Malan in the store. Malan would not explain what he was doing
27 there. Malan also used another employee's credentials to access backend data reports regarding the
28 business. Malan also informed two other employees, Alexandra Clarke and Maria Ortega, to come to
the Tree House Balboa on July 10 to take inventory and meet the "new management."

- 1 b. to calculate Razuki's cash investments related to Partnership Assets within thirty
2 (30) days; and
3 c. reaffirm that after recuperating any initial cash investments, Razuki would receive
4 seventy-five (75%) of the profits & losses of RM Holdings and Malan would receive
5 twenty-five percent (25%) of the profits & losses of RM Holdings.

6 68. Malan has breached the Settlement Agreement by, *inter alia*, failing to transfer the
7 Partnership Assets to RM Holdings and by not providing an accounting of Razuki's initial cash
8 investments into the Partnership Assets. Instead, Malan has retained ownership of the Partnership
9 Assets for his own personal benefit. Malan has also failed to provide an accounting of the monetary
10 investments made for the Partnership Assets and hid the Partnership Assets' profits from Razuki.

11 69. As a direct and proximate cause of Malan's breach of the Settlement Agreement, Razuki
12 has suffered substantial compensatory, incidental, and consequential damages.

13 **SECOND CAUSE OF ACTION**
14 **Breach of the Implied Covenant of Good Faith and Fair Dealing**
15 **(Against Malan and DOES 1-100)**

16 70. Razuki realleges each and every paragraph of this First Amended Complaint as though
17 fully set forth here.

18 71. Razuki and Malan entered into the Settlement Agreement, which also created an implied
19 covenant of good faith and fair dealing that the parties would not unfairly interfere with the rights of
20 any other party.

21 72. The Settlement Agreement entitled Razuki to a portion of the profits and revenue
22 generated by the Partnership Assets pursuant to its terms.

23 73. Malan has intentionally interfered with Razuki's right to these profits by, *inter alia*:

- 24 a. creating Monarch, and diverting revenue away from RM Holding and toward
25 Monarch;
26 b. devaluing, taking and stealing the Partnership Assets (*e.g.* taking Mira Este's tenant
27 improvement fund for his personal use and the \$24,000 from RM Holdings bank
28 account.);
c. intentionally concealing Razuki's interest in the Partnership Assets to third parties;

- 1 d. intentionally lying about the profits generated from the Partnership Assets; and
2 e. intentionally attempting to deny Razuki profits from the potential sale of the
3 Partnership Assets.

4 74. As a direct and proximate cause of Malan's breach of the implied covenant, Razuki has
5 suffered substantial compensatory, incidental, and consequential damages.

6 **THIRD CAUSE OF ACTION**
7 **Breach of Oral Agreement**
8 **(Against Malan and DOES 1-100)**

9 75. Razuki realleges each and every paragraph of this First Amended Complaint as though
10 fully set forth here.

11 76. Pleading in the alternative, if the Court finds that the Settlement Agreement is not
12 enforceable, Razuki and Malan previously entered into a valid oral agreement regarding the ownership
13 interest for all Partnership Assets.

14 77. The oral agreement dictated that Razuki would provide the initial investment for the
15 Partnership Assets and Malan would manage the assets. After recuperating the initial investment,
16 Razuki would share in seventy-five percent (75%) of all the profits & losses and Malan would share in
17 twenty-five percent (25%) of all the profits & losses.

18 78. The oral agreement also required Malan, as the manager of the properties and businesses,
19 to provide Razuki with a proper accounting of all the Partnership Assets.

20 79. Razuki has fulfilled all obligations and duties required under the oral agreement by
21 providing the initial investment for the Partnership Assets.

22 80. Malan has breached the oral agreement by not distributing the revenue and profits to
23 Razuki and by not providing a proper accounting for Razuki.

24 81. As a direct and proximate cause of Malan's breach of the oral agreement, Razuki has
25 suffered substantial compensatory, incidental, and consequential damages.

26 **FOURTH CAUSE OF ACTION**
27 **Breach of Fiduciary Duty**
28 **(Against Malan, Hakim, Monarch, and DOES 1-100)**

82. Razuki realleges each and every paragraph of this First Amended Complaint as though
fully set forth here.

1 83. Malan, as a member of RM holding and as Razuki's agent/business partner, owed a
2 fiduciary duty to Razuki.

3 84. Malan has breached his fiduciary duty in multiple ways including, but not limited to, the
4 following:

- 5 a. failing to transfer ownership of the Partnership Assets to RM Holdings;
- 6 b. intentionally creating Monarch in order to divert revenue and profits away from Flip
7 and/or RM Holdings for his own personal interest;
- 8 c. intentionally lying about the profits generated from the Partnership Assets;
- 9 d. intentionally concealing his intentions to maintain his sole ownership of the
10 Partnership Assets by lying about his inability to provide proper accounting and
11 delaying the transfer of Partnership Assets to RM Holdings; and
- 12 e. taking \$24,000 out of RM Holdings bank account for his personal use.

13 85. These actions were not in the best interest of the business and constitute a blatant act of
14 self-dealing.

15 86. Additionally, Hakim and Monarch conspired with Malan to carry out these actions.

16 87. Hakim was aware of Malan's actions. He was aware that Razuki owned a substantial
17 interest in the Partnership Assets and was aware that the Partnership Assets should have been transferred
18 to RM Holdings. Hakim created Monarch with Malan in order to divert funds away from the Partnership
19 Assets as well.

20 88. Monarch, by way of its owners Hakim and Malan, was fully aware of the scheme to
21 defraud Razuki and directly participated in the scheme by accepting funds that were intended for the
22 Partnership Assets.

23 89. Because both were aware of and participated in Malan's scheme, Hakim and Monarch
24 are liable for a breach of fiduciary duty under a theory of civil conspiracy.

25 90. As a direct and proximate cause of Malan's breach of his fiduciary duty, Razuki has
26 suffered substantial compensatory, incidental, and consequential damages.

27 91. These actions were also intentional and fraudulent, entitling Razuki to seek punitive
28 and/or exemplary damages against Malan.

FIFTH CAUSE OF ACTION
Fraud and Deceit
(Against Malan and DOES 1-100)

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3 92. Razuki realleges each and every paragraph of this First Amended Complaint as though
4 fully set forth here.

5 **Intentional Misrepresentation**

6 93. Malan made a number of representations to Razuki. Specifically:

- 7 a. Between January 2018 and May 2018, on multiple occasions, Malan told Razuki that
8 the Partnership Assets were not producing profits and were merely breaking even;
9 b. Between January 2018 and May 2018, on multiple occasions, Malan told Razuki that
10 he was preparing an accounting of the Partnership Assets as per the Settlement
11 Agreement; and
12 c. Between January 2018 and May 2018, on multiple occasions, Malan told Razuki that
13 it was necessary to delay the transfer of the Partnership Assets to RM Holdings
14 because effectuating the transfer immediately would sabotage the sale of the
15 Partnership Assets to SoCal Building.

16 94. These representations made by Malan were false.

17 95. Malan knew these representations were false:

- 18 a. Since January 2018, Malan was fully aware of the truthful financial information
19 regarding the Partnership Assets and knew they were producing profits;
20 b. Since January 2018, Malan knew he was not preparing the accounting for the
21 Partnership Assets; and
22 c. Since January 2018, Malan knew that transferring the Partnership Assets to RM
23 Holdings would not affect the deal with SoCal Building.

24 96. Malan intended to have Razuki to rely on these representations. Malan knew that telling
25 Razuki these fraudulent misrepresentations would placate Razuki and would allow Malan to hide the
26 profits and cash flow from the Partnership Assets.

27 97. Razuki reasonably reliable on these representations. He believed that he could trust
28 Malan and that Malan would honor the Settlement Agreement. Because of this trust, Razuki did not
attempt to litigate this matter or make further demands upon Malan.

1 **Intentional Concealment**

2 98. Malan, as a fiduciary and business partner to Razuki, owed a duty to truthfully inform
3 Razuki of all relevant information regarding the Partnership Assets.

4 99. Malan intentionally concealed a number of material facts from Razuki. Specifically:

5 a. Malan never informed Razuki that Malan created Monarch and directed SoCal
6 Building to deposit all profits of the retail business into Monarch’s account instead
7 of Flip’s account;

8 b. Malan never informed Razuki of his intention to sell off SD United, Flip, Mira Este,
9 and Roselle without the agreed upon compensation owed to Razuki under both their
10 oral agreement, as well as the Settlement Agreement.

11 100. Malan also concealed material facts from Razuki by denying Razuki access to the
12 financial records of SD Untied, Flip, Mira Este, and Roselle.

13 101. Before May 2018, Razuki had no knowledge of Monarch or of Malan’s true intention
14 regarding the Partnership Assets. To date, Razuki is still being denied access to the accounts for SD
15 Untied, Flip, Mira Este, and Roselle.

16 102. Malan intentionally concealed these facts in order to deceive Razuki into thinking that
17 Malan would continue to honor their agreement (*i.e.* agreed upon profit split). Had Malan properly
18 disclosed these facts, Razuki would have acted differently (*e.g.*, he likely would not have allowed any
19 delay in transferring all Partnership Assets to RM Holdings).

20 **False Promise**

21 103. In November 2017, Malan agreed to the terms of the Settlement Agreement. However,
22 when Malan agreed to this promise, he never intended on carrying out the terms of the Settlement
23 Agreement. This is evidenced by Malan’s immediate attempts to delay the execution of the Settlement
24 Agreement in order to carry out the sale of SD United, Flip, Mira Este, and Roselle to SoCal Building.

25 104. Malan intended to have Razuki rely on this promise. Specifically, Malan believed that
26 making this promise would placate Razuki so that Razuki would not demand further review or
27 accounting of the Partnership Assets.

28 105. Razuki relied on the Settlement Agreement and assumed Malan would agree to the stated
promises.

1 106. Malan did not perform his promise, as he never performed any of the duties outlined in
2 the Settlement Agreement.

3 107. As a direct and proximate cause of Malan's fraudulent misrepresentations, intentional
4 concealment and false promises, Razuki has suffered substantial compensatory, incidental, and
5 consequential damages.

6 108. These actions were also intentional and fraudulent, entitling Razuki to seek punitive or
7 exemplary damages against Malan.

8 **SIXTH CAUSE OF ACTION**
9 **Money Had and Received**
10 **(Against SD United, Flip, Mira Este, Roselle and DOES 1-100)**

11 109. Razuki realleges each and every paragraph of this First Amended Complaint as though
12 fully set forth here.

13 110. Pleading in the alternative, if the Court finds that the Settlement Agreement and the oral
14 agreement are not enforceable, Razuki is entitled to have his initial investment returned or his ownership
15 interest secured.

16 111. Over the course of his business relationship with Malan, Razuki has given money into
17 SD United, Flip, Mira Este, and Roselle.

18 112. This money given to SD United, Flip, Mira Este, and Roselle by Razuki was intended to
19 be an investment for Razuki for which he would receive substantial returns. Specifically, Razuki gave
20 this money to secure a seventy-five percent (75%) ownership interest in SD United and Flip and a thirty-
21 seven and one half percent (37.5%) ownership interest in Mira Este and Roselle.

22 113. The money given was not used for the benefit of Razuki, as Razuki still has not secured
23 an ownership interest in these entities, nor have the entities been transferred to RM Holdings pursuant
24 to the terms of the Settlement Agreement.

25 114. SD United, Flip, Mira Este, and Roselle have not returned to Razuki the funds which he
26 contributed to the Partnership Assets.

27 115. Razuki is entitled to have any money given to these entities returned in full or have his
28 ownership interest secured.

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SEVENTH CAUSE OF ACTION

Conversion

(Against Malan, Hakim, Monarch, and DOES 1-100)

116. Razuki realleges each and every paragraph of this First Amended Complaint as though fully set forth here.

117. Razuki holds a seventy-five percent (75%) interest in RM Holdings. RM Holdings, pursuant to the Settlement Agreement has a right to full ownership of all the Partnership Assets, and all revenue generated from the Partnership Assets. Therefore, any conduct that interferes with, devalues, or converts property of RM Holdings would directly interfere with Razuki's property rights.

118. Malan, Hakim, and Monarch have interfered with RM Holdings' property. Specifically:

- a. Malan has refused to transfer all Partnership Assets to RM Holdings as per the Settlement Agreement;
- b. Malan and Hakim intentionally withdrew \$1,000,000 from Mira Este's account that was intended for construction renovations;
- c. Malan, Hakim, and Monarch have diverted funds away from Flip and towards Monarch thereby stealing money that belonged to RM Holdings and Razuki; and
- d. Malan has withdrawn \$24,000 from RM Holdings' bank account without permission from RM Holdings or Razuki and used said money for his personal gain.

119. Razuki has never consented to any of these actions by Malan, Hakim, or Monarch. In fact, Malan, Hakim, and Monarch have done most of these actions without even informing Razuki.

120. As a direct and proximate cause of Malan's fraudulent misrepresentations, intentional concealment and false promises, Razuki has suffered substantial compensatory, incidental, and consequential damages.

121. These actions were also intentional and fraudulent, entitling Razuki to seek punitive or exemplary damages against Malan.

EIGHTH CAUSE OF ACTION

Accounting

(Against Malan, Hakim, and DOES 1-100)

122. Razuki realleges each and every paragraph of this First Amended Complaint as though fully set forth here.

1 123. Malan and Hakim has maintained exclusive control and possession of the Partnership
2 Assets' books and accounts. Razuki is informed and believes that Malan and Hakim has taken, for his
3 own use, large sums of money from the receipts and profits of the Partnership Assets exceeding his
4 rightful share. It is impossible to know the amount owned to Razuki or whether outstanding debts are
5 sufficient to exhaust the Partnership Assets without said accounting.

6 124. The Settlement Agreement required Malan to provide proper accounting for all
7 Partnership Assets. Despite this written agreement, Malan has refused and continues to refuse to
8 account to Razuki concerning their allocation of Partnership Assets profits/loses.

9 125. Razuki demands a full and proper accounting of the Partnership Assets to properly assess
10 potential damages.

11 **NINTH CAUSE OF ACTION**

12 **Appointment of Receiver**
13 **(Against All Defendants)**

14 126. Razuki realleges each and every paragraph of this First Amended Complaint as though
15 fully set forth here.

16 127. Razuki is informed and believes and upon such information and belief alleges that unless
17 a receiver is appointed, the property and accounts of the Partnership Assets are in danger of being lost,
18 removed or materially injured since Malan are in control of all Partnership Assets and is applying those
19 assets to their own use.

20 128. Razuki is informed and believes and thereon alleges that Malan and Hakim is
21 intentionally concealing his true intention with the hope of diverting funds away from the Partnership
22 Assets and towards other entities that are separate from Razuki. In order to protect these entities from
23 further waste and, the Court must appoint a receiver to take control of SD United, Flip, Mira Este,
24 Roselle, Balboa, CCG, Devilish, and Monarch.

25 129. Razuki requests that a temporary restraining order and preliminary and permanent
26 injunctions in aid of the receiver prohibiting Malan, Hakim and their agents, employees, and/or
27 representatives from engaging in, or performing, directly or indirectly, any or all of the following acts:

- 28
- a. committing or permitting any waste of the SD United, Flip, Mira Este, Roselle,
Balboa, CCG, Devilish, and Monarch;
 - b. interfering, hindering or molesting in any way whatsoever the receiver in the

1 performance of the receiver's duties and in this performance of any duties incidental
2 thereto;

3 c. transferring, directly or indirectly, any interest by sale, assignment or encumbrance
4 in any manner any of SD United, Flip, Mira Este, Roselle, Balboa, CCG, Devilish
5 and Monarch, and all proceeds thereof;

6 d. moving any of the assets of SD United, Flip, Mira Este, Roselle, Balboa, CCG,
7 Devilish, and Monarch from any location;

8 e. transferring, concealing, destroying, defacing and altering any of SD United, Flip,
9 Mira Este, Roselle, Balboa, CCG, Devilish, and Monarch's books and records;

10 f. demanding, collecting, receiving or in any way diverting or using the assets of SD
11 United, Flip, Mira Este, Roselle, Balboa, CCG, Devilish, and Monarch or proceeds
12 therefrom;

13 g. Failing or refusing to immediately turn over to the receiver all assets (including
14 licenses) of SD United, Flip, Mira Este, Roselle, Balboa, CCG, Devilish, and
15 Monarch, and all moneys, checks, funds or proceeds belonging to or for the benefit
16 of Razuki.

17
18 **TENTH CAUSE OF ACTION**
19 **Injunctive Relief**
(Against All Defendants)

20 130. Razuki realleges each and every paragraph of this First Amended Complaint as though
21 fully set forth here.

22 131. Currently, revenue that is meant for Flip is wrongly being diverted to Monarch.

23 132. In addition, there is a genuine possibility that Malan and Hakim will transfer a substantial
24 portion of the Partnership Assets before the conclusion of this instant litigation.

25 133. Unless Malan and Hakim are immediately enjoined from selling, transferring,
26 conveying, or otherwise secreting receipts, profits, and/or property of the Partnership Assets, Razuki
27 will suffer great irreparable harm, as selling the Partnership Assets will make it impossible for Razuki
28 to determine and receive his share of the Partnership Assets.

1 134. For this reason, we ask the Court to impose an injunction that:

- 2 a. Prohibits sale of SD United, Flip, Mira Este, Balboa, CCG, Devilish, and Roselle
3 until the conclusion of this litigation;
- 4 b. Prohibits the sale of Monarch and imposes a freeze on all accounts associated with
5 Monarch;
- 6 c. Requires that all future monies paid to Monarch be transferred and deposited into an
7 account owned by Flip;
- 8 d. Requires the transfer of all Partnership Assets to RM Holdings; and
- 9 e. Require Malan to return the \$24,000 he withdrew from RM Holdings' account.

10 **ELEVENTH CAUSE OF ACTION**

11 **Declaratory Relief**

12 **(Against Malan and DOES 1-100)**

13 135. Razuki realleges each and every paragraph of this First Amended Complaint as though
14 fully set forth here.

15 136. An actual controversy has arisen and now exists between Razuki and Malan concerning
16 their respective interest, rights and duties related to the Partnership Assets and RM Holding.

17 137. A judicial declaration is necessary and appropriate at this time under the circumstances
18 in order that Razuki may ascertain the rights and duties of the parties.

19 138. Razuki has suffered, and continues to suffer, financially by the unsettled state of affairs.
20 Malan's actions in denying Razuki's interest in the Partnership Assets has been to Razuki's detriment
21 and Razuki has incurred damages in an amount to be proven at trial.

22 139. Razuki desires a judicial determination of his rights and duties, and a declaration as to
23 the ownership and management of the Partnership Assets. Specifically, Razuki request the Court
24 declares:

- 25 a. Razuki has a seventy-five percent (75%) ownership interest in all Partnership Assets;
- 26 b. Razuki has not fully recuperated his initial investment in the Partnership Assets and
27 is entitled to full recuperation before any additional profits or revenue are distributed;
- 28 c. Malan and Hakim wrongfully utilized the tenant improvement funds intended for

- 1 Mira Este for their own personal gain; and,
2 d. All funds currently owned or possessed by Monarch are ill-gotten gains and truly
3 belong to Flip or RM Holdings.

4 **TWELFTH CAUSE OF ACTION**
5 **Constructive Trust**
6 **(Against Malan and Monarch and DOES 1-100)**

7 140. Razuki realleges each and every paragraph of this First Amended Complaint as though
8 fully set forth here.

9 141. Malan and Hakim has gained an ownership interest in the Partnership Assets by fraud,
10 accident, mistake, undue influence, the violation of a trust, or other wrongful act.

11 142. Malan and Hakim have wrongfully taken money designated for use by Mira Este for his
12 personal gain.

13 143. Monarch has received ill-gotten funds by Malan's scheme to wrongfully divert funds
14 intended for Flip to Monarch

15 144. Razuki is entitled to seventy-five percent (75%) of all Partnership Assets, including
16 seventy-five percent (75%) of all money transferred to Monarch.

17 145. Razuki is entitled to relief in the form of a constructive trust and asks the Court to declare:

- 18 a. Seventy-five (75%) ownership interest in Partnership Assets were wrongfully
19 obtained by Malan and are therefore held in involuntary trust for the benefit of
20 Razuki, pursuant to Civ. Code. §2223 and §2224; and
21 b. All proceeds of Monarch received by SoCal Building were wrongfully obtained by
22 Monarch and are therefore held in involuntary trust for the benefit of Flip and/or RM
23 Holdings.
24 c. All money taken by Malan and Hakim from Mira Este that were supposed to be used
25 for renovations were wrongfully obtained and therefore held in involuntary trust for
26 the benefit of Mira Este.
27 d. The \$24,000 withdrawn from RM Holdings' account by Malan was wrongfully
28 obtained and therefore held in involuntary trust for the benefit of RM Holdings.

1 **THIRTEENTH CAUSE OF ACTION**

2 **Dissolution of RM Holdings**
3 **(Against Malan and DOES 1-100)**

4 146. Razuki realleges each and every paragraph of this First Amended Complaint as though
5 fully set forth here.

6 147. For the reasons stated in this First Amended Complaint, dissolution of RM Holdings is
7 necessary to protect the rights of Razuki, the majority interest member.

8 148. For the reasons stated in this First Amended Complaint, dissolution of RM Holdings is
9 necessary as Malan is guilty of persistent fraud mismanagement and abuse of his authority.

10 149. Razuki request the Court issue a judicial decree dissolving RM Holdings after all
11 Partnership Assets are transferred to RM Holdings.

12 **FOURTEENTH CAUSE OF ACTION**

13 **Intentional Interference with a Prospective Economic Relationship**
14 **(Against Malan, Hakim, Balboa, CCG, Devilish, and DOES 1-100)**

15 150. Razuki realleges each and every paragraph of this First Amended Complaint as though
16 fully set forth here.

17 151. By way of the Settlement Agreement and the oral agreement (which gave Razuki/RM
18 Holdings an ownership interest in SD United, Mira Este, and Roselle) Razuki had an indirect
19 relationship with SoCal Building pursuant to the Management Agreements. This relationship would
20 have resulted in an economic benefit to Razuki since any revenue or proceeds from a sale would have
21 benefit RM Holdings.

22 152. Malan, Hakim, Balboa, CCG, and Devilish were parties to the Management Agreements
23 and aware of Razuki's ownership interest in SD United, Mira Este and Roselle.

24 153. Malan, Hakim, Balboa, CCG, and Devilish intentionally engaged in conduct that
25 disputed this relationship. Specifically:

- 26 a. Malan, Hakim, Balboa, CCG, and Devilish wrongfully terminated the Management
27 Agreements;
28 b. Malan, Hakim, Balboa, CCG, and Devilish wrongfully precluded SoCal Building
entry onto the SD United, Roselle, and Mira Este properties;

1 c. Malan, Hakim, Balboa, CCG, and Devilish wrongfully converted SoCal Building's
2 equipment, inventory, security systems, or cash; and

3 d. Malan, Hakim, Balboa, CCG, and Devilish wrongfully misrepresented the ownership
4 interests of SD United, Mira Este, and Roselle.

5 154. By engaging in this conduct, SoCal Building is not able to perform its duties under the
6 Management Agreement. This conduct has immediately stop all business activity and threatens any
7 potential sale of the SD United, Roselle, or Mira Este to SoCal Building under the Management
8 Agreements.

9 155. As a direct and proximate cause of Malan, Hakim, Balboa, CCG, and Devilish's
10 conduct, Razuki has suffered substantial compensatory, incidental, and consequential damages.

11 156. These actions were also intentional and fraudulent, entitling Razuki to seek punitive
12 and/or exemplary damages.

13 **FIFTEENTH CAUSE OF ACTION**
14 **Intentional Interference with a Contractual Relationship**
15 **(Against Hakim, Monarch, and DOES 1-100)**

16 157. Razuki realleges each and every paragraph of this First Amended Complaint as though
17 fully set forth here.

18 158. Razuki and Malan entered into the Settlement Agreement and oral agreements that
19 governed their business relationship.

20 159. Hakim and Monarch will fully aware of these contracts and agreements.

21 160. Hakim and Monarch prevented performance of these contracts and agreements by:

22 a. Intentionally diverting funds away from the Partnership Assets;

23 b. Intentional devaluing the Partnership Assets (c.g. taking the construction renovation
24 funds from Mira Este); and

25 c. Intentionally delaying and preventing the transfer of the Partnership Assets to RM
26 Holdings.

27 161. Hakim and Monarch intended to disrupt the performance of the Settlement Agreement
28 and oral agreements.

162. As a direct and proximate cause of Hakim and Monarch's conduct, Razuki has suffered

1 substantial compensatory, incidental, and consequential damages

2 163. These actions were also intentional and fraudulent, entitling Razuki to seek punitive
3 and/or exemplary damages.

4 **PRAYER FOR RELIEF**

5 WHEREFORE, Plaintiff prays the court for judgment as follows:

6 **For the First Cause of Action (Breach of Written Contract)**

- 7 1. For just compensation as determined by the Court;
8 2. For attorneys' fees as permitted by contract and/or law;
9 3. For costs incurred in this action;
4. For such other and further relief as the Court may deem proper.

10 **For the Second Cause of Action (Breach of the Implied Covenant)**

- 11 1. For just compensation as determined by the Court;
12 2. For attorneys' fees as permitted by contract and/or law;
13 3. For costs incurred in this action;
14 4. For such other and further relief as the Court may deem proper.

15 **For the Third Cause of Action (Breach of the Oral Agreement)**

- 16 1. For just compensation as determined by the Court;
17 2. For attorneys' fees as permitted by contract and/or law;
18 3. For costs incurred in this action;
19 4. For such other and further relief as the Court may deem proper.

20 **For the Fourth Cause of Action (Breach of Fiduciary Duty)**

- 21 1. For just compensation as determined by the Court;
22 2. For attorneys' fees as permitted by contract and/or law;
23 3. For punitive/exemplary damages;
24 4. For costs incurred in this action;
25 5. For such other and further relief as the Court may deem proper.

26 **For the Fifth Cause of Action (Fraud and Deceit)**

- 27 1. For just compensation as determined by the Court;
28 2. For attorneys' fees as permitted by contract and/or law;

- 1 3. For punitive/exemplary damages;
- 2 4. For costs incurred in this action;
- 3 5. For such other and further relief as the Court may deem proper.

4 **For the Sixth Cause of Action (Money Had and Received)**

- 5 1. For just compensation as determined by the Court;
- 6 2. For attorneys' fees as permitted by contract and/or law;
- 7 3. For punitive/exemplary damages;
- 8 4. For costs incurred in this action;
- 9 5. For such other and further relief as the Court may deem proper.

10 **For the Seventh Cause of Action (Conversion)**

- 11 1. For just compensation as determined by the Court;
- 12 2. For attorneys' fees as permitted by contract and/or law;
- 13 3. For punitive/exemplary damages;
- 14 4. For costs incurred in this action;
- 15 5. For such other and further relief as the Court may deem proper.

16 **For the Eighth Cause of Action (Accounting)**

- 17 1. For just compensation as determined by the Court;
- 18 2. For attorneys' fees as permitted by contract and/or law;
- 19 3. For an accounting of all Partnership Assets.
- 20 4. For costs incurred in this action;
- 21 5. For such other and further relief as the Court may deem proper.

22 **For the Ninth Cause of Action (Appointment of Receiver)**

- 23 1. For just compensation as determined by the Court;
- 24 2. For attorneys' fees as permitted by contract and/or law;
- 25 3. For costs incurred in this action;
- 26 4. For an appoint of a Receiver to take control of SD United, Flip, Mira Este, Roselle and Monarch
27 until the parties' rights to each entity are determined.
- 28 5. For a temporary restraining order and preliminary and permanent injunctions in aid of the
receiver prohibiting Malan and his agents, employees, and/or representatives from engaging in,

1 or performing, directly or indirectly, any or all of the following acts:

- 2 a. committing or permitting any waste of the SD United, Flip, Mira Este, Roselle, and
3 Monarch;
- 4 b. interfering, hindering or molesting in any way whatsoever the receiver in the
5 performance of the receiver's duties and in this performance of any duties incidental
6 thereto;
- 7 c. transferring, directly or indirectly, any interest by sale, assignment or encumbrance in
8 any manner any of SD United, Flip, Mira Este, Roselle, and Monarch, and all proceeds
9 thereof;
- 10 d. moving any of the assets of SD United, Flip, Mira Este, Roselle, and Monarch from any
11 location;
- 12 e. transferring, concealing, destroying, defacing and altering any of SD United, Flip, Mira
13 Este, Roselle, and Monarch's books and records;
- 14 f. demanding, collecting, receiving or in any way diverting or using the assets of SD
15 United, Flip, Mira Este, Roselle, and Monarch or proceeds therefrom;
- 16 g. Failing or refusing to immediately turn over to the receiver all assets of SD United, Flip,
17 Mira Este, Roselle, and Monarch, and all moneys, checks, funds or proceeds belonging
18 to or for the benefit of Razuki.

19 6. For such other and further relief as the Court may deem proper.

20 **For the Tenth Cause of Action (Injunctive Relief)**

- 21 1. For an injunction that:
 - 22 a. Prohibits sale of SD United, Flip, Mira Este, and Roselle until the conclusion of this
23 litigation;
 - 24 b. Prohibits the sale of Monarch and imposes a freeze on all accounts associated with
25 Monarch;
 - 26 c. Requires that all future monies paid to Monarch be transferred and deposited into an
27 account owned by Flip; and,
 - 28 d. Requires the transfer of all Partnership Assets to RM Holdings.

- 1 e. Require Malan to return the \$24,000 he withdrew from RM Holdings' account.
- 2 2. For costs incurred in this action;
- 3 3. For such other and further relief as the Court may deem proper.

4 **For the Eleventh Cause of Action (Declaratory Relief)**

- 5 1. For a judicial declaration stating:
 - 6 a. Razuki has a seventy-five percent (75%) ownership interest in all Partnership Assets;
 - 7 b. Razuki has not fully recuperated his initial investment in the Partnership Assets and is
 - 8 entitled to full recuperation before any additional profits or revenue are distributed;
 - 9 c. Malan wrongfully utilized the tenant improvement funds intended for Mira Este for their
 - 10 own personal gain; and,
 - 11 d. All funds currently owned or possessed by Monarch are ill-gotten gains and truly belong
 - 12 to Flip or RM Holdings.
- 13 2. For costs incurred in this action;
- 14 3. For such other and further relief as the Court may deem proper.

15 **For the Twelfth Cause of Action (Constructive Trust)**

- 16 1. For a judicial declaration stating:
 - 17 a. Seventy-five (75%) ownership interest in Partnership Assets were wrongfully obtained
 - 18 by Malan and are therefore held in involuntary trust for the benefit of Razuki, pursuant
 - 19 to Civ. Code. §2223 and §2224; and
 - 20 b. All proceeds of Monarch received by SoCal Building were wrongfully obtained by
 - 21 Monarch and are therefore held in involuntary trust for the benefit of Flip and/or RM
 - 22 Holdings.
 - 23 c. All money taken by Malan from Mira Este that were supposed to be used for renovations
 - 24 were wrongfully obtained and therefore held in involuntary trust for the benefit of Mira
 - 25 Este.
 - 26 d. The \$24,000 withdrawn from RM Holdings' account by Malan was wrongfully obtained
 - 27 and therefore held in involuntary trust for the benefit of RM Holdings.
- 28 2. For costs incurred in this action;
- 3. For such other and further relief as the Court may deem proper.

1 **For the Thirteenth Cause of Action (Dissolution)**

- 2 1. For a judicial decree dissolving RM Holdings after all Partnership Assets have been
3 transferred to RM Holdings.
4 2. For costs incurred in this action;
5 3. For such other and further relief as the Court may deem proper.

6 **For the Fourteenth Cause of Action (Interventional Interference with a Prospective Economic
7 Relationship)**

- 8 1. For just compensation as determined by the Court;
9 2. For attorneys' fees as permitted by contract and/or law;
10 3. For punitive/exemplary damages;
11 4. For costs incurred in this action;
12 5. For such other and further relief as the Court may deem proper.

13 **For the Fifteenth Cause of Action (Intentional Interference with a Contractual Relationship)**

- 14 1. For just compensation as determined by the Court;
15 2. For attorneys' fees as permitted by contract and/or law;
16 3. For punitive/exemplary damages;
17 4. For costs incurred in this action;
18 5. For such other and further relief as the Court may deem proper.

19
20 DATED: 7/13/18

LAW OFFICES OF STEVEN A. ELIA, APC

21
22 By:



Steve A. Elia
Maura Griffin
James Joseph
Attorneys for Plaintiff SALAM RAZUKI

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DEMAND FOR JURY TRIAL

Plaintiff hereby respectfully requests a trial by jury.

DATED: 7/13/18

LAW OFFICES OF STEVEN A. ELIA, APC

By:



Steve A. Elia
Maura Griffin
James Joseph
Attorneys for Plaintiff SALAM RAZUKI

EXHIBIT A

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**AGREEMENT OF COMPROMISE, SETTLEMENT,
AND MUTUAL GENERAL RELEASE**

This AGREEMENT OF COMPROMISE, SETTLEMENT, AND MUTUAL GENERAL RELEASE ("Agreement") is entered into by and between SALAM RAZUKI (hereinafter collectively "RAZUKI"), on the one hand, and and NINUS MALAN (hereinafter "MALAN"), on the other. The persons to this Agreement may sometimes be referred to collectively as the "Parties" or separately as "Party". This Agreement is entered into with reference to the recitals set forth in the Article titled "Recitals" below and constitutes (i) a settlement agreement between the Parties and (ii) a mutual release of all liabilities of the Parties arising out of the matters described below and except as expressly otherwise noted herein.

**ARTICLE I.
RECITALS**

This Agreement is entered into with reference to the following facts:

1.1 RAZUKI and MALAN have engaged in several business transactions, dealings, agreements (oral and written), promises, loans, payments, related to the acquisition of real property and interests in various medical marijuana businesses. Specifically, RAZUKI and MALAN have each invested certain sums of capital for the acquisition of the following assets (collectively hereinafter referred to as the "Partnership Assets"):

(a) MALAN'S one hundred percent (100%) membership interest in SAN DIEGO UNITED HOLDING GROUP LLC, a California Limited Liability Company, and record owner of the following properties:

- i. The real property commonly known as 8859 BALBOA AVE., STE. A, SAN DIEGO, CA 92123.
- ii. The real property commonly known as 8859 BALBOA AVE., STE. B, SAN DIEGO, CA 92123.
- iii. The real property commonly known as 8859 BALBOA AVE., STE. C, SAN DIEGO, CA 92123.
- iv. The real property commonly known as 8859 BALBOA AVE., STE. D, SAN DIEGO, CA 92123.
- v. The real property commonly known as 8859 BALBOA AVE., STE. E, SAN DIEGO, CA 92123.
- vi. The real property commonly known as 8861 BALBOA, STE. B, SAN DIEGO, CA 92123.
- vii. The real property commonly known as 8863 BALBOA, STE. E,

SAN DIEGO, CA 92123.

(b) One hundred percent (100%) membership interest in FLIP MANAGEMENT LLC, a California Limited Liability Company.

(c) MALAN'S fifty percent (50%) membership interest in MIRA ESTE PROPERTIES LLC, a California Limited Liability Company, and record owner of the real property commonly known as 9212 MIRA ESTE CT., SAN DIEGO, CA 92126.

(d) MALAN'S Fifty percent (50%) membership interest in ROSELLE PROPERTIES, LLC, a California Limited Liability Company, and record owner of the real property commonly known as 10685 ROSELLE ST., SAN DIEGO, CA 92121.

(e) RAZUKI'S twenty percent (20%) membership interest in SUNRISE PROPERTY INVESTMENTS, LLC, a California Limited Liability Company, the record owner of the real property located 3385 SUNRISE STREET, SAN DIEGO, CA 92012.

(f) RAZUKI'S twenty seven percent (27%) membership interest in SUPER 5 CONSULTING GROUP, LLC, a California Limited Liability Company, which is the operator of a medical marijuana dispensary located at 3385 SUNRISE STREET, SAN DIEGO, CA 92012.

1.2 RAZUKI and MALAN have an understanding such that regardless of which Party or entity holds title and ownership to the Partnership Assets, RAZUKI is entitled to a seventy-five percent (75%) interest in the capital, profits, and losses of each Partnership Asset and MALAN is entitled to a twenty five percent (25%) interest, and no Party is entitled to receive any profits whatsoever until, and unless the Parties have first been repaid their investment in full (hereinafter referred to as the "Partnership Agreement").

1.3 RAZUKI and MALAN have now formed RM PROPERTY HOLDINGS, LLC, a California Limited Liability Company (the "Company"), whereby RAZUKI and MALAN have agreed to transfer title to the Partnership Assets to the Company, and forever resolve any and all matters, claims or controversies that each Party may have against each other related to the Partnership Agreement as stated in this Agreement.

1.4 RAZUKI and MALAN have not recouped their financial investments in the Partnership Assets.

1.5 The Parties consider it to be in their best interests, in light of the cost of litigation, and to their best advantage, to forever dismiss, settle, adjust and compromise all claims and defenses which have been, or could have been asserted relative to their Partnership Agreement.

1.6 All claims are denied and contested, and nothing contained herein should be construed as an admission by any Party hereto of any liability of any kind to any other Party hereto or to any other person.

1.7 The Parties now wish to settle the dispute between them and forever release,

discharge, and terminate any and all liabilities arising out of, or existing or emanating from their Partnership Agreement, including all demands and causes of action, whether state, federal, or administrative, and whether actually raised or could have been raised by way of complaint, supplemental complaint, or cross-complaint except as expressly otherwise set forth within this Agreement. In order to effectuate this release, the Parties hereto enter into this Agreement.

NOW THEREFORE, in consideration of the mutual promises and covenants, and upon the conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE II TERMS OF SETTLEMENT

2.1 Transfer of Partnership Assets to the Company. The Parties shall use their best efforts to effectuate the transfer of the Partnership Assets to the Company within thirty (30) days, and shall execute any and all further documents as may be necessary to carry out the same.

2.2 Financial Accounting. The Parties agree to work in good faith to calculate each of their respective cash investment amounts in the Partnership Assets within thirty (30) days and shall execute an amendment or exhibit to this Agreement to memorialize the same. Once executed, the exhibit or amendment shall be incorporated and become a part of this Agreement as though set forth originally (the "Accounting"). For avoidance of doubt, the amount agreed to in the Accounting shall be the amount of cash capital investment that must be first repaid to the Parties by the Company before either Party receives any profits therein (each referred to as the "Partners' Cash Investment").

2.3 The Company's Operating Agreement. The Parties hereby reaffirm and acknowledge the terms of the Operating Agreement provide for repayment of the Partners' Cash Investment prior to any distribution of profits and losses. The Parties further reaffirm that once the Partners' Cash Contribution has been repaid by the Company, then RAZUKI shall receive seventy five percent (75%) of the profits and losses of the Company and MALAN shall receive twenty five percent (25%), all as set forth under the terms of the Operating Agreement. It is the Parties' intention that once the Partnership Assets have been transferred to the Company and the Accounting has been agreed upon, then all other business matters shall be governed and controlled by the terms of the Operating Agreement and the Parties shall thereafter be released from all further liability to each other arising under their Partnership Agreement as set forth below.

ARTICLE III MUTUAL GENERAL RELEASE OF ALL CLAIMS

3.1 General Release. In consideration of the terms and provisions of this Agreement, the Parties hereto, on behalf of themselves, successors, and assigns, hereby forever relieve, release, and discharge each other, and their respective successors and assigns, and all of their respective present and former attorneys, accountants, agents, employees, representatives,

administrators, insurers, partners, directors, officers, shareholders, and heirs of and from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs, and expenses, including but not limited to attorney's fees, damages, actions, and causes of action of whatsoever kind or nature, specifically including those related to in any way, directly or indirectly, to any alleged past, present, or future claims for violations of any state, federal, or administrative code or statute, or any type of tort or conversion, or indemnification, contribution, or declaratory relief based on any type of allocation of fault, whether now known or unknown, suspected or unsuspected, based on, arising out of, or in connection with anything whatsoever done, omitted, or suffered to be done at any time, relating to, or in any matter connected with, directly or indirectly, the matters, facts or claims related to their Partnership Agreement as set forth in the Article of this Agreement titled "Recitals". This Agreement shall not be interpreted to bar any claims for the enforcement of the provisions of this Agreement or any provision of the Company's Operating Agreement. Furthermore, this release and settlement shall only be effective upon (i) the transfer to the Company of the Partnership Assets pursuant to section 2.1 above, and (ii) execution of an amendment or exhibit related to the Accounting. Thereafter, the Parties shall forever be barred from bringing any claims related to the Partnership Agreement as set forth herein, and all claims or controversies shall be governed by the terms of the Company's Operating Agreement.

3.2 Waiver under Section 1542 of the California Civil Code. The Parties hereto expressly waive any and all rights under Section 1542 of the Civil Code of the State of California, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

In connection with such waiver and relinquishment, the Parties acknowledge that it may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those which it now knows or believes to be true. Nevertheless, it is the intention of the Parties, through this Agreement, and with the advice of counsel, if any, to fully, finally, and forever settle this dispute. Pursuant to that intention, the Parties expressly consent that this release shall have the same full force and effect as to unknown and unsuspected claims, demands, and causes of action, if any, as to those terms and provisions relating to claims, demands, and causes of action hereinabove specified.

3.3 Representations and Warranties. The Parties hereby represent and warrant to, and agree with each other as follows:

(a) The Parties hereto, and each of them, represent and declare that in executing this Agreement they have relied solely upon their own judgment, belief and knowledge, and the advice and recommendations of their own independently selected counsel, if any, concerning the nature, extent, and duration of their rights and claims, and that they have not been influenced to any extent whatsoever in executing the same by any representations or statements covering any matters made by the other party hereto or by any person representing him or it.

(b) Except as expressly stated in this Agreement, neither of the Parties have made any statements or representations regarding any fact relied upon in entering into this Agreement, and the Parties specifically do not rely on any statements, representations, or promises in executing this Agreement, or in making the settlement provided for herein, except as expressly stated in this Agreement;

(c) The Parties, and their attorneys, if desired, have made such investigation of the facts pertaining to this Agreement and all of the matters pertaining thereto, as they deem necessary;

(d) The terms of this Agreement are contractual, not a mere recital, and are the result of negotiations between the Parties;

(e) The Recitals to this Agreement are expressly made a part hereof;

(f) This Agreement has been carefully read by the Parties hereto, and if they choose, by their attorneys; it is signed freely by each person executing this Agreement and each person executing this Agreement is empowered to do so.

(g) In entering into this Agreement, the Parties recognize that no facts or representations are absolutely certain. The Parties acknowledge that they are aware that they may, after execution of this Agreement, discover facts different from or in addition to those they now know or believe to be true with respect to the liabilities, actions or causes of action to be released. Accordingly, the Parties each assume their own risk of any incomplete disclosure or mistake. If the Parties, or each of them, should subsequently discover that any fact it relied upon in entering into this Agreement was untrue, or that any understanding of the facts or of the law was incorrect, such party shall not be entitled to set aside this Agreement by reason thereof. This Agreement is intended to be final and binding between the Parties hereto, and is further intended to be effective as a final accord and satisfaction between the Parties. The Parties are relying on the finality of this Agreement as a material factor inducing the Parties' execution of this Agreement.

(h) The consideration specified herein is given for the purpose of (i) settling and compromising all claims and disputes which have arisen between the Parties, and (ii) releasing the Parties by operation of this Agreement from any an all claims and liabilities, past, present, and future, that have or may arisen out of the matters described in the Article titled "Recitals". Neither the payment nor tender of consideration, nor anything herein, shall be construed as an admission by any of the Parties, their agents, servants or employees , of any liability of any kind to the other.

(i) The Parties represent and warrant that they have not heretofore transferred or assigned or purported to transfer or assign to any person, firm, or corporation any claim, demand, damage, debt, liability, account, action or cause of action herein to be released.

(j) The Parties acknowledge the adequacy of the consideration given for the release

of all Parties in this Agreement and understands that irrespective of whether the consideration is expressly described herein, adequate consideration exists for the release of all Parties under this Agreement.

3.4 Non-Disparagement. The Parties further agrees not to make any statement or take any action, directly or indirectly, that harms, or could harm, the other Party's business interests, reputation or good will, including any statements that may be made to any past, current, or prospective employees, vendors, or any other third parties whatsoever. Accordingly, the Parties shall not make any statements, written or oral, which disparage the other; however, this provision shall not prevent the any Party from truthfully responding to any inquiry required by law or pursuant to a court order.

ARTICLE IV GENERAL PROVISIONS

4.1 Integration. This Agreement constitutes a single, integrated, written contract expressing the entire Agreement of the Parties hereto relative to the subject matter hereof. No covenants, agreements, representations, or warranties of any kind whatsoever have been made by any Party hereto, except as specifically set forth in this Agreement. All prior discussions and negotiations, if any, are superseded by this Agreement.

4.2 No Construction Against Drafter. Each party to this Agreement and its legal counsel have reviewed and revised this Agreement. The rule of construction that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or of any amendments or exhibits to this Agreement. This Agreement shall not be deemed prepared or drafted by one party or another, or its attorneys, and will be construed accordingly.

4.3 Modification. No modification, waiver, amendment, discharge, or any change of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge, or change is or may be sought.

4.4 Heirs, Successors, and Assigns. This Agreement shall inure to the benefit of, and shall be binding upon, the heirs, successors, and assigns of the Parties hereto, and each of them.

4.5 Severability. In the event that any term, covenant, condition, or provision of this Agreement should be held to be void, voidable, or unenforceable, the remaining portions hereof shall remain in full force and effect.

4.6 Governing Law. This Agreement shall be construed in accordance with, and be governed by the laws of California.

4.7 Venue and Jurisdiction. In the event that any action, suit, or other proceeding arising from this Agreement is instituted, the parties agree that venue for such action shall be in San Diego County, and that personal jurisdiction and subject matter jurisdiction shall be

exercised by the Superior Court of the State of California, in and for the County of San Diego, Central Division.

4.8 Execution in Counterparts. This Agreement may be executed and delivered in two or more counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same Agreement. This Agreement shall be deemed to be executed on the last date any such counterpart is executed.

4.9 Facsimile Signatures. This Agreement may be executed and a copy of such executed Agreement transmitted by facsimile, which when received can be used as an original of the Agreement for all purposes.

4.10 Costs and Attorney's Fees. The Parties hereto agree to bear his or its own costs and attorney's fees, and each party hereby waives any statute, rule of court, or other law, awarding costs, fees, or expenses relating to any litigation. Said waiver shall be effective with respect to the statutes, rules of court, or other laws or provisions of the United States and/or of each state, including, without limitation, the State of California. However, in the event that any action, suit, or other proceeding is instituted to interpret and/or enforce this Agreement, or arising out of a breach of this Agreement, the prevailing party shall recover all of such party's reasonable attorney's fees and costs incurred in each and every action, suit, or other proceeding, including any and all appeals or petitions therefrom.

4.11 Waiver. Any waiver of a default under this Agreement must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement. No delay or omission in the exercise of any right or remedy shall impair such right or remedy or be construed as a waiver. Consent to or approval of any act shall not be deemed to waive or render unnecessary consent to or approval of any other or a subsequent act.

4.12 Confidentiality. The terms of this Agreement are confidential. The Parties expressly understand and agree that it shall constitute a breach of this Agreement to disclose or communicate the terms of this settlement or to disseminate this Agreement to any third party (unless required by Court order or operation of law or to the Parties' respective attorneys, accountants or tax advisers).

4.13 Time of Essence. The Parties hereto agree and confirm that time is of the essence for execution, completion, and full performance of the terms and conditions of this agreement.

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IN WITNESS WHEREOF, the Parties hereto have each approved and executed this Agreement on the dates set forth opposite their respective signatures.

Dated: 11/9/17

RAZUKI

By: 

SALAM RAZUKI

Dated: 11/9/17

MALAN

By: 

NINUS MALAN

NELSON HARDIMAN LLP
11835 WEST OLYMPIC BOULEVARD, SUITE 900
LOS ANGELES, CALIFORNIA 90064

1 Robert E. Fuller (SBN 171770)
Zachary E. Rothenberg (SBN 215404)
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6 Attorneys for Plaintiffs-in-Intervention SoCal
Building Ventures, LLC and San Diego Building
7 Ventures, LLC

ELECTRONICALLY FILED
Superior Court of California,
County of San Diego
07/16/2018 at 09:50:00 AM
Clerk of the Superior Court
By Jessica Pascual, Deputy Clerk

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF SAN DIEGO - CENTRAL DIVISION

11 SALAM RAZUKI, an individual,
12 Plaintiff,

13 v.

14 NINUS MALAN, an individual;
MONARCH MANAGEMENT
15 CONSULTING, INC. a California
corporation; SAN DIEGO UNITED
16 HOLDING GROUP, LLC, a California
limited liability company; FLIP
17 MANAGEMENT, LLC, a California
limited liability company; MIRA ESTE
18 PROPERTIES, LLC, a California limited
liability company; ROSELLE
19 PROPERTIES, LLC, a California limited
liability company; and DOES 1-100,
20 inclusive,

21 Defendants.
22

CASE NO.: 37-2018-00034229-CU-BC-CTL

(Assigned to: Hon. Judge Kenneth J. Medel,
Dept. C-66)

**EX PARTE APPLICATION TO FILE
COMPLAINT-IN-INTERVENTION;
DECLARATION OF ZACHARY
ROTHENBERG**

Action Filed: July 10, 2018

DATE: July 17, 2018
TIME: 8:30 a.m.
DEPT: C-66

Trial Date: None Set

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EX PARTE APPLICATION TO FILE COMPLAINT IN INTERVENTION

1 **PLEASE TAKE NOTICE** that on July 17, 2018, at 8:30 a.m. or as soon thereafter as the
2 matter shall be heard in Department C-66 of the San Diego County Superior Court located at 330
3 West Broadway, San Diego, CA 92101, Plaintiffs-in-Intervention SoCal Building Ventures, LLC
4 and San Diego Building Ventures, LLC (collectively, "SoCal Building") will and hereby does
5 move the Court *ex parte* for an order granting SoCal Building leave to intervene in the pending
6 action pursuant to California *Code of Civil Procedure* § 387, by filing a Complaint-in-
7 Intervention.

8 The attorneys known to Plaintiffs-in-Intervention in this matter are as follows:

- 9 1. Plaintiff Salam Razuki is represented by Steven A. Elia, Law Offices of Steven A.
10 Elia, APC, 2221 Camino Del Rio South, Suite 207, San Diego, CA 92108 (Tel: (619) 444-2244).
11 2. Defendants are represented are represented by Tamara M. Leetham, Austin Legal
12 Group, APC, 3990 Old Town Ave., Ste. A-1112, San Diego, CA 92111 (Tel: (619) 881-0045);
13 and David C. Jarvis, Law Offices of Gorla, Weber & Jarvis, 1011 Camino Del Rio South, Suite
14 210, San Diego, CA 92108 (Tel: (619) 692-3555).

15 The action before the Court relates to a dispute over the beneficial ownership of, and
16 control over, three properties in San Diego County and various businesses related to those
17 properties. In his complaint, Plaintiff Salam Razuki alleges that the Defendants had an
18 agreement to share ownership of the various properties and businesses, including any profits
19 therefrom, but that the Defendants have attempted to cut Plaintiff Razuki out of the business.
20 These are the same three properties and businesses in which SoCal Building holds option rights
21 for purchase, and into which SoCal Building has invested millions of dollars over the past seven
22 months to increase and preserve the value of its intended purchases.

23 SoCal Building is entitled to intervene as a matter of right under *Code of Civil Procedure*
24 § 387(d)(1). SoCal Building claims an interest in the property that is the subject of the action,
25 and SoCal is so situated that the disposition of this action may impair or impede its ability to
26 protect that interest. Moreover, SoCal Building's interest in the property is not adequately
27 represented by any of the current parties to this action.

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Alternatively, SoCal Building asks the Court to grant it permissive intervention under *Code of Civil Procedure* § 387(d)(2), which is liberally construed in favor of intervention, because SoCal Building has an interest in the subject matter of the litigation, and its outcome.

This Application is based on this Notice, the attached Memorandum of Points and Authorities, the attached exhibits and declaration of Zachary Rothenberg, the proposed Complaint-in-Intervention, and the complete records and files of said action.

Dated: July 16, 2018

NELSON HARDIMAN LLP

By: 
Zachary Rothenberg
Attorneys for Plaintiffs-in-Intervention
SoCal Building Ventures, LLC

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION.

Plaintiffs-in-Intervention SoCal Building Ventures, LLC and San Diego Building Ventures, LLC (collectively, “SoCal Building”) seek to intervene in the pending action based on SoCal Building’s contractual financial interest in the properties and businesses whose ownership and control are in dispute in this action.

SoCal Building holds contractual option rights to purchase three properties and related business (the “Facilities”), the current ownership and control of which is the subject matter of the pending litigation. As part of those same option agreements, SoCal Building has invested hundreds of thousands of dollars in order to maintain and grow the value of the Facilities it hopes to purchase. And SoCal Building also serves as the day-to-operator of the Facilities’ businesses – that is, until the Defendants in the pending litigation recently changed the locks on the properties and otherwise unilaterally blocked SoCal Building from access.

Given its rights under the option agreements, SoCal Building has a direct interest in the outcome of the pending litigation, since the litigation is likely to determine who owns, and who controls, the Facilities that are the subject of SoCal Building’s option rights. This is particularly true considering that SoCal Building had never even heard of Plaintiff Salam Razuki (“Plaintiff Razuki”) until recently; a verdict in this action giving ownership and control of the Facilities to Plaintiff Razuki could therefore jeopardize SoCal Building’s right to exercise the options. On the other hand, if ownership and control of the Facilities goes to the Defendants – who have just recently “locked out” SoCal Building from the Facilities and purported to terminate the option agreements – SoCal Building’s ability to exercise the options would likely be in even more serious danger.

Accordingly, SoCal Building seeks intervention in this matter to, among other things, protect its rights under the Options, protect the value of the assets and businesses that are the subject of the Options, to regain access to the properties and businesses it has been operating, and to pursue recovery for any diminution in value to the property and businesses, or any other losses that are the result of Defendants’ conduct. Moreover, SoCal Building’s intervention in

1 this action will not significantly enlarge the legal issues, and its reasons for seeking intervention,
2 and the efficiencies gained by litigating a single action rather than two, far outweigh any
3 potential opposition.

4 For all the foregoing reasons, and those set forth in more detail below, SoCal Building
5 respectfully requests an order allowing it to file the complaint-in-intervention attached hereto as
6 Exhibit A.

7 **II. PROCEDURAL HISTORY**

8 The complaint in this action was filed on July 10, 2018 – i.e., it is less than one week old.
9 Concurrently with this *ex parte* application, Plaintiff Razuki is making a separate *ex parte*
10 application for a temporary restraining order, preliminary injunction, and appointment of a
11 receiver, for the purpose of preserving the status quo among the various properties and
12 businesses in dispute in this action.

13 No responsive pleadings have been filed, and no trial date has been set.

14 **III. STATEMENT OF FACTS**

15 The facts giving rise to SoCal Building’s need to intervene in this action are more fully
16 set forth in the proposed Complaint-in-Intervention attached hereto as Exhibit A. In summary,
17 SoCal Building’s involvement is as follows:

- 18 • On January 2, 2018, SoCal Building entered into three “Management Services
19 and Option Agreements” with the Defendants in this action, by which SoCal
20 Building acquired the option rights to purchase ownership interests in the
21 Facilities, in exchange for SoCal Building’s investment of time, effort, equipment,
22 and money in the Facilities as the option rights matured.
- 23 • SoCal Building did in fact invest substantial amounts of time, effort, equipment,
24 and money into the Facilities over the past seven months. SoCal Building has
25 expended time and effort conducting the day-to-day operations of the Facilities’
26 businesses, has invested in expensive equipment to be used by the Facilities’
27 businesses, has made substantial six-figure loans into the Facilities’ businesses,
28 and has paid monthly fees of \$50,000 per month to the entities SoCal Building

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understood to be the current owners of the Facilities – all in order to preserve and build the value of the Facilities that SoCal Building intended to purchase via its contractual option rights.

- Unfortunately, SoCal Building recently came to learn that the value of its options may be in jeopardy. SoCal Building learned, for example, that it had not been given truthful information about the ownership of the Facilities. When SoCal Building inquired further, it learned that the ownership of the Facilities was in fact the subject of long-running lawsuit filed by a third-party that had never been disclosed to SoCal Building.
- Around this same time, SoCal Building came to learn that Plaintiff Razuki – whose name had never once come up during all of SoCal Building’s discussions and negotiations with the Defendants – also claimed an ownership interest in the Facilities.
- More recently, the Defendants in this action have apparently decided to double-down on their mischief, sending a letter to SoCal Building, purporting to unilaterally terminate the Management Services and Option Agreements based on a vague assertion that SoCal Building had somehow failed to make “contractually agreed upon payments.”
- Then, taking matters into their own hands, the Defendants secretly changed the locks on the Facility doors and the passwords/access codes for the Facility security cameras and entries. When a SoCal Building employee arrived at one of the Facilities for his regularly scheduled shift managing the business, he saw that the Defendants had changed the name of the business and its signage, and had brought in a new management team to replace SoCal Building.
- To this day, SoCal Building has been blocked from gaining access to the Facilities or its books and records, so that SoCal Building has no idea as to the status of the businesses into which it has invested and which it hopes to purchase pursuant to its option rights.

1 As a result of the foregoing, SoCal Building has been left in an unacceptably tenuous
2 position requiring this Court's intervention.

3 **IV. ARGUMENT**

4 Section 387 of the Code of Civil Procedure establishes two tests for whether a non-party
5 may intervene into a litigation.

6 Under Section 387(d)(1)(B), intervention is mandatory where:

7 The person seeking intervention claims an interest relating to the
8 property . . . that is the subject of the action and that person is so
9 situated that the disposition of the action may impair or impede
10 that person's ability to protect that interest, unless that person's
11 interest is adequately represented by one or more of the existing
12 parties.

13 Even where this test is not met, intervention is still discretionary with the Court under
14 Section 387(d)(2) where "the person has an interest in the matter in litigation, or in the success of
15 either of the parties, or an interest against both."

16 SoCal Building seeks intervention both "as a matter of right" under Section 387(d)(1)(B)
17 and, alternatively, under the liberally construed rules of "permissive intervention" in section
18 387(d)(2).

19 **A. SoCal Building is Entitled to Intervene as a Matter of Right.**

20 A non-party is entitled as a matter of right to intervene in litigation if he "claims an
21 interest relating to the property . . . that is the subject of the action and that person is so situated
22 that the disposition of the action may impair or impede that person's ability to protect that
23 interest." *Code of Civil Procedure* ("CCP") § 387(d)(1)(B); *Cal. Physicians' Service v.*
24 *Superior Court of L.A. County* (1980) 102 Cal.App.3d 91, 96 (construing predecessor statute).
25 Where a prospective intervenor has a real interest in the property that is the subject of an action,
26 Section 387(b) *mandates* intervention as of right. *Lohnes v. Astron Computer Products* (2001)
27 94 Cal.App.4th 1150, 1153. The only exception to this rule is where the intervening party's
28 interest is adequately represented by existing parties. *Id.*; 387(d)(1)(B).

1 SoCal Building easily meets this standard and is therefore entitled to intervene as a matter
2 of right, for all the following reasons.

3 1. SoCal Building Claims an Interest in the Facilities that are the Subject of
4 this Action and is So Situated that the Disposition of this Action Will
5 Impede and Impair SoCal Building's Ability to Protect that Interest.

6 SoCal Building holds option rights to purchase the facilities whose current ownership and
7 control are in dispute in this action. In exchange for those option rights, SoCal Building agreed
8 to invest and has invested hundreds of hours of time and effort, and millions of dollars in money
9 and assets, into the Facilities.

10 The dispute between Plaintiff Razuki and the Defendants over current ownership and
11 control of the Facilities therefore directly affects SoCal Building's investment in the Facilities,
12 including both its ability to exercise its option rights in the future, and also its ability protect and
13 grow the value of the Facilities that are the subject of those option rights. Thus, for example, if a
14 temporary injunction is not imposed, and/or a receiver not instated, the Defendants are likely to
15 continue their recent conduct, extracting value out of the facilities for their own gain, and
16 otherwise diminishing the value of the Facilities, and thus the value of SoCal Building's option
17 rights to purchase the Facilities.

18 SoCal Building's option rights under the Management Services and Option Agreements
19 give SoCal Building a clear interest in the Facilities that are the subject of this action, and SoCal
20 Building's interest could be significantly impaired depending on the outcome of this action.
21 Intervention should therefore be ordered as a matter of right.

22 2. The Existing Parties to this Action do not Adequately Represent SoCal
23 Building's Interests.

24 It simply cannot be said that any of the current parties to this action would adequately
25 represent SoCal Building's interests in the Facilities.

26 *Defendants* clearly do not represent SoCal Building's interests, as they just recently
27 purported to terminate the Management Services and Option Agreements for the purpose of
28 preventing SoCal Building from exercising its option rights.

///

1 *Plaintiff* Razuki, meanwhile, is essentially a complete stranger to SoCal Building. More
2 importantly, Plaintiff Razuki was not a party to the Management Services and Option
3 Agreements, and it is entirely unclear whether he would honor the SoCal Building’s option rights
4 under those contracts.

5 The only way for SoCal Building to protect its investment in the Facilities is to intervene
6 and participate in this lawsuit.

7 3. SoCal Building’s Application to Intervene is Timely.

8 There is no hard and fast deadline for intervention; rather, courts have generally held that
9 intervention may be sought so long as there has been no “unreasonable delay in filing a petition
10 for leave to intervene.” *In re Yokohama Specie Bank*, 86 Cal. App. 2d 545. In this case, SoCal
11 Building is seeking intervention within days after the complaint was filed. Clearly, there has
12 been no unreasonable delay – SoCal Building’s application to intervene is timely.

13 . . .

14 For all these reasons, SoCal Building should be permitted to intervene in this action as a
15 matter of right pursuant to section 387(b) of the Code of Civil Procedure.

16 **B. In the Alternative, SoCal Requests “Permissive Intervention” under C.C.P. §**
17 **387(d)(2).**

18 If the Court does not grant intervention as a matter of right, it should grant permissive
19 intervention pursuant to Section 387(d)(2), since SoCal Building “has an interest in the matter in
20 litigation, or in the success of either of the parties, or an interest against both.” Code Civ. Proc. §
21 387(d)(2); *Lindelli v. Town of San Anselmo* (2006) 139 Cal.App.4th 1499, 1505; *Lincoln Nat.*
22 *Life Insurance Co. v. State Board of Equalization* (1994) 30 Cal.App.4th 1411, 1423.

23 Trial courts have discretion to allow a party to intervene under Section 387(d)(2) where
24 (1) the intervenor has a direct and immediate interest in the action; (2) the intervention will not
25 enlarge the issues in the litigation; (3) the reasons for intervention outweigh any opposition by
26 the parties presently in the action; and (4) the proper procedures have been followed. *Royal*
27 *Indemnity Co. v. United Enterprises, Inc.* (2008) 162 Cal.App.4th 194, 203.

28 SoCal Building’s request to intervene satisfies each of these elements.

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1. SoCal Building has a Direct and Immediate Interest in this Action.

For the purposes of permissive intervention, a “direct and immediate interest” exists when “the moving party will either gain or lose by the direct legal operation and effect of the judgment.” *Lindelli*, supra, 139 Cal.App.4th at 1505; *La Mesa and Spring Valley Irrigation District v. J.H. Halley* (1925) 195 Cal.739, 741.)

As discussed herein, SoCal Building’s option rights under the Management Services and Option Agreements give SoCal Building a direct and immediate interest in the Facilities that are the subject of the current action.

2. SoCal Building’s Intervention will not Significantly Enlarge the Issues to be Resolved in this Action.

The subject matter of this action is at its essence a dispute over the ownership and control of the Facilities, and the Defendants’ fraudulent conduct in attempting to steal control from Plaintiff Razuki. SoCal Building’s proposed complaint-in-intervention is essentially the “mirror image” of those same claims.

As but one example, Plaintiff Razuki presents as key evidence of the Defendants’ fraud the fact that the Defendants concealed Plaintiff Razuki’s ownership in the Facilities from SoCal Building. This exact same fact – that the Defendants failed to disclose Plaintiff Razuki’s claim of ownership of the Facilities – also contributes to SoCal Building’s fraud claim against the Defendants.

Likewise, Plaintiff Razuki alleges that in the past week Defendant Malan secretly withdrew money from their joint account, without Plaintiff Razuki’s consent, for Defendant Malan’s own use, and on this basis prays for relief in the form of an injunction freezing all bank accounts and the installation of a receiving to take control of the Facilities’ activities. SoCal Building, meanwhile, alleges nearly identical facts concerning Defendant Malan’s recent activity, and also prays for an injunction and receiver to prevent any further malfeasance by defendant Malan and his cronies.

In these ways and others, Plaintiff Razuki’s complaint and SoCal Building’s complaint-in-intervention are essentially telling the same story from two different perspectives; and they are

1 seeking nearly identical relief against the Defendants. Intervention should therefore be
2 permitted.

3 3. SoCal Building's Reasons for Intervention Outweigh any Potential
4 Opposition by the Parties Presently in the Action.

5 For all the reasons set forth herein, SoCal Building's reasons for intervening in this action
6 are both numerous and substantial. By contrast, none of the current parties to this action has any
7 legitimate reason to oppose intervention.

8 Plaintiff Razuki is already aware of SoCal Building's intention to intervene, and does not
9 oppose it. Rothenberg Dec. ¶ 3.

10 Defendants, meanwhile, face a lawsuit from SoCal Building one way or another. To
11 oppose intervention in this instance would serve only to increase Defendants' litigation costs by
12 forcing them to fight on two separate fronts. The facts and issues in dispute in the current action
13 between Plaintiff Razuki and the Defendants overlap substantially with those that will be raised
14 by SoCal Building, creating efficiencies that, if anything, inure to the Defendants' own benefit.

15 The balancing of interests in this case tips decisively in favor of intervention.

16 4. SoCal Building has Followed the Proper Procedures.

17 Section 387 of the Code of Civil Procedure establishes the procedures for intervention.
18 An intervenor must (1) seek leave of court; (2) submit a proposed complaint-in-intervention;
19 which (3) states the grounds upon which intervention rests; and (4) serve the intervention papers
20 on all the parties who have appeared in the action.

21 SoCal Building has followed each of these procedures and, as such, the Court can and
22 should grant this Motion.

23 **C. Granting the Requested Relief on an *Ex Parte* Basis is Appropriate and
24 Necessary Under the Circumstances.**

25 "A nonparty shall petition the court for leave to intervene by noticed motion or ex parte
26 application." Code Civ. Proc. § 387(c). See also *Adoption of Lenn E.*, 182 Cal. App. 3d 210,
27 227 (1986) (application for leave to intervene may be made and granted on an ex parte basis).

28 In this instance, SoCal Building's application on an *ex parte* basis, rather than on noticed
motion, is not only permitted, but it is in fact critical for the protection of SoCal Building's

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rights. Plaintiff Razuki advised that he intended to make a separate *ex parte* application on this date for a preliminary injunction, temporary restraining order, and appointment of a receiver – and SoCal Building could not have participated in the hearing on that application unless it first requested and received leave to intervene.


“Good cause” therefore exists for the requested relief to be granted *ex parte*.

V. CONCLUSION

For the foregoing reasons, Plaintiffs-in-Intervention respectfully request that the Court grant this Application for Leave to Intervene and to file a Complaint-in-Intervention.

Dated: July 16, 2018

NELSON HARDIMAN LLP

By: 

Zachary Rothenberg
Attorneys for Plaintiffs-in-Intervention
SoCal Building Ventures, LLC

DECLARATION OF ZACHARY ROTHENBERG

I, Zachary Rothenberg, declare as follows:

1. I am an attorney at law, duly licensed to practice in the State of California. I am a partner in the law firm of Nelson Hardiman LLP, counsel of record for Plaintiffs-in-Intervention SoCal Building Ventures, LLC and San Diego Building Ventures, LLC (collectively, "SoCal Building") in this action. I make this Declaration in support of the SoCal Building's *Ex Parte* Application for Leave to File Complaint-in-Intervention.

2. Attached hereto as Exhibit A is a true and correct copy of SoCal Building's proposed Complaint-in-Intervention.

3. On July 12, 2018, I participated in a conference call with counsel for Plaintiff Salam Razuki, during which we advised that SoCal Building intended to intervene in this action. Counsel for Plaintiff Razuki confirmed that he did not oppose intervention.

4. On July 16, 2018, before 10 a.m., I sent via email to counsel for both Plaintiff Razuki and the Defendants *ex parte* notice setting forth the date, time, and place of the hearing on this application, the relief being sought, and the basis therefore, and inquiring whether any party intended to appear and/or oppose the application. I have been advised that Plaintiff Razuki's counsel intends to appear, but not to oppose this Application. I received no response from counsel for the Defendants. A true and correct copy of my letter is attached hereto as Exhibit B.

Executed this 16th day of July, 2018, at Los Angeles, California.


Zachary Rothenberg

EXHIBIT A

1 Robert E. Fuller (SB 171770)
2 Zachary E. Rothenberg (SBN 215404)
3 Salvatore J. Zimmitti (SBN 245678)
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12
13 Attorneys for Plaintiffs-in-Intervention
14 SOCAL BUILDING VENTURES, LLC AND SAN
15 DIEGO BUILDING VENTURES, LLC

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 FOR THE COUNTY OF SAN DIEGO - CENTRAL COURTHOUSE

12 SALAM RAZUKI, an individual, ,
13 Plaintiff,
14 v.
15 NINUS MALAN, et al.,
16 Defendants.

CASE NO. 37-2018-00034229-CU-BC-CTL

**[PROPOSED] COMPLAINT-IN-
INTERVENTION FOR:**

- (1) BREACH OF CONTRACT**
- (2) BREACH OF IMPLIED COVENANT**
- (3) FRAUD AND DECEIT**
- (4) CONVERSION**
- (5) INJUNCTION**
- (6) APPOINTMENT OF RECEIVER**
- (7) DECLARATORY RELIEF**

17
18 AND RELATED COMPLAINT-IN-
19 INTERVENTION

20 **INTRODUCTION**

21 1. Plaintiffs-in-Intervention SoCal Building Ventures, LLC and San Diego Building
22 Ventures, LLC (hereinafter collectively referred to as "Plaintiff") are apparently just one of the
23 latest victims of Defendants' fraudulent business schemes. Plaintiff, like others unfortunate
24 enough to have crossed paths with Defendant Ninus Malan and the other Defendants, was
25 induced to divest extensive money and/or personal property based on false promises and active
26 concealment of facts by Defendants. In Plaintiff's case, Defendants induced Plaintiff to enter into
27 a series of contracts and future options to real and other properties that Defendants had no
28 intention of honoring.

1 8. Defendant Balboa Ave Cooperative (“Balboa”) is a California cooperative
2 corporation organized under the laws of the State of California, with a principal place of business
3 in the County of San Diego, State of California.

4 9. Defendant Mire Este Properties, LLC (“Mire Este”) is California limited liability
5 company organized under the laws of the State of California, with a principal place of business
6 in the County of San Diego, State of California.

7 10. Defendant Roselle Properties, LLC (“Roselle”) is a California limited liability
8 company organized under the laws of the State of California, with a principal place of business
9 in the County of San Diego, State of California.

10 11. Defendant Chris Hakim (“Hakim”) is an individual residing in the County of San
11 Diego, State of California.

12 12. Defendant Ninus Malan (“Malan”) is an individual residing in the County of San
13 Diego, State of California

14 13. Defendant Monarch Management Consulting, Inc. (“Monarch”) is a California
15 corporation organized under the laws of the State of California, with a principal place of business
16 in the County of San Diego, State of California. Plaintiff is informed and believes that Hakim
17 and Malan are shareholders of Monarch.

18 14. Defendant California Cannabis Group (“Cannabis Group”) is a California
19 nonprofit mutual benefit corporation organized under the laws of the State of California, with a
20 principal place of business in the County of San Diego, State of California.

21 15. Defendant Devilish Delights Inc. (“Devilish Delights”) is a California nonprofit
22 mutual benefit corporation organized under the laws of the State of California, with a principal
23 place of business in the County of San Diego, State of California.

24 16. The true names or capacities, whether individual, corporate, associate, or
25 otherwise, of defendant Does 1 through 20, inclusive, are unknown to Plaintiff, who therefore
26 designates those defendants by these fictitious names. Each of the defendants sued herein as a
27 Doe is legally responsible in some manner for the events and happenings referred to and
28

1 proximately caused the injuries suffered by Plaintiff. Plaintiff will amend this Complaint to
2 allege the true names and capacities of these Does when the same becomes known to Plaintiff.

3 17. Plaintiff is informed and believe, and based thereon allege, that each of the
4 Defendants named above are alter egos of the other Defendants herein, have commingled assets,
5 have commingled business operations, have undercapitalized operations, have ignored corporate
6 formalities and have exercised such dominion and control over the operations of certain
7 Defendants that it would be unjust to permit such Defendants to avoid individual liability.

8 18. Plaintiff is further informed and believe, and based thereon allege, that a unity of
9 interest and ownership exists between the Defendants, that any individuality and separateness
10 between the Defendants have ceased, and that the Defendants are the alter egos of one another.
11 On information and belief, Plaintiff understands and believes that Defendants share the same
12 common ownership, place(s) of business, management, and operate as a single enterprise.

13 19. At all times relevant to the Complaint, Defendants conducted business in the
14 County of San Diego, State of California.

15 20. Defendants, and each of them, caused the acts about which Plaintiff complains to
16 occur in the Counties of San Diego and Los Angeles, State of California.

17 **FACTUAL ALLEGATIONS**

18 21. On or about October 17, 2017, Plaintiff entered into a Letter of Intent (“LOI”)
19 with Defendants that contemplated transactions in which Plaintiff would manage, with the option
20 to acquire ownership in, four facilities (including their real property) for the purposes of
21 cultivating, distributing and/or selling commercial or medical cannabis: (1) the “Mira Facility,”
22 a 16,000 square foot facility located at 9212 Mira Este Court, San Diego, CA 92126; (2) the
23 “Roselle Facility,” a 4,000 square foot facility located at 10685 Roselle Street, San Diego, CA
24 92121, (3) the “Balboa Facility,” located at 8863 Balboa Ave., Suite E, San Diego, CA 92123,
25 and (4) the “Sunrise Facility,” located at 3385 Sunrise Street, San Diego.

26 22. Plaintiff’s entry into the LOI was premised on its desire for transactions including
27 *all four* of the aforementioned facilities. However, Plaintiff was ultimately able to enter into
28 definitive agreements for only three. No agreement could be reached for the Sunrise Facility, and

1 in retrospect, the reason why the Sunrise Facility was excluded from the deal is instructive to
2 understanding Defendants' larger fraudulent scheme and pattern of fraudulent business practices
3 which, unfortunately, only became apparent to Plaintiff long after definitive agreements were
4 executed.

5 23. The LOI as it concerned the Sunrise Facility expressly represented to Plaintiff that
6 Defendants Mira Este, Cannabis Group, Devilish Delights, Monarch, and Roselle (collectively
7 referred to in the LOI as "Mira") "own[ed] 30% of a fully built out dispensary," and that upon
8 Plaintiff's purchase of an interest in such dispensary, the parties would form a new limited
9 liability company "in which ... [Plaintiff] will own a 66.7% membership interest[.]"

10 24. Despite this unequivocal statement of ownership in the Sunrise Facility by
11 Defendants, Plaintiff ultimately learned that this representation was completely and utterly false.
12 In actuality, Defendants owned exactly zero percent of the Sunrise Facility, and therefore had no
13 power to enter into any agreement with Plaintiff respect to its management or ownership. As
14 Plaintiff would come to learn, Defendants were hoping to *gain* control of the Sunrise Facility
15 from "other partners" by causing the failure of certain "covenants," which was unsuccessful.
16 Plaintiff, who at the time did not know the extent of Defendants' fraudulent scheme, was
17 shocked by Defendants' blatant misrepresentation that they had owned the Sunrise Facility, but
18 at the time believed that Defendants had been mistaken, that the truth had finally been told, and
19 that they could now proceed with executing definitive agreements for the remaining three
20 facilities.

21 25. On or about January 2, 2018, Plaintiff entered into the: (1) Management Services
22 and Option Agreement with Defendants Balboa, SDHG, Monarch, Hakim and Malan (the
23 "Balboa Agreement"); (2) the Management Services and Option Agreement with Defendants
24 Cannabis Group, Devilish Delights, Mira Este, Hakim and Malan (the "Mira Este Agreement");
25 and (3) the Management Services and Option Agreement with Defendants Roselle, Hakim, and
26 Malan (the "Roselle Agreement") (collectively, the "Agreements").

27 26. The Agreements are substantially similar in that they each entitle Plaintiff to
28 provide various managerial, financial, administrative, and operational services for the facilities in

1 exchange for, in part, a portion of the facilities' profits and a valuable option to acquire a 50%
2 ownership interest in the facilities at specified purchase prices (the "Options"), for which
3 Plaintiff was obligated to pay and did pay the nonrefundable sum of \$225,000.

4 27. The absolute deadline for Plaintiff to exercise the Options under each Agreement
5 was set for July 1, 2018; however, the Options under the Mire Este and Roselle Agreements were
6 different, and became effective only upon an express condition precedent. Specifically, these
7 agreements provided that the deadlines to exercise the Options for Mire Este and Roselle
8 facilities would be tolled and begin to run only upon the granting of the facility's respective CUP
9 "to the [Plaintiff's] satisfaction."

10 28. Pursuant to the Agreements, Plaintiff is obligated to pay various one-time and
11 recurring sums to Defendants; this included specified monthly payments to Monarch, Balboa and
12 other Defendants.

13 29. The Agreements specify that "[a]ll net income, revenue, cash flow, and other
14 distributions from Operations will be held by [Plaintiff] as a Management Fee, subject to
15 [Plaintiff's] further obligation to make payments and pay rent and expenses as otherwise
16 provided herein." To facilitate Plaintiff's receipt and distribution of money in connection with
17 its billing and other financial responsibilities, the Agreements provide that Plaintiff would set up
18 a "Manager's Account," and that Defendants "will not take any action that interferes with the
19 transfer of funds to or from Manager's Account, nor will Company or its agents remove,
20 withdraw or authorize the removal or withdrawal of any funds from the Manager's Account for
21 any purpose."

22 30. Of particular importance to Plaintiff when entering into the Agreements were
23 various "Representations and Warranties of Company" concerning Defendants' ownership of
24 and control over the Facilities and their authority to enter into these agreements, including that:

- 25 a. Defendants "ha[ve] full power, authority and legal right to execute, perform and
26 timely observe all of the provisions of [the Agreement]";
27 b. "Th[e] Agreement constitutes a valid and binding obligation of [Defendants] and
28 does not and will not constitute a breach of or default...or the terms, conditions,

1 or provisions of any law...agreement, or instrument to which [any Defendant] is a
2 party or by which it or any of its assets is bound or affected”;

3 c. Defendants are “the sole owner of the real property on which the Facility is
4 located and is the sole owner of the improvements comprising the Facility and all
5 real and personal property located therein. [Defendants] ha[ve] full power,
6 authority and legal right to own such real and personal property.”

7 d. “There is no litigation or proceeding pending or threatened against [any
8 Defendant] that could reasonably be expected to adversely affect the validity of
9 this Agreement or the ability of [Defendants] to comply with its obligations under
10 this Agreement.”

11 31. The Agreements each include 20-year terms of duration, subject to earlier
12 termination upon (1) mutual consent, (2) termination by Plaintiff in the event that any CUP or
13 local or state approval or permission or license is not obtained, or (3) termination by Defendants
14 upon Plaintiff’s failure to make any required payments under the Agreements, *provided* that such
15 failure has gone uncured for “twenty-five (25) days” following written “notice to [Plaintiff] by
16 Company and/or Old Operators.”

17 32. Considering the lengthy contract period set forth in the Agreements and the
18 substantial sums and extensive time and effort that Plaintiff needed to invest in the facilities, the
19 Agreements contained additional provisions precluding unilateral, summary termination.
20 Specifically, in addition to limiting each party’s ability to unilaterally terminate the Agreements
21 for the aforementioned events or specified causes above and with a cure period, the Agreements
22 also contain a broad “Dispute Resolution” process which is triggered whenever there is “any
23 disagreement, dispute or claim arises among the Parties hereto with respect to the enforcement or
24 interpretation of this Agreement or any specific terms and provisions...or with respect to
25 whether an alleged breach or default hereof has or has not occurred[.]” Upon any such
26 “Dispute,” the Agreements obligate the parties to:

27 ///

28 ///

- 1 a. Meet and confer in San Diego County to discuss the Dispute “in good faith” and
2 within “five (5) days following the other Parties’ receipt of the Dispute Notice in
3 an attempt to resolve the Dispute;
4 b. If the parties are unable to resolve the Dispute within 10 days following the
5 receipt of the Dispute Notice, “then the parties shall attempt in good faith to settle
6 the Dispute through nonbinding mediation under within 30 days of delivery of the
7 initial Dispute Notice; and
8 c. For any Dispute which cannot be resolved by the Parties as outline above, the
9 Dispute shall be resolved by final and binding arbitration in San Diego County.

10 33. Plaintiff, for its part, at all times performed under the Agreements, diligently and
11 in good faith, and sank approximately \$2.6 million into carrying out Plaintiff’s managerial,
12 financial and administrative duties, and to help ensure the long-term viability of the facilities for
13 which Plaintiff held the Options.

14 34. In or around May 2018, however, Plaintiff discovered that the true ownership of
15 the facilities and hence the value and legitimacy of its Options may be in jeopardy. This is
16 because Plaintiff learned that Defendants had failed to disclose critical facts that put into
17 question Defendants’ representations that they are in fact the sole owners of the facilities
18 (including the associated real and personal property) that are the subject of the Agreements and
19 Options.

20 35. Given its concern about the viability of the Options and legitimacy of the
21 transactions set forth in the Agreements, counsel for Plaintiff on May 24, 2018 sent a letter to
22 Defendants Malan and Hakim and requested various informational and diligence items as soon
23 as possible so that Plaintiff could try and confirm for themselves the status of Defendants’
24 representations of ownership and title with respect to the Balboa, Mira Este and Roselle
25 facilities. Among other things, Plaintiff requested evidences of any and all liens and
26 encumbrances, federal and California tax returns filed pertaining to properties, and any notices
27 of, and any documentation related to, litigation or disputes relevant to any of the facilities.

28 ///

1 36. On June 1, 2018, counsel for Defendants responded by letter and promised to
2 “start gathering the requested documentation” Plaintiff had requested in the May 24, 2018 letter.

3 37. In or around June 2008, contrary to the Representations and Warranties in the
4 Agreements set forth above, Plaintiff was informed for the first time by Defendant Malan that a
5 pending lawsuit existed, *San Diego Patients Cooperative Corporation, Inc. et al. v Razuki*
6 *Investments, L.L.C., et al* (Case No. 37-2017-00020661-CU-CO-CTL), filed roughly one year
7 earlier on June 7, 2017 in which Malan (along with others) was named as a Defendant and in
8 which a claim of ownership was being made to the Balboa Facility by a third party. Plaintiff was
9 stunned by this bombshell and its timing could hardly have been worse, since Plaintiff was
10 obligated to exercise its Option in the Balboa Facility by no later than July 1, 2018 and, unlike
11 the other Agreements, the Balboa Option deadline would *not* be tolled pending the receipt of a
12 CUP.

13 38. On June 19, 2008, by letter dated same, Malan purported to formally notify
14 Plaintiff of the *San Diego Patients Cooperative* case, but did not furnish Plaintiff the actual
15 complaint nor provide any further information regarding the merits of that case. In this letter,
16 Malan offered to toll the deadline to exercise the Balboa Option (that facility only) to 15 days
17 following written notice that this lawsuit was privately settled or otherwise resolved.
18 Unfortunately, Malan had no intention of tolling anything, and this was not the last surprise in
19 store for Plaintiff.

20 39. Around the same time, Plaintiff came to learn that it was not only the Balboa
21 Facility that was the subject of a third party claim and pending civil dispute, but also the Mira
22 Este and Roselle facilities as well. Plaintiff was informed that “Salam Razuki” and “Razuki
23 Investments,” along with Malan, Balboa, SDGH, and Cannabis Group were also named
24 defendants in the *San Diego Patients Cooperative* case, and that Salam Razuki and/or Razuki
25 Investments was claiming ownership rights to all three facilities.

26 40. On June 22, 2018, Plaintiff sent a letter to Malan and Hakim and expressed
27 serious concern over the apparently colorable claims of ownership being made by various third
28 parties, now to all three of the facilities. Plaintiff explained that these claims implicated the

1 Representations and Warranties in each Agreement and created a “fog” over the title of the
2 properties that made Plaintiff’s determination whether or not to exercise the Options a potentially
3 futile exercise. Nevertheless, given the vast amount of time, money and resources that Plaintiff
4 had thus far expended, Plaintiff expressed hope that the issues concerning the title of the property
5 still might be resolved, and therefore requested that Defendants sign a tolling agreement to
6 suspend the Option deadline on each property pending a resolution of any and all claims by third
7 parties to the ownership and/or rights in all three of the properties. Unfortunately, Defendants
8 had no intentions of preserving any relationship and ignored Plaintiff’s reasonable request.

9 41. Instead, on July 10, 2018, the same day Salam Razuki filed the lawsuit *Salam*
10 *Razuki v. Ninus Malan et al* (Case No. 37-2018-00034229-CU-BC-CTL) claiming ownership of
11 all three facilities, counsel for Defendants sent a letter to Plaintiff purporting to unilaterally and
12 immediately terminate all three Agreements. Defendants did not provide any detail or
13 explanation in this letter, other than claiming abstractly that Plaintiff had failed to make
14 “contractually agree upon payments” and somehow failed to “manage as required.” The letter
15 concluded by threatening that Defendants were “investigating whether additional malfeasances
16 occurred.”

17 42. Counsel for Plaintiff responded to this letter the same day. Plaintiff informed
18 Defendants that their attempt to terminate the Agreements was invalid, and that their false
19 Representations and Warranties and intentional concealment of known claims to the facilities by
20 third parties represented a material breach of the Agreements. Defendants were also put on
21 notice that their ineffective termination of the Agreements constituted an actual, further breach
22 and repudiation of those contracts. Nevertheless, Plaintiff – having expended substantial time
23 and resources in performing under the Agreements to preserve its interest in the facilities and
24 valuable rights under the Options – concluded this letter by again indicating its desire to salvage
25 the deal, and warned Defendants not to act on their threat of terminating the Agreements.

26 43. Sadly, Defendants had no intention of honoring the Agreements’ termination and
27 dispute resolution provisions either, including the requirements to provide the requisite dispute
28 notice, cure period, and meet and confer process, among others. In fact, the day before this so-

1 called "termination" letter was sent, on July 9, 2018, Malan had already put in motion
2 Defendants' plan to "lock out" Plaintiff from all three facilities so that Plaintiff could not access
3 the cash at the three sites or the approximately \$1 million worth of equipment Plaintiff had
4 installed at the facilities, and which Defendants knew was Plaintiff's personal property alone.

5 44. By the morning of July 10, 2018, Defendants had already physically barred
6 Plaintiff from the Balboa and Mire Este facilities by, for example, changing the locks on the
7 doors and changed passwords/access codes for security cameras.

8 45. Plaintiff is informed and believes that Defendants at this time also put into action
9 their plan to "cover their tracks" by destroying the facilities' financial records, receipts, receipt
10 printers, barcode scanners, and point of sale tracking information that is critical to the facilities'
11 operations.

12 46. On the morning of July 11, 2018, for example, one of Plaintiff's employees,
13 James Holler, arrived at the Balboa Facility for his regularly scheduled shift. However, instead of
14 a usual day at work, there he found a number of people affiliated with *another* cannabis
15 dispensary called Golden State Greens, who were attempting to gain access to the facility.
16 Deeply confused, Holler tried to call Malan, but realized that Holler's phone number was being
17 blocked by Malan. Only after borrowing and using another person's phone was Holler able to
18 contact Malan, but Malan refused to provide any explanation as to what was occurring. Still
19 trying to make sense of this apparent "coup," Holler next spoke with Alexandra Clarke and
20 Maria Ortega, sales associates who he knew were close to Malan and were also scheduled to
21 work that day. Clarke and Ortega informed Holler that Malan had Clarke and Ortega to come to
22 the dispensary the afternoon of July 10, 2018 to take inventory and meet the "new management."

23 47. On July 11, 2018, the very next day after purporting to terminate the Agreements,
24 the Balboa Facility's interior was repainted and a new sign was placed in front of the building
25 that read "Golden State Balboa."

26 48. On July 13, 2018, Hakim and Malan entered the Mira Este and falsely claimed to
27 law enforcement on scene that Plaintiff's equipment - which is Plaintiff's own personal property
28 and Defendants knew was only to be used by Plaintiff in connection with its performance under

1 the Agreements - was that of Defendants. Law enforcement, rightfully confused, was
2 successfully misled by Defendants' blatantly false representations of ownership. Plaintiff is
3 informed and believes that Defendants have since removed and converted this and other money
4 and property at the Balboa and Mire Este facilities for their own use or the use of third parties.

5 **FIRST CAUSE OF ACTION**

6 (For Breach of Contract – Against All Defendants)

7 49. Plaintiff hereby repeats, repleads and incorporates by reference all paragraphs
8 alleged above as if fully set forth herein.

9 50. Plaintiff and Defendants entered into the Agreements.

10 51. Plaintiff performed all duties required under the Agreements, except to the extent
11 that its performance was excused by Defendants' material breaches of the Agreements and/or
12 conduct by Defendants or third parties that prevented Plaintiff's performance.

13 52. Defendants materially breached the Agreements by, among other things:

- 14 a. Failing to disclose material facts related to their representation of ownership (or
15 lack thereof) and pending and threatened litigation by third parties in which
16 claims were made to the ownership of the facilities that are the subject of the
17 Agreements;
- 18 b. Failing to allow Plaintiff to enter the facilities and perform its management
19 activities which were and remain vital toward preserving the value of the facilities
20 and, by extension, the value of its Options;
- 21 c. Taking control of Plaintiff's Manager Account and other monies and personal
22 property and equipment, and preventing Plaintiff's access to money that is and
23 belongs to Plaintiff;
- 24 d. Unilaterally installing a "new" management team and displacing Plaintiff; and
- 25 e. Stealing and converting Plaintiff's equipment, which is Plaintiff's personal
26 property and was to be used only by Plaintiff in connection with its performance
27 under the Agreements.

28 ///

1 53. Defendants also materially breached the Agreements and repudiated them by
2 positively indicating, through their words and conduct, that they would no longer honor and
3 perform under the Agreements and therefore honor the Options.

4 54. In addition, Defendants breached the Agreements by failing to provide the requisite
5 written notice of an alleged breach, failing to provide the required 25 day cure period for any
6 alleged default, and by failing to meet and confer and abide by the dispute resolution process that
7 was set forth in each of the Agreements before terminating the Agreements.

8 55. As a direct and proximate result of the aforementioned breaches, lies and
9 misconduct by Defendants, Plaintiff has been damaged, and continues to be damaged, in a sum
10 to be determined at trial.

11 **SECOND CAUSE OF ACTION**

12 (For Breach of the Implied Covenant – Against All Defendants)

13 56. Plaintiff hereby repeats, repleads and incorporates by reference all paragraphs
14 alleged above as if fully set forth herein.

15 57. Plaintiff and Defendants entered into the Agreements, which included an implied
16 covenant of good faith and fair dealing that the parties would not do anything which would
17 unfairly interfere with the rights of any other party.

18 58. The Agreements entitled Plaintiff to manage the facilities and the right to, if
19 Plaintiff chose to, exercise the right to acquire an ownership interest in each of the facilities.

20 59. Defendants intentionally interfered with Plaintiff's right to manage the facilities
21 and the right to exercise the Options by, among other things:

- 22 a. Withholding and concealing material facts from Plaintiff concerning the true and
23 actual ownership and control of the facilities and associated real, personal and
24 other property;
- 25 b. Failing to provide Plaintiff a reasonable extension of time to perform additional
26 due diligence necessary to properly and intelligently exercise (or refrain from
27 exercising) the Options, despite Defendants' fraudulent acts and omissions which
28 directly caused such additional diligence to be necessary;

- 1 c. Failing to provide the requisite written notice to Plaintiff and to engage in the
- 2 dispute resolution process contemplated in the Agreements;
- 3 d. Purporting to unilaterally terminate the Agreements in a manner contrary to the
- 4 terms of the Agreements and by taking steps to do so even before such
- 5 “termination”;
- 6 e. Barring Plaintiff from entering the facilities and installing a “new” manager of the
- 7 facilities who may threaten the legitimacy and viability of the facilities and,
- 8 hence, the value of Plaintiff’s Options;
- 9 f. Falsely claiming ownership to and stealing Plaintiff’s personal equipment, which
- 10 Defendants at all times knew and understood was to be used only by Plaintiff in
- 11 connection with its performance under the Agreements; and
- 12 g. Taking control of Plaintiff’s Manager’s Account, and seizing other monies that
- 13 belonged to and is the property of Plaintiff.

14 60. As a direct and proximate cause of Defendants’ breaches of the implied covenant,
15 Plaintiff has suffered substantial damage in an amount to be proven at trial.

16 **THIRD CAUSE OF ACTION**

17 (For Fraud and Deceit – Against All Defendants)

18 61. Plaintiff hereby repeats, repleads and incorporates by reference all paragraphs
19 alleged above as if fully set forth herein.

20 62. Defendants made numerous misrepresentations to Plaintiff, which Defendants
21 knew were false when made; these representations include:

- 22 a. Falsely claiming that they held any ownership interest in the Sunrise Facility;
- 23 b. Falsely claiming and representing and warranting that no actual or threatened
- 24 litigation existed which involved any claim of ownership or any lien or
- 25 encumbrance on any of the three facilities;
- 26 c. Falsely representing that Defendants were sole owners and held complete
- 27 authority to sell or otherwise grant Plaintiff the right to manage and acquire
- 28 ownership interests in the facilities under the Agreements and Options;

1 d. Falsely representing that they would gather additional due diligence items after
2 Plaintiff discovered and informed them of the material facts that were concealed
3 and which threatened Plaintiff's interests in the facilities; and

4 e. Falsely representing that they would toll the deadlines to exercise the Balboa
5 Option pending the resolution of any claim or dispute as to the ownership of this
6 facility by any third party.

7 63. Defendants intentionally concealed material facts from Plaintiff, despite owing a
8 duty to Plaintiff to truthfully inform Plaintiff of such facts and other relevant information
9 regarding the facilities, the Options and Agreements; these facts include, without limitation:

10 a. Concealing the fact that third parties had instituted and threatened litigation in
11 which they claimed ownership in the facilities;

12 b. Concealing the fact that the facilities were subject to actual or threatened liens,
13 claims, and other encumbrances which were pending and had not been resolved;

14 c. Concealing the fact that Defendants were planning on summarily and unlawfully
15 terminating the Agreements, barring Plaintiff from entering the facilities, and
16 installing a new management company, rather than performing under the
17 Agreements as Defendants had promised and pledged.

18 64. Defendants also made false promises to Plaintiff. Among other things, Defendants
19 falsely promised to abide by the terms of the Agreements and to grant Plaintiff the right to
20 manage the facilities and acquire an ownership interest in them, if Plaintiff so chose under the
21 Options.

22 65. Plaintiff is informed and believe that Defendants, despite entering the
23 Agreements, had no intention of honoring them and the promises they made therein at the time
24 they entered into the Agreements, and that Defendants instead had always desired to use and take
25 advantage of Plaintiff's money, resources, skill and diligence in managing the facilities, and then
26 to ultimately renege on their promises by summarily and unlawfully terminating the Agreements
27 so as to cut off Plaintiff's rights and benefits under the Agreements.

28 ///

- 1 c. Destroying the facilities' financial records, receipts, receipt printers, barcode
- 2 scanners, and point of sale tracking information that is critical to the facilities'
- 3 operations;
- 4 d. Installing or using any other management company to manage or administrate any
- 5 aspect of the facilities' operations, other than Plaintiff or, alternatively, a
- 6 management company appointed by the receiver;
- 7 e. Transferring, moving or tampering with any real, personal or intangible property
- 8 of any kind related to or used by the facilities and their operations, except where
- 9 necessary to permit access to the receiver;
- 10 f. Collecting any money or property from any source that is related to the facilities
- 11 or their operations; and
- 12 g. Failing to turn over, return, restore, and release control over money, property,
- 13 assets, licenses, accounts, approvals, checks, receivables, funds, and proceeds and
- 14 other things that belong to or are related to Plaintiff or any of the facilities and
- 15 their operations.

16 **SIXTH CAUSE OF ACTION**

17 (Injunction – Against All Defendants)

18 79. Plaintiff hereby repeats, repleads and incorporates by reference all paragraphs
19 alleged above as if fully set forth herein.

20 80. As set forth above, presently, money and property is being stolen, diverted and
21 secreted from Plaintiff by Defendants. In addition, the facilities, for which Plaintiff holds the
22 Options and the right to manage them, are under the control of Defendants and the “new”
23 management company who Defendants have wrongfully and fraudulently installed as part of
24 their scheme to defraud Plaintiff. Plaintiff fears that this conduct and usurpation of Plaintiff’s
25 legitimate control will cause permanent, irreparable injury to the facilities and their lawful status
26 and, hence, threatens to diminish or permanently destroy the value of Plaintiff’s Options.

27 81. Unless Defendants are immediately enjoined from assuming any control over the
28 facilities, the facilities’ operations, and associated money and property related thereto, Plaintiff

1 will suffer great and irreparable harm, and will lose the value of its Options for which Plaintiff
2 expended substantial time, money and resources to maintain to preserve.

3 82. Accordingly, Plaintiff requests the Court to issue an injunction which:

- 4 a. Prohibits Defendants from accessing or withdrawing any money in Plaintiff's
5 Manager's account and monies placed in safes, ATMs, or other locations at any of
6 the facilities;
- 7 b. Prohibits Defendants from taking, destroying, selling or using any of Plaintiff's
8 equipment and fixtures that were installed at any of the facilities;
- 9 c. Prohibits Defendants from destroying the facilities' financial records, receipts,
10 receipt printers, barcode scanners, and point of sale tracking information that is
11 critical to the facilities' operations;
- 12 d. Prohibits Defendants from installing or using any other management company to
13 manage any aspect of the facilities, other than Plaintiff or, alternatively, a
14 management company appointed by the receiver;
- 15 e. Prohibits Defendants from transferring, moving or tampering with any real,
16 personal or other property of any kind related to or used by the facilities, except
17 where necessary to permit access to the receiver;
- 18 f. Prohibits Defendants from collecting any money or property from any source that
19 is related to the facilities or their operations; and
- 20 a. Orders Defendants to turn over, return, restore, and release control over money,
21 property, assets, licenses, bank accounts, approvals, checks, receivables, funds,
22 and proceeds and any other things that belong to or are related to Plaintiff or any
23 of the facilities and their operations.

24 **SEVENTH CAUSE OF ACTION**

25 (Declaratory Relief – Against All Defendants)

26 83. Plaintiff hereby repeats, repleads and incorporates by reference all paragraphs
27 alleged above as if fully set forth herein.

28 ///

1 84. An actual controversy has arisen and now exists between Plaintiff and Defendants
2 concerning their respective rights, duties, and interests under the Agreements and Options.

3 85. A judicial declaration is needed by the parties so that Plaintiff can determine its
4 rights and duties and obligations with respect to the Agreement and Options.

5 86. Plaintiff has and continues to suffer financially, and Plaintiff's future interests in
6 the facilities are now in jeopardy and unclear, and thus requires a judicial declaration by this
7 Court.

8 87. Plaintiff therefore desires and requests a determination by this Court with respect
9 to its rights and duties under the Agreements; specifically, that:

- 10 a. The Agreements remain in effect and have not been terminated by Defendants;
- 11 b. Plaintiff currently holds and continues to hold the Options, which entitle Plaintiff
12 to a 50 percent ownership in the facilities, pursuant to the terms of the
13 Agreements;
- 14 c. Plaintiff's deadline to exercise the Options are tolled pending the resolution of
15 any claims, liens or disputes with respect to the ownership and control of the
16 facilities that are inconsistent with Plaintiff's rights under the Agreements;
- 17 d. Money, equipment and property that Plaintiff has invested in the facilities
18 connection with its performance under the Agreements remains Plaintiff's
19 property, subject to and in accordance with the terms and conditions of the
20 Agreements;
- 21 e. Defendants have no right or authority under the Agreements to prevent Plaintiff
22 from continuing to manage the facilities, or to install any other management
23 company, besides Plaintiff; and
- 24 f. Defendants have materially breached the Agreements by fraudulently concealing
25 material facts and improperly terminating the Agreements and thereby preventing
26 Plaintiff from performing under them, which entitles Plaintiff to, among other
27 remedies, specific performance of the Agreement.

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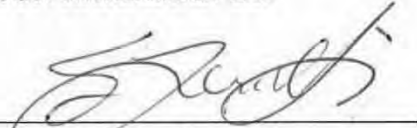
PRAYER

WHEREFORE, Plaintiff prays for the following relief:

1. For specific performance of the Agreements and Options;
2. For damages in an amount to be proven at trial, including direct and consequential damages plus all applicable interest and costs;
3. For restitution and disgorgement of any ill-gotten profits obtained by Defendants;
4. For prejudgment interest;
5. For an award of attorneys' fees and costs incurred in this action, to the extent recoverable by law;
6. For an temporary, preliminary and permanent injunction;
7. For the appointment of a receiver;
8. For punitive damages in an amount sufficient to punish and deter Defendants from their willful and outrageous misconduct; and
9. For such other and further relief as the Court deems, appropriate, just and proper.

Dated: July 16, 2018

NELSON HARDIMAN LLP

By: 

Salvatore Zimmitti
Attorneys for Plaintiffs SOCIAL
BUILDING VENTURES, LLC AND
SAN DIEGO BUILDING VENTURES,
LLC

EXHIBIT B

July 16, 2018

VIA E-MAIL

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Re: RAZUKI v. MALAN, et al, Case No. 37-2018-00034229-CU-BC-CTL

NOTICE OF EX PARTE HEARING

Dear Counsel:

My firm represents SoCal Building Ventures, LLC. Please take notice that we intend to appear on an *ex parte* basis on Tuesday, July 17, 2018, at 8:30 a.m. in Department 66 of the San Diego County Superior Court, Honorable Judge Kenneth Medel presiding, located at 330 West Broadway, San Diego, CA 92101, for leave to intervene in the pending action pursuant to section 387 of the Code of Civil Procedure, by filing a Complaint-in-Intervention.

Please let me know whether any of you intends to appear and/or oppose the application.

Very truly yours,

NELSON HARDIMAN, LLP

By:  Zachary E. Rothenberg, Esq.

ZER:mf

489296.1

Rhonda Soll

From: Rhonda Soll
Sent: Monday, July 16, 2018 7:35 AM
To: 'steve@elialaw.com'; 'davejarvisii@yahoo.com'; 'tamara@austinlegalgroup.com'
Cc: Zachary Rothenberg; Salvatore J. Zimmitti
Subject: RAZUKI v. MALAN, et al, Case No. 37-2018-00034229-CU-BC-CTL NOTICE OF EX PARTE HEARING
Attachments: 2018.07.16 Notice to Counsel re Ex Parte Hearing.PDF

Counsel,

Attached please find the Notice of *Ex Parte* hearing for July 17, 2018 at 8:30 a.m.

Rhonda Soll | Litigation Secretary
t 310.203.2817 | f 310.203.2727
rsoll@nelsonhardiman.com

For sending large files and documents please use my sharefile link below.

<https://nelsonhardiman.sharefile.com/r-r5f72bee8f5b41859>

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Ranked #1 in the USA by Vault for Firm Culture, 2018

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Rhonda Soll

From: Microsoft Outlook
To: steve@elialaw.com; davejarvisii@yahoo.com; tamara@austinlegalgroup.com
Sent: Monday, July 16, 2018 7:35 AM
Subject: Relayed: RAZUKI v. MALAN, et al, Case No. 37-2018-00034229-CU-BC-CTL NOTICE OF EX PARTE HEARING

Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

steve@elialaw.com (steve@elialaw.com)

davejarvisii@yahoo.com (davejarvisii@yahoo.com)

tamara@austinlegalgroup.com (tamara@austinlegalgroup.com)

Subject: RAZUKI v. MALAN, et al, Case No. 37-2018-00034229-CU-BC-CTL NOTICE OF EX PARTE HEARING

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2 Zachary E. Rothenberg (SBN 215404)
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14 SOCAL BUILDING VENTURES, LLC AND SAN
15 DIEGO BUILDING VENTURES, LLC

16 SUPERIOR COURT OF THE STATE OF CALIFORNIA
17 FOR THE COUNTY OF SAN DIEGO - CENTRAL COURTHOUSE

18 SALAM RAZUKI, an individual, ,
19 Plaintiff,
20 v.
21 NINUS MALAN, et al.,
22 Defendants.

CASE NO. 37-2018-00034229-CU-BC-CTL

**[PROPOSED] COMPLAINT-IN-
INTERVENTION FOR:**

- (1) BREACH OF CONTRACT**
- (2) BREACH OF IMPLIED COVENANT**
- (3) FRAUD AND DECEIT**
- (4) CONVERSION**
- (5) INJUNCTION**
- (6) APPOINTMENT OF RECEIVER**
- (7) DECLARATORY RELIEF**

23 AND RELATED COMPLAINT-IN-
24 INTERVENTION

INTRODUCTION

25 1. Plaintiffs-in-Intervention SoCal Building Ventures, LLC and San Diego Building
26 Ventures, LLC (hereinafter collectively referred to as "Plaintiff") are apparently just one of the
27 latest victims of Defendants' fraudulent business schemes. Plaintiff, like others unfortunate
28 enough to have crossed paths with Defendant Ninus Malan and the other Defendants, was
induced to divest extensive money and/or personal property based on false promises and active
concealment of facts by Defendants. In Plaintiff's case, Defendants induced Plaintiff to enter into
a series of contracts and future options to real and other properties that Defendants had no
intention of honoring.

1 8. Defendant Balboa Ave Cooperative (“Balboa”) is a California cooperative
2 corporation organized under the laws of the State of California, with a principal place of business
3 in the County of San Diego, State of California.

4 9. Defendant Mire Este Properties, LLC (“Mire Este”) is California limited liability
5 company organized under the laws of the State of California, with a principal place of business
6 in the County of San Diego, State of California.

7 10. Defendant Roselle Properties, LLC (“Roselle”) is a California limited liability
8 company organized under the laws of the State of California, with a principal place of business
9 in the County of San Diego, State of California.

10 11. Defendant Chris Hakim (“Hakim”) is an individual residing in the County of San
11 Diego, State of California.

12 12. Defendant Ninus Malan (“Malan”) is an individual residing in the County of San
13 Diego, State of California

14 13. Defendant Monarch Management Consulting, Inc. (“Monarch”) is a California
15 corporation organized under the laws of the State of California, with a principal place of business
16 in the County of San Diego, State of California. Plaintiff is informed and believes that Hakim
17 and Malan are shareholders of Monarch.

18 14. Defendant California Cannabis Group (“Cannabis Group”) is a California
19 nonprofit mutual benefit corporation organized under the laws of the State of California, with a
20 principal place of business in the County of San Diego, State of California.

21 15. Defendant Devilish Delights Inc. (“Devilish Delights”) is a California nonprofit
22 mutual benefit corporation organized under the laws of the State of California, with a principal
23 place of business in the County of San Diego, State of California.

24 16. The true names or capacities, whether individual, corporate, associate, or
25 otherwise, of defendant Does 1 through 20, inclusive, are unknown to Plaintiff, who therefore
26 designates those defendants by these fictitious names. Each of the defendants sued herein as a
27 Doe is legally responsible in some manner for the events and happenings referred to and
28

1 proximately caused the injuries suffered by Plaintiff. Plaintiff will amend this Complaint to
2 allege the true names and capacities of these Does when the same becomes known to Plaintiff.

3 17. Plaintiff is informed and believe, and based thereon allege, that each of the
4 Defendants named above are alter egos of the other Defendants herein, have commingled assets,
5 have commingled business operations, have undercapitalized operations, have ignored corporate
6 formalities and have exercised such dominion and control over the operations of certain
7 Defendants that it would be unjust to permit such Defendants to avoid individual liability.

8 18. Plaintiff is further informed and believe, and based thereon allege, that a unity of
9 interest and ownership exists between the Defendants, that any individuality and separateness
10 between the Defendants have ceased, and that the Defendants are the alter egos of one another.
11 On information and belief, Plaintiff understands and believes that Defendants share the same
12 common ownership, place(s) of business, management, and operate as a single enterprise.

13 19. At all times relevant to the Complaint, Defendants conducted business in the
14 County of San Diego, State of California.

15 20. Defendants, and each of them, caused the acts about which Plaintiff complains to
16 occur in the Counties of San Diego and Los Angeles, State of California.

17 **FACTUAL ALLEGATIONS**

18 21. On or about October 17, 2017, Plaintiff entered into a Letter of Intent (“LOI”)
19 with Defendants that contemplated transactions in which Plaintiff would manage, with the option
20 to acquire ownership in, four facilities (including their real property) for the purposes of
21 cultivating, distributing and/or selling commercial or medical cannabis: (1) the “Mira Facility,”
22 a 16,000 square foot facility located at 9212 Mira Este Court, San Diego, CA 92126; (2) the
23 “Roselle Facility,” a 4,000 square foot facility located at 10685 Roselle Street, San Diego, CA
24 92121, (3) the “Balboa Facility,” located at 8863 Balboa Ave., Suite E, San Diego, CA 92123,
25 and (4) the “Sunrise Facility,” located at 3385 Sunrise Street, San Diego.

26 22. Plaintiff’s entry into the LOI was premised on its desire for transactions including
27 *all four* of the aforementioned facilities. However, Plaintiff was ultimately able to enter into
28 definitive agreements for only three. No agreement could be reached for the Sunrise Facility, and

1 in retrospect, the reason why the Sunrise Facility was excluded from the deal is instructive to
2 understanding Defendants' larger fraudulent scheme and pattern of fraudulent business practices
3 which, unfortunately, only became apparent to Plaintiff long after definitive agreements were
4 executed.

5 23. The LOI as it concerned the Sunrise Facility expressly represented to Plaintiff that
6 Defendants Mira Este, Cannabis Group, Devilish Delights, Monarch, and Roselle (collectively
7 referred to in the LOI as "Mira") "own[ed] 30% of a fully built out dispensary," and that upon
8 Plaintiff's purchase of an interest in such dispensary, the parties would form a new limited
9 liability company "in which ... [Plaintiff] will own a 66.7% membership interest[.]"

10 24. Despite this unequivocal statement of ownership in the Sunrise Facility by
11 Defendants, Plaintiff ultimately learned that this representation was completely and utterly false.
12 In actuality, Defendants owned exactly zero percent of the Sunrise Facility, and therefore had no
13 power to enter into any agreement with Plaintiff respect to its management or ownership. As
14 Plaintiff would come to learn, Defendants were hoping to *gain* control of the Sunrise Facility
15 from "other partners" by causing the failure of certain "covenants," which was unsuccessful.
16 Plaintiff, who at the time did not know the extent of Defendants' fraudulent scheme, was
17 shocked by Defendants' blatant misrepresentation that they had owned the Sunrise Facility, but
18 at the time believed that Defendants had been mistaken, that the truth had finally been told, and
19 that they could now proceed with executing definitive agreements for the remaining three
20 facilities.

21 25. On or about January 2, 2018, Plaintiff entered into the: (1) Management Services
22 and Option Agreement with Defendants Balboa, SDHG, Monarch, Hakim and Malan (the
23 "Balboa Agreement"); (2) the Management Services and Option Agreement with Defendants
24 Cannabis Group, Devilish Delights, Mira Este, Hakim and Malan (the "Mira Este Agreement");
25 and (3) the Management Services and Option Agreement with Defendants Roselle, Hakim, and
26 Malan (the "Roselle Agreement") (collectively, the "Agreements").

27 26. The Agreements are substantially similar in that they each entitle Plaintiff to
28 provide various managerial, financial, administrative, and operational services for the facilities in

1 exchange for, in part, a portion of the facilities' profits and a valuable option to acquire a 50%
2 ownership interest in the facilities at specified purchase prices (the "Options"), for which
3 Plaintiff was obligated to pay and did pay the nonrefundable sum of \$225,000.

4 27. The absolute deadline for Plaintiff to exercise the Options under each Agreement
5 was set for July 1, 2018; however, the Options under the Mire Este and Roselle Agreements were
6 different, and became effective only upon an express condition precedent. Specifically, these
7 agreements provided that the deadlines to exercise the Options for Mire Este and Roselle
8 facilities would be tolled and begin to run only upon the granting of the facility's respective CUP
9 "to the [Plaintiff's] satisfaction."

10 28. Pursuant to the Agreements, Plaintiff is obligated to pay various one-time and
11 recurring sums to Defendants; this included specified monthly payments to Monarch, Balboa and
12 other Defendants.

13 29. The Agreements specify that "[a]ll net income, revenue, cash flow, and other
14 distributions from Operations will be held by [Plaintiff] as a Management Fee, subject to
15 [Plaintiff's] further obligation to make payments and pay rent and expenses as otherwise
16 provided herein." To facilitate Plaintiff's receipt and distribution of money in connection with
17 its billing and other financial responsibilities, the Agreements provide that Plaintiff would set up
18 a "Manager's Account," and that Defendants "will not take any action that interferes with the
19 transfer of funds to or from Manager's Account, nor will Company or its agents remove,
20 withdraw or authorize the removal or withdrawal of any funds from the Manager's Account for
21 any purpose."

22 30. Of particular importance to Plaintiff when entering into the Agreements were
23 various "Representations and Warranties of Company" concerning Defendants' ownership of
24 and control over the Facilities and their authority to enter into these agreements, including that:

- 25 a. Defendants "ha[ve] full power, authority and legal right to execute, perform and
26 timely observe all of the provisions of [the Agreement]";
27 b. "Th[e] Agreement constitutes a valid and binding obligation of [Defendants] and
28 does not and will not constitute a breach of or default...or the terms, conditions,

1 or provisions of any law...agreement, or instrument to which [any Defendant] is a
2 party or by which it or any of its assets is bound or affected”;

3 c. Defendants are “the sole owner of the real property on which the Facility is
4 located and is the sole owner of the improvements comprising the Facility and all
5 real and personal property located therein. [Defendants] ha[ve] full power,
6 authority and legal right to own such real and personal property.”

7 d. “There is no litigation or proceeding pending or threatened against [any
8 Defendant] that could reasonably be expected to adversely affect the validity of
9 this Agreement or the ability of [Defendants] to comply with its obligations under
10 this Agreement.”

11 31. The Agreements each include 20-year terms of duration, subject to earlier
12 termination upon (1) mutual consent, (2) termination by Plaintiff in the event that any CUP or
13 local or state approval or permission or license is not obtained, or (3) termination by Defendants
14 upon Plaintiff’s failure to make any required payments under the Agreements, *provided* that such
15 failure has gone uncured for “twenty-five (25) days” following written “notice to [Plaintiff] by
16 Company and/or Old Operators.”

17 32. Considering the lengthy contract period set forth in the Agreements and the
18 substantial sums and extensive time and effort that Plaintiff needed to invest in the facilities, the
19 Agreements contained additional provisions precluding unilateral, summary termination.
20 Specifically, in addition to limiting each party’s ability to unilaterally terminate the Agreements
21 for the aforementioned events or specified causes above and with a cure period, the Agreements
22 also contain a broad “Dispute Resolution” process which is triggered whenever there is “any
23 disagreement, dispute or claim arises among the Parties hereto with respect to the enforcement or
24 interpretation of this Agreement or any specific terms and provisions...or with respect to
25 whether an alleged breach or default hereof has or has not occurred[.]” Upon any such
26 “Dispute,” the Agreements obligate the parties to:

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- 1 a. Meet and confer in San Diego County to discuss the Dispute “in good faith” and
2 within “five (5) days following the other Parties’ receipt of the Dispute Notice in
3 an attempt to resolve the Dispute;
4 b. If the parties are unable to resolve the Dispute within 10 days following the
5 receipt of the Dispute Notice, “then the parties shall attempt in good faith to settle
6 the Dispute through nonbinding mediation under within 30 days of delivery of the
7 initial Dispute Notice; and
8 c. For any Dispute which cannot be resolved by the Parties as outline above, the
9 Dispute shall be resolved by final and binding arbitration in San Diego County.

10 33. Plaintiff, for its part, at all times performed under the Agreements, diligently and
11 in good faith, and sank approximately \$2.6 million into carrying out Plaintiff’s managerial,
12 financial and administrative duties, and to help ensure the long-term viability of the facilities for
13 which Plaintiff held the Options.

14 34. In or around May 2018, however, Plaintiff discovered that the true ownership of
15 the facilities and hence the value and legitimacy of its Options may be in jeopardy. This is
16 because Plaintiff learned that Defendants had failed to disclose critical facts that put into
17 question Defendants’ representations that they are in fact the sole owners of the facilities
18 (including the associated real and personal property) that are the subject of the Agreements and
19 Options.

20 35. Given its concern about the viability of the Options and legitimacy of the
21 transactions set forth in the Agreements, counsel for Plaintiff on May 24, 2018 sent a letter to
22 Defendants Malan and Hakim and requested various informational and diligence items as soon
23 as possible so that Plaintiff could try and confirm for themselves the status of Defendants’
24 representations of ownership and title with respect to the Balboa, Mira Este and Roselle
25 facilities. Among other things, Plaintiff requested evidences of any and all liens and
26 encumbrances, federal and California tax returns filed pertaining to properties, and any notices
27 of, and any documentation related to, litigation or disputes relevant to any of the facilities.

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1 36. On June 1, 2018, counsel for Defendants responded by letter and promised to
2 “start gathering the requested documentation” Plaintiff had requested in the May 24, 2018 letter.

3 37. In or around June 2008, contrary to the Representations and Warranties in the
4 Agreements set forth above, Plaintiff was informed for the first time by Defendant Malan that a
5 pending lawsuit existed, *San Diego Patients Cooperative Corporation, Inc. et al. v Razuki*
6 *Investments, L.L.C., et al* (Case No. 37-2017-00020661-CU-CO-CTL), filed roughly one year
7 earlier on June 7, 2017 in which Malan (along with others) was named as a Defendant and in
8 which a claim of ownership was being made to the Balboa Facility by a third party. Plaintiff was
9 stunned by this bombshell and its timing could hardly have been worse, since Plaintiff was
10 obligated to exercise its Option in the Balboa Facility by no later than July 1, 2018 and, unlike
11 the other Agreements, the Balboa Option deadline would *not* be tolled pending the receipt of a
12 CUP.

13 38. On June 19, 2008, by letter dated same, Malan purported to formally notify
14 Plaintiff of the *San Diego Patients Cooperative* case, but did not furnish Plaintiff the actual
15 complaint nor provide any further information regarding the merits of that case. In this letter,
16 Malan offered to toll the deadline to exercise the Balboa Option (that facility only) to 15 days
17 following written notice that this lawsuit was privately settled or otherwise resolved.
18 Unfortunately, Malan had no intention of tolling anything, and this was not the last surprise in
19 store for Plaintiff.

20 39. Around the same time, Plaintiff came to learn that it was not only the Balboa
21 Facility that was the subject of a third party claim and pending civil dispute, but also the Mira
22 Este and Roselle facilities as well. Plaintiff was informed that “Salam Razuki” and “Razuki
23 Investments,” along with Malan, Balboa, SDGH, and Cannabis Group were also named
24 defendants in the *San Diego Patients Cooperative* case, and that Salam Razuki and/or Razuki
25 Investments was claiming ownership rights to all three facilities.

26 40. On June 22, 2018, Plaintiff sent a letter to Malan and Hakim and expressed
27 serious concern over the apparently colorable claims of ownership being made by various third
28 parties, now to all three of the facilities. Plaintiff explained that these claims implicated the

1 Representations and Warranties in each Agreement and created a “fog” over the title of the
2 properties that made Plaintiff’s determination whether or not to exercise the Options a potentially
3 futile exercise. Nevertheless, given the vast amount of time, money and resources that Plaintiff
4 had thus far expended, Plaintiff expressed hope that the issues concerning the title of the property
5 still might be resolved, and therefore requested that Defendants sign a tolling agreement to
6 suspend the Option deadline on each property pending a resolution of any and all claims by third
7 parties to the ownership and/or rights in all three of the properties. Unfortunately, Defendants
8 had no intentions of preserving any relationship and ignored Plaintiff’s reasonable request.

9 41. Instead, on July 10, 2018, the same day Salam Razuki filed the lawsuit *Salam*
10 *Razuki v. Ninus Malan et al* (Case No. 37-2018-00034229-CU-BC-CTL) claiming ownership of
11 all three facilities, counsel for Defendants sent a letter to Plaintiff purporting to unilaterally and
12 immediately terminate all three Agreements. Defendants did not provide any detail or
13 explanation in this letter, other than claiming abstractly that Plaintiff had failed to make
14 “contractually agree upon payments” and somehow failed to “manage as required.” The letter
15 concluded by threatening that Defendants were “investigating whether additional malfeasances
16 occurred.”

17 42. Counsel for Plaintiff responded to this letter the same day. Plaintiff informed
18 Defendants that their attempt to terminate the Agreements was invalid, and that their false
19 Representations and Warranties and intentional concealment of known claims to the facilities by
20 third parties represented a material breach of the Agreements. Defendants were also put on
21 notice that their ineffective termination of the Agreements constituted an actual, further breach
22 and repudiation of those contracts. Nevertheless, Plaintiff – having expended substantial time
23 and resources in performing under the Agreements to preserve its interest in the facilities and
24 valuable rights under the Options – concluded this letter by again indicating its desire to salvage
25 the deal, and warned Defendants not to act on their threat of terminating the Agreements.

26 43. Sadly, Defendants had no intention of honoring the Agreements’ termination and
27 dispute resolution provisions either, including the requirements to provide the requisite dispute
28 notice, cure period, and meet and confer process, among others. In fact, the day before this so-

1 called "termination" letter was sent, on July 9, 2018, Malan had already put in motion
2 Defendants' plan to "lock out" Plaintiff from all three facilities so that Plaintiff could not access
3 the cash at the three sites or the approximately \$1 million worth of equipment Plaintiff had
4 installed at the facilities, and which Defendants knew was Plaintiff's personal property alone.

5 44. By the morning of July 10, 2018, Defendants had already physically barred
6 Plaintiff from the Balboa and Mire Este facilities by, for example, changing the locks on the
7 doors and changed passwords/access codes for security cameras.

8 45. Plaintiff is informed and believes that Defendants at this time also put into action
9 their plan to "cover their tracks" by destroying the facilities' financial records, receipts, receipt
10 printers, barcode scanners, and point of sale tracking information that is critical to the facilities'
11 operations.

12 46. On the morning of July 11, 2018, for example, one of Plaintiff's employees,
13 James Holler, arrived at the Balboa Facility for his regularly scheduled shift. However, instead of
14 a usual day at work, there he found a number of people affiliated with *another* cannabis
15 dispensary called Golden State Greens, who were attempting to gain access to the facility.
16 Deeply confused, Holler tried to call Malan, but realized that Holler's phone number was being
17 blocked by Malan. Only after borrowing and using another person's phone was Holler able to
18 contact Malan, but Malan refused to provide any explanation as to what was occurring. Still
19 trying to make sense of this apparent "coup," Holler next spoke with Alexandra Clarke and
20 Maria Ortega, sales associates who he knew were close to Malan and were also scheduled to
21 work that day. Clarke and Ortega informed Holler that Malan had Clarke and Ortega to come to
22 the dispensary the afternoon of July 10, 2018 to take inventory and meet the "new management."

23 47. On July 11, 2018, the very next day after purporting to terminate the Agreements,
24 the Balboa Facility's interior was repainted and a new sign was placed in front of the building
25 that read "Golden State Balboa."

26 48. On July 13, 2018, Hakim and Malan entered the Mira Este and falsely claimed to
27 law enforcement on scene that Plaintiff's equipment - which is Plaintiff's own personal property
28 and Defendants knew was only to be used by Plaintiff in connection with its performance under

1 the Agreements - was that of Defendants. Law enforcement, rightfully confused, was
2 successfully misled by Defendants' blatantly false representations of ownership. Plaintiff is
3 informed and believes that Defendants have since removed and converted this and other money
4 and property at the Balboa and Mire Este facilities for their own use or the use of third parties.

5 **FIRST CAUSE OF ACTION**

6 (For Breach of Contract – Against All Defendants)

7 49. Plaintiff hereby repeats, repleads and incorporates by reference all paragraphs
8 alleged above as if fully set forth herein.

9 50. Plaintiff and Defendants entered into the Agreements.

10 51. Plaintiff performed all duties required under the Agreements, except to the extent
11 that its performance was excused by Defendants' material breaches of the Agreements and/or
12 conduct by Defendants or third parties that prevented Plaintiff's performance.

13 52. Defendants materially breached the Agreements by, among other things:

- 14 a. Failing to disclose material facts related to their representation of ownership (or
15 lack thereof) and pending and threatened litigation by third parties in which
16 claims were made to the ownership of the facilities that are the subject of the
17 Agreements;
- 18 b. Failing to allow Plaintiff to enter the facilities and perform its management
19 activities which were and remain vital toward preserving the value of the facilities
20 and, by extension, the value of its Options;
- 21 c. Taking control of Plaintiff's Manager Account and other monies and personal
22 property and equipment, and preventing Plaintiff's access to money that is and
23 belongs to Plaintiff;
- 24 d. Unilaterally installing a "new" management team and displacing Plaintiff; and
- 25 e. Stealing and converting Plaintiff's equipment, which is Plaintiff's personal
26 property and was to be used only by Plaintiff in connection with its performance
27 under the Agreements.

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1 53. Defendants also materially breached the Agreements and repudiated them by
2 positively indicating, through their words and conduct, that they would no longer honor and
3 perform under the Agreements and therefore honor the Options.

4 54. In addition, Defendants breached the Agreements by failing to provide the requisite
5 written notice of an alleged breach, failing to provide the required 25 day cure period for any
6 alleged default, and by failing to meet and confer and abide by the dispute resolution process that
7 was set forth in each of the Agreements before terminating the Agreements.

8 55. As a direct and proximate result of the aforementioned breaches, lies and
9 misconduct by Defendants, Plaintiff has been damaged, and continues to be damaged, in a sum
10 to be determined at trial.

11 **SECOND CAUSE OF ACTION**

12 (For Breach of the Implied Covenant – Against All Defendants)

13 56. Plaintiff hereby repeats, repleads and incorporates by reference all paragraphs
14 alleged above as if fully set forth herein.

15 57. Plaintiff and Defendants entered into the Agreements, which included an implied
16 covenant of good faith and fair dealing that the parties would not do anything which would
17 unfairly interfere with the rights of any other party.

18 58. The Agreements entitled Plaintiff to manage the facilities and the right to, if
19 Plaintiff chose to, exercise the right to acquire an ownership interest in each of the facilities.

20 59. Defendants intentionally interfered with Plaintiff's right to manage the facilities
21 and the right to exercise the Options by, among other things:

- 22 a. Withholding and concealing material facts from Plaintiff concerning the true and
23 actual ownership and control of the facilities and associated real, personal and
24 other property;
- 25 b. Failing to provide Plaintiff a reasonable extension of time to perform additional
26 due diligence necessary to properly and intelligently exercise (or refrain from
27 exercising) the Options, despite Defendants' fraudulent acts and omissions which
28 directly caused such additional diligence to be necessary;

- 1 c. Failing to provide the requisite written notice to Plaintiff and to engage in the
- 2 dispute resolution process contemplated in the Agreements;
- 3 d. Purporting to unilaterally terminate the Agreements in a manner contrary to the
- 4 terms of the Agreements and by taking steps to do so even before such
- 5 “termination”;
- 6 e. Barring Plaintiff from entering the facilities and installing a “new” manager of the
- 7 facilities who may threaten the legitimacy and viability of the facilities and,
- 8 hence, the value of Plaintiff’s Options;
- 9 f. Falsely claiming ownership to and stealing Plaintiff’s personal equipment, which
- 10 Defendants at all times knew and understood was to be used only by Plaintiff in
- 11 connection with its performance under the Agreements; and
- 12 g. Taking control of Plaintiff’s Manager’s Account, and seizing other monies that
- 13 belonged to and is the property of Plaintiff.

14 60. As a direct and proximate cause of Defendants’ breaches of the implied covenant,
15 Plaintiff has suffered substantial damage in an amount to be proven at trial.

16 **THIRD CAUSE OF ACTION**

17 (For Fraud and Deceit – Against All Defendants)

18 61. Plaintiff hereby repeats, repleads and incorporates by reference all paragraphs
19 alleged above as if fully set forth herein.

20 62. Defendants made numerous misrepresentations to Plaintiff, which Defendants
21 knew were false when made; these representations include:

- 22 a. Falsely claiming that they held any ownership interest in the Sunrise Facility;
- 23 b. Falsely claiming and representing and warranting that no actual or threatened
- 24 litigation existed which involved any claim of ownership or any lien or
- 25 encumbrance on any of the three facilities;
- 26 c. Falsely representing that Defendants were sole owners and held complete
- 27 authority to sell or otherwise grant Plaintiff the right to manage and acquire
- 28 ownership interests in the facilities under the Agreements and Options;

- 1 d. Falsely representing that they would gather additional due diligence items after
- 2 Plaintiff discovered and informed them of the material facts that were concealed
- 3 and which threatened Plaintiff's interests in the facilities; and
- 4 e. Falsely representing that they would toll the deadlines to exercise the Balboa
- 5 Option pending the resolution of any claim or dispute as to the ownership of this
- 6 facility by any third party.

7 63. Defendants intentionally concealed material facts from Plaintiff, despite owing a
8 duty to Plaintiff to truthfully inform Plaintiff of such facts and other relevant information
9 regarding the facilities, the Options and Agreements; these facts include, without limitation:

- 10 a. Concealing the fact that third parties had instituted and threatened litigation in
- 11 which they claimed ownership in the facilities;
- 12 b. Concealing the fact that the facilities were subject to actual or threatened liens,
- 13 claims, and other encumbrances which were pending and had not been resolved;
- 14 c. Concealing the fact that Defendants were planning on summarily and unlawfully
- 15 terminating the Agreements, barring Plaintiff from entering the facilities, and
- 16 installing a new management company, rather than performing under the
- 17 Agreements as Defendants had promised and pledged.

18 64. Defendants also made false promises to Plaintiff. Among other things, Defendants
19 falsely promised to abide by the terms of the Agreements and to grant Plaintiff the right to
20 manage the facilities and acquire an ownership interest in them, if Plaintiff so chose under the
21 Options.

22 65. Plaintiff is informed and believe that Defendants, despite entering the
23 Agreements, had no intention of honoring them and the promises they made therein at the time
24 they entered into the Agreements, and that Defendants instead had always desired to use and take
25 advantage of Plaintiff's money, resources, skill and diligence in managing the facilities, and then
26 to ultimately renege on their promises by summarily and unlawfully terminating the Agreements
27 so as to cut off Plaintiff's rights and benefits under the Agreements.

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- 1 c. Destroying the facilities' financial records, receipts, receipt printers, barcode
- 2 scanners, and point of sale tracking information that is critical to the facilities'
- 3 operations;
- 4 d. Installing or using any other management company to manage or administrate any
- 5 aspect of the facilities' operations, other than Plaintiff or, alternatively, a
- 6 management company appointed by the receiver;
- 7 e. Transferring, moving or tampering with any real, personal or intangible property
- 8 of any kind related to or used by the facilities and their operations, except where
- 9 necessary to permit access to the receiver;
- 10 f. Collecting any money or property from any source that is related to the facilities
- 11 or their operations; and
- 12 g. Failing to turn over, return, restore, and release control over money, property,
- 13 assets, licenses, accounts, approvals, checks, receivables, funds, and proceeds and
- 14 other things that belong to or are related to Plaintiff or any of the facilities and
- 15 their operations.

16 **SIXTH CAUSE OF ACTION**

17 (Injunction – Against All Defendants)

18 79. Plaintiff hereby repeats, repleads and incorporates by reference all paragraphs
19 alleged above as if fully set forth herein.

20 80. As set forth above, presently, money and property is being stolen, diverted and
21 secreted from Plaintiff by Defendants. In addition, the facilities, for which Plaintiff holds the
22 Options and the right to manage them, are under the control of Defendants and the “new”
23 management company who Defendants have wrongfully and fraudulently installed as part of
24 their scheme to defraud Plaintiff. Plaintiff fears that this conduct and usurpation of Plaintiff’s
25 legitimate control will cause permanent, irreparable injury to the facilities and their lawful status
26 and, hence, threatens to diminish or permanently destroy the value of Plaintiff’s Options.

27 81. Unless Defendants are immediately enjoined from assuming any control over the
28 facilities, the facilities’ operations, and associated money and property related thereto, Plaintiff

1 will suffer great and irreparable harm, and will lose the value of its Options for which Plaintiff
2 expended substantial time, money and resources to maintain to preserve.

3 82. Accordingly, Plaintiff requests the Court to issue an injunction which:

- 4 a. Prohibits Defendants from accessing or withdrawing any money in Plaintiff's
5 Manager's account and monies placed in safes, ATMs, or other locations at any of
6 the facilities;
- 7 b. Prohibits Defendants from taking, destroying, selling or using any of Plaintiff's
8 equipment and fixtures that were installed at any of the facilities;
- 9 c. Prohibits Defendants from destroying the facilities' financial records, receipts,
10 receipt printers, barcode scanners, and point of sale tracking information that is
11 critical to the facilities' operations;
- 12 d. Prohibits Defendants from installing or using any other management company to
13 manage any aspect of the facilities, other than Plaintiff or, alternatively, a
14 management company appointed by the receiver;
- 15 e. Prohibits Defendants from transferring, moving or tampering with any real,
16 personal or other property of any kind related to or used by the facilities, except
17 where necessary to permit access to the receiver;
- 18 f. Prohibits Defendants from collecting any money or property from any source that
19 is related to the facilities or their operations; and
- 20 a. Orders Defendants to turn over, return, restore, and release control over money,
21 property, assets, licenses, bank accounts, approvals, checks, receivables, funds,
22 and proceeds and any other things that belong to or are related to Plaintiff or any
23 of the facilities and their operations.

24 **SEVENTH CAUSE OF ACTION**

25 (Declaratory Relief – Against All Defendants)

26 83. Plaintiff hereby repeats, repleads and incorporates by reference all paragraphs
27 alleged above as if fully set forth herein.

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1 84. An actual controversy has arisen and now exists between Plaintiff and Defendants
2 concerning their respective rights, duties, and interests under the Agreements and Options.

3 85. A judicial declaration is needed by the parties so that Plaintiff can determine its
4 rights and duties and obligations with respect to the Agreement and Options.

5 86. Plaintiff has and continues to suffer financially, and Plaintiff's future interests in
6 the facilities are now in jeopardy and unclear, and thus requires a judicial declaration by this
7 Court.

8 87. Plaintiff therefore desires and requests a determination by this Court with respect
9 to its rights and duties under the Agreements; specifically, that:

- 10 a. The Agreements remain in effect and have not been terminated by Defendants;
- 11 b. Plaintiff currently holds and continues to hold the Options, which entitle Plaintiff
12 to a 50 percent ownership in the facilities, pursuant to the terms of the
13 Agreements;
- 14 c. Plaintiff's deadline to exercise the Options are tolled pending the resolution of
15 any claims, liens or disputes with respect to the ownership and control of the
16 facilities that are inconsistent with Plaintiff's rights under the Agreements;
- 17 d. Money, equipment and property that Plaintiff has invested in the facilities
18 connection with its performance under the Agreements remains Plaintiff's
19 property, subject to and in accordance with the terms and conditions of the
20 Agreements;
- 21 e. Defendants have no right or authority under the Agreements to prevent Plaintiff
22 from continuing to manage the facilities, or to install any other management
23 company, besides Plaintiff; and
- 24 f. Defendants have materially breached the Agreements by fraudulently concealing
25 material facts and improperly terminating the Agreements and thereby preventing
26 Plaintiff from performing under them, which entitles Plaintiff to, among other
27 remedies, specific performance of the Agreement.

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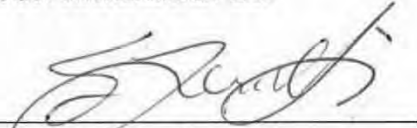
PRAYER

WHEREFORE, Plaintiff prays for the following relief:

1. For specific performance of the Agreements and Options;
2. For damages in an amount to be proven at trial, including direct and consequential damages plus all applicable interest and costs;
3. For restitution and disgorgement of any ill-gotten profits obtained by Defendants;
4. For prejudgment interest;
5. For an award of attorneys' fees and costs incurred in this action, to the extent recoverable by law;
6. For an temporary, preliminary and permanent injunction;
7. For the appointment of a receiver;
8. For punitive damages in an amount sufficient to punish and deter Defendants from their willful and outrageous misconduct; and
9. For such other and further relief as the Court deems, appropriate, just and proper.

Dated: July 16, 2018

NELSON HARDIMAN LLP

By: 

Salvatore Zimmitti
Attorneys for Plaintiffs SOCAL
BUILDING VENTURES, LLC AND
SAN DIEGO BUILDING VENTURES,
LLC

EXHIBIT B

July 16, 2018

VIA E-MAIL

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tamara@austinlegalgroup.com

Re: RAZUKI v. MALAN, et al, Case No. 37-2018-00034229-CU-BC-CTL

NOTICE OF EX PARTE HEARING

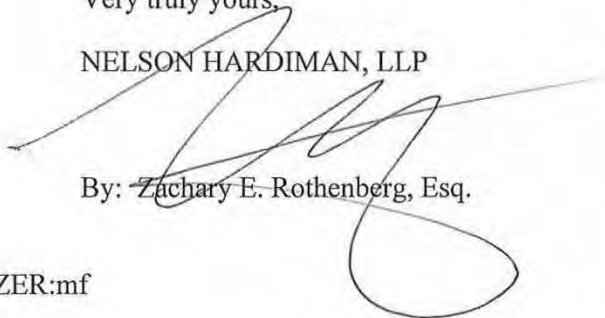
Dear Counsel:

My firm represents SoCal Building Ventures, LLC. Please take notice that we intend to appear on an *ex parte* basis on Tuesday, July 17, 2018, at 8:30 a.m. in Department 66 of the San Diego County Superior Court, Honorable Judge Kenneth Medel presiding, located at 330 West Broadway, San Diego, CA 92101, for leave to intervene in the pending action pursuant to section 387 of the Code of Civil Procedure, by filing a Complaint-in-Intervention.

Please let me know whether any of you intends to appear and/or oppose the application.

Very truly yours,

NELSON HARDIMAN, LLP

By:  Zachary E. Rothenberg, Esq.

ZER:mf

489296.1

Rhonda Soll

From: Rhonda Soll
Sent: Monday, July 16, 2018 7:35 AM
To: 'steve@elialaw.com'; 'davejarvisii@yahoo.com'; 'tamara@austinlegalgroup.com'
Cc: Zachary Rothenberg; Salvatore J. Zimmitti
Subject: RAZUKI v. MALAN, et al, Case No. 37-2018-00034229-CU-BC-CTL NOTICE OF EX PARTE HEARING
Attachments: 2018.07.16 Notice to Counsel re Ex Parte Hearing.PDF

Counsel,

Attached please find the Notice of *Ex Parte* hearing for July 17, 2018 at 8:30 a.m.

Rhonda Soll | Litigation Secretary
t 310.203.2817 | f 310.203.2727
rsoll@nelsonhardiman.com

For sending large files and documents please use my sharefile link below.

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Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

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Subject: RAZUKI v. MALAN, et al, Case No. 37-2018-00034229-CU-BC-CTL NOTICE OF EX PARTE HEARING

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7 Building Ventures, LLC and San Diego Building
8 Ventures, LLC

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9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 FOR THE COUNTY OF SAN DIEGO - CENTRAL DIVISION

12 SALAM RAZUKI, an individual,

13 Plaintiff,

14 v.

15 NINUS MALAN, an individual;
16 MONARCH MANAGEMENT
CONSULTING, INC. a California
17 corporation; SAN DIEGO UNITED
HOLDING GROUP, LLC, a California
18 limited liability company; FLIP
MANAGEMENT, LLC, a California
19 limited liability company; MIRA ESTE
PROPERTIES, LLC, a California limited
20 liability company; ROSELLE
PROPERTIES, LLC, a California limited
21 liability company; and DOES 1-100,
inclusive,

22 Defendants.

CASE NO.: 37-2018-00034229-CU-BC-CTL

(Assigned to: Hon. Judge Kenneth J. Medel,
Dept. C-66)

**[PROPOSED] ORDER RE: EX PARTE
APPLICATION TO FILE COMPLAINT-IN-
INTERVENTION**

Action Filed: July 10, 2018

DATE: July 17, 2018
TIME: 8:30 a.m.
DEPT: C-66

Trial Date: None Set

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The Court, having reviewed the *Ex Parte* Application of Plaintiffs-in-Intervention that came before the Court on this date, July 17, 2018, including all other papers submitted in connection therewith, having heard argument of counsel, and good cause appearing therefore:

IT IS HEREBY ORDERED that Leave is granted for Plaintiffs-in-Intervention to file their Complaint-in-Intervention.

DATED: July 17, 2018

JUDGE OF THE SUPERIOR COURT

1 Steven A. Elia (State Bar No. 217200)
Maura Griffin (State Bar No. 264461)
2 James Joseph (State Bar No. 309883)
LAW OFFICES OF STEVEN A. ELIA, APC
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7 Attorneys for Plaintiff
SALAM RAZUKI

9
10 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
COUNTY OF SAN DIEGO, CENTRAL DIVISION

11 SALAM RAZUKI, an individual,
12 Plaintiff,
13 v.
14 NINUS MALAN, an individual; CHRIS
15 HAKIM, an individual; MONARCH
MANAGEMENT CONSULTING, INC. a
16 California corporation; SAN DIEGO
UNITED HOLDING GROUP, LLC, a
17 California limited liability company; FLIP
MANAGEMENT, LLC, a California limited
18 liability company; MIRA ESTE
PROPERTIES, LLC, a California limited
19 liability company; ROSELLE PROPERTIES,
LLC, a California limited liability company;
20 BALBOA AVE COOPERATIVE, a
California nonprofit mutual benefit
21 corporation; CALIFORNIA CANNABIS
GROUP, a California nonprofit mutual
22 benefit corporation; DEVILISH DELIGHTS,
INC., a California nonprofit mutual benefit
23 corporation; and DOES 1-100, inclusive,
24 Defendants.

CASE NO. 37-2018-00034229-CU-BC-CTL

**EX PARTE APPLICATION FOR
APPOINTMENT OF RECEIVER AND
PRELIMINARY INJUNCTION OR, IN
THE ALTERNATIVE, A TEMPORARY
RESTRAINING ORDER AND AN OSC RE
APPOINTMENT OF RECEIVER AND
PRELIMINARY INJUNCTION;
MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF EX
PARTE APPLICATION; DECLARATION
OF JAMES JOSEPH, ESQ.;**
DECLARATION OF SALAM RAZUKI;
**DECLARATION OF JAMES
TOWNSEND; [PROPOSED] ORDER**

Date: July 17, 2018
Time: 8:30 a.m.
Dept: C-66
Judge: Hon. Kenneth J. Medel

1 Plaintiff SALAM RAZUKI (“Plaintiff” or “Razuki”), by and through his counsel, hereby applies
2 *ex parte* for the appointment of a receiver and preliminary injunction or, in the alternative, a temporary
3 restraining order (TRO) and an OSC re appointment of receiver and preliminary injunction.

4 1. This application is based on the ground that Razuki’s interest in real property is in
5 immediate danger of being lost due to Defendants NINUS MALAN (“Malan”) and CHRIS HAKIM’s
6 (“Hakim”) conspiracy to defraud Razuki by (a) failing to comply with the terms of an *Agreement of*
7 *Compromise, Settlement and Mutual General Release* dated November 9, 2017 entered into between
8 Razuki and Malan (the “Settlement Agreement”) whereby Malan agreed to transfer partnership assets
9 (including, but not limited to, his interests in and to several limited liability companies that either own
10 real property or manage legal marijuana businesses on said properties (referred to herein as the
11 “Marijuana Operations”) which are held in Malan’s name to RM Property Holdings, LLC (“RM
12 Holdings”), a limited liability company that was formed specifically to hold such interests and is owned
13 by Razuki and Malan; and, (b) for diverting \$2.6 million in assets and rental or management income
14 from Razuki and/or RM Holdings in relation to the afore-mentioned real properties and the Marijuana
15 Operations.

16 2. This application is based on the attached memorandum of points and authorities (the
17 “Memorandum”), the Declarations of Salam Razuki and James Townsend, and the records and files in
18 this action, and any further evidence and argument that the Court will receive at or before the hearing
19 on this motion.

20 3. Based on the foregoing, Razuki now moves this Court for the following relief:
21 a. For an order appointing MICHAEL W. ESSARY as receiver (the “Receiver”) to
22 take possession of the assets of RM Holdings, as well as San Diego United Property Holdings, LLC
23 (“SD United”), Flip Management, LLC (“Flip”), Mira Este Properties, LLC (“Mira Este”), Roselle
24 Properties, LLC (“Roselle”), Balboa Ave Cooperative (“Balboa), California Cannabis Group (“CCG”),
25 and Devilish Delights, Inc. (“Devilish”) which are collectively referred to herein as the “Marijuana
26 Operations” (as further described in Section II(B) of the Memorandum), for the purpose of the
27

1 following: (i) preserving and protecting said entities ownership interests in and to both the Marijuana
2 Operations and the subject real properties which are assets of RM Holdings pursuant to the terms of the
3 Settlement Agreement pending resolution of this action; (ii) determining whether any member,
4 shareholder, director and/or officer of RM Holdings has committed waste as to any of its assets; (iii)
5 establishing the current fair market value of the assets of RM Holdings and/or the Marijuana Operations;
6 (iv) performing an accounting of the assets and debts of RM Holdings and the Marijuana Operations
7 including, but not limited to, determining the monetary contributions of its members and/or the parties
8 to this lawsuit; (v) establishing whether any fraudulent transfers of the assets of RM Holdings and/or
9 the Marijuana Operations have occurred; (vi) determining whether Malan and/or Hakim have the proper
10 authority to act on behalf of the Marijuana Operations and/or any of the LLC's which should have been
11 transferred to RM Holdings pursuant to the Settlement Agreement; (vii) determining what secured and
12 unsecured loans have been taken by Defendants to operate the Marijuana Operations; (viii) performing
13 an accounting as to the Marijuana Operations including, but not limited to, determining what salaries
14 and/or dividends have been paid, determining the amount invested by each shareholder/member, and
15 making any and all other determinations regarding the management and operation of the Marijuana
16 Operations as required by the Court; (ix) marketing and selling the assets of RM Holdings and/or the
17 Marijuana Operations for the purposes of paying the respective debts of RM Holdings and Marijuana
18 Operations with the balance to be allocated amongst the shareholders/members of RM Holdings and the
19 Marijuana Operations as determined by the Court; (ix) managing the rental units owned by the
20 Marijuana Operations including collecting rents, paying expenses, repairing and maintaining the subject
21 properties, and preparing the subject properties for sale pending dissolution of partnership between
22 Razuki and Malan and the sale of said properties; and, (xi) any and all other actions required to dissolve
23 RM Holdings and/or the entities involved in the Marijuana Operations. In the alternative, Plaintiff
24 requests that the Court set an OSC re appointment of receiver and preliminary injunction. A proposed
25 order further describing the duties and powers of the Receiver is being submitted herewith.

26 b. For a preliminary injunction (or, alternatively a TRO) restraining and enjoining
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1 Defendants' use, modification, taking, removal and/or conversion of any and all furniture, fixtures, other
2 equipment and/or inventory currently located at any of the following parcels of real property: 8863
3 Balboa Ave, San Diego, CA 92123, 8861 Balboa Ave, San Diego, CA 92123, 9212 Mira Este Ct., San
4 Diego, CA 92126, and 10685 Roselle Street, San Diego, CA 92121.

5 c. For a preliminary injunction (or, alternatively a TRO), restraining and enjoining
6 Malan and/or Hakim from: (i) committing or permitting waste of the assets of RM Holdings and/or the
7 Marijuana Operations; (ii) removing, transferring, encumbering or otherwise disposing of the assets of
8 RM Holdings and/or the Marijuana Operations; (iii) demanding, collecting and/or diverting business
9 profits, rents and/or management fees from RM Holdings and/or the Marijuana Operations; and, (iv)
10 interfering with the discharge of the Receiver's duties.

11 d. For an order requiring Malan and Hakim to do the following: (i) to turn over
12 possession of the real properties owned by RM Holdings and the Marijuana Operations to the Receiver
13 including, but not limited to, all keys and access codes; (ii) to turn over all financial and management
14 records, including books, ledgers, spreadsheets, contracts, bills, tax records, bank account information
15 and computers; (iii) to turn over all information concerning insurance coverage related to the Marijuana
16 Operations and/or its assets; (iv) to turn over all information concerning insurance coverage related to
17 RM Holdings, or any entities owing any interest in the Marijuana Operations; (v) to turn over any and
18 all licenses and/or permits related to the Marijuana Operations; and, (vi) to turn over all monies relating
19 to RM Holdings and the Marijuana Operations and/or their assets, including security deposits, rental
20 income and/or any other monetary funds held in any accounts pending trial or further order of this Court.

21 4. This Motion is made pursuant to California Code of Civil Procedure Section 564(b)(9)
22 which authorizes the appointment of a receiver where it is necessary to preserve the property rights of
23 a party to a lawsuit; and, California Rule of Court 3.1175 allowing the ex parte appointment of a
24 receiver.

25 5. A receiver is necessary to protect the interests of Plaintiff in that the partnership property
26 has deteriorated significantly as a result of Defendant Malan's fraud and mismanagement. Defendants
27

1 Malan and Hakim have diverted rents and management fees from the Marijuana Operations and/or the
2 subject properties. Plaintiff will be irreparably injured if they are unable to take control of the subject
3 properties and the Marijuana operations from Defendants in order to protect the value of the assets of
4 the partnership and/or RM Holdings pending final determination of this action.

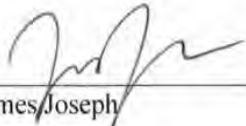
5 6. I am familiar with Mr. Essary who has worked as a receiver on at least two of my prior
6 cases. He is not a party nor an attorney representing a party in this action. I am informed and believe
7 based on my office's conversations with Mr. Essary that he is not a person interested in this action nor
8 related to any judge of the Court within the third degree.

9 7. On July 13, 2018, at approximately 12:00 p.m., my office called counsel for Malan and
10 Hakim and informed him of the instant *ex parte* application. At approximately 4:00 p.m. on July 13,
11 2018, my office e-mailed notice of this *ex parte* application to counsel for Malan and Hakim.

12 8. At the time of filing this application, I am unaware of whether Malan and/or Hakim
13 intend to oppose this application.

14 9. Counsel for SoCal Building Ventures, LLC ("SoCal Building") has informed me that it
15 intends to file an *ex parte* application in intervention on this matter to ensure its interests are represented
16 at the hearing as well.

17 I declare under penalty of perjury under the laws of the State of California that the forgoing is
18 true and correct. This Declaration was executed on July 16, 2018, at San Diego, California.

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James Joseph

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1 **MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF**
2 **PLAINTIFF'S EX PARTE APPLICATION FOR A TEMPORARY**
3 **RESTRAINING ORDER AND APPOINTMENT OF A RECEIVER**

4 **I.**
5 **INTRODUCTION**

6 This case involves a partnership driven to collapse by the greed of one partner, Defendant Ninus
7 Malan ("Malan"), who has conspired with Defendant Chris Hakim ("Hakim") to steal millions of dollars
8 from his partner, Plaintiff Salam Razuki ("Razuki"). Razuki and Malan were partners in several legal
9 marijuana businesses (which included the ownership of real property) and finally memorialized their
10 oral agreements by way of a written agreement entitled *Agreement of Compromise, Settlement and*
11 *Mutual General Release* entered into on November 9, 2017 (the "Settlement Agreement"). However,
12 Malan failed to comply with the terms of the Settlement Agreement and transfer his interest in the
13 partnership assets held in his name to RM Properties Holdings, Inc. ("RM Holdings") and for the past
14 several months has conspired with Hakim to lie and steal millions of dollars from Razuki and others.

15 Since approximately January 2, 2018, SoCal Building Ventures, LLC ("SoCal Building") has
16 served as the operator for the Marijuana Operations (as defined in Section II(B) below) and invested
17 approximately 2.6 million dollars into the Management Operations most of which was received or stolen
18 by Malan and Hakim. Most of these funds were diverted from an entity called Flip Management, LLC
19 ("Flip") which is owned by Razuki and Malan. SoCal Building made these investments with the intent
20 to ultimately purchase half of the Marijuana Operations. During this time, Malan and Hakim told
21 Razuki that SoCal Building was refusing to pay their management fees and claiming that the Marijuana
22 Operations were struggling. In May of 2018, Razuki began to discover Malan and Hakim's fraudulent
23 scheme and learned the truth about the diversion of profits from Flip to an entity owned jointly by Malan
24 and Hakim called Monarch Management Consulting, Inc. ("Monarch"). On July 10, 2018, Razuki sued
25 Malan and Hakim, among others, to secure and protect his interests in the real properties and the
26 Marijuana Operations.

27 When SoCal Building began questioning Malan and Hakim's ownership, it stopped making
28 monthly payments until Malan and Hakim came clean as to the true owners of the Marijuana Operations.
Consequently, Malan and Hakim resorted to self-help measures and locked out SoCal Building from

1 the Marijuana Operations replacing them with a new operator who is unaware of the true ownership of
 2 the Marijuana Operations. Malan and Hakim have wrongfully claimed ownership and possession over
 3 SoCal's inventory, furniture, fixtures and equipment with no intent to ever return it. Razuki now seeks
 4 this emergency remedy to prevent incurring future liabilities associated with Malan and Hakim's illegal
 5 conduct and to protect his ownership interests in the subject partnership assets all of which rightfully
 6 belong to RM Holdings pursuant to the Settlement Agreement.

7 **II.**

8 **PERTINENT FACTUAL BACKGROUND**

9 **A. The Relationship Between Razuki and Malan.**

10 Razuki and Malan have been business partners investing in multiple businesses and properties.
 11 See the Declaration of Salam Razuki ("Razuki Decl.") at ¶3. Per their oral agreement, Razuki provided
 12 the initial investment capital and Malan managed the investment asset. *Id.* at ¶4. After Razuki
 13 recuperated his initial investment, Razuki and Malan agreed they would split the profits of the
 14 investment 75%/25%, respectively. *Id.* Over the course of their business relationship, Malan and
 15 Razuki acquired the following assets (referred to herein as the "Partnership Assets"):

Asset	Membership Interest	Membership Interest Held By
San Diego United Property Holdings, LLC ("SD United") which owns the following real property: 8859 Balboa Avenue, Suites A-E, 8861 Balboa Avenue, Suite B, and 8863 Balboa Avenue, Suite E.	100%	Malan
Flip Management, LLC ("Flip")	100%	Malan
Mira Este Properties, LLC ("Mira Este") which owns the following real property: 9212 Mira Este Court, San Diego, CA 92126.	50%	Malan
Roselle Properties, LLC ("Roselle") which owns the following real property: 10685 Roselle Street, San Diego, CA 92121	50%	Malan
Sunrise Properties, LLC ("Sunrise")	20%	Razuki
Super 5 Consulting, LLC ("Super 5")	27%	Razuki

1 *Id.* at ¶¶5 and 8. Hakim owns the other 50% interest in both Mira Este and Roselle. *Id.* at ¶7.
2 Regardless of any paperwork, Razuki and Malan maintained an oral agreement to split the profits for
3 all Partnership Assets 75%/25%, respectfully. *Id.* at ¶5.

4 **B. The Settlement Agreement.**

5 On or about November 9, 2017, Razuki and Malan entered into the Settlement Agreement to
6 memorialize their oral agreement regarding the Partnership Assets in an Agreement entitled *Agreement*
7 *of Compromise, Settlement and Mutual General Release*. *Id.* at ¶11. A true and correct copy of the
8 Settlement Agreement is attached to the Razuki Decl. as **Exhibit D**. The Settlement Agreement required
9 each of Malan and Razuki to transfer any and all of their ownership interest in and to the Partnership
10 Assets to a newly formed entity called RM Property Holdings, LLC (“RM Holdings”), a California
11 limited liability company of which Malan and Razuki were the only members. *Id.* The Settlement
12 Agreement provided that each member would transfer their interest in the Partnership Assets within
13 thirty (30) days of executing the agreement. *Id.* Just as with their oral agreements regarding the profit
14 split, the Settlement Agreement stated that after recuperating their initial capital investments (if any),
15 Razuki would be entitled to 75% of all profits of RM Holdings and Malan would be entitled to the
16 remaining 25% of the profits. *Id.*

17 **C. The Marijuana Operations.**

18 Four of the Partnership Assets (SD United, Flip, Mira Este, and Roselle, which are shaded in the
19 table below) are all entities involved in the “Marijuana Operations.” *Id.* at ¶8. The Marijuana
20 Operations consist of the following:

Role	Entity Name
Holder of California State License	-Balboa Ave Cooperative (“Balboa”) -California Cannabis Group (“CCG”) -Devilish Delights, Inc. (“Devilish”)
Operator (day-to-day management)	-Flip
Landlords (and owner of Conditional use Permits (CUPs))	-SD United (Cannabis Dispensary Only) -Mira Este (Cannabis Manufacturing and Dispensary) -Roselle (Note: No active cannabis operations at present time)

1 *Id.* The Marijuana Operations possessed the necessary licenses and capacity to legally cultivate,
2 manufacture, distribute and/or sell marijuana products in San Diego. *Id.*

3 **D. Dealings with SoCal Building.**

4 Razuki and Malan originally agreed that Flip would manage the day-to-day business of the
5 Marijuana Operations. *Id.* at ¶12. However, on or around January 2, 2018, Malan and Hakim
6 unilaterally contracted with SoCal Building, a third-party operator, to manage the day-to-day business
7 of the Marijuana Operations thereby replacing Flip. *Id.* This arrangement was memorialized in three
8 separate agreements for each of the properties owned by SD United, Mira Este and Roselle, known as
9 the Management Agreements. *Id.* True and correct copies of each of the Management Agreement are
10 attached to the Razuki Decl. as **Exhibit E** (SD United owned property), **Exhibit F** (Mira Este owned
11 property) and **Exhibit G** (Roselle owned property).

12 Under the terms of the Management Agreements, SoCal Building would retain all revenue from
13 the Marijuana Operations but would pay a guaranteed payment of approximately \$100,000 a month for
14 the opportunity to manage and profit from the Balboa retail location and the Mira Este manufacturing
15 and cultivation (referred to herein as the “Management Fees”). *Id.* at ¶13. The Roselle location is in
16 the process of operating a cultivation business, but operations have yet to begin. *Id.* Based on Malan’s
17 representations, Razuki believed SoCal Building would pay the Management Fees to either SD United,
18 Flip, Mira Este, or Roselle under the Management Agreements. *Id.*

19 SoCal Building has spent approximately \$2,600,000 in tenant improvements, machinery, and
20 the guaranteed monthly payments it paid to Malan and Hakim. *Id.* The Management Agreements also
21 state SoCal paid Malan and Hakim nearly \$1,000,000 in loans, for the sale of furniture fixtures and
22 equipment (FF&E’s) and for the grants of certain options under said agreements. *Id.* Malan and Hakim
23 never told me Razuki that they received this money and did not give Razuki any share of these funds.
Id.

24 **E. Discovery of Malan & Hakim’s Fraudulent Diversion of Management Fees to Monarch.**

25 Before the Management Agreements were finalized and pursuant to the terms of the Settlement
26 Agreement, Razuki pressed Malan to transfer his interest in the Partnership Assets to RM Holdings. *Id.*

1 at ¶¶14 and 18. Malan, through his counsel, intentionally delayed the transfer, claiming that effectuating
2 the transfer would “complicate” the Management Agreements. *Id.* Based on Malan’s
3 misrepresentations, Razuki then orally agreed to extend the time in which to transfer the Partnership
4 Assets to RM Holdings. *Id.* at ¶19. Malan never provided copies of the Management Agreements to
5 Razuki. *Id.* at ¶14. Razuki did eventually obtain copies of the executed Management Agreements from
6 SoCal Building in July of 2018. *Id.*

7 Upon Razuki’s inquiry as to the Management Fees that SoCal Building was supposed to be
8 paying to either SD United, Flip, Mira Este or Roselle, Malan claimed that the Marijuana Operations
9 and/or SoCal Building were suffering financial hardship and SoCal Building was simply not paying the
10 required Management Fees. *Id.* at ¶20.

11 In May of 2018, Razuki happened to learn from SoCal Building that the Management Fees due
12 under the Management Agreements (*i.e.* about \$100,000 a month) were actually being paid to Monarch
13 Management Consulting, Inc. (“Monarch”) and other entities owned by Malan and Hakim rather than
14 being paid to SD United, Flip, Mira Este or Roselle. *Id.* at ¶¶21 through 23. Razuki had no knowledge
15 of Monarch’s existence or which entities were receiving the Management Fees before May 2018. *Id.* at
16 ¶22. This money should have been deposited into Flip (or, alternatively, the respective owners of the
17 properties) to ensure Razuki would receive his share of the profits. *Id.*

18 At the same time, Razuki informed SoCal Building that he had a substantial ownership interest
19 in each of SD United, Mira Este and Roselle. *Id.* at ¶25. Before this, SoCal Building believed that only
20 Malan and Hakim had an ownership interest in these entities. *Id.*; see also the Declaration of James
21 Townsend (“Townsend Decl.”) at ¶4. Shortly after this, SoCal Building sent a letter to Malan and
22 Hakim demanding proof of their ownership interest. Razuki Decl. at ¶26; Townsend Decl. at ¶ 7.

23 **F. Malan and Hakim’s Recent Attempts to Steal the Marijuana Operations.**

24 Less than a week ago, Malan and Hakim took the drastic action to find a new operator and
25 convert SoCal Building’s assets. On July 10, SoCal Building was locked out of the property and the
26 Marijuana Operations were closed so that a new operator could be contracted with the operate the
27 marijuana business. *Id.* at ¶27. Malan changed the locks and access codes for the security features at
28 the property. *Id.* SoCal Building was denied access to the cash in safes or the bank accounts for the

1 Marijuana Operations at all three locations. Townsend Decl. at ¶10. On July 10, 2018, a letter was sent
2 to SoCal Building informing it that the Management Agreements were immediately terminated for non-
3 performance. Razuki Dec. at ¶28(b).

4 At the Mira Este Site, SoCal Building has approximately \$1,000,000 in equipment installed.
5 Townsend Decl. at ¶11. At the SD United Site, SoCal Building has approximately \$160,000 in
6 inventory, cash, fixtures and equipment, and has advanced a total of over \$750,000. *Id.* SoCal Building
7 also believes there is over \$100,000 in the safe and ATM and \$60,000 in a bank account associated with
8 that property. *Id.* SoCal Building has now been denied access to all these assets by Malan and Hakim.
9 *Id.* On July 13, 2018, SoCal Building employees observed Malan and Hakim entering the Mira Este
10 property and taking possession of equipment that belonged to SoCal Building. Razuki Decl. at ¶28(g).
11 They attempted to call the police on Malan and Hakim. *Id.* at ¶28(h). However, because Malan and
12 Hakim were the property owners, the police were unable to stop this theft. *Id.*

13 III. 14 ARGUMENT

15 A. The Court May Appoint a Receiver on an Ex Parte Basis.

16 CCP §564(b)(9) allows for the appointment of a receiver “where necessary to preserve the
17 property or rights of any party.” *Armbrust v. Armbrust* (1946) 75 Cal.App.2d 272, 275. The trial court
18 is not required to determine the ultimate issues involving the precise relationship of the parties; ***nothing***
19 ***more than a probable joint or common interest in the property concerned need be shown.*** See
20 *Maggiore v. Palo Alto Inn, Inc.* (1967) 249 Cal.App.2d 706, 711. The pertinent question is whether the
21 facts establish that an enterprise is “in danger of loss, removal, or material injury.” *Maggiore, supra,*
22 at 712.

23 CRC 3.1175 authorizes the Court to appoint a receiver on an ex parte if the applicant can show,
24 by declarations of verified pleading, the following:

- 25 (1) The nature of the emergency and the reasons why “irreparable injury” would be
26 suffered if no ex parte receiver was appointed;
- 27 (2) A description of the property and the names, addresses, and telephone numbers
28 of the persons in possession of it;
- (3) If the property in question is used by a business, facts sufficient to show the nature
and size of the business and the impact that appointment of a receiver might have
on the business (affecting the amount of bond); and,

1 (4) Reasonable diligence to ascertain any of these matters if such matters have not
2 been fully ascertained. CRC 3.1175.

3 Finally, the moving party must also provide a bond to secure any potential injury the defendants may
4 suffer by the appointment of a receiver. CCP §566.

5 **B. The Appointment of A Receiver is Warranted in this Case.**

6 It is in interest of justice to appoint a receiver in this case as Plaintiff has a “probable interest”
7 in property (including, but not limited to, real property) that is in danger of being lost, removed or
8 injured. CCP §564(b)(1). Here, there is both real property and the significant monthly income
9 generated from the Marijuana Operations that needs to be protected. In the case of the real property,
10 Defendants Malan and Hakim have already received a non-refundable Option Exercise Price from
11 SoCal Building of \$75,000 per Management Agreement (*i.e.* a total of \$225,000) to purchase a fifty
12 percent (50%) interest in certain properties. See Sections 8.1 of each of the Management Agreements.
13 Now Malan and Hakim have locked out SoCal Building and have found a new operator to manage the
14 day-to-day business of the Marijuana Operation. Although Plaintiff does not have a copy of any new
15 management contracts, presumably Malan and Hakim will continue to attempt to collect non-refundable
16 option deposits from the new operators, misappropriate said funds for their own benefit and leave the
17 Marijuana Operations (and Plaintiff who has personal guarantees on the properties) exposed to even
18 more liability in relation to the properties.

19 Meanwhile, the Marijuana Operations were generating approximately \$100,000 per month prior
20 to the lockout of SoCal Building. These funds have been paid to Monarch for months and are
21 unaccounted for. Assuming the new operators will be paying Monarch a similar monthly Management
22 Fee, hundreds of thousands of dollars could disappear into the hands of Malan and Hakim pending
23 resolution of this dispute. The only way to ensure that these funds are secured and ultimately allocated
24 to the proper entity is to appoint a receiver to take control of the Marijuana Operations, the properties
25 and the income generated by them.

26 Without this control offered by the appointment of a receiver, Malan and Hakim will scuttle a
27 potential sale worth over \$10 million in order to cover up their fraudulent conduct. SoCal Building has
28 already invested over two million dollars into the Marijuana Operations. It made these investments
because the Management Agreements gave SoCal Building the options to purchase a 50% interest in

1 the Marijuana Operations and they clearly intended to exercise these options given they paid the \$75,000
2 non-refundable option fees.

3 Now, Malan and Hakim's recent actions threaten SoCal Building's entire investment and any
4 chance of exercising the option. As soon as the instant litigation began, Malan and Hakim's counsel
5 had the audacity to attempt to terminate the Management Agreements and lock SoCal Building out of
6 the properties. Despite SoCal Building successfully running the Marijuana Operations for 10 months,
7 Malan and Hakim are hiring new operators.

8 A new operator risks irreparable harm to SoCal and Razuki. First, a new operator will disrupt
9 SoCal Building's business operations and strategy. Without the ability to control it's FF&E, SoCal
10 Building cannot ensure proper maintenance or use of its assets. SD United, Mira Este, and Roselle, all
11 of which are parties to the Management Agreements, will be liable for the wasted investment. This will
12 directly affect Razuki, who has an ownership interest in these entities. Second, Razuki will be
13 irreparable harmed because there is no guarantee a new buyer will offer the same purchase price for the
14 Marijuana Operations.

15 Razuki is not asking the Court to enforce a favorable business deal. Rather, Razuki is asking
16 the Court to protect him against Malan and Hakim's fraudulent conduct. *The only reason Malan and*
17 *Hakim are attempting to terminate their relationship with SoCal Building is because SoCal Building*
18 *learned about Razuki's interest in SD United, Mira Este, and Roselle.* On June 22, 2018, SoCal
19 Building sent a letter to Malan and Hakim demanding due diligence documents that proved their
20 ownership in SD United, Mira Este, and Roselle. SoCal Building wanted to ensure they would be able
21 to receive clear title when they exercised their option. SoCal Building withheld the monthly payments
22 until Malan and Hakim provided the necessary documents. *Instead of providing documents to save a*
\$10.5 million dollar deal, Malan and Hakim attempted to terminate the Management Agreements.

23 Malan and Hakim's conduct demonstrate they are willing to scuttle a \$10.5 million deal in order
24 to avoid recognizing Razuki's ownership interest. It is likely that Malan and Hakim are attempting to
25 negotiate a new sale agreement with a new operator that does not know about Razuki's interest or the
26 liability created by Monarch, Malan and Hakim's attempt to cancel the Management Agreements with
27 SoCal Building.

1 In order to prevent further irreparable harm and protect the business the Court must appoint a
2 receiver with broad power over all Marijuana Operations and the real property involved. As explained
3 in Razuki's Declaration, Balboa, CCG and Devilish hold the State license to sell marijuana. SD United,
4 Mira Este, and Roselle own the CUPs from the City of San Diego that allow marijuana cultivation,
5 distribution, manufacturing, and retail to occur. Both the state license and the CUPs are required to
6 legally operate a marijuana business in San Diego. If a receiver only controlled SD United, Mira Este,
7 and Roselle, Malan could still withhold authority to operate the business.

8 This Court does not need to make any final determination regarding Razuki's interest in the
9 Marijuana Operations or the Partnership Assets. The Settlement Agreement alone established that
10 Razuki has "probable joint or common interest in the property" in question. Given that Razuki has an
11 interest in SD United, Mira Este, and Roselle, he has an interest in any contracts those entities are parties
12 to. Therefore, the Court should protect further damage to the Partnership Assets and appoint a receiver
13 to control all Marijuana Operations.

14 Finally, the receiver must have control over all Marijuana Operations to ensure funds are not
15 diverted into Monarch. As previously mentioned, Monarch is an entity that Malan and Hakim created
16 in order to hide any profits from Razuki. Malan repeatedly lied to Razuki, telling him that SoCal
17 Building was not remitting the Management Fee of \$100,000 PER MONTH while Malan and Hakim
18 were simply pocketing the funds sent to Monarch. If a receiver is appointed over all Marijuana
19 Operations, the receiver can reinstate SoCal Building as the operator of the Marijuana Operations
20 thereby avoiding further liability to Plaintiff relating to the unwarranted termination of the Management
21 Agreements and the lockout and ensure the Management Fees due to Flip, SD United, Mira Este and
22 Roselle are preserved pending the Court's allocation of funds amongst the parties.

23 **C. The Immediate Appointment of a Receiver Is the Only Viable Remedy at this Time.**

24 At a minimum, it could cost Plaintiff and RM Holdings \$100,000 PER MONTH if a receiver is
25 not immediately appointed. This does not even consider the exposure to Plaintiff for Monarch, Malan
26 and/or Hakim's reckless termination of the SoCal Building Management Agreements. Merely issuing
27 a Preliminary Injunction or TRO that restricts Malan and Hakim's access to the properties will not allow
28 the Marijuana Operations to continue business. Malan, as the CEO of Balboa, CCG, and Devilish,

1 controls the state licenses that permit the Marijuana Operations to operate. Without the receiver to
2 ensure coordination with Balboa, CCG, and Devilish, there is no way to legally run the Marijuana
3 Operations.

4 Waiting to appoint a receiver on a noticed motion risks damage to SoCal Building's FF&Es (as
5 defined in Section III(H)(2) below). Unless SoCal Building is given immediate control and access to
6 the Marijuana Operations and a receiver takes control of the pertinent licenses and CUPs, irreparable
7 harm is likely.

8 **D. A Receiver Will Not Disrupt the Marijuana Operations**

9 Malan and Hakim have already disrupted the Marijuana Operations by terminating the
10 Management Agreements with SoCal Building and hiring a new operator. A receiver will merely
11 reestablish the status quo by allowing SoCal Building to run the Marijuana Operations, as it has
12 successfully done for the past ten months. Considering SoCal Building is able to remit monthly
13 payments of approximately \$100,000, the receiver's expenses should not be of concern.

14 **E. Michael Essary Is a Qualified Receiver**

15 Razuki proposes the appointment of Michael Essary to serve as receiver for this matter. Mr.
16 Essary is widely recognized and well respected receiver in San Diego. Mr. Essary charges a reasonable
17 rate for his time (\$250/hr) and has years of experience as a receiver in San Diego. See Mr. Essary's CV
18 and rate sheet which are attached collectively as **Exhibit J** to the Razuki Dec. Mr. Essary has also
19 informed Plaintiff that he is ready and willing to step and serve as a receiver on this matter and is a
20 neutral in this action.

21 **F. Razuki has Provided All Information Required under CRC 3.1175.**

22 The Declaration of Razuki contains all the relevant information required to obtain the ex parte
23 appointment of a receiver under CRC 3.1175.

24 **G. Razuki Intends to Secure an Adequate Bond Prior to the Hearing on this Application.**

25 Razuki is currently investigating obtaining a bond to protect Malan and Hakim's potential
26 interests. Although the Marijuana Operations are profitable, the bond in question should not be very
27 high as there is sufficient evidence to demonstrate Plaintiff's likelihood of success. Razuki is attempting
28 to reinstate SoCal Building as the operator of the Marijuana Operations under the Management

1 Agreements, thereby *repairing* any damage done by Malan and Hakim. Therefore, a bond in the amount
2 of \$10,000 will sufficiently cover any potential damages Malan and Hakim may claim given it is
3 unlikely they will prevail in this matter. In the event the Court determines a higher bond is warranted,
4 Plaintiff will obtain such a bond in the time period proscribed by the Court.

5 **H. A TRO Should Be Issued Pending an OSC Re Preliminary Injunction.**

6 A TRO may issue when “[i]t appears from the facts shown by affidavit . . . that great or
7 irreparable injury will result to the applicant before the matter can be heard on notice...” CCP
8 §527(c)(1).) The Court should evaluate two interrelated factors: (1) the likelihood that the plaintiff will
9 prevail on the merits at trial and (2) the interim harm that the plaintiff is likely to sustain if the restraining
10 order is denied, as compared to the harm that the defendant is likely to suffer if the order is issued.
11 (*Church of Christ in Hollywood v. Superior Court* (2002) 99 Cal. App. 4th 1244, 1251.) The granting
12 or denial of a temporary restraining order is discretionary with the trial judge and amounts to a mere
13 preliminary or interlocutory order to keep the subject of the litigation *in status quo* pending the
14 determination of the action on its merits. (*Gray v. Bybee* (1943) 60 Cal. App. 2d 564, 571.)

15 **1. Razuki Is Likely to Prevail on the Merits of the Instant Litigation.**

16 There are two fundamental issues for the instant litigation: (1) determining Razuki’s ownership
17 interest in SD United, Flip, Mira Este, and Roselle; and, (2) determining whether Malan & Hakims
18 committed fraud. Razuki is likely to prevail on both claims.

19 Razuki’s ownership interest can be proven by a written contract, an oral agreement, and by
20 tracing Razuki’s investments into the assets in question. First, the Settlement Agreement is a valid
21 agreement between Razuki and Malan. It was drafted by Razuki and Malan’s attorney after many
22 meetings between them. Under the expressed terms of the Settlement Agreement, Malan is required to
23 transfer his ownership in SD United, Flip, Mira Este, and Roselle to RM Holdings (which Razuki has a
24 75% ownership interest in). Malan entered this agreement while represented by counsel. When Razuki
25 wanted to complete the transfer, Malan requested more time to complete the deal with SoCal. Therefore,
26 Razuki was excused from performance, as he was attempting to accommodate Malan. Under the terms
27 of the Settlement Agreement, Malan is still obligate to transfer the Partnership Assets to RM Holdings.

1 Second, the recitals of the Settlement Agreement expressly recognize the previous oral
2 agreement between Razuki and Malan. As stated in Section 1.2 of the Settlement Agreement:

3
4 RAZUKI and MALAN have an understanding such that *regardless of*
5 *which Party or entity holds title and ownership to the Partnership Assets,*
6 RAZUKI is entitled to a seventy-five percent (75%) interest in the capital,
7 profits, and losses of each Partnership Asset and MALAN is entitled to a
8 twenty five percent (25%) interest, and no Party is entitled to receive any
9 profits whatsoever until, and unless the Parties have first been repaid their
10 investment in full (hereinafter referred to as the "Partnership Agreement").
11 [Emphasis added.]

12 Third, Razuki will be able to trace his initial investment into SD United, Flip, Mira Este, and
13 Roselle. Razuki's declaration shows he has invested between five to six million dollars in the
14 Partnership Assets. Malan will only be able to show a nominal investment, if any. At this early stage
15 of litigation, this evidence should suffice as Razuki has not completed discovery. Additionally, Malan
16 has intentionally denied Razuki financial records that would demonstrate his ownership in the
17 Partnership Assets. The Court should not reward Malan for intentional withholding the financial records
18 from Razuki.

19 Additionally, there is ample evidence of Malan and Hakim's fraudulent conduct. Razuki's
20 declaration shows that Malan repeatedly represented that the Partnership Assets were not generating
21 revenue. These representations were false because SoCal has remitted approximately \$2,600,000 under
22 the Management Agreements. Malan conspired with Hakim to divert this revenue to Monarch without
23 telling Razuki. Hakim has no interest whatsoever in SD United, yet shared in the profits earned by SD
24 United that SoCal Building paid to Monarch for the retail marijuana operations. These funds were
25 supposed to be paid to Flip Management. There is no doubt Razuki will prevail on his claims.

26 **2. Razuki Will Suffer Irreparable Harm Without the TRO While Malan and Hakim**
27 **Will Not Suffer Any Harm if the TRO Is Granted.**

28 Razuki is requesting a TRO to prevent the use, modification, taking, removal and/or
conversation of any and all equipment currently located at 8863 Balboa Ave, San Diego, CA 92123,
8861 Balboa Ave, San Diego, CA 92123, and 9212 Mira Este Ct., San Diego, CA 92126. According

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DATED: Jul 16, 18, 9:07 AM

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SALAM RAZUKI

9
10 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
COUNTY OF SAN DIEGO, CENTRAL DIVISION

11 SALAM RAZUKI, an individual,

12 Plaintiff,

13 v.

14 NINUS MALAN, an individual; CHRIS
15 HAKIM, an individual; MONARCH
MANAGEMENT CONSULTING, INC. a
16 California corporation; SAN DIEGO
UNITED HOLDING GROUP, LLC, a
17 California limited liability company; FLIP
MANAGEMENT, LLC, a California limited
18 liability company; MIRA ESTE
PROPERTIES, LLC, a California limited
19 liability company; ROSELLE PROPERTIES,
LLC, a California limited liability company;
20 BALBOA AVE COOPERATIVE, a
California nonprofit mutual benefit
21 corporation; CALIFORNIA CANNABIS
GROUP, a California nonprofit mutual
22 benefit corporation; DEVILISH DELIGHTS,
INC., a California nonprofit mutual benefit
23 corporation; and DOES 1-100, inclusive,

24 Defendants.

CASE NO. 37-2018-00034229-CU-BC-CTL

**DECLARATION OF SALAM RAZUKI
IN SUPPORT OF EX PARTE
APPLICATION FOR APPOINTMENT OF
RECEIVER AND PRELIMINARY
INJUNCTION OR, IN THE
ALTERNATIVE, A TEMPORARY
RESTRAINING ORDER AND AN OSC RE
APPOINTMENT OF RECEIVER AND
PRELIMINARY INJUNCTION**

Date: July 17, 2018
Time: 8:30 a.m.
Dept: C-66
Judge: Hon. Kenneth J. Medel

1 I, Salam Razuki, declare as follows:

2 1. I am the Plaintiff in the above-entitled action. I am over the age of eighteen and
3 otherwise competent to make the statements contained herein based on personal knowledge or
4 information and belief as noted.

5 2. This declaration is provided to the Court in support of my *Ex Parte* Application for a
6 Temporary Restraining Order and Appointment of a Receiver.

7 **The Partnership Assets**

8 3. For years, I have engaged in multiple business dealings with Malan including, but not
9 limited to, the ownership of real properties in order to operate legal marijuana businesses. Concerning
10 the business dealings that are the subject of the instant action, and despite how title to the particular
11 asset was vested, Malan and I acquired certain real property and other assets for the operation of a i)
12 marijuana retail store, and, ii) a marijuana manufacturing and cultivation business (collectively, the
13 “Partnership Assets”):

14 4. The arrangement for the Partnership Assets Malan and I had was that: (a) I would provide
15 the initial investment capital; (b) Malan would manage the investment property or business; and, (c)
16 after I recuperated my initial investment, I was entitled to 75% of the profits and Malan was entitled to
17 25% of the profits. I have invested **millions of dollars** of my own money and time into the Partnership
18 Assets while Malan invested only his time and virtually **no money**. Malan and Hakim are attempting
19 to steal millions of dollars from me.

20 5. A summary of the Partnership Assets is as follows:

21 (a) Malan owns (in his name only):

22 (i) A 100% membership interest in SD United Property Holdings, LLC (“SD
23 United”). SD United owns title to certain real properties located at 8859
24 Balboa Avenue, Suites A-E, 8861 Balboa Avenue, Suite B, and 8863
25 Balboa Avenue, Suite E. Malan and I own, directly or indirectly, a
26 marijuana retail business located at 8861 Balboa Avenue and 8863
27 Balboa Avenue.

28 (ii) A 100% membership interest in Flip Management, LLC (“Flip”). Flip

1 was supposed to serve as the operator for all marijuana operations
2 before Malan and Hakim entered into a Management Services and
3 Option Agreement with SoCal Building Ventures, LLC (“SoCal
4 Building”).

5 (iii) A 50% interest in Mira Este Properties, LLC (“Mira Este”). Mira Este
6 owns title to certain real property located at 9212 Mira Este Court, San
7 Diego, CA 92126. Malan and I own, directly or indirectly, a marijuana
8 manufacturing and cultivation business located at 9219 Mira Este Court.

9 (iv) A 50% interest in Roselle Properties, LLC (“Roselle”). Roselle owns
10 title to real property located at 10685 Roselle Street, San Diego, CA
11 92121. This location has or will have a cultivation license, but no
12 marijuana operations are currently underway.

13 (b) Meanwhile, I own (i) a 20% membership interest in Sunrise Properties, LLC
14 (“Sunrise”); and, (ii) a 27% membership interest in Super Consulting, LLC
15 (“Super 5”).

16 6. For all the Partnership Assets, I provided almost all the initial monetary investment. I
17 have not calculated the exact amount of money I have invested at this time, but I estimate I have invested
18 close to five or six million dollars including taking out millions of dollars in loans for the respective
19 businesses and/or properties which I have personally guaranteed. Since Malan has possession of the
20 financial records for most of the Partnership Assets, I am not able to properly trace the exact amount at
21 this time and I am currently in the process of obtaining all documents that will evidence my monetary
22 investment in the Partnership Assets. Regardless of any paperwork, Malan and I maintained an oral
23 agreement to split the profits for all Partnership Assets 25%/75%, respectfully.

24 7. For Mira Este and Roselle, Defendant Chris Hakim (“Hakim”) provided fifty percent
25 (50%) of the initial investment and owns a fifty percent (50%) ownership in Mira Este and Roselle. I
26 am informed and believe Hakim invested a total of \$410,000.00, yet he has taken out well over a million
27 dollars without giving me one red cent.

28 8. SD United, Flip, Mira Este, and Roselle are all entities involved in our “Marijuana

1 Operations.” The Marijuana Operations were structured as such:

- 2 (a) Balboa Ave Cooperative (“Balboa), California Cannabis Group (“CCG”), and
3 Devilish Delights, Inc. (“Devilish”) hold the California State Licenses for the
4 marijuana businesses located at the properties owned by SD United, Mira Este
5 and Roselle, respectively. Malan is the CEO for Balboa, CCG, and Devilish. A
6 true and correct copy of the most recent California Secretary of State Statement
7 of Information for each of Balboa, CCG, and Devilish are attached hereto as
8 **Exhibit A, Exhibit B and Exhibit C**, respectively.
- 9 (c) Flip was originally intended and supposed to serve as the day-to-day operator for
10 all Marijuana Operations pursuant to my agreement with Malan.
- 11 (d) SD United (as to 8861 Balboa Avenue, Suite B and 8863 Balboa Avenue, Suite
12 E), Mira Este (as to 9212 Mira Este Court, San Diego, CA 92126), and Roselle
13 (as to 10685 Roselle Street, San Diego, CA 92121) are the property owners for
14 the physical location of the businesses and hold the Conditional Use Permits
15 (“CUPs”), which are obtained from the City of San Diego, for the Marijuana
Operations.

16 9. All of these entities must coordinate and work together in order to run the Marijuana
17 Operations because the businesses/properties need all of the appropriate licenses in order to legally
18 manufacture, cultivate, distribute, and sell marijuana.

19 10. Under this structure, I believed all revenue and profits from the Marijuana Operations
20 would be deposited into accounts owned by either SD United, Mira Este, or Roselle, as owners of the
21 properties, or to an account owned by Flip who was intended to day-to-day operator of the Marijuana
22 Operations.

23 **The Settlement Agreement & RM Holdings**

24 11. On or about November 9, 2017, Malan and I memorialized our oral agreement regarding
25 the Partnership Assets in an Agreement entitled *Agreement of Compromise, Settlement and Mutual*
26 *General Release* (the “Settlement Agreement”). A true and correct copy of the Settlement Agreement
27 is attached hereto as **Exhibit D**. Pursuant to the terms of the Settlement Agreement, we agreed as
28 follows:

- 1 (a) Malan and I would each transfer all Partnership Assets into a newly formed entity
2 called RM Property Holdings, LLC (“RM Holdings”);
3 (b) Malan would provide an accounting of all the initial capital investments I made
4 in relation to the Partnership Assets; and,
5 (c) After recuperating my initial capital investment, I would be entitled to 75% of all
6 profits of RM Holdings and Malan would be entitled to the remaining 25%.

7 **Dealings with SoCal Building Ventures, LLC**

8 12. Malan and I originally agreed that Flip would manage the day-to-day business of the
9 Marijuana Operations. However, on or around October of 2017, Malan and Hakim unilaterally
10 contracted with SoCal Building, a third-party operator, to manage the day-to-day business of the
11 Marijuana Operations thereby replacing Flip. This arrangement was eventually memorialized in three
12 separate agreements dated January 2, 2018 for each of the properties owned by SD United, Mira Este
13 and Roselle, known as the Management Agreements, as follows:

- 14 (a) The “SD United Management Agreement” was between SoCal Building on one
15 hand and Balboa, SD United, Monarch Management Consulting, Inc.
16 (“Monarch”), Hakim and Malan on the other. I am informed and believe that
17 Hakim and Malan are each 50% shareholders in and to Monarch. A true and
18 correct copy of the SD United Management Agreement is attached hereto as
19 **Exhibit E**.
20 (b) The “Mira Este Management Agreement” was between SoCal Building on one
21 hand and CCG, Devilish, Mira Este, Hakim and Malan on the other. A true and
22 correct copy of the Mira Este Management Agreement is attached hereto as
23 **Exhibit F**.
24 (c) The “Roselle Management Agreement” was between SoCal Building on one
25 hand and Roselle, Hakim, and Malan on the other. A true and correct copy of
26 the Roselle Management Agreement is attached hereto as **Exhibit G**.

26 Collectively, these three agreements will be referred to as the “Management Agreements.”

27 13. Under the terms of the Management Agreements, SoCal Building would retain all
28 revenue from the marijuana business. SoCal Building would then pay a monthly guaranteed payment

1 for the opportunity to manage and profit from the marijuana business. Per the terms of the Management
2 Agreements, SoCal Building would pay approximately \$50,000 a month for operating the retail
3 locations at the Balboa location (which is owned by SD United) and an additional \$50,000 a month for
4 the manufacturing and cultivating at the Mira Este Location (which is owned by Mira Este) (referred to
5 herein collectively as the “Management Fees”). The Roselle location is in the process of operating a
6 cultivation business, but operations have yet to begin. SoCal Building informed me that it has spent
7 approximately \$2,600,000 in tenant improvements, machinery, Management Fees and other monies it
8 paid to Malan and Hakim. The Management Agreements also state SoCal paid Malan and Hakim nearly
9 \$1,000,000 in loans, for the sale of furniture fixtures and equipment (FF&E’s) and for the grants of
10 certain options under said agreements. Malan and Hakim never told me they received this money from
11 SoCal building and did not give me my share of the funds.

12 14. I was somewhat informed of the negotiations with SoCal Building through Malan and
13 Hakim but I believe Malan and Hakim intentionally kept me vaguely informed and prevented me from
14 reviewing the agreements so that they can divert the money to themselves. Before the Management
15 Agreements were finalized and pursuant to the terms of the Settlement Agreement, I pressed Malan to
16 transfer his interest in the Partnership Assets to RM Holdings. Malan, through his counsel, intentionally
17 delayed the transfer, claiming that effectuating the transfer would “complicate” the Management
18 Agreements. Based on Malan and his attorney’s representations, I then orally agreed to extend the time
19 in which to transfer the Partnership Assets to RM Holdings. Malan never provided copies of the
20 Management Agreements to me. I eventually obtained copies of the executed Management Agreements
21 in July 2018 from SoCal Building. Because of our business relationship, I trusted Malan to make a fair
22 deal and protect the Partnership Assets. Malan told me that SoCal Building would remit the
23 Management Fees to either SD United, Flip, Mira Este, or Roselle. Instead, I later found out that Malan
24 and Hakim funneled hundreds of thousands of dollars or more through Monarch, the corporation of
25 which Malan and Hakim were each 50% shareholders in and to.

26 15. Upon my inquiry as to the Management Fees that SoCal Building was supposed to be
27 paying to either SD United, Flip, Mira Este or Roselle, Malan claimed that the Marijuana Operations
28 and/or SoCal Building were suffering financial hardship and SoCal Building was simply not paying the
required Management Fees.

1 16. Although Hakim never owned any interest in the Balboa retail operations, I am informed
2 and believe from representatives of SoCal Building that he represented himself to SoCal Building to be
3 an owner and former operator of the Balboa retail locations. He and Malan conspired to divert and
4 steal hundreds of thousands of dollars paid by SoCal Building for the Balboa retail locations.

5 17. According to counsel for SoCal Building, the Management Agreements were actually
6 signed between February and March of 2018 although they were dated January 2, 2018.

7 18. After signing the Settlement Agreement, I contacted Malan, through counsel, to
8 complete the transfer of the Partnership Assets. Around January 2018, Malan and his counsel, David
9 Jarvis, represented that Malan was currently negotiating the Management Agreements with SoCal
10 Building. Malan and his counsel told my attorney that transferring SD United, Mira Este, and Roselle
11 to RM Holdings prior to the signing of the Management Agreements would “complicate” the deal and
12 recommended holding off on the transfer.

13 19. Based on these representations, I trusted Malan and agreed to extend the time to transfer
14 all Partnership Assets to RM Holdings. Between January 2018 to May 2018, Malan assured me on a
15 number of occasions that he would honor our 75/25 profit split.

16 20. Between January 2018 to May 2018, Malan informed me that SD United, Flip, Mira
17 Este, and Roselle were not producing any profits and were just breaking even. Malan told me that SoCal
18 Building was not paying the Management Fees pursuant to the Management Agreements.

19 **Discovery of Malan and Hakim’s Fraudulent Scheme**

20 21. On or about the second week of May 2018, I met with Dean Bornstein who is the owner
21 of SoCal Building. During this meeting, we both learned many troubling facts concerning Malan and
22 Hakim’s business dealings.

23 22. Mr. Bornstein informed me that SoCal Building remitted the Management Fees due
24 under the terms of the Management Agreements to an entity named Monarch which I, at the time, had
25 never heard of before. I had no knowledge of Monarch’s existence or which entities were receiving the
26 Management Fees before May 2018. This money should have been deposited into Flip (or,
27 alternatively, the respective owner of the properties) to ensure that I would receive my share of the
28 profits.

 23. According to Monarch’s Statement of Information filed with the California Secretary of

1 State, Hakim is the President, Secretary and CFO and Hakim and Malan are the only two board
2 members. A true and correct copy of the California Secretary of State's Statement of Information is
3 attached hereto as **Exhibit H**.

4 24. Malan never informed me of the existence of Monarch. Rather, Malan told me that the
5 Management Fees would be deposited to either SD United, Flip, Mira Este, or Roselle's accounts.
6 Furthermore, because Malan said that SoCal Building was not paying the monthly Management Fees, I
7 did not ask to review the accounts for SD United, Flip, Mira Este, or Roselle because I did not believe
8 it to be necessary.

9 25. Mr. Bornstein also confirmed that the Marijuana Operations were thriving and producing
10 a significant profit. I informed him that I had a substantial ownership interest in each of SD United,
11 Mira Estae and Roselle. Mr. Bornstein stated that he did not know I had any interest in SD United, Flip,
12 Mira Este, and Roselle or that I funded millions of dollars in relation to the Partnership Assets.

13 26. On June 22, 2018, SoCal Building sent a letter to Malan and Hakim demanding
14 documents demonstrating their ownership interest in SD United, Mira Este, and Roselle. I was provided
15 a copy of this letter by SoCal Building. In this letter, SoCal Building stated that it had learned of my
16 actual interest in SD United, Mira Este, and Roselle. SoCal Building said it would withhold further
17 payments owed under the Management Agreements until Malan and Hakim's ownership interests were
18 proven. A true and correct copy of SoCal Building's June 22, letter is attached hereto as **Exhibit I**.

19 **Malan and Hakim's Lock Out of SoCal Building**

20 27. Because SoCal Building stopped paying Monarch because of the aforementioned issues,
21 I am informed that less than a week ago Malan and Hakim took the extraordinary measure to lock SoCal
22 Building out of both the Balboa retail location and the Mira Este cultivation operations. I am informed
23 and believe that the Marijuana Operations were closed.

24 28. Since July 9, 2018, I have been in contact with SoCal Building and its employees. This
25 week, employees and executives from SoCal Building informed me of the following:

- 26 (a) On the evening of July 9, 2018, Malan went to the retail dispensary located at
27 8863 Balboa Ave. The business is named "Tree House Balboa." Malan took the
28 key from the employee who was locking up. The next day, Malan changed the
locks, changed the password for the camera system, and blocked access to the

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Point of Sale system at Tree House Balboa.

- (b) On July 10, 2018, a letter was sent to SoCal Building informing it that the Management Agreements were immediately terminated for non-performance.
- (c) On July 10, 2018, an employee of SoCal Building that worked at Tree House Balboa went to the retail location and found Malan in the store. Malan would not explain what he was doing there. Malan also used another employee’s credentials to access backend data reports regarding the business. Malan also informed two other employees, Alexandra Clarke and Maria Ortega, to come to the Tree House Balboa on July 10, 2018 to take inventory and meet the “new management.”
- (d) On this same day, SoCal Building learned that Malan had changed the locks and denied entry to SoCal Building employees to the Mira Este and Roselle properties as well.
- (e) On July 11, 2018, Malan began redesigning the interior of Tree House Balboa and changed the front sign of the store to read “Golden State Balboa.” It is my belief that Malan and Hakim replaced SoCal Building as the management company with another operator who will pay them monthly payments.
- (f) Although Malan has locked out SoCal Building from the properties, Malan has not returned any equipment, inventory, security systems, or cash that belong to SoCal Building. **SoCal Building believes it has over a million dollars’ worth of equipment, inventory, security systems, and cash at the properties.**
- (g) On July 13, 2018, Malan and Hakim entered Mira Este in order to take possession of SoCal Building’s equipment.
- (h) San Diego Police Officers were called to the scene. However, Malan and Hakim claimed that they owned the property and the police elected to treat it as a civil matter and did not want to get involved.
- (i) I’ve learned that Malan and Hakim have secured a new operator at the Balboa retail location. I am informed and believe Malan and Hakim are attempting to secure a new operator for the Mira Este location as well.

Malan's Recent \$24,000 Theft

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2 29. I previously deposited \$24,000 into RM Holdings to cover a loan obligation for RM
3 Holdings. On July 10, 2018 (*i.e.* one week ago), Malan withdrew this money from RM Holdings and
4 closed RM Holdings' bank account without my knowledge or consent.

5 30. To date, I have not seen any information regarding the accounting and financials for
6 Monarch, SD United, Flip, Mira Este, and/or Roselle.

7 31. According to SoCal Building, SoCal Building has expended approximately \$2,600,000
8 under or in relation to the Management Agreements. Neither Malan nor Hakim have ever provided me
9 with any records of these payments. Some of the funds paid by SoCal to Monarch, Malan and/or Hakim
10 were for options to purchase the real property which I have an ownership interest in.

11 32. According to SoCal Building, they are still willing to serve as the operator for the
12 Marijuana Operations.

13 33. Unless a receiver is appointed so that internal controls are implemented and the
14 Marijuana Operation's assets are protected, Malan and Hakim will continue to steal from me.
15 Additionally, Malan and Hakim will likely continue to enter the properties and convert any remaining
16 assets, inventory, equipment or cash on the premises. This will ultimately lead to further litigation with
17 SoCal Building and will expose me to liability in relation thereto.

18 34. Currently, Malan and Hakim are in actual possession of the subject real property and in
19 control of the Marijuana Operations.

20 35. Contact information for Malan is as follows: 5065 LOGAN AVE, SAN DIEGO CA
21 92113-3099; (619) 750-2024.

22 36. Contact information for Hakim is as follows: 9763 ALTO DR, LA MESA, CA 91941-
23 4447; (619) 368-5343.

24 37. If a Receiver is appointed, it will not interfere with the business of the Marijuana
25 Operations, but actually preserve the status quo by allowing SoCal Building to continue operating and
26 paying Management Fees pursuant to the Management Agreements that should be interpled with the
27 court instead of being converted to Malan and Hakim's use and for their sole personal benefit.

28 38. The Marijuana Operations already have an operator (SoCal Building) that has experience
in running a profitable business with experienced employees and management and both my interest and

1 theirs should and would be protected by the Court's appointment of a receiver over the subject entities,
2 properties and the Marijuana Operations.

3 39. I have not personally reviewed the financials for the Marijuana Operations because
4 Malan has not given me access to those documents. However, I am informed that the business is quite
5 profitable and can support the cost of the receiver if appointed. In fact, prior to the lockout of SoCal
6 Building, the Marijuana Operations were generating approximately \$100,000 a month in income which
7 was paid to Monarch and other entities before SoCal Building and I discovered their fraud and started
8 asking questions. I am confident that the Marijuana Operations will be able to cover the expenses
9 associated with a receiver. Furthermore, I respectfully request that the Court reserve the right to
10 reallocate the costs of the receivership to Monarch, Malan and/or Hakim in the interests of justice based
11 on their wrongdoing.

12 40. A true and correct copy of Michael Essary's CV and Rate Sheet are attached hereto
13 collectively as **Exhibit J**. I have been advised by my counsel that Mr. Essary is a competent receiver
14 and well-equipped to handle this receivership if the Court grants my application.

15 41. I am furthermore informed by my counsel that I will be required to obtain a bond to
16 secure any potential claim by Defendants, which I am prepared to do in the event the Court grants this
17 application. I respectfully request that the Court order me to obtain a bond of \$10,000, which I believe
18 to be fair and reasonable given the grievous and fraudulent acts of Malan and Hakim, both individually
19 and through their entity Monarch. I will acquire said bond immediately upon the Court's granting of
20 this motion.

21 I declare under penalty of perjury under the laws of the State of California that the foregoing is
22 true and correct. This Declaration was executed on July 16, 2018, at San Diego, California.

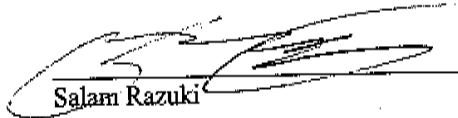
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24 Salam Razuki

Exhibit A



N

State of California Secretary of State

Statement of Information

(Domestic Nonprofit, Credit Union and General Cooperative Corporations)

Filing Fee: \$20.00. If this is an amendment, see instructions.
IMPORTANT – READ INSTRUCTIONS BEFORE COMPLETING THIS FORM

FJ98007

FILED

In the office of the Secretary of State
of the State of California

FEB-21 2017

1. **CORPORATE NAME**

BALBOA AVE COOPERATIVE

2. **CALIFORNIA CORPORATE NUMBER**

C3963195

This Space for Filing Use Only

Complete Principal Office Address (Do not abbreviate the name of the city. Item 3 cannot be a P.O. Box.)

3. STREET ADDRESS OF PRINCIPAL OFFICE IN CALIFORNIA, IF ANY	CITY	STATE	ZIP CODE
8863 BALBOA AVE UNIT E, SAN DIEGO, CA 92123			

4. MAILING ADDRESS OF THE CORPORATION	CITY	STATE	ZIP CODE
NINUS MALAN 8863 BALBOA AVE UNIT E, SAN DIEGO, CA 92123			

Names and Complete Addresses of the Following Officers (The corporation must list these three officers. A comparable title for the specific officer may be added; however, the preprinted titles on this form must not be altered.)

5. CHIEF EXECUTIVE OFFICER/	ADDRESS	CITY	STATE	ZIP CODE
NINUS MALAN	8863 BALBOA AVE UNIT E, SAN DIEGO, CA 92123			

6. SECRETARY	ADDRESS	CITY	STATE	ZIP CODE
NINUS MALAN	8863 BALBOA AVE UNIT E, SAN DIEGO, CA 92123			

7. CHIEF FINANCIAL OFFICER/	ADDRESS	CITY	STATE	ZIP CODE
NINUS MALAN	8863 BALBOA AVE UNIT E, SAN DIEGO, CA 92123			

Agent for Service of Process If the agent is an individual, the agent must reside in California and Item 9 must be completed with a California street address, a P.O. Box address is not acceptable. If the agent is another corporation, the agent must have on file with the California Secretary of State a certificate pursuant to California Corporations Code section 1505 and Item 9 must be left blank.

8. **NAME OF AGENT FOR SERVICE OF PROCESS** [Note: The person designated as the corporation's agent MUST have agreed to act in that capacity prior to the designation.]
GEORGE COSTA

9. STREET ADDRESS OF AGENT FOR SERVICE OF PROCESS IN CALIFORNIA, IF AN INDIVIDUAL	CITY	STATE	ZIP CODE
3645 RUFFIN RD, SAN DIEGO, CA 92123			

Common Interest Developments

10. Check here if the corporation is an association formed to manage a common interest development under the Davis-Stirling Common Interest Development Act, (California Civil Code section 4000, et seq.) or under the Commercial and Industrial Common Interest Development Act, (California Civil Code section 6500, et seq.). The corporation must file a Statement by Common Interest Development Association (Form SI-CID) as required by California Civil Code sections 5405(a) and 6760(a). Please see instructions on the reverse side of this form.

11. THE INFORMATION CONTAINED HEREIN IS TRUE AND CORRECT.

02/21/2017	NINUS MALAN	PRESIDENT	
DATE	TYPE/PRINT NAME OF PERSON COMPLETING FORM	TITLE	SIGNATURE

Exhibit B



N

State of California Secretary of State

Statement of Information

(Domestic Nonprofit, Credit Union and General Cooperative Corporations)

Filing Fee: \$20.00. If this is an amendment, see instructions.
IMPORTANT – READ INSTRUCTIONS BEFORE COMPLETING THIS FORM

FU99882

FILED

In the office of the Secretary of State
of the State of California

MAR-02 2018

1. CORPORATE NAME

CALIFORNIA CANNABIS GROUP

2. CALIFORNIA CORPORATE NUMBER

C3857559

This Space for Filing Use Only

Complete Principal Office Address (Do not abbreviate the name of the city. Item 3 cannot be a P.O. Box.)

3. STREET ADDRESS OF PRINCIPAL OFFICE IN CALIFORNIA, IF ANY	CITY	STATE	ZIP CODE
8865 BALBOA AVENUE UNIT A, SAN DIEGO, CA 92123			

4. MAILING ADDRESS OF THE CORPORATION	CITY	STATE	ZIP CODE

Names and Complete Addresses of the Following Officers (The corporation must list these three officers. A comparable title for the specific officer may be added; however, the preprinted titles on this form must not be altered.)

5. CHIEF EXECUTIVE OFFICER/	ADDRESS	CITY	STATE	ZIP CODE
NINUS MALAN	8865 BALBOA AVENUE UNIT A, SAN DIEGO, CA 92123			

6. SECRETARY	ADDRESS	CITY	STATE	ZIP CODE
NINUS MALAN	8865 BALBOA AVENUE UNITB A, SAN DIEGO, CA 92123			

7. CHIEF FINANCIAL OFFICER/	ADDRESS	CITY	STATE	ZIP CODE
NINUS MALAN	8865 BALBOA AVENUE UNIT A, SAN DIEGO, CA 92123			

Agent for Service of Process If the agent is an individual, the agent must reside in California and Item 9 must be completed with a California street address, a P.O. Box address is not acceptable. If the agent is another corporation, the agent must have on file with the California Secretary of State a certificate pursuant to California Corporations Code section 1505 and Item 9 must be left blank.

8. NAME OF AGENT FOR SERVICE OF PROCESS [Note: The person designated as the corporation's agent MUST have agreed to act in that capacity prior to the designation.]
DAVID C JARVIS

9. STREET ADDRESS OF AGENT FOR SERVICE OF PROCESS IN CALIFORNIA, IF AN INDIVIDUAL	CITY	STATE	ZIP CODE
1011 CAMINO DEL RIO SOUTH SUITE 210, SAN DIEGO, CA 92108			


Common Interest Developments

10. Check here if the corporation is an association formed to manage a common interest development under the Davis-Stirling Common Interest Development Act, (California Civil Code section 4000, et seq.) or under the Commercial and Industrial Common Interest Development Act, (California Civil Code section 6500, et seq.). The corporation must file a Statement by Common Interest Development Association (Form SI-CID) as required by California Civil Code sections 5405(a) and 6760(a). Please see instructions on the reverse side of this form.

11. THE INFORMATION CONTAINED HEREIN IS TRUE AND CORRECT.

03/02/2018	NINUS MALAN	PRESIDENT	
DATE	TYPE/PRINT NAME OF PERSON COMPLETING FORM	TITLE	SIGNATURE

Exhibit C

 **Secretary of State**
Statement of Information
 (California Nonprofit, Credit Union and General Cooperative Corporations)

SI-100

IMPORTANT — Read instructions before completing this form.

Filing Fee — \$20.00;
 Copy Fees — First page \$1.00; each attachment page \$0.50;
 Certification Fee — \$5.00 plus copy fees

1. **Corporation Name** (Enter the exact name of the corporation as it is currently recorded with the California Secretary of State)
 Devilish Delights, Inc.

FILED
Secretary of State
State of California

DEC 13 2016

21/20/PC
This Space For Office Use Only

2. **7-Digit Secretary of State File Number**
C3774050

3. **Business Addresses**

* a. Street Address of California Principal Office, if any - Do not list a P.O. Box 9212 Mira Este	City (no abbreviations) San Diego	State CA	Zip Code 92126
* b. Mailing Address of Corporation, if different than item 3a	City (no abbreviations)	State	Zip Code

4. **Officers**

The Corporation is required to list all three of the officers set forth below. An additional title for Chief Executive Officer or Chief Financial Officer may be added; however, the preprinted titles on this form must not be altered.

* a. Chief Executive Officer/ Ninus	First Name	Middle Name	Last Name Malan	Suffix
* Address 3029 Broadway	City (no abbreviations) San Diego	State CA	Zip Code 92102	
* b. Secretary Ralph	First Name	Middle Name Clinton	Last Name Pyatt	Suffix III
* Address 898 Orange Heights Ln	City (no abbreviations) Corona	State CA	Zip Code 92882	
* c. Chief Financial Officer/ Ninus	First Name	Middle Name	Last Name Malan	Suffix
* Address 3029 Broadway	City (no abbreviations) San Diego	State CA	Zip Code 92102	

5. **Agent for Service of Process**

Item 5a and 5b: If the agent is an individual, the agent must reside in California and Item 5a and 5b must be completed with the agent's name and California address. Item 5c: If the agent is a California Registered Corporate Agent, a current agent registration certificate must be on file with the California Secretary of State and Item 5c must be completed (leave Item 5a-5b blank).

* a. California Agent's First Name (if agent is not a corporation) David	Middle Name C	Last Name Jarvis	Suffix
* b. Street Address (if agent is not a corporation) - Do not list a P.O. Box 1011 Camino Del Rio S. #210	City (no abbreviations) San Diego	State CA	Zip Code 92108
c. California Registered Corporate Agent's Name (if agent is a corporation) - Do not complete item 5a or 5b n/a			

6. **Common Interest Developments**

Check here if the corporation is an association formed to manage a common interest development under the Davis-Sterling Common Interest Development Act (California Civil Code section 4000, et seq.) or under the Commercial and Industrial Common Interest Development Act (California Civil Code section 6500, et seq.). The corporation must file a Statement by Common Interest Development Association (Form SI-CID) as required by California Civil Code sections 5405(a) and 6760(a). See instructions.

7. **The information contained herein, including in any attachments, is true and correct.**

11/18/16 * Ninus Malan President [Signature]

Exhibit D

**AGREEMENT OF COMPROMISE, SETTLEMENT,
AND MUTUAL GENERAL RELEASE**

This AGREEMENT OF COMPROMISE, SETTLEMENT, AND MUTUAL GENERAL RELEASE ("Agreement") is entered into by and between SALAM RAZUKI (hereinafter collectively "RAZUKI"), on the one hand, and and NINUS MALAN (hereinafter "MALAN"), on the other. The persons to this Agreement may sometimes be referred to collectively as the "Parties" or separately as "Party". This Agreement is entered into with reference to the recitals set forth in the Article titled "Recitals" below and constitutes (i) a settlement agreement between the Parties and (ii) a mutual release of all liabilities of the Parties arising out of the matters described below and except as expressly otherwise noted herein.

**ARTICLE I.
RECITALS**

This Agreement is entered into with reference to the following facts:

1.1 RAZUKI and MALAN have engaged in several business transactions, dealings, agreements (oral and written), promises, loans, payments, related to the acquisition of real property and interests in various medical marijuana businesses. Specifically, RAZUKI and MALAN have each invested certain sums of capital for the acquisition of the following assets (collectively hereinafter referred to as the "Partnership Assets"):

(a) MALAN'S one hundred percent (100%) membership interest in SAN DIEGO UNITED HOLDING GROUP LLC, a California Limited Liability Company, and record owner of the following properties:

- i. The real property commonly known as 8859 BALBOA AVE., STE.. A, SAN DIEGO, CA 92123.
- ii. The real property commonly known as 8859 BALBOA AVE., STE.. B, SAN DIEGO, CA 92123.
- iii. The real property commonly known as 8859 BALBOA AVE., STE.. C, SAN DIEGO, CA 92123.
- iv. The real property commonly known as 8859 BALBOA AVE., STE.. D, SAN DIEGO, CA 92123.
- v. The real property commonly known as 8859 BALBOA AVE., STE.. E, SAN DIEGO, CA 92123.
- vi. The real property commonly known as 8861 BALBOA, STE. B, SAN DIEGO, CA 92123.
- vii. The real property commonly known as 8863 BALBOA, STE. E,

SAN DIEGO, CA 92123.

(b) One hundred percent (100%) membership interest in FLIP MANAGEMENT LLC, a California Limited Liability Company.

(c) MALAN'S fifty percent (50%) membership interest in MIRA ESTE PROPERTIES LLC, a California Limited Liability Company, and record owner of the real property commonly known as 9212 MIRA ESTE CT., SAN DIEGO, CA 92126.

(d) MALAN'S Fifty percent (50%) membership interest in ROSELLE PROPERTIES, LLC, a California Limited Liability Company, and record owner of the real property commonly known as 10685 ROSELLE ST., SAN DIEGO, CA 92121.

(e) RAZUKI'S twenty percent (20%) membership interest in SUNRISE PROPERTY INVESTMENTS, LLC, a California Limited Liability Company, the record owner of the real property located 3385 SUNRISE STREET, SAN DIEGO, CA 92012.

(f) RAZUKI'S twenty seven percent (27%) membership interest in SUPER 5 CONSULTING GROUP, LLC, a California Limited Liability Company, which is the operator of a medical marijuana dispensary located at 3385 SUNRISE STREET, SAN DIEGO, CA 92012.

1.2 RAZUKI and MALAN have an understanding such that regardless of which Party or entity holds title and ownership to the Partnership Assets, RAZUKI is entitled to a seventy-five percent (75%) interest in the capital, profits, and losses of each Partnership Asset and MALAN is entitled to a twenty five percent (25%) interest, and no Party is entitled to receive any profits whatsoever until, and unless the Parties have first been repaid their investment in full (hereinafter referred to as the "Partnership Agreement").

1.3 RAZUKI and MALAN have now formed RM PROPERTY HOLDINGS, LLC, a California Limited Liability Company (the "Company"), whereby RAZUKI and MALAN have agreed to transfer title to the Partnership Assets to the Company, and forever resolve any and all matters, claims or controversies that each Party may have against each other related to the Partnership Agreement as stated in this Agreement.

1.4 RAZUKI and MALAN have not recouped their financial investments in the Partnership Assets.

1.5 The Parties consider it to be in their best interests, in light of the cost of litigation, and to their best advantage, to forever dismiss, settle, adjust and compromise all claims and defenses which have been, or could have been asserted relative to their Partnership Agreement.

1.6 All claims are denied and contested, and nothing contained herein should be construed as an admission by any Party hereto of any liability of any kind to any other Party hereto or to any other person.

1.7 The Parties now wish to settle the dispute between them and forever release,

discharge, and terminate any and all liabilities arising out of, or existing or emanating from their Partnership Agreement, including all demands and causes of action, whether state, federal, or administrative, and whether actually raised or could have been raised by way of complaint, supplemental complaint, or cross-complaint except as expressly otherwise set forth within this Agreement. In order to effectuate this release, the Parties hereto enter into this Agreement.

NOW THEREFORE, in consideration of the mutual promises and covenants, and upon the conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE II TERMS OF SETTLEMENT

2.1 Transfer of Partnership Assets to the Company. The Parties shall use their best efforts to effectuate the transfer of the Partnership Assets to the Company within thirty (30) days, and shall execute any and all further documents as may be necessary to carry out the same.

2.2 Financial Accounting. The Parties agree to work in good faith to calculate each of their respective cash investment amounts in the Partnership Assets within thirty (30) days and shall execute an amendment or exhibit to this Agreement to memorialize the same. Once executed, the exhibit or amendment shall be incorporated and become a part of this Agreement as though set forth originally (the "Accounting"). For avoidance of doubt, the amount agreed to in the Accounting shall be the amount of cash capital investment that must be first repaid to the Parties by the Company before either Party receives any profits therein (each referred to as the "Partners' Cash Investment").

2.3 The Company's Operating Agreement. The Parties hereby reaffirm and acknowledge the terms of the Operating Agreement provide for repayment of the Partners' Cash Investment prior to any distribution of profits and losses. The Parties further reaffirm that once the Partners' Cash Contribution has been repaid by the Company, then RAZUKI shall receive seventy five percent (75%) of the profits and losses of the Company and MALAN shall receive twenty five percent (25%), all as set forth under the terms of the Operating Agreement. It is the Parties' intention that once the Partnership Assets have been transferred to the Company and the Accounting has been agreed upon, then all other business matters shall be governed and controlled by the terms of the Operating Agreement and the Parties shall thereafter be released from all further liability to each other arising under their Partnership Agreement as set forth below.

ARTICLE III MUTUAL GENERAL RELEASE OF ALL CLAIMS

3.1 General Release. In consideration of the terms and provisions of this Agreement, the Parties hereto, on behalf of themselves, successors, and assigns, hereby forever relieve, release, and discharge each other, and their respective successors and assigns, and all of their respective present and former attorneys, accountants, agents, employees, representatives,

administrators, insurers, partners, directors, officers, shareholders, and heirs of and from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs, and expenses, including but not limited to attorney's fees, damages, actions, and causes of action of whatsoever kind or nature, specifically including those related to in any way, directly or indirectly, to any alleged past, present, or future claims for violations of any state, federal, or administrative code or statute, or any type of tort or conversion, or indemnification, contribution, or declaratory relief based on any type of allocation of fault, whether now known or unknown, suspected or unsuspected, based on, arising out of, or in connection with anything whatsoever done, omitted, or suffered to be done at any time, relating to, or in any matter connected with, directly or indirectly, the matters, facts or claims related to their Partnership Agreement as set forth in the Article of this Agreement titled "Recitals". This Agreement shall not be interpreted to bar any claims for the enforcement of the provisions of this Agreement or any provision of the Company's Operating Agreement. Furthermore, this release and settlement shall only be effective upon (i) the transfer to the Company of the Partnership Assets pursuant to section 2.1 above, and (ii) execution of an amendment or exhibit related to the Accounting. Thereafter, the Parties shall forever be barred from bringing any claims related to the Partnership Agreement as set forth herein, and all claims or controversies shall be governed by the terms of the Company's Operating Agreement.

3.2 Waiver under Section 1542 of the California Civil Code. The Parties hereto expressly waive any and all rights under Section 1542 of the Civil Code of the State of California, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

In connection with such waiver and relinquishment, the Parties acknowledge that it may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those which it now knows or believes to be true. Nevertheless, it is the intention of the Parties, through this Agreement, and with the advice of counsel, if any, to fully, finally, and forever settle this dispute. Pursuant to that intention, the Parties expressly consent that this release shall have the same full force and effect as to unknown and unsuspected claims, demands, and causes of action, if any, as to those terms and provisions relating to claims, demands, and causes of action hereinabove specified.

3.3 Representations and Warranties. The Parties hereby represent and warrant to, and agree with each other as follows:

(a) The Parties hereto, and each of them, represent and declare that in executing this Agreement they have relied solely upon their own judgment, belief and knowledge, and the advice and recommendations of their own independently selected counsel, if any, concerning the nature, extent, and duration of their rights and claims, and that they have not been influenced to any extent whatsoever in executing the same by any representations or statements covering any matters made by the other party hereto or by any person representing him or it.

(b) Except as expressly stated in this Agreement, neither of the Parties have made any statements or representations regarding any fact relied upon in entering into this Agreement, and the Parties specifically do not rely on any statements, representations, or promises in executing this Agreement, or in making the settlement provided for herein, except as expressly stated in this Agreement;

(c) The Parties, and their attorneys, if desired, have made such investigation of the facts pertaining to this Agreement and all of the matters pertaining thereto, as they deem necessary;

(d) The terms of this Agreement are contractual, not a mere recital, and are the result of negotiations between the Parties;

(e) The Recitals to this Agreement are expressly made a part hereof;

(f) This Agreement has been carefully read by the Parties hereto, and if they choose, by their attorneys; it is signed freely by each person executing this Agreement and each person executing this Agreement is empowered to do so.

(g) In entering into this Agreement, the Parties recognize that no facts or representations are absolutely certain. The Parties acknowledge that they are aware that they may, after execution of this Agreement, discover facts different from or in addition to those they now know or believe to be true with respect to the liabilities, actions or causes of action to be released. Accordingly, the Parties each assume their own risk of any incomplete disclosure or mistake. If the Parties, or each of them, should subsequently discover that any fact it relied upon in entering into this Agreement was untrue, or that any understanding of the facts or of the law was incorrect, such party shall not be entitled to set aside this Agreement by reason thereof. This Agreement is intended to be final and binding between the Parties hereto, and is further intended to be effective as a final accord and satisfaction between the Parties. The Parties are relying on the finality of this Agreement as a material factor inducing the Parties' execution of this Agreement.

(h) The consideration specified herein is given for the purpose of (i) settling and compromising all claims and disputes which have arisen between the Parties, and (ii) releasing the Parties by operation of this Agreement from any an all claims and liabilities, past, present, and future, that have or may arisen out of the matters described in the Article titled "Recitals". Neither the payment nor tender of consideration, nor anything herein, shall be construed as an admission by any of the Parties, their agents, servants or employees, of any liability of any kind to the other.

(i) The Parties represent and warrant that they have not heretofore transferred or assigned or purported to transfer or assign to any person, firm, or corporation any claim, demand, damage, debt, liability, account, action or cause of action herein to be released.

(j) The Parties acknowledge the adequacy of the consideration given for the release

of all Parties in this Agreement and understands that irrespective of whether the consideration is expressly described herein, adequate consideration exists for the release of all Parties under this Agreement.

3.4 Non-Disparagement. The Parties further agrees not to make any statement or take any action, directly or indirectly, that harms, or could harm, the other Party's business interests, reputation or good will, including any statements that may be made to any past, current, or prospective employees, vendors, or any other third parties whatsoever. Accordingly, the Parties shall not make any statements, written or oral, which disparage the other; however, this provision shall not prevent the any Party from truthfully responding to any inquiry required by law or pursuant to a court order.

ARTICLE IV GENERAL PROVISIONS

4.1 Integration. This Agreement constitutes a single, integrated, written contract expressing the entire Agreement of the Parties hereto relative to the subject matter hereof. No covenants, agreements, representations, or warranties of any kind whatsoever have been made by any Party hereto, except as specifically set forth in this Agreement. All prior discussions and negotiations, if any, are superseded by this Agreement.

4.2 No Construction Against Drafter. Each party to this Agreement and its legal counsel have reviewed and revised this Agreement. The rule of construction that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or of any amendments or exhibits to this Agreement. This Agreement shall not be deemed prepared or drafted by one party or another, or its attorneys, and will be construed accordingly.

4.3 Modification. No modification, waiver, amendment, discharge, or any change of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge, or change is or may be sought.

4.4 Heirs, Successors, and Assigns. This Agreement shall inure to the benefit of, and shall be binding upon, the heirs, successors, and assigns of the Parties hereto, and each of them.

4.5 Severability. In the event that any term, covenant, condition, or provision of this Agreement should be held to be void, voidable, or unenforceable, the remaining portions hereof shall remain in full force and effect.

4.6 Governing Law. This Agreement shall be construed in accordance with, and be governed by the laws of California.

4.7 Venue and Jurisdiction. In the event that any action, suit, or other proceeding arising from this Agreement is instituted, the parties agree that venue for such action shall be in San Diego County, and that personal jurisdiction and subject matter jurisdiction shall be

exercised by the Superior Court of the State of California, in and for the County of San Diego, Central Division.

4.8 Execution in Counterparts. This Agreement may be executed and delivered in two or more counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same Agreement. This Agreement shall be deemed to be executed on the last date any such counterpart is executed.

4.9 Facsimile Signatures. This Agreement may be executed and a copy of such executed Agreement transmitted by facsimile, which when received can be used as an original of the Agreement for all purposes.

4.10 Costs and Attorney's Fees. The Parties hereto agree to bear his or its own costs and attorney's fees, and each party hereby waives any statute, rule of court, or other law, awarding costs, fees, or expenses relating to any litigation. Said waiver shall be effective with respect to the statutes, rules of court, or other laws or provisions of the United States and/or of each state, including, without limitation, the State of California. However, in the event that any action, suit, or other proceeding is instituted to interpret and/or enforce this Agreement, or arising out of a breach of this Agreement, the prevailing party shall recover all of such party's reasonable attorney's fees and costs incurred in each and every action, suit, or other proceeding, including any and all appeals or petitions therefrom.

4.11 Waiver. Any waiver of a default under this Agreement must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement. No delay or omission in the exercise of any right or remedy shall impair such right or remedy or be construed as a waiver. Consent to or approval of any act shall not be deemed to waive or render unnecessary consent to or approval of any other or a subsequent act.

4.12 Confidentiality. The terms of this Agreement are confidential. The Parties expressly understand and agree that it shall constitute a breach of this Agreement to disclose or communicate the terms of this settlement or to disseminate this Agreement to any third party (unless required by Court order or operation of law or to the Parties' respective attorneys, accountants or tax advisers).

4.13 Time of Essence. The Parties hereto agree and confirm that time is of the essence for execution, completion, and full performance of the terms and conditions of this agreement.

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IN WITNESS WHEREOF, the Parties hereto have each approved and executed this Agreement on the dates set forth opposite their respective signatures.

Dated: 11/9/17

RAZUKI

By: 

SALAM RAZUKI

Dated: 11/9/17

MALAN

By: 

NINUS MALAN

Exhibit E

MANAGEMENT SERVICES AND OPTION AGREEMENT

This MANAGEMENT SERVICES AND OPTION AGREEMENT (the "Agreement") is made, entered into and effective as of January 2, 2018 (the "Effective Date") by and among **SoCal Building Ventures, LLC** ("Manager" and "Optionee" as context requires), and **Balboa Ave Cooperative**, a California nonprofit mutual benefit corporation, and **San Diego United Holdings Group, LLC**, a California limited liability company (collectively, the "Company" and "Optionor" as context requires), **Monarch Management Consulting, Inc.**, a California corporation (individually referred to herein as "Monarch"), **Chris Hakim**, an individual, and **Ninus Malan**, an individual (together, the "Old Operators") (collectively, the "Parties").

RECITALS

WHEREAS,

A. Company is a California mutual benefit corporation (which may also be referred to herein as the "Nonprofit") which operates a medical marijuana dispensary for the benefit of its members (the "Operations"), and is in need of business consulting, accounting, administrative, technological, managerial, human resources, financial, intellectual property, and related services in order to provide services to its patients. The Company operates its dispensary at 8863 Balboa Avenue, Suite E., San Diego CA 92123 and 8861 Balboa Avenue, Suite B, San Diego, CA 92123 (collectively, the "Facility"), for which a CUP has been submitted with the City of San Diego for such purposes. San Diego United Holdings Group, LLC owns the Facility in fee simple, as well five (5) other parcels within the HOA where the Facility is located. The Facility needs to receive HOA approval before commencing Operations at the site.

B. Manager is engaged in the business of providing administrative and management services to health care entities and has the capacity to manage and administer the operations of Company and to furnish Company with appropriate managerial, administrative, financial, and technological support (the "Administrative Services"). Manager may assign its obligations hereunder to an affiliate, San Diego Building Ventures, LLC, which shall also be "Manager" hereunder as if an initial party hereto.

C. Company desires management assistance in the Operations. To accomplish this goal, Company desires to engage Manager to provide Administrative Services as are necessary and appropriate for the day-to-day administration and management of the Operations, and Manager desires to provide Administrative Services to Company, all upon the terms and subject to the conditions set forth in this Agreement.

D. Manager is also seeking an option to acquire a 50% ownership interest in the Facility, and Company is willing to grant such an option as provided herein.

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NOW, THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, the Parties agree as follows:

TERMS OF AGREEMENT

1. ENGAGEMENT

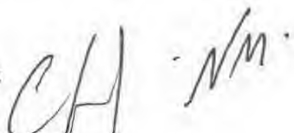
1.1. Engagement of Manager. Company hereby engages Manager to provide the Administrative Services for the Operations on the terms and conditions described herein, and Manager accepts such engagement. Manager shall be the sole and exclusive provider of the administrative, management, and other services to be provided to or on behalf of Company for the Operations as more particularly outlined herein. Manager in its sole discretion shall determine which services shall be provided to Company from time-to-time so long as the Administrative Services are provided in compliance with this Agreement. For purposes of this Agreement, "Administrative Services" shall not include any management services relating to ownership of the Facility by San Diego United Holdings Group, LLC unless and until Manager exercises the option to purchase 50% of the Facility as more particularly outlined in this Agreement.

1.1.1. No Warranty or Representations. Company acknowledges that Manager has not made and will not make any express or implied warranties or representations that the Administrative Services provided by Manager will result in any particular amount or level of income to the Company. Specifically, Manager has not represented that its Administrative Services will result in higher revenues, lower expenses, greater profits, or growth in the number of clients receiving services or purchasing goods at the Facility.

1.2. Agency. Company hereby appoints Manager as Company's true and lawful agent throughout the Term of this Agreement, and Manager hereby accepts such appointment.

1.3. Power of Attorney. In connection with billing, collection, banking, and related services incident to or under the Administrative Services to be provided hereunder, Company, in accordance with applicable law, hereby grants to Manager a limited power of attorney and appoints Manager as Company's true and lawful agent and attorney-in-fact consistent with Manager's duties under this Agreement, and Manager hereby accepts such special power of attorney and appointment, for the following purposes:

- i. To submit bills in Company's name and on Company's behalf, including all claims for reimbursement or indemnification from, health plans, all other third party payors, and its patients and customers for all services provided to patients and customers.
- ii. To collect and deposit all amounts received, including all cash received, patient co-payments, cost reimbursements, co-insurance and deductibles, and accounts receivable, into the "Manager's Account," which shall be and at all



times remain in Company's name through accrual on Company's accounting records.

- iii. To make demand with respect to, settle, and compromise such claims and to coordinate with collections agencies in the name of Company or Manager.
- iv. To take possession of and endorse in the name of Company on any note, check, money order, insurance payment or any other instrument received.
- v. To effectuate the payment of Company expenses, including to the Manager for the Management Fee as it becomes due.
- vi. To sign checks, drafts, bank notes or other instruments on behalf of Company and to make withdrawals from the Manager's Account for other payments specified in this Agreement and as determined appropriate by the Manager.

1.4. Documentation to Bank. Upon request of Manager, Company shall execute and deliver to the financial institution wherein the Manager's Account is maintained, such additional documents or instruments as may be necessary to evidence or effect the limited power of attorney granted to Manager. Company will not take any action that interferes with the transfer of funds to or from Manager's Account, nor will Company or its agents remove, withdraw or authorize the removal or withdrawal of any funds from the Manager's Account for any purpose. Manager agrees to hold all funds in the Manager's Account in accordance with California agency law.

1.5. Expiration of Power of Attorney. The power of attorney shall expire on the date that this Agreement is terminated. Upon termination or expiration of this Agreement, Manager further agrees to execute any and all documentation confirming the termination of this limited power of attorney.

1.6. Manager Payment to Company on Effective Date. From and after the Effective Date, Manager shall lend Company up to the sum of \$150,000 for working capital. Such amount shall be a short term working line of credit to facilitate purchase of new inventory and operational costs. Manager shall thereafter take possession of the Facility, the Operations, and FF&E. Further, upon the Effective date Manager shall pay the Company \$125,000 for the FF&E, which amount shall also serve as a credit against the purchase price if Manager exercises its option under Section 8 below. Manager shall lend Company an additional ~~\$83,000~~ ^(\$144,000) for reimbursement for old inventory, which shall be payable by Company to Old Operators. Lastly, upon the Effective Date hereof, Manager shall pay the Old Operators \$66,000 for reimbursement of legal and mitigation costs. Except for the \$15,000 monthly payments referenced in Section 5.2 and the monthly Balboa-Guaranteed Payments, all loans discussed in this Section 1.6 shall have priority for repayment from available funds more particularly referenced in Article 5 below.

2. DUTIES AND RESPONSIBILITIES OF MANAGER

2.1. General Responsibilities. During the Term of this Agreement Manager shall, in a manner determined at the Manager's sole discretion, provide such services as are necessary and appropriate for the day-to-day administration and management of Company's business in a manner consistent with good business practice, including without limitation: Human Resources, Information Technology, Equipment and Supplies, Banking, Accounting and Finance, Insurance Procurement, Risk Management, Contract Negotiation, Marketing, Management of Patient Records, and Licensing of Intellectual Property, Trade Names and Trademarks, as all are more specifically set forth below.

2.1.1. Personnel. Manager has full right, obligation, and authority to hire and retain personnel and other persons or entities needed to perform the Administrative Services for Manager under this Agreement. All personnel will be employees, agents, or independent contractors of the Company, and all costs (including payroll and withholding taxes and expenses, any employment insurance costs, health insurance expenses and insurance, and other customary expenses) associated with such personnel shall be paid by Manager from Company funds managed by Manager, or by Manager if such funds are insufficient.

2.1.2. Manager Personnel. Manager may employ or contract with and provide all necessary personnel ("Manager Personnel") it reasonably needs to provide the Administrative Services hereunder. Such personnel shall be under the direction, supervision, and control of Manager, and shall be employees of Manager. Manager shall be responsible for setting and paying the compensation and providing the fringe benefits of all Manager Personnel. Company shall be not responsible in any way for Manager Personnel, and Manager indemnifies, defends, and holds Company harmless from any such liability.

2.1.3. Training. Manager shall provide reasonable training to personnel in all aspects of the Operations material to the role of such personnel, including but not limited to administrative, financial, and equipment maintenance matters.

2.1.4. Insurance. Manager shall assist Company in Company's purchase of necessary insurance coverage, with the cost of such insurance paid from Company's funds managed by Manager.

2.1.5. Accounting. Manager shall establish and administer accounting procedures and controls and systems for the development, preparation, and keeping of records and books of accounting related to the business and financial affairs of Company. Such books and records shall at all times be accessible and available to Company and the Old Operators.

2.1.6. Tax Matters. Manager shall oversee the preparation of the annual report and tax information returns required to be filed by Company. All of Company's tax obligations shall be paid by Manager out of Company's funds managed by Manager. Manager shall provide such information, compilations, and other relevant information to Company on a timely basis in order to file all returns with the taxing agencies. Company shall also make such reserves and set asides for taxes as directed by Manager throughout the year.



2.1.7. Reports and Information. Manager shall furnish Company in a timely fashion quarterly or more frequent operating reports and other business reports as reasonably requested by Company, including without limitation (i) copies of bank statements and checks relating to Company's bank accounts and (ii) all other financial information and financial statements relating to Operations.

2.1.8. Budgets. Manager shall prepare for review and approval by Company, all capital and annual operating budgets as needed, and such approval shall not be unreasonably withheld.

2.1.9. Expenditures. Manager shall manage all cash receipts and disbursements of Company, including the payment on behalf of Company for any of the items set forth in this Article 2, such as taxes, assessments, licensing fees, and other fees of any nature whatsoever in connection with the operation of the Operations as the same become due and payable, unless payment thereof is being contested in good faith by Company.

2.1.10. Contract Negotiations. Manager shall advise Company with respect to and negotiate, either directly or on Company's behalf, as appropriate and permitted by applicable law, such contractual arrangements with third Parties as are reasonably necessary and appropriate for Company's Operations.

2.1.11. Billing and Collection. On behalf of and for the account of Company, Manager shall establish and maintain credit and billing and collection policies and procedures, and shall exercise reasonable efforts to bill and collect in a timely manner all professional and other fees for all billable services provided by Company.

2.1.12. All Other Matters Reasonably Needed for Operations. The Manager shall perform all tasks required for the good governance and operation of the Operations, including making reasonable repairs, at Company's expense, for any facility used in the Operations as may be required under any lease or mortgage that encumbers the property, or to protect public safety.

2.1.13. Company Approval of Various Actions Relating to Operations. The parties agree Manager has authority to make decisions relating to the day-to-day business operations of the Operations and execute on behalf of Operations all instruments and documents needed in the course of the customary and ordinary operation of Operations, including the payment of ordinary expenses incurred during Operations and other related payments. Manager shall also coordinate any public statements or press interactions.

2.2. Responsibilities as Agent. In connection with the appointment of Manager as Agent of Company under Section 2.1 above, Manager shall further undertake the following:

2.2.1. Billing. Manager shall bill, in Company's name and on Company's behalf, any claims for reimbursement, cost offset, or indemnification from members or

Handwritten signatures and initials, including a large 'H' and 'MM'.

customers, insurance companies and plans, all state or federally funded benefit plans, and all other third party payors or fiscal intermediaries.

2.2.2. Collections. Manager shall collect and receive on Company's behalf, all accounts receivable generated by such billings and claims for reimbursement, to take possession of, and deposit into the Manager's Account (accruing such deposits on the general ledger of Company) any cash, notes, checks, money orders, insurance payments, and any other instruments received in payment of accounts receivable, to administer such accounts including, but not limited to, extending the time or payment of any such accounts for cash, credit or otherwise; discharging or releasing the obligors of any such accounts; assigning or selling at a discount such accounts to collection agencies; or taking other measures to require the payment of any such accounts.

2.2.3. Banking. The Parties shall cooperate in opening such bank accounts as shall be required for prudent administration of the Operations, including a Manager's Account, opened by and under the control and domain of Manager for the deposit of collections and the disbursement of expenses and other purposes as set forth herein, and (ii) such other accounts as Manager determines in its sole discretion are reasonable and necessary. Manager shall sign checks, drafts, bank notes or other instruments on behalf of Company, and make withdrawals from Manager's Account for payments specified in this Agreement. Manager, in its sole discretion, may make a pledge or assignment of Company's accounts to support financing instruments.

2.2.4. Litigation Management. Manager shall, in consultation with Company, (a) manage and direct the defense of all claims, actions, proceedings or investigations against Company or any of its officers, directors, employees or agents in their capacity as such, and (b) manage and direct the initiation and prosecution of all claims, actions, proceedings or investigations brought by Company against any person other than Manager.

2.2.5. Marketing, Advertising, and Public Relations Programs. Manager shall propose, with Company's consultation, marketing and advertising programs to be implemented by Company to effectively notify the community of the services offered by Company. Manager shall advise and implement such marketing and advertising programs, including, but not limited to, analyzing the effectiveness of such programs, preparing marketing and advertising materials, negotiating marketing and advertising contracts on Company's behalf, and obtaining services necessary to produce and present such marketing and advertising programs. Manager and Company agree that all marketing and advertising programs shall be conducted in compliance with all applicable standards of ethics, laws, and regulations.

2.2.6. Information Technology and Computer Systems. Manager shall set up workstations and other information technology required for the Operations.

2.2.7. Supplies. Manager shall order and purchase all supplies in connection with the Administrative Services and the Operations, including all necessary forms, supplies and postage, provided that all such supplies acquired shall be reasonably necessary in connection with the Operations.

2.2.8. Retention Payments. Manager shall make payments to Monarch in the aggregate of \$35,000 per month (the “Balboa-Guaranteed Payment”) which shall be due on the 15th of each month starting on January 15, 2018. The Balboa-Guaranteed Payment shall be increased by 12.5% on December 1, 2018, and increased again by 12.5% on December 1, 2019. Monarch shall be responsible for all income and other taxes due relating to the monthly Balboa-Guaranteed Payment paid to Monarch. Further provided, the Balboa-Guaranteed Payment shall continue to be paid to Monarch from and after Manager’s exercise of the Option, and by execution of this Agreement the Company consents to all such payments to Monarch.

3. RELATIONSHIP OF THE PARTIES

3.1. Relationship of the Parties. Nothing contained herein shall be construed as creating a partnership, trustee, fiduciary joint venture, or employment relationship between Manager and Company. In performing all services required hereunder, Manager shall be in the relation of an independent contractor to Company, providing Administrative Services to the Operations operated by Company.


4. RESPONSIBILITIES OF COMPANY

4.1. General Responsibilities of Company. Company shall own and operate the Operations during the Term of this Agreement, with Manager managing the day-to-day Operations as provided herein. At all times during this Agreement, the Manager and Company shall coordinate to obtain and maintain in full force and effect all available and necessary licenses, approvals, permits and/or certificates (collectively “Approvals”) required under any and all local and state laws allowing the Company to engage in the Operations at the Facility, and the Company’s performance of its respective obligations pursuant to this Agreement. Company agrees to promptly deliver to Manager any notice of denial or revocation of any such Approvals within three (3) calendar days of receipt by the Company. From and after the Effective Date, Company and Manager shall coordinate and insure, at Company’s expense, that the Operations are in compliance with all Approvals issued by any and all local or state government regarding the Company’s legal standing and ability to engage in the Operations at the Facility, including but not limited to all requirements of any insurance or underwriters or any other body which may exercise similar functions. Company agrees to promptly deliver to Manager any notice of violation of any said Approvals within three (3) calendar days of receipt by the Company.

4.2. Exclusivity. During the term of this Agreement, Manager shall serve as Company’s sole and exclusive manager and provider of the Administrative Services, and Company shall not engage any other person or entity to furnish Company with any sites for conduct of its Operations, any policies or procedures for conduct of the Operations, or any of the financial or other services provided hereunder by Manager. Manager may assign its rights hereunder to manage the operations (but not under the Option) to San Diego Building Ventures, LLC, or such other entity formed for such purpose by Manager, and Company and Old Operators acknowledge its approval of such assignment.

4.3. Representations and Warranties of Company.

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4.3.1. Company represents and warrants to Manager as follows:

4.3.2. Company is duly organized, validly existing and in good standing under the laws of California. The Company represents and warrants that, to Company's knowledge, it holds or is pursuing all required Approvals, which for purposes of this Agreement means collectively all applicable California San Diego City and San Diego County licenses, approvals, permits, authorizations, registrations and the like required by any governmental organization or unit having jurisdiction over Company or the Facility necessary to permit the Company to own and operate the Facility as a cannabis retail store.

4.3.3. The Company has full power, authority and legal right to execute, perform and timely observe all of the provisions of this Agreement. The Company's execution, delivery and performance of this Agreement have been duly authorized.

4.3.4. This Agreement constitutes a valid and binding obligation of the Company and does not and will not constitute a breach of or default under the [charter documents, membership agreements or bylaws] of Company or the terms, conditions, or provisions of any law, order, rule, regulation, judgment, decree, agreement, or instrument to which Company is a party or by which it or any of its assets is bound or affected.

4.3.5. Company shall, at its own expense, keep in full force and effect its legal existence; and Company shall make commercially reasonable efforts to obtain, as and when required for the performance of its obligations under this Agreement, and to maintain the Approvals required for it timely to observe all of the terms and conditions of this Agreement.

4.3.6. Company is the sole owner of the real property on which the Facility is located and is the sole owner of the improvements comprising the Facility and all real and personal property located therein. The Company has full power, authority and legal right to own such real and personal property.

4.3.7. There is no litigation or proceeding pending or threatened against Company that could reasonably be expected to adversely affect the validity of this Agreement or the ability of Company to comply with its obligations under this Agreement.

4.3.8. The Company nor any of its agents or subsidiaries has received any notice of revocation, modification, denial or legal or administrative proceedings relating to the denial, revocation or modification of any local or state approvals, which, singly or in the aggregate, would prohibit the Company's Operations at the Facility.

5. FINANCIAL ARRANGEMENTS

5.1. All net income, revenue, cash flow, and other distributions from Operations will be held by Manager as a Management Fee, subject to Manager's further obligations to make payments and pay rent and expenses as otherwise provided herein.

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5.2. Starting on December 1, 2017, Manager shall make monthly payments of \$15,000 to Balboa Ave Cooperative.

5.3. Both before and after the closing of Manager's exercise of the Option, such monthly payments by Manager shall include (i) the monthly Balboa-Guaranteed Payments payable to Monarch, (ii) the \$15,000 monthly payments to Balboa Ave Cooperative prior to the Option as referenced in Section 5.2, and after the Option to San Diego United Holdings Group, LLC as monthly rent payments to the then-title holder of the Facility, (iii) reimbursement to any party as a preferential payment the reimbursement of sums spent for tenant improvements, and (iv) Manager's Operations expenses. Prior to the closing of Manager's exercise of the Option, one third (1/3) of any remaining net income is to be paid to Company (it being understood and agreed that the Balboa-Guaranteed Payments are credited toward this payment of 1/3 of remaining net income sharing.) All such payments constitute a material part of Manager's obligations under this Agreement.

5.4 Notwithstanding anything else herein, the Old Operators and Manager will split the costs of CUP and other mitigations 50/50, and once the Option is exercised, the Manager (or its assignee) and the Old Operators will own the property and cash flows from Manager on a 50/50 basis.

6. TERM AND TERMINATION

6.1. Term. Subject to the provisions contained in this Agreement, this Agreement shall commence as of the Effective Date and continue in full force and effect for a period of twenty (20) years.

6.2. Termination. Except as provided herein, this Agreement is not terminable by any Party and may only be not-renewed at the option of the Manager at the expiration of the term hereunder through the provision of ninety (90) days' advance written notice. This Agreement may be terminated through mutual consent of Manager and Company. This Agreement may also be terminated at the option of the Manager if the Operations fail to obtain either (i) any HOA or other local approvals, or (ii) the required California State permissions and licenses, in each case to allow the operation of a retail, non-medical cannabis business. This Agreement may be terminated at the option of the Company upon the failure by Manager to make any payments as are required herein, and such failure has gone uncured for twenty-five (25) days following notice to Manager by Company and/or the Old Operators.

7. RECORDS AND RECORD KEEPING

7.1. Access to Information. Company hereby authorize and grants to Manager full and complete access to all information, instruments, and documents relating to Company which may be reasonably requested by Manager to perform its obligations hereunder, and shall disclose and make available to representatives of Manager for review and photocopying all relevant books, agreements, papers, and records of Company. Manager shall further timely provide Company with all books and records generated from Operations. This shall be a continuing

obligation of the Parties following the termination of this Agreement to the extent needed to implement the terms contained herein.

8. OPTION TO PURCHASE

8.1 Grant of Option. Company hereby grants Manager an option to acquire a 50% interest in the Facility, as well as a 50% interest in all applicable permits and rights thereto, that constitutes the land, buildings and improvements owned by the Company at and for the Facility location ("Option"). The Option is granted for and in consideration of Manager's payment of a non-refundable Option fee towards the Option Exercise Price of Seventy Five Thousand Dollars (\$75,000.00), which \$75,000 shall be paid to Old Operators on March 15, 2018, regardless of whether Option has been exercised.

8.2 Option Exercise Price. The Option for this 50% interest shall be exercised by the Manager sending notice of exercise to the Company. Thereafter, before the Closing Date, Manager shall deposit into Escrow the following amounts (each an independent "Option Exercise Price") depending upon the date of the notice of exercise as follows:

<u>Date of Option Exercise:</u>	<u>Option Exercise Price of 50% Interest in Facility:</u>
December 31, 2017 (or prior)	\$2,700,000 (50% of \$5,400,000 Facility valuation)
March 31, 2018 (or prior)	\$2,850,000 (50% of \$5,700,000 Facility valuation)
June 30, 2018 (or prior)	\$3,000,000 (50% of \$6,000,000 Facility valuation)

8.3 Closing of Escrow. Escrow shall close on the Date of the Option Exercise, at the mutual direction of the Parties, with a qualified escrow company located in San Diego County. The Parties shall cooperate and execute such documents as are required to transfer the 50% interest in the land, building, and improvements to the Manager at the time of Closing. San Diego United Holdings Group, LLC owns other real property in addition to the Facility also located within the HOA where the Facility is located. As such, the Parties agree to cooperate in holding title to the Facility separate from the other real property owned by San Diego United Holdings Group, LLC consistent with the terms of this Agreement.

8.4 Expiration of Option. If Manager does not exercise the Option prior to July 1, 2018, all of Manager's rights to exercise the Option shall expire. The expiration of the Option shall not affect or alter the non-Option related terms of this Agreement.

8.5 Manager's Operating Agreement – Old Operator's Ownership in Manager. It is the intent of the Parties to, upon exercise of the option hereunder at Section 8.1, grant Old Operators, or their designee, a 33% ownership interest in the Series applicable to the Balboa



Facility in San Diego Building Ventures, LLC, a Delaware Series Limited Liability Company upon . Such ownership interest shall become effective as of the closing of the Option, and the Parties shall incorporate into that Operating Agreement Series such terms as are reflected in that certain LOI dated October 17, 2017 among the Parties with respect to Managers of the Series and related issues set forth therein. The terms of the Operating Agreement for San Diego Building Ventures, LLC shall govern the operations of the Balboa Facility and the Manager upon the closing of the Option. The Parties shall cooperate on the final structural decisions and documentation consistent with the terms contained in the LOI. From and after the closing of Manager's exercise of the Option, this new management company shall further take over all of the Manager's duties and responsibilities as outlined in this Agreement.

8.6 Addition of up to Five Units in Commercial Park. As stated herein, there are five (5) other units in the HOA commercial park owned by San Diego United Holdings Group, LLC not covered by this Agreement and this Option. The "Facility" referenced in Recital A above is the only real property subject to this Agreement. Manager is considering the purchase of an additional four (4) units not owned by San Diego United Holdings Group, LLC in the HOA commercial park. . Further, in the event Manager desires to purchase one or more of these other five (5) units already owned by San Diego United Holdings Group, LLC , the parties agree to negotiate the purchase a 50% interest in one or more of these other units in addition to the Option Exercise Price refernced in Section 8.2 above, and held by Manager 50% with the Company.

8.7 HOA Resolution. Notwithstanding anything else contained in this Agreement, no obligation, passage of time, date, or other matter with respect to the Option shall become effective until the dispute with the Montgomery Field Business Condominiums Association (the "HOA Matter," which shall include Case No. 37-2017-00019384-CU-CO-CTL pending in the Superior Court of San Diego, the dispute underlying said action, and all related matters) is resolved to the satisfaction of Manager. In that regard each of the dates set forth in Section 8.2 above are tolled until the 30th, 90th, and 150th day, respectively, following the resolution of the HOA Matter, to Manager's satisfaction. The expiration date of the Option in section 8.4, above, is similarly tolled.

9. GENERAL

9.1. Conversion. At the option of Manager and in consultation with the Old Operators, any Nonprofit may be converted into a for-profit entity and owned as the Parties may otherwise agree, and as is required for compliance with law.

9.2. Indemnification.

9.2.1. Indemnification by Company. Company hereby agree to indemnify, defend, and hold harmless Manager, its officers, directors, owners, members, employees, agents, affiliates, and subcontractors, from and against any and all claims, damages, demands, diminution in value, losses, liabilities, actions, lawsuits and other proceedings, judgments, fines, assessments, penalties, awards, costs, and expenses (including reasonable attorneys' fees) related to third party claims, whether or not covered by insurance, arising from or relating to any willful misconduct relating to the breach of this Agreement by Company. The provisions of this Section

shall survive termination or expiration of this Agreement. Company shall immediately notify Manager of any lawsuits or actions, or any threat thereof, that are known or become known to Company that might adversely affect any interest of Company or Manager whatsoever.

9.2.2. Indemnification by Manager. Manager hereby agrees to indemnify, defend, and hold harmless Company, their respective officers, directors, shareholders, employees and agents from and against any and all claims, damages, demands, diminution in value, losses, liabilities, actions, lawsuits and other proceedings, judgments, fines, assessments, penalties, and awards, costs, and expenses (including reasonable attorneys' fees), whether or not covered by insurance, arising from or relating to (a) any material breach of this Agreement by Manager, (b) any acts or omissions by Manager and its employees to the extent that such is not paid or covered by the proceeds of insurance, and (c) all other Operations conduct at the Facility as part of Manager providing Administrative Services to the Company. The provisions of this Section shall survive termination or expiration of this Agreement. Notwithstanding the foregoing, Manager shall not indemnify Company for the acts or omissions of any physicians, or others employed or engaged by Company. Manager shall immediately notify Company of any lawsuits or actions, or any threat thereof, that are known or become known to Manager that might adversely affect any interest of Manager or Company whatsoever.

9.3. Dispute Resolution. In the event that any disagreement, dispute or claim arises among the Parties hereto with respect to the enforcement or interpretation of this Agreement or any specific terms and provisions hereof or with respect to whether an alleged breach or default hereof has or has not occurred (collectively, a "Dispute"), such Dispute shall be settled in accordance with the following procedures:

9.3.1. Meet and Confer. In the event of a Dispute among the Parties hereto, a Party may give written notice to all other Parties setting forth the nature of such Dispute (the "Dispute Notice"). The Parties shall meet and confer in San Diego County to discuss the Dispute in good faith within five (5) days following the other Parties' receipt of the Dispute Notice in an attempt to resolve the Dispute. All representatives shall meet at such date(s) and time(s) as are mutually convenient to the representatives of each participant within the "Meet and Confer Period" (as defined herein below).

9.3.2. Mediation. If the Parties are unable to resolve the Dispute within ten (10) days following the date of receipt of the Dispute Notice by the other parties (the "Meet and Confer Period"), then the parties shall attempt in good faith to settle the Dispute through nonbinding mediation under the Rules of Practice and Procedures (the "Rules") of ADR Services, Inc. ("ADR Services") in San Diego County within thirty (30) days of delivery of the initial Dispute Notice. A single disinterested third-party mediator shall be selected by ADR Services in accordance with its then current Rules. The Parties to the Dispute shall share the expenses of the mediator and the other costs of mediation on a pro rata basis.

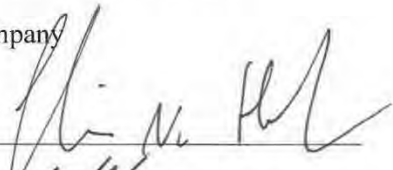


9.3.3. Arbitration. Any Dispute which cannot be resolved by the Parties as outlined above, such Dispute shall be resolved by final and binding arbitration (the "Arbitration"). The Arbitration shall be initiated and administered by and in accordance with the then current Rules of ADR Services. The Arbitration shall be held in San Diego County, unless



the parties mutually agree to have such proceeding in some other locale; the exact time and location shall be decided by the arbitrator(s) selected in accordance with the then current Rules of ADR Services. The arbitrator(s) shall apply California substantive law, or federal substantive law where state law is preempted. The arbitrator(s) selected shall have the power to enforce the rights, remedies, duties, liabilities, and obligations of discovery by the imposition of the same terms, conditions, and penalties as can be imposed in like circumstances in a civil action by a court of competent jurisdiction of the State of California. The arbitrator(s) shall have the power to grant all legal and equitable remedies provided by California law and award compensatory damages provided by California law, except that punitive damages shall not be awarded. The arbitrator(s) shall prepare in writing and provide to the Parties an award including factual findings and the legal reasons on which the award is based. The arbitration award may be enforced through an action thereon brought in the Superior Court for the State of California in San Diego County. The prevailing party in any Arbitration hereunder shall be awarded reasonable attorneys' fees, expert and nonexpert witness costs and any other expenses incurred directly or indirectly with said Arbitration, including without limitation the fees and expenses of the arbitrator(s).

THIS ELECTION OF AN ALTERNATIVE DISPUTE PROCESS IS AN AFFIRMATIVE WAIVER OF THE PARTIES' RIGHTS TO A JURY TRIAL UNDER CALIFORNIA LAW, Cal. C. Civ. Pro. Sec 631. BY SIGNING BELOW, EACH PARTY IS EXPLICITLY WAIVING JURY TRIAL AND AUTHORIZING ANY AND ALL PARTIES TO FILE THIS WAIVER WITH ANY COURT AS THE WAIVER REQUIRED UNDER Cal. C. Civ. Proc. Sec. 631(f)(2):

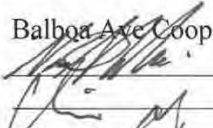
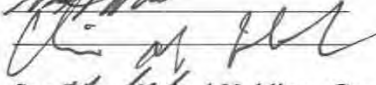
JURY TRIAL WAIVED:

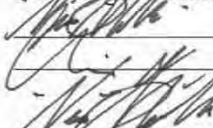
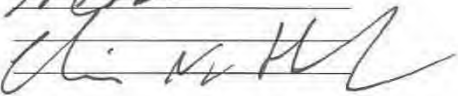
Company  Manager
By:  By: 

9.4. Entire Agreement; Amendment. This Agreement constitutes the entire agreement among the Parties related to the subject matter hereof and supersedes all prior agreements, understandings, and letters of intent relating to the subject matter hereof. This Agreement may be amended or supplemented only by a writing executed by all Parties. The Recitals of this Agreement are incorporated herein by this reference.

9.5. Notices. All notices, requests, demands or consents hereunder shall be in writing and shall be deemed given and received when delivered, if delivered in person, or four (4) days after being mailed by certified or registered mail, postage prepaid, return receipt requested, or one (1) day after being sent by overnight courier such as Federal Express, to and by the Parties at the following addresses, or at such other addresses as the Parties may designate by written notice in the manner set forth herein:

If to Manager: SoCal Building Ventures, LLC

If to Company: Balboa Ave Cooperative


San Diego United Holdings Group, LLC

If to Old Operators: 


9.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which, when taken together, will constitute one and the same instrument.

9.7. Governing Law. This Agreement shall be construed and governed in accordance with the laws of the State of California, without reference to conflict of law principles.

9.8. Assignment. Unless expressly set forth to the contrary hereinabove, this Agreement shall not be assignable by any Party hereto without the express written consent of the other Parties; provided, however, Old Operators may assign their holding interest to Monarch or another legal entity owned by the Old Operators, and SoCal Building Ventures, LLC may assign all or a portion of its rights and obligations to San Diego Building Ventures, LLC.

9.9. Waiver. Waiver of any agreement or obligation set forth in this Agreement by either Party shall not prevent that party from later insisting upon full performance of such agreement or obligation and no course of dealing, partial exercise or any delay or failure on the part of any Party hereto in exercising any right, power, privilege, or remedy under this Agreement or any related agreement or instrument shall impair or restrict any such right, power, privilege or remedy or be construed as a waiver therefor. No waiver shall be valid against any Party unless made in writing and signed by the Party against whom enforcement of such waiver is sought.

9.10. Binding Effect. Subject to the provisions set forth in this Agreement, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and upon their respective successors and assigns.

9.11. Waiver of Rule of Construction. Each Party has had the opportunity to consult with its own legal counsel in connection with the review, drafting, and negotiation of this Agreement. Accordingly, the rule of construction that any ambiguity in this Agreement shall be construed against the drafting party shall not apply.

9.12. Severability. If anyone or more of the provisions of this Agreement is adjudged to any extent invalid, unenforceable, or contrary to law by a court of competent jurisdiction, each and all of the remaining provisions of this Agreement will not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

9.13. Force Majeure. Any Party shall be excused for failures and delays in performance of its respective obligations under this Agreement due to any cause beyond the control and without the fault of such party, including without limitation, any act of God, war, terrorism, bio-terrorism, riot or insurrection, law or regulation, strike, flood, earthquake, water shortage, fire, explosion or inability due to any of the aforementioned causes to obtain necessary labor, materials or facilities. This provision shall not release such Party from using its best efforts to avoid or remove such cause and such Party shall continue performance hereunder with the utmost dispatch whenever such causes are removed. Upon claiming any such excuse or delay for non-performance, such Party shall give prompt written notice thereof to the other Party, provided that failure to give such notice shall not in any way limit the operation of this provision.

9.14. Authorization for Agreement. The execution and performance of this Agreement by Company and Manager have been duly authorized by all necessary laws, resolutions, and corporate or partnership action, and this Agreement constitutes the valid and enforceable obligations of Company and Manager in accordance with its terms.

9.15. Duty to Cooperate. The Parties acknowledge that the Parties' mutual cooperation is critical to the ability of Manager and Company to perform successfully and efficiently its duties hereunder. Accordingly, each party agrees to cooperate fully with the other in formulating and implementing goals and objectives which are in Company's best interests.

9.16. Proprietary and Confidential Information. The Parties agree with regard to Confidential Information that Manager may be given or obtain as a result of Manager's performance under this Agreement, or vice versa, such Confidential Information is secret, confidential and proprietary, and shall be utilized only for those purposes of this Agreement or as otherwise directed or agreed to in writing. The term "Confidential Information" means any information or knowledge concerning or in any way related to the practices, pricing, activities, strategies, business plans, financial plans, trade secrets, relationships and methodology of Operations of the business, performance of the Administrative Services, or other matter relating to the business. The Parties shall take appropriate action to ensure that all employees permitted access to Confidential Information are aware of its confidential and proprietary nature and the restrictions placed on its use. The Parties shall not reproduce or copy the Confidential Information of the Company, or any part thereof, in any manner other than is necessary to perform under this Agreement, and no Party shall disclose or otherwise make the Confidential Information available to any other person, corporation, or other entity, except to the other Party, or as otherwise required by law.



9.16.1. All Confidential Information constitutes a valuable, confidential, special and unique asset. The Parties recognize that the disclosure of Confidential Information may give rise to irreparable injury or damage that are difficult to calculate, and which cannot be adequately compensated by monetary damages. Accordingly, in the event of any violation or threatened violation of the confidentiality provisions of this Agreement, a non-violating Party shall be entitled to an injunction restraining such violation.

9.17. Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the Parties; provided, however, at the request of either Party, the other Party shall execute such additional instruments and take such additional acts as are reasonable and as the requesting Party may deem necessary to effectuate this Agreement.

9.18. Consents, Approvals, and Exercise of Discretion. Whenever this requires any consent or approval to be given by either Party, or either Party must or may exercise discretion, and except where specifically set forth to the contrary, the Parties agree that such consent or approval shall not be unreasonably withheld or delayed, and that such discretion shall be reasonably exercised.

9.19. Third Party Beneficiaries. Except as otherwise provided herein, this Agreement shall not confer any rights or remedies upon any person other than Manager and Owner and their respective successors and permitted assigns.

[signature page follows]

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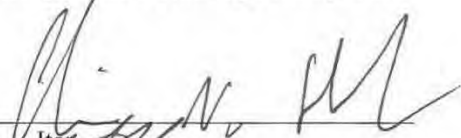

IN WITNESS WHEREOF, the Parties agree to the foregoing terms of agreement through the execution below by their respective, duly authorized representatives as of the Effective Date.

“COMPANY”

Balboa Ave Cooperative

By: 
Its: _____

San Diego United Holdings Group, LLC


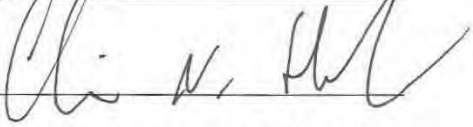
By: 
Its: 

“MANAGER”

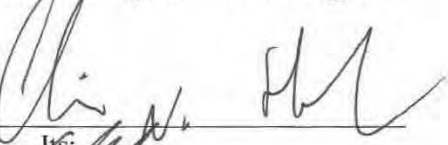
SoCal Building Ventures, LLC

By: _____
Its: _____

“OLD OPERATORS”

By: 
By: 

Monarch Management Consulting, Inc.

By: 
Its: 