
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
Volume 15 of 19 – Pages 4775 to 5065 of 6477

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7 Attorneys for Defendants CHRIS HAKIM,
8 MIRA ESTE PROPERTIES LLC,
9 MONARCH MANAGEMENT
10 CONSULTING, INC., and
11 ROSELLE PROPERTIES LLC

12 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
13 **COUNTY OF SAN DIEGO, CENTRAL DIVISION**

14	SALAM RAZUKI, an individual	)	Case No.: 37-2018-00034229-CU-BC-CTL
15)	
16	Plaintiff.	)	(Unlimited Civil Action)
17)	
18	vs)	
19		)	EX PARTE APPLICATION TO SET
20	NINUS MALAN, an individual; CHRIS	)	APPEAL BOND ON APPEAL OF
21	HAKIM, an individual; MONARCH	)	ORDER APPOINTING RECEIVER;
22	MANAGEMENT CONSULTING, INC.,	)	DECLARATION OF CHARLES F.
23	California corporation; SAN DIEGO	)	GORIA; POINTS AND AUTHORITIES
24	UNITED HOLDINGS GROUP, LLC, a)	
25	California limited liability company; FLIP	)	Hearing Date: November 6, 2018
26	MANAGEMENT, LLC, a California limited	)	Time: 8:30 AM
27	liability company; MIRA ESTE	)	Dept.: C-67
28	PROPERTIES LLC, a California limited	)	I/C Judge: Hon. Eddie C. Sturgeon
	liability company; ROSELLE PROPERTIES,)	
	LLC, a California limited liability company;)	
	BALBOA AVE COOPERATIVE, a	)	Complaint Filed: July 10, 2018
	California nonprofit mutual benefit	)	Trial Date: Not Set
	corporation; CALIFORNIA CANNABIS)	
	GROUP, a California nonprofit mutual)	
	benefit corporation; DEVILISH DELIGHTS,)	
	INC. a California nonprofit mutual benefit)	
	corporation; and DOES 1-100, inclusive;)	
	Defendants.)	
		)	IMAGED FILE
)	
	_____)	
	AND RELATED CROSS-ACTIONS.)	

1 TO: ALL PARTIES AND THEIR ATTORNEYS OF RECORD HEREIN:

2 Defendants and Cross-complainants CHRIS HAKIM, MIRA ESTE PROPERTIES
3 LLC, and ROSELLE PROPERTIES LLC (hereinafter, sometimes collectively, "Moving
4 Defendants") hereby apply for an ex parte order setting the amount of bond pursuant to Code of
5 Civil Procedure Section 917.5 on the appeal of this Court's Order of September 26, 2018
6 appointing a receiver.
7

8 This application is brought on the grounds that a Notice of Cross-Appeal of said
9 September 26, 2018 order has been filed by Moving Defendants, and good cause exists for the
10 setting of the amount of the appeal bond in that Moving Defendants are entitled to post a bond to
11 vacate the appointment of the receiver during the pendency of the appeal and so that the rights of
12 the parties and the receiver can be settled during the pendency of the appeal.
13

14 This application is based upon this application, the accompanying declarations of Chris
15 Hakim and Justus Henckes IV, the following declaration of Charles F. Gorla, , the following
16 points and authorities, the records and file in this case, and such other oral and documentary
17 evidence as may be presented at or before the hearing hereof.
18

19 Gorla, Weber & Jarvis

20
21 Dated: 11/5/18


22 Charles F. Gorla
23 Attorneys for Moving Defendants
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25
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27
28

DECLARATION OF CHARLES F. GORIA

I, Charles F. Goria, declare:

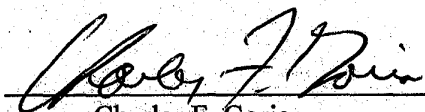
1. I am an attorney at law duly licensed to practice before the courts of the State of California and am a partner in the law firm of Goria, Weber & Jarvis, retained by Moving Defendants Chris Hakim, Mira Este Properties LLC, and Roselle Properties LLC to represent them in the above entitled action.

2. On or about Tuesday, October 30, 2018, I received a Notice of Appeal of the September 26, 2018 Order Appointing Receiver filed by defendants Ninus Malan, San Diego United Holdings Group, LLC, Flip Management, LLC, California Cannabis Group, Balboa Ave Cooperative, and Devilish Delights, Inc. A true and correct copy of said Notice of Appeal is attached hereto as Exhibit 1 and, by this reference, made a part hereof.

3. On or about November 2, 2018, I filed a Notice of Cross-Appeal relative to said September 26, 2018 Order appointing Receiver. A true and correct copy of said Notice of Cross-Appeal is attached hereto as Exhibit 2 and, by this reference, made a part hereof.

4. Notice of this ex parte hearing was provided on Monday morning, November 6, 2018, by correspondence sent electronically to attorneys for the receiver, Plaintiff, Defendants other than Moving Defendants, and Plaintiffs-in-Intervention. A true and correct copy of said correspondence with the names and addresses of the counsel receiving same is attached hereto as Exhibit 3 and, by this reference, made a part hereof. As of the date of this declaration, none of the recipients has responded as to whether they will appear or oppose the application.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed at San Diego County, California, this 5 day of November 2018.



Charles F. Goria

///

POINTS AND AUTHORITIES

1
2
3 **1. INTRODUCTION**

4 The court's re-appointment of the receiver at the ex parte hearing on August 20, 2018,
5 has had dire consequences for the cannabis manufacturing and production facility at 9212
6 Mira Este, San Diego, California ("Mira Este Facility" or "Facility"). As made clear by the
7 accompanying Declaration of Justus Henckes IV, the CPA for the Mira Este Facility and its
8 owner, Mira Este Properties LLC ("MEP"), the Facility has operated at a substantial loss
9 over the last three months. **It will continue to do so because the Facility has been unable**
10 **to license or subcontract out its ample warehouse space to other manufacturers or**
11 **producers because of the very existence of the receivership at the Facility.**
12

13
14 Because the Facility will continue to operate at a loss due to the existence of the
15 receivership, **Plaintiff will suffer no damage whatsoever from the removal of the**
16 **receiver during the pendency of the appeal.** Therefore, the amount of the bond – which
17 must be predicated on the likely damages that will be suffered from the removal of the
18 receiver – should be minimal. Moving Defendants request that the minimal bond in the
19 amount of \$10,000 be set, because it cannot be established that plaintiff will suffer any
20 greater damages due to the removal of the receiver. **Indeed, an amount in excess of**
21 **\$10,000, given the peculiar circumstances of this case, would be nothing more than**
22 **punitive.**
23

24 A brief review of the pertinent background matters in this litigation, with particular
25 attention to the events happening since the appointment of the receiver on or about August
26 20, 2018, shows the following:

- 27
28 1. MEP acquired the property and improvements commonly described as 9212

1 Mira Este Court, San Diego, California ("Mira Este Property") in August 2016 for the
2 purchase price of approximately \$2,625,000.00. The purchase price consisted of a down
3 payment of approximately \$637,500.00, and a new loan in the approximate amount of
4 \$1,987,500.00. Chris Hakim ("Hakim"), one of the owners of MEP and the managing
5 member of MEP, **paid from his own personal funds the amount of \$420,000.00 towards**
6 **the down payment of \$637,500.00.** Plaintiff Salam Razuki and Defendant Ninus Malan
7 paid the rest of the down payment.
8

9 2. The operating agreement of MEP provided that Hakim would receive one-half
10 of the profits, and the other one half would be distributed to Malan. Plaintiff has never made
11 any claim or contention that Hakim was **not entitled** to one-half of the net profits of the
12 Mira Este Facility. When the Mira Este Property was acquired, Plaintiff did not want to be
13 part of the management or operation of Mira Este, but only wanted to share in the profits that
14 Malan was to receive pursuant to an alleged agreement that he had with Malan. The Razuki-
15 Malan agreement claimed by Razuki was in the form of an agreement creating a holding
16 company, RM Holdings, for properties and other assets owned by Malan and Razuki. The
17 RM Holdings agreement provided that Razuki was to receive three-fourths of the one-half of
18 any net profits received by Malan from MEP, and Malan was to receive the other one-fourth
19 of the one-half distributed to him by MEP. Hakim had no involvement with RM Holdings.
20
21

22 3. Malan is the sole record owner of the Balboa Dispensary, subject to Plaintiff's
23 similar claim pursuant to the RM Holdings agreement. The receiver presently oversees both
24 the Balboa Dispensary and the Mira Este Facility. Hakim has never had any ownership
25 interest in the Balboa Dispensary. In that regard, the Balboa Dispensary is a completely
26 different business operation and consists of a retail facility that sells cannabis products to the
27 public. By contrast, the Mira Este Facility is a manufacturing and production facility that
28

1 does not sell to the public. The business model of MEP is therefore completely separate and
2 different from that of the Balboa dispensary.

3 4. As MEP's managing member, Hakim negotiated the management agreement
4 between MEP and SoCal. In or about May 2018, however, SoCal stopped making its
5 required payments under its management agreement with MEP. As a result of that as well
6 as other defaults and breaches, SoCal was terminated in July 2018.
7

8 5. In early August 2018 (before the receivership was put in place at the Facility),
9 Hakim on behalf of MEP and Jerry Baca ("Baca") on behalf of Synergy Management
10 Partners, LLC ("Synergy") agreed to a management agreement whereby Synergy would
11 manage the Facility. Almost immediately, and in sharp contrast to SoCal, Synergy opened
12 the Facility and contracted with a sub licensee, Edipure, for its use of the Facility. As soon
13 as the sub license agreement with Edipure was made, Edipure invested between \$50,000 and
14 \$100,000 in equipping its space at the Mira Este Facility. Under its sub license agreement,
15 Edipure is paying \$30,000 per month or 10% of its revenues, whichever is greater for its use
16 of the Facility. Since it had initial sales or "pre-orders" of \$200,000, Edipure is obligated to
17 pay the sum of \$30,000 for its first month of occupancy. Also, the license agreement entitles
18 Edipure to occupy approximately 4000 square feet of space at the Mira Este Facility. It also
19 specifies that the Facility will provide security, staffing, testing, and other overhead. **The**
20 **license agreement with Edipure was entered into before the current appointment of**
21 **the receiver was made on or about August 20, 2018.**
22
23

24 6. Over the years, both Baca and Hakim have developed a number of contacts
25 among producers and manufacturers in the cannabis industry. In addition to Edipure, they
26 also had a number of other contacts who communicated a strong interest in locating their
27 production and manufacturing activities at the Mira Este Facility. Many of these producers
28

1 and manufacturers were very close to reaching an agreement for a sub license agreement
2 with MEP similar to Edipure's sub license agreement before the receiver was appointed on
3 August 20, 2018. As a result of the appointment of the receiver on August 20, 2018, not
4 one of these producers and manufacturers with whom Baca and Hakim were
5 negotiating continued negotiations.
6

7 7. Because there is only one sub licensee at the Mira Este Property, Edipure, the
8 operation of the Facility cannot be sustained for very long. The debt service and overhead of
9 the Mira Este Facility cannot be maintained if the receiver remains in place, since no sub
10 licensees will commit to locating at the Facility with a receiver involved in any way. Debt
11 service on the loans encumbering the Mira Este property are approximately \$25,000 per
12 month. There is also additional and extensive overhead for the Mira Este Property beyond
13 debt service. Overhead expenses include staffing, security, and services that are required to
14 be provided to sub licensees regardless of the number of sub licensees at the Facility.
15

16 If the receiver is left in place during the pendency of this action, all indications
17 suggest that the facility will continue to operate at a loss. Therefore, the removal of the
18 receiver will not result in any damage or loss of profits to plaintiff even if plaintiff is able to
19 prevail on his claim. Since the court is obliged to fix the amount of the bond based on the
20 probable damage to be suffered if the receiver is removed, the amount of the bond in this
21 case should be minimal. There simply will be no probable damage suffered by plaintiff if the
22 receiver is removed, since the facility is operating at a substantial loss at this time while the
23 receiver is in place.
24

25 2. **SINCE THE MIRA ESTE FACILITY HAS BEEN LOSING**
26 **SUBSTANTIAL MONIES UNDER THE RECEIVERSHIP AND PLAINTIFF WILL NOT**
27 **BE PREJUDICED OR DAMAGED BY HAVING THE RECEIVER REMOVED, THE**
28

1 **COURT SHOULD REQUIRE ONLY THE MINIMUM BOND AMOUNT OF \$10,000;**
2 **THE COURT SHOULD ALSO FOCUS ONLY ON THE MIRA ESTE FACILITY IN**
3 **SETTING THE BOND AND NOT CONSIDER THE BALBOA FACILITY, SINCE**
4 **THERE ARE DIFFERENT OWNERS AND DIFFERENT BUSINESSES INVOLVED IN**
5 **THE TWO LOCATIONS.**

7 Under Code of Civil Procedure section 917.5, the court is empowered to set the amount
8 of bond on appeal of an order appointing a receiver. The fixing of the amount of the bond may be
9 undertaken on ex parte application. (See, e.g., *McClintock v. Powley*, 210 Cal. 333, 337: "An
10 order fixing the amount of a stay bond may be made *ex parte*").

11 Significantly, where a receiver is appointed over more than one property or more than one
12 business, and where there are multiple defendants appealing from the order, the court should set
13 bond amounts for each appealing party. Stated otherwise, where two defendants file separate
14 notices of appeal from an order appointing a receiver, and only one of said defendants files a stay
15 bond, said bond does not stay the order appointing the receiver and suspend his powers in so far
16 as the property of the other defendant is concerned. This particular point was addressed by the
17 Fourth District Court of Appeal in *Highland Sec. Co. v. Superior Court of Orange County*, 119
18 Cal. App. 107, 111-112. In that case, as in the present case, there were two separate businesses
19 run by two separate defendants, all of which were in the hands of a receiver. As in this case, both
20 defendants appealed the order appointing the receiver but only one of said defendants filed a stay
21 bond. The court discussed whether or not the receiver's powers over one business was stayed by
22 the other business posting a bond, as follows:

25 "The first question presenting itself is whether or not the *supersedeas* bond of the
26 People's Finance and Thrift Company stayed the order appointing the receiver and
27 suspended his powers in so far as the property of the Highland Securities Company was
28

1 concerned. This company having failed to file any bond on appeal, the following
2 authorities require us to answer this question in the negative: *Zane v. de Onativia*, 135
3 Cal. 440 [67 P. 685]; *Halsted v. First Sav. Bank*, 173 Cal. 605 [160 P. 1075]; *Bolles v.*
4 *Hilton & Paley*, 101 Cal. App. 92 [281 P. 73]. As we have remarked before, we cannot
5 determine what portion, if any, of the assets in the hands of the receiver belonged to the
6 Highland Securities Company and what portion belonged to the People's Finance and
7 Thrift Company. Even though we should agree with the contention of the People's
8 Finance and Thrift Company that their stay bond on appeal suspended the jurisdiction of
9 the court over the receivership proceedings against this corporation, we would be unable
10 to determine what portion of the assets formerly held by the receiver belonged to this
11 corporation to be returned, and what portion, if any, belonged to the Highland Securities
12 Company to be retained by the receiver."
13
14

15
16 In the present case, Moving Defendants are appealing from the order in so far as it
17 established the receivership over the Mira Este Facility. Once Moving Defendants post the stay
18 bond, then the jurisdiction of the court over the receivership proceedings ***against Moving***
19 ***Defendants*** is stayed. Since the Mira Este Facility is a separate business with separate ownership
20 from that of the Balboa Dispensary, and since the Mira Este Facility is owned exclusively by
21 Moving Defendant Mira Este Properties LLC, the bond amount should be fixed only with
22 reference to the Mira Este Facility. Whether or not a bond is posted relative to the Balboa
23 Dispensary should not be considered by the court in fixing the bond for the Mira Este Facility.
24 As such, the court should only direct its attention to the profitability (or lack thereof) of the Mira
25 Este Facility in setting the amount of the bond that Moving Defendants need to post in order to
26 stay the receivership at the Mira Este Facility.
27
28

1 **CONCLUSION**

2 For all of the foregoing reasons, it is requested that the Court grant Moving Defendants'
3 ex parte application to fix the minimum bond amount on appeal of the order appointing the
4 receiver for the Mira Este Facility. Plaintiff will not suffer any damages by the removal of the
5 Receiver, since no profits are being generated at this point in time and none are foreseeable so
6 long as the receiver remains in place.
7

8
9 Respectfully submitted,

10 **GORIA, WEBER & JARVIS**

11
12
13 Dated: 11/5/18

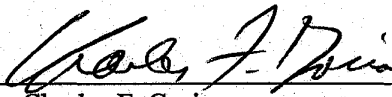
14 By: 
15 Charles F. Gorla
16 Attorneys for Moving Defendants
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EXHIBIT 1

ATTORNEY OR PARTY WITHOUT ATTORNEY: STATE BAR NO. 277861 NAME Daniel Watts SBN 277861 Steven Blake SBN 235502 FIRM NAME Galuppo & Blake STREET ADDRESS 2792 Gateway Rd. Suite 102 CITY Carlsbad STATE CA ZIP CODE 92009 TELEPHONE NO. 760-431-4575 FAX NO. 760-431-4579 EMAIL ADDRESS: dwatts@galuppolaw.com ATTORNEY FOR (name): Appellants Ninus Malan, et. al.		FOR COURT USE ONLY
SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO STREET ADDRESS 330 W Broadway MAILING ADDRESS 330 W Broadway CITY AND ZIP CODE San Diego 92101 BRANCH NAME Central		
PLAINTIFF/PETITIONER: Salam Razuki DEFENDANT/RESPONDENT: Ninus Malan		
<input checked="" type="checkbox"/> NOTICE OF APPEAL <input type="checkbox"/> CROSS-APPEAL (UNLIMITED CIVIL CASE)		CASE NUMBER: 37-2018-00034229-CU-EC-CTL

Notice: Please read *Information on Appeal Procedures for Unlimited Civil Cases* (Judicial Council form APP-001) before completing this form. This form must be filed in the superior court, not in the Court of Appeal. A copy of this form must also be served on the other party or parties to this appeal. You may use an applicable Judicial Council form (such as APP-009 or APP-009E) for the proof of service. When this document has been completed and a copy served, the original may then be filed with the court with proof of service.

1. NOTICE IS HEREBY GIVEN that (name): Ninus Malan, et. al. (See Exhibit A for full list of appealing parties) appeals from the following judgment or order in this case, which was entered on (date): September 26, 2018
- Judgment after jury trial
 - Judgment after court trial
 - Default judgment
 - Judgment after an order granting a summary judgment motion
 - Judgment of dismissal under Code of Civil Procedure, §§ 581d, 583.250, 583.260, or 583.430
 - Judgment of dismissal after an order sustaining a demurrer
 - An order after judgment under Code of Civil Procedure, § 904.1(a)(2)
 - An order or judgment under Code of Civil Procedure, § 904.1(a)(3)-(13)
 - Other (describe and specify code section that authorizes this appeal):

2. For cross-appeals only:
- a. Date notice of appeal was filed in original appeal:
 - b. Date superior court clerk mailed notice of original appeal:
 - c. Court of Appeal case number (if known):

Date: October 30, 2018

Daniel Watts
 (TYPE OR PRINT NAME)


 (SIGNATURE OF PARTY OR ATTORNEY)

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11 Attorneys for Defendants
12

13 SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO

14 CENTRAL DIVISION

15 SALAM RAZUKI, an individual,

16 Plaintiff,

17 vs.

18 NINUS MALAN, an individual; MONARCH
19 MANAGEMENT CONSULTING, INC., a
California corporation; SAN DIEGO UNITED
20 HOLDING GROUP, LLC, a California limited
liability company; MIRA ESTE
21 PROPERTIES, LLC, a California limited
liability company; ROSELLE PROPERTIES,
22 LLC, a California limited liability company;
and DOES 1-100, inclusive,
23

24 Defendants.
25

Case No.: 37-2018-00034229-CU-BC-CTL

Assigned: Hon. Judge Sturgeon
Dept.: C-67

Exhibit A to Notice of Appeal

List of Appealing Parties

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List of Appealing Parties

1. Ninus Malan
2. San Diego United Holdings Group, LLC
3. Flip Management, LLC
4. California Cannabis Group
5. Balboa Ave Cooperative
6. Devilish Delights, Inc.

List of Appealing Parties

EXHIBIT 2

ATTORNEY OR PARTY WITHOUT ATTORNEY: STATE BAR NO.: SBN68844 NAME: Charles F. Goria, Esq. FIRM NAME: Goria, Weber & Jarvis STREET ADDRESS: 1011 Camino del Rio South, Suite 210 CITY: San Diego STATE: CA ZIP CODE: 92108 TELEPHONE NO.: 619-692-3555 FAX NO.: 619-296-5508 E-MAIL ADDRESS: chasgoria@gmail.com ATTORNEY FOR (name): Defs. Chris Hakim, Roselle Properties LLC, Mira Este Properties LLC	FOR COURT USE ONLY
SUPERIOR COURT OF CALIFORNIA, COUNTY OF San Diego STREET ADDRESS: 330 W. Broadway MAILING ADDRESS: 330 W. Broadway CITY AND ZIP CODE: San Diego, CA 92101 BRANCH NAME: Central Division (Hall of Justice)	
PLAINTIFF/PETITIONER: SALAM RAZUKI DEFENDANT/RESPONDENT: NINUS MALAN ET AL.	
<input type="checkbox"/> NOTICE OF APPEAL <input checked="" type="checkbox"/> CROSS-APPEAL (UNLIMITED CIVIL CASE)	
CASE NUMBER: 37-2018-00034229-CU-BC-CTL	

Notice: Please read *Information on Appeal Procedures for Unlimited Civil Cases* (Judicial Council form APP-001) before completing this form. This form must be filed in the superior court, not in the Court of Appeal. A copy of this form must also be served on the other party or parties to this appeal. You may use an applicable Judicial Council form (such as APP-008 or APP-009E) for the proof of service. When this document has been completed and a copy served, the original may then be filed with the court with proof of service.

1. NOTICE IS HEREBY GIVEN that (name): Chris Hakim, Roselle Properties LLC, Mira Este Properties LLC appeals from the following judgment or order in this case, which was entered on (date): September 26, 2018

- Judgment after jury trial
- Judgment after court trial
- Default judgment
- Judgment after an order granting a summary judgment motion
- Judgment of dismissal under Code of Civil Procedure, §§ 581d, 583.250, 583.360, or 583.430
- Judgment of dismissal after an order sustaining a demurrer
- An order after judgment under Code of Civil Procedure, § 904.1(a)(2)
- An order or judgment under Code of Civil Procedure, § 904.1(a)(3)-(13)
- Other (describe and specify code section that authorizes this appeal):


2. For cross-appeals only:

- a. Date notice of appeal was filed in original appeal: October 30, 2018
- b. Date superior court clerk mailed notice of original appeal:
- c. Court of Appeal case number (if known):

Date: November 2, 2018

Charles F. Goria

(TYPE OR PRINT NAME)



(SIGNATURE OF PARTY OR ATTORNEY)

Form Approved for Optional Use
 Judicial Council of California
 APP-002 (Rev. January 1, 2017)

NOTICE OF APPEAL/CROSS-APPEAL (UNLIMITED CIVIL CASE)
 (Appellate)

Page 1 of 1
 Cal. Rules of Court, rule 8.100
 www.court.ca.gov

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EXHIBIT 3

**LAW OFFICES OF
GORIA, WEBER & JARVIS
ATTORNEYS AT LAW**

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November 5, 2018

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**Re: *Salam Razuki v. Ninus Malan et al*,
SDSC Case No. 37-2018-0034229**

Dear Counsel:

Please be advised that Defendants and Cross-complainants Mira Este Properties, LLC, and Chris Hakim will be appearing ex parte in the above-entitled matter on their application for an order setting the amount of bond on their appeal from the September 26, 2018 order appointing the receiver..

The ex parte application will be heard on Tuesday November 6, 2018 at 8:30 a.m. in Department C-67 of the San Diego County Superior Court - Central Division located at 330 W. Broadway, San Diego, California 92101 before the Honorable Eddie C. Sturgeon. Please let me know at your earliest convenience if you will be appearing and if you will be opposing said application.

Sincerely yours,



Charles F. Goria

CFG:tls

1 Charles F. Goria, Esq. (SBN68944)
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7 Attorneys for Defendant CHRIS HAKIM

8
9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
10 **COUNTY OF SAN DIEGO, CENTRAL DIVISION**

11 SALAM RAZUKI, an individual	)	Case No.: 37-2018-00034229-CU-BC-CTL
12 Plaintiff)	
13 vs	)	(Unlimited Civil Action)
14 NINUS MALAN, an individual; CHRIS	)	DECLARATION OF DEFENDANT
15 HAKIM, an individual; MONARCH	)	CHRIS HAKIM IN SUPPORT OF EX
16 MANAGEMENT CONSULTING, INC.,	)	PARTE APPLICATION TO SET BOND
17 California corporation; SAN DIEGO	)	ON APPEAL OF ORDER APPOINTING
18 UNITED HOLDINGS GROUP, LLC, a	)	RECEIVER
19 California limited liability company; FLIP)	
20 MANAGEMENT, LLC, a California limited	)	Hearing Date: November 6, 2018
21 liability company; MIRA ESTE	)	Time: 8:30 AM
22 PROPERTIES LLC, a California limited	)	Dept.: C-67
23 liability company; ROSELLE PROPERTIES,	)	I/C Judge: Hon. Eddie C. Sturgeon
24 LLC, a California limited liability company;)	
25 BALBOA AVE COOPERATIVE, a)	
26 California nonprofit mutual benefit	)	Complaint Filed: July 10, 2018
27 corporation; CALIFORNIA CANNABIS	)	Trial Date: Not Set
GROUP, a California nonprofit mutual)	
benefit corporation; DEVILISH DELIGHTS,)	
INC. a California nonprofit mutual benefit)	
corporation; and DOES 1-100, inclusive;)	
Defendants.	)	IMAGED FILE

1 I, Chris Hakim, declare:

2 1. I am one of the defendants in the above-referenced matter, and I am over the
3 age of 18.

4 2. At all times herein mentioned, I have been and still am one of the owners of
5 Mira Este Properties LLC (MEP). At all times since MEP was formed, I have been and still
6 am the managing Member of MEP. A true and correct copy of the Operating Agreement for
7 MEP executed on or about July 8, 2016, is attached hereto as Exhibit 1 and by this
8 reference, made a part hereof. As indicated at paragraph 8.8 of the Operating Agreement (at
9 page 21) and long before there was any dispute between Mr. Malan and Plaintiff Salam
10 Razuki, provision was made for claims made by Plaintiff. In particular, provision was made
11 that any claim that Plaintiff asserted would be handled exclusively by Mr. Ninus Malan
12 from his interest, and neither MEP nor I would have any responsibility for such claim.

13 Section 8.8 of the Operating Agreement reads as follows:
14

15
16 "8.8. Transfer of Economic Interest From Member Ninus Malan to Salam
17 Razuki. Notwithstanding anything in this Agreement to the contrary, by signing this
18 Agreement, the Manager, and each Member approves the absolute right to the
19 Transfer of a Membership Interest, Transferable Interest, and/or the Economic
20 Interest held by Member Ninus Malan, as Assigning Member, to Salam Razuki or his
21 designee, as Assignee, on terms agreed upon between them at any time from and
22 after the date of this Agreement. Such Transfer shall be on terms agreed upon
23 between them, and the Manager and each Member further approve the terms and
24 conditions of such Transfer, and waive all rights, prohibitions and procedures
25 otherwise set forth in this Article 8 to that Transfer. Provided, however, such
26 Transfer between Member Ninus Malan and Salam Razuki shall not materially affect
27 the ownership interest of the other Member(s), increase, or materially alter the
Manager's duties and obligations, **and Member Ninus Malan and Salam Razuki
agree to release the Manager and the other Member(s) from any liabilities relating
to such Transfer.** On behalf of the Company, the Manager agrees to acknowledge
receipt of a copy of the agreement between Member Ninus Malan and Salm Razuki,
and agrees that the Company shall be bound by and comply with the provisions
contained therein, including, but not limited to, those regarding distributions to

1 Member Ninus Malan or his successor in interest. Any new Member of the
2 Company further agrees to execute a consent to be bound to the terms and conditions
3 of this Agreement as a condition to becoming a Member of the Company.”
(Emphasis added).

4
5 3. The assets of MEP consist of certain real estate located at 9212 Mira Este
6 Court, San Diego, California 92126 (“Mira Este Facility”). The real estate is improved with
7 a structure in the nature of a warehouse. MEP acquired the Mira Este Property in August
8 2016 for the purchase price of approximately \$2,625,000.00. The purchase price consisted
9 of a down payment of approximately \$637,500.00, and a new loan in the approximate
10 amount of \$1,987,500.00. I paid \$420,000.00 from my own personal towards the down
11 payment of \$637,500.00. Plaintiff and Defendant Ninus Malan paid the rest of the down
12 payment.

13
14 4. The operating Agreement of MEP provides that I would receive one-half of
15 the net profits, and the other one half would be distributed to Mr. Malan, the other Member
16 of MEP.

17 5. The existing Business Tax Certificate and State licensing allows the Mira Este
18 Facility to operate as a cannabis manufacturing, production, and distribution facility until
19 November 2019. There are very few cannabis production facilities currently operating under a
20 business tax certificate that has been "grandfathered in", such as the Mira Este Facility. I have
21 made application for and on behalf of the Facility for a conditional use permit, and that has been
22 approved.

23
24 6. As previously stated in my prior declarations in this proceeding, I negotiated
25 the management Agreements with SoCal Building Ventures, LLC ("SoCal"). The SoCal
26

1 management Agreement with the Mira Este Facility was operating relatively successfully
2 although SoCal was dilatory in opening the Facility and contracting with other producers
3 and manufacturers. However, SoCal stopped making its required payments under its
4 management Agreement with MEP in or about May 2018, and largely as a result of that as
5 well as other defaults and breaches, SoCal was terminated in July 2018. Since SoCal was
6 terminated, the Mira Este Facility has operated at a loss. There have been no profits earned
7 from the Mira Este Facility since in or about May 2018. The Mira Este Facility has been
8 kept open only because of contributions by Mr. Malan and myself.
9

10 7. After SoCal was terminated in early July 2018, I negotiated a new and
11 different management Agreement with Synergy Management Company. Unlike the SoCal
12 management Agreement, the Synergy management Agreement does not require Synergy to
13 pay a minimum guaranteed payment. However, the Synergy management Agreement
14 provides for MEP to share in a greater amount of the profits than was the case with the
15 SoCal management Agreement.
16

17 8. Almost immediately after Synergy was employed as Manager in early August
18 2018, and in sharp contrast to SoCal, Synergy opened the Facility and contracted with a sub
19 licensee, Edipure, for its use of the Facility for a one-year period. As soon as the sub license
20 Agreement with Edipure was made, Edipure invested between \$50,000 and \$100,000 in
21 equipping its space at the Mira Este Facility. Under its sub license Agreement, Edipure is
22 paying approximately \$30,000 per month or 10% of its revenues, whichever is greater for its
23 use of the Facility. Since it had initial sales or "pre-orders" of \$200,000, Edipure is
24 obligated to pay the sum of \$30,000 for its first month of occupancy. Also, the sublicense
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1 Agreement entitles Edipure to occupy approximately 4000 square feet of space at the Mira
2 Este Facility. It also specifies that the Facility will provide security, staffing, testing, and
3 other overhead as outlined in the Declaration of Jerry Baca. The sub license Agreement with
4 Edipure was entered into after the order for initial appointment of the receiver was vacated
5 and before the current appointment of the receiver was made on or about August 20, 2018.
6

7 9. Within a week or two after the Edipure sublicense was made and on or about
8 August 20, 2018, the current receiver was appointed on an ex parte basis. The appointment
9 was made into a preliminary injunctive order on or about September 26, 2018.

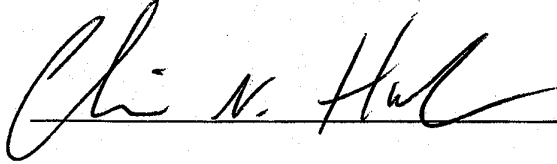
10 10. In addition to Edipure, Synergy and MEP also had a number of other contacts
11 who communicated to MEP a strong interest in locating their production and manufacturing
12 activities to the Mira Este Facility. Many of these producers and manufacturers were very
13 close to reaching an Agreement for a sub license Agreement with MEP similar to Edipure's
14 sub license Agreement before the receiver was appointed on August 20, 2018. As a result of
15 the appointment of the receiver on August 20, 2018, not one of these producers and
16 manufacturers with whom we were negotiating continued negotiating with us.
17

18 11. Since Edipure has been the only sublicensee to contract with the Mira Este
19 Facility to date, the Mira Este Facility has been losing money each and every day it is open.
20 There have been no profits earned from the time of the appointment of the receiver on or
21 about August 20, 2018, to the present date. Debt service and overhead of the Mira Este
22 Facility exceed the amount that Edipure is paying. The debt service alone, including taxes
23 and insurance, is approximately \$30,000 per month. There is also additional and extensive
24 overhead for the Mira Este Property beyond debt service. Overhead expenses include
25
26
27

1 staffing, security, maintenance, and testing services that are required to be provided to sub
2 licensees regardless of the number of sub licensees at the Facility.

3 I declare under penalty of perjury that the foregoing is true and correct except as to
4 those matters stated on information and belief and as to those matters I believe it to be true.

5 This declaration was executed on 11/4/18, at San Diego County,
6 California.

7 

8
9 Chris Hakim

EXHIBIT 1

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THESE SECURITIES HAVE NOT BEEN REGISTERED OR QUALIFIED PURSUANT TO THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE AND MAY BE OFFERED AND SOLD ONLY IF SO REGISTERED AND QUALIFIED OR IF AN EXEMPTION FROM SUCH REGISTRATION AND QUALIFICATION EXISTS.

**OPERATING AGREEMENT FOR
MIRA ESTE PROPERTIES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY**

This Amended and Restated Operating Agreement is entered into as of the 8th day of July, 2016 by **Ninus Malan**, an individual, and **Chris N. Hakim**, an individual (referred to individually as a Member and collectively as the Members) with reference to the following:

WHEREAS, the Members desire to form a limited liability company (Company) under the California Revised Limited Liability Company Act.

WHEREAS, the Members enter into this Operating Agreement in order to form and provide for the governance of the Company and the conduct of its business and to specify the Members' relative rights and obligations.

NOW, THEREFORE, for valuable consideration, receipt of which is hereby acknowledged by the Members, the Members hereby agree as follows:

ARTICLE I: DEFINITIONS

The following capitalized terms used in this Agreement have the meanings specified in this Article or elsewhere in the Agreement and when not so defined shall have the meanings set forth in California Corporations Code section 17001.

1.1 "Act" means the California Revised Uniform Limited Liability Company Act (Corporations Code sections 17701.01-17713.13), including amendments from time to time.

1.2 "Agreement" means this operating agreement, as originally executed and as amended from time to time.

1.3 "Articles of Organization" is defined in California Corporations Code section 17701.02(b), as applied to this Company.

1.4 "Assignee" means a person who has acquired a Member's Economic Interest in the Company, by way of a Transfer in accordance with the terms of this Agreement, but who has not become a Member.

1.5 "Assigning Member" means a Member who by means of a Transfer has transferred

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an Economic Interest in the Company to an Assignee.

1.6 "Bankruptcy" shall mean, and a Member shall be deemed a "Bankrupt Member," on: (i) the filing of an application by a Member for relief by a Member, or that Member's consent to the appointment of a trustee, receiver, or custodian of the Member's other assets; (ii) the entry of a decree or order for relief against the Member by a court of competent jurisdiction in any involuntary case brought against the Member under any bankruptcy, insolvency, or other similar law (collectively, "debtor relief laws") generally affecting the rights of creditors and relief of debtors now or hereafter in effect; (iii) the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator, or other similar agent under applicable debtor relief laws for the Member or for any substantial part of that Member's assets or property; (iv) the ordering of the winding up or liquidation of the Member's affairs; (v) the filing of a petition in any such involuntary Bankruptcy case, which petition is not dismissed within 180 days of filing or which is not dismissed or suspended pursuant to Section 305 of the Federal Bankruptcy Code (or any corresponding provision of future United States debtor relief law now or hereafter in effect); (vi) the consent by the Member to the entry of an order for relief in an involuntary case under any such law or the appointment of or the taking of possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator, or other similar agent under any applicable debtor relief law for the Member or for any substantial part of that Member's assets or property; or (vii) the making by a Member of any general assignment for the benefit of creditors.

1.7 "Capital Account" means, as to any Member, a separate account maintained and adjusted in accordance with Article III, Section 3.3 of this Agreement.

1.8 "Capital Contribution" means, with respect to any Member, the amount of money, services, and the fair market value of any property (other than money) contributed to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take "subject to" under IRC section 752) in consideration of a Percentage Interest held by such Member. A Capital Contribution shall not be deemed a loan. The value of all services rendered must be agreed upon by all Members and the Manager in writing.

1.9 "Capital Event" shall mean and include all receipts from a sale, mortgage, or refinancing of a mortgage, foreclosure, abandonment, condemnation (other than a temporary taking) or other disposition or encumbrance of all or substantially all of the Company's real and/or personal property (including sales of easements, rights of way or other interest in the Company's real estate), and any insurance proceeds for reimbursement of a loss (other than a temporary loss) as a result of fire, flood, or other casualty to all or substantially all of the Company's property, less all expenses and losses attributable to such Capital Events, any mortgage or other indebtedness or portion thereof satisfied out of proceeds from such Capital Events, the cost of any improvement, repair or replacement of such property, and any Capital Contributions or other contributions made to the Company by its Members. Any item included or deducted in determining the proceeds of a Capital Event shall not be included or deducted in determining net cash flow. In the event property is distributed to a Member in kind, the Member shall be deemed to have received a distribution of an amount equal to the fair market value of the property and the unrealized appreciation or

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unrecorded depreciation in value shall be treated as part of proceeds from a Capital Event realized or incurred by the Company at the time of distribution.

1.10 "Code" or "IRC" means the Internal Revenue Code of 1986, as amended, and any successor provision.

1.11 "Company" means the company named in Article II, Section 2.1 of this Agreement.

1.12 "Economic Interest" means a Person's right to share in the income, gains, losses, deductions, credit or similar items of, and to receive distributions from, the Company, but does not include any other rights of a Member, including the right to Vote or to participate in management.

1.13 "Encumber" means the acts of creating or purporting to create an Encumbrance, whether or not perfected under applicable law.

1.14 "Encumbrance" means, with respect to any Membership Interest, or any element thereof, a mortgage, pledge, security interest, lien, proxy coupled with an interest (other than as contemplated in this Agreement), option, or preferential right to purchase.

1.15 "Gross Asset Value" means, with respect to any item of property of the Company, the item's adjusted basis for federal income tax purposes, except as follows:

(a) The Gross Asset Value of any item of property contributed by a Member to the Company shall be the fair market value of such property, as mutually agreed by the contributing Member and the Company; and

(b) The Gross Asset Value of any item of Company property distributed to any Member shall be the fair market value of such item of property on the date of distribution, as mutually agreed upon by the distributee Member and the Company.

1.16 "Initial Members" means those Members first referenced above in this Agreement. Reference to an "Initial Member" means any of the Initial Members.

1.17 "Involuntary Transfer" means, with respect to any Membership Interest, or any element thereof, any Transfer or Encumbrance, whether by operation of law, pursuant to court order, foreclosure of a security interest, execution of a judgment or other legal process, or otherwise, including a purported transfer to or from a trustee in bankruptcy, receiver, or assignee for the benefit of creditors.

1.18 "Losses." See "Profits and Losses."

1.19 "Majority of Members" means a Member or Members whose Percentage Interest represent more than 50 percent of the Percentage Interests of all the Members.

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1.20 "Manager" or "Managers" shall mean the Person or Persons named as such in Article II, Section 2.6 of this Agreement or a Person who from time to time shall succeed a Person as the Managers and who, in either case, is serving at the relevant time as a Manager.

1.21 "Member" means an Initial Member or Person who otherwise acquires a Membership Interest, as permitted under this Agreement, and who remains a Member.

1.22 "Membership Interest" as used in this Agreement means a Member's entire, rights, title, interest, and all other rights in the Company, collectively, including the Member's Transferable Interest, any right to Vote or participate in management, and any right to information concerning the business and affairs of the Company.

1.22 "Notice" means a written notice required or permitted under this Agreement. A notice shall be deemed given or sent when deposited, as certified mail or for overnight delivery, postage and fees prepaid, in the United States mails; when delivered to Federal Express, United Parcel Service, DHL WorldWide Express, Airborne Express or other overnight delivery or courier service for overnight delivery, charges prepaid or charged to the sender's account; when personally delivered to the recipient; when transmitted by electronic means, and such transmission is electronically confirmed as having been successfully transmitted; or when delivered to the home or office of a recipient in the care of a person whom the sender has reason to believe will promptly communicate the notice to the recipient.

1.23 "Percentage Interest" means a fraction, expressed as a percentage, the numerator of which is the total of a Member's Capital Account and the denominator of which is the total of all Capital Accounts of all Members as described on Exhibit "A" attached hereto.

1.24 "Person" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, whether domestic or foreign.

1.25 "Profits and Losses" means, for each fiscal year or other period specified in the Agreement, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with IRC section 703(a).

1.26 "Proxy" means a written authorization signed or an electronic transmission authorized by a member or the Member's attorney-in-fact giving another Person the power to exercise the voting rights of that Member. A Proxy may not be transmitted orally.

1.27 "Regulations" or "Reg" means the income tax regulations promulgated by the United States Department of the Treasury and published in the Federal Register for the purpose of interpreting and applying the provisions of the Code, as such Regulations may be amended from time to time, including corresponding provisions of applicable successor regulations.

1.28 "Substituted Member" is defined in Article VIII, Section 8.4 of this Agreement.

1.29 "Successor in Interest" means an Assignee, a successor of a Person by merger or otherwise by operation of law, or a transferee of all or substantially all of the business or assets of a Person.

1.30 "Transfer" means, with respect to a Membership Interest, or any element of a Membership Interest, any sales, assignment, gift, Involuntary Transfer, or other disposition of a Membership Interest or any element of such a Membership Interest, directly or indirectly, other than an Encumbrance that is expressly permitted under this Agreement.

1.31 "Transferable Interest" means the right, as originally associated with a Person's capacity as a Member, to receive distributions from the Company in accordance with the terms of this Agreement, whether or not the Person remains a Member or continues to own any equity or other rights in the Company. For purposes of this Agreement, and to the extent permitted by law, the term "Transferable Interest" shall not be distinguished from Membership Interest as used in this Agreement as to the agreements of the Members contained herein, regardless of whether there is a separate definition for this term in the Act.

1.31 "Triggering Event" is defined in Article VIII, Section 8.6 of this Agreement.

1.32 "Vote" means a written consent or approval, a ballot cast at a Meeting, or a voice vote.

1.33 "Voting Interest" means, with respect to a Member, the right to Vote or participate in management and any right to information concerning the business and affairs of the Company provided under the Act, except as limited by the provisions of this Agreement. The Members' Voting Interest shall be directly proportional to the Members' Percentage Interest.

ARTICLE II: ARTICLES OF ORGANIZATION

2.1 The name of the Company shall be **MIRA ESTE PROPERTIES, LLC**.

2.2 The initial principal executive office of the Company shall be at 1011 Camino del Rio South, Suite 210, San Diego, CA 92108, or such other place or as may be determined by the Manager from time to time. The mailing address for the Company shall be the same as above.

2.3 The agent for service of process of the Company shall be **David C. Jarvis**, located at 1011 Camino del Rio South, Suite 210, San Diego, CA 92108. The Manager or all the Members may from time to time change the Company's agent for service of process.

2.4 The Company shall be formed for the purposes of real estate ownership of the specific piece of real property already owned by the Company, or to be acquired by the Company, commonly known as 9212 Mira Este Court, #B, San Diego, CA 92126 (the "Property"). It is not the purpose or intention of the Members that the Company participate in any other business activities other than ownership of the above-referenced Property; provided, however, the Company

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may also engage in any other lawful purpose as may from time to time be determined by the Manager and the Members.

2.5 The term of existence of the Company shall commence on the effective date of filing the Articles of Organization with the California Secretary of State, and shall continue until December 31, 2056, unless sooner terminated by the provisions of this Agreement, or as provided by law.

2.6 **Chris N. Hakim** shall be the manager (the "Manager") of the Company. No other person or Member shall act as Manager, or have any management or agency role, with or on behalf of the Company.

ARTICLE III: CAPITALIZATION

3.1 The Members' Capital Contributions to the Company is as outlined in Exhibit "A" of this Agreement. The Members shall receive a credit to their Capital Accounts equal to the value of their capital contribution to the Company. The Members' Membership Interest in the Company shall be as stated in Exhibit "A" of this Agreement. In order to obtain additional funds or for other business purposes, Members may contribute additional capital to the Company, but only upon the written consent of the Manager and the other Members.

3.2 The Manager may determine from time to time that additional Capital Contributions in addition to the Members' Initial Capital Contributions are needed to enable the Company to conduct its business. In the event of such a determination, the Manager shall give notice to all Members in writing at least ninety (90) days before the date on which such additional Capital Contribution is due. The Notice shall set forth the amount of additional Capital Contribution needed, the purpose for which it is needed, and the date by which the Members shall contribute. Each Member shall be required to make an additional Capital Contribution in an amount that bears the same proportion to the total additional Capital Contribution that such Member's Capital Account balance bears to the total Capital Account balances of all Members. No Member may voluntarily make any additional Capital Contributions except with the written consent of the Manager.

3.3 If a Member fails to make an Initial Capital Contribution or additional Capital Contribution required under Article III of this Agreement within thirty (30) days after such Capital Contribution is due, the Manager shall within ten (10) days after said failure notify all other Members in writing of the total amount of Capital Contributions not made by the defaulting Member, and shall specify a number of days within which each non-defaulting Member may make a supplemental Capital Contribution. Such supplemental Capital Contribution shall not be more than the amount of the Capital shortfall not so contributed by the defaulting Member. The Manager may use any reasonable method to provide non-defaulting Members the opportunity to make supplemental Capital Contributions in an amount that bears the same ratio to their Percentage Interest until the Capital shortfall is as fully contributed as possible. Following the supplemental Capital Contribution by the non-defaulting Members, each Members' Percentage Interest shall be

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adjusted to reflect the ratio that the Members' Capital Account bears to the total Capital Accounts of all the Members. The foregoing option shall be in addition to, and not in lieu of, any other rights, including the right to specific performance, that the Company may have against the defaulting Member.

3.4 An individual Capital Account shall be maintained for each Member consisting of that Member's Capital Contribution, (1) increased by that Member's share of Profits, (2) decreased by the Member's share of Losses, and (3) adjusted as required in accordance with applicable provisions of the Code and Regulations.

3.5 A Member shall not be entitled to withdraw any part of the Member's Capital Contribution or to receive any distributions, whether of money or property, from the Company except as provided for in this Agreement.

3.6 No interest shall be paid on funds or property contributed to the capital of the Company or on the balance of a Member's Capital Account.

3.7 A Member shall not be bound by, or be personally liable for, the expenses, liabilities, or obligations of the Company except as otherwise provided in the Act or in this Agreement.

3.8 Except as provided in Article IV below, no Member shall have priority over any other Member with respect to the return of a Capital Contribution, or distributions or allocations of income, gain, losses, deductions, credits, or items thereof.

3.9 In the event a Member has incurred any indebtedness or obligation before the date of this Agreement that relates to or otherwise affects the Company, neither the Company nor any other Member has any liability or responsibility with respect to the indebtedness or obligation unless the indebtedness or obligation is assumed by the Company pursuant to a written instrument signed by all Members. Furthermore, neither the Company nor any Member is responsible or liable for any indebtedness or obligation that is subsequently incurred by any other Member. In the event that a Member, whether before or after the date of this Agreement, incurs any debt or obligation that neither the Company nor any of the other Members is to have any responsibility or liability for, the liable Member must indemnify and hold harmless the Company and the other Members from any liability or obligation they may incur in respect of the debt or obligation.

3.10 Further provided, Exhibit "A" shall further include funds contributed by either or both Members in furtherance of the purchase of the real property referenced in Section 2.4 above, and upon verification by the Manager such funds shall be part of that Member's Capital Contribution.

ARTICLE IV: ALLOCATIONS AND DISTRIBUTIONS

4.1 Except as provided herein, the Profits and Losses of the Company, as well as all

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items of Company income, gain, loss, deduction, distributions, or credit shall be allocated, for Company book purposes and for tax purposes, to a Member in accordance with the Member's Percentage Interest.

4.2 If any Member unexpectedly receives any adjustment allocation, or distribution described in Reg sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Company gross income and gain shall be specifically allocated to that Member in an amount and manner sufficient to eliminate any deficit balance in the Member's Capital Account created by such adjustment, allocation, or distribution as quickly as possible. Any special allocation under this Section 4.2 shall be taken into account in computing subsequent allocations of Profits and Losses so that the net amount of allocations of income and loss and all other items shall, to the extent possible, be equal to the net amount that would have been allocated if the unexpected adjustment, allocation, or distribution had not occurred. The provisions of this Section 4.2 and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Reg sections 1.704-1(b) and 1.704-2 and shall be interpreted and applied in a manner consistent with such Regulations.

4.3 Any unrealized appreciation or unrealized depreciation in the values of Company property distributed in kind to all the Members shall be deemed to be Profits or Losses realized by the Company immediately prior to the distribution of the property and such Profits or Losses shall be allocated to the Members' Capital Accounts in the same proportions as Profits are allocated under Section 4.1. Any property so distributed shall be treated as a distribution to the Members to the extent of the Fair Market Value of the property less the amount of any liability secured by and related to the property. Nothing contained in this agreement is intended to treat or cause such distributions to be treated as sales for value. For the purposes of this Section 4.3, "unrealized appreciation" or "unrealized depreciation" shall mean the difference between the Fair Market Value of such property and the Company's basis for such property.

4.4 In the case of a Transfer of an Economic Interest during any fiscal year, the Assigning Member and Assignee shall each be allocated this Economic Interest's share of Profits and Losses based on the number of days each held the Economic Interest during that fiscal year.

4.5 All cash resulting from the normal business operations of the Company and from a Capital Event shall be distributed among the Members in proportion to their Percentage Interests in the timeframe determined by the Manager.

4.6 If the proceeds from a sale or other disposition of a Company asset consist of property other than cash, the value of such property shall be as determined by the Members. Such non-cash proceeds shall then be allocated among all the Members in proportion to the Percentage Interest. If such non-cash proceeds are subsequently reduced to cash, such cash shall be distributed to each Member in accordance with Section 4.5.

4.7 Notwithstanding any other provisions of this Agreement to the contrary, when there is a distribution in liquidation of the Company, or when any Member's interest is liquidated, all

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items of income and loss first shall be allocated to the Members' Capital Accounts under this Article IV, and other credits and deductions to the Members shall be made to the Members to the extent of and in proportion to their positive Capital Account balances.

4.8 Notwithstanding any provision of this Agreement to the contrary, all distributions of taxable income, net income, net cash flow, net capital proceeds, cash from any Capital Events, or any other distributions or items outlined in Section 4.1 above (collectively, a "Distribution") to the Members of the Company described above shall first be distributed to the Members in satisfaction of all Capital Contributions made to the Company, along with an amount equal to ten percent (10%) annual interest of such Capital Contribution amount as determined by the Company's accountant. Upon satisfaction of the return of the Members' Capital Contributions (plus the 10% annual rate of return on such Capital Contributions), all Distributions shall be made to the Members as provided in Section 4.1 above.

ARTICLE V: MANAGEMENT

5.1 The business of the Company shall be solely managed by the Manager named in Article II, Section 2.6 of this Agreement, or a successor Manager selected in the manner provided in Section 5.3 of this Agreement. The Members shall not have any management role in the Company.

5.2 Unless a Manager resigns or is removed, the Manager shall hold office until a successor is elected and qualified. The Manager need not be a Member, an individual, a resident of the State of California, or a citizen of the United States.

(a) A Manager may resign at any time by giving written notice to the Members without prejudice to the rights, if any, of the Company under any contract to which a Manager is a party. The resignation of a Manager shall take effect upon receipt of that notice or at such later time as shall be specified in the notice. Unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective. The resignation of a Manager who is also a Member shall not affect the Manager's rights as a Member and shall not constitute a dissociation of a Member.

(b) A Manager may be removed at any time, with cause, by the Vote of a Majority of Members at a meeting called expressly for that purpose, or by the written consent of all Members. Any removal shall be without prejudice to the rights, if any, of a Manager under any employment contract and, if the Manager is also a Member, shall not affect the Manager's rights as a Member or constitute a dissociation of the Manager as a Member. For purposes of this Section, "cause" shall mean fraud, gross negligence, willful misconduct, embezzlement or a breach of such Manager's obligations under this Agreement or any employment contract with the Company.

5.3 The appointment of a successor Manager shall be made by a Majority of Members for (a) a term expiring with the appointment of a successor, or (b) a term expiring at a definite time specified by a Majority of Members in connection with such an appointment. A successor Manager who is not also a Member may be removed with or without cause at any time by action of a

Majority of Members. A successor Manager who is a Member may be removed only on the Vote of a Majority of Members and the execution and filing of a Certificate of Amendment of the Article of Organization of the Company in conformity with California Corporations Code Section 17054, if necessary, to provide that the Company is to be managed by Manager.

5.4 The day-to-day business, property and affairs of the Company shall be managed exclusively by the Manager. Except for situations in which the approval of the Members is expressly required by this Agreement or by law, the Manager shall have complete and exclusive authority, power, and discretion to manage and control the day-to-day business, property and affairs of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the day-to-day management of the Company's business, property and affairs. Notwithstanding the foregoing, the Manager shall not take any of the following actions on behalf of the Company unless a Majority of Members has consented to the taking of such action:

- (a) Any amendment to the Articles of Organization of the Company;
- (b) The dissolution of the Company;
- (c) The disposition of all or a substantial part of the Company's assets not in the ordinary course of business;
- (d) The entering into, on behalf of the Company, of any transaction constituting a "reorganization" within the meaning of California Corporations Code Section 17600;
- (e) The Company entering into any single transaction, or series of transactions, which obligate the Company in excess of \$20,000, including but not limited to any real property financing or lease arrangements;
- (f) The borrowing of funds by the Company in excess of \$20,000, including but not limited to any loans or other financing obtained by the Company and secured by the Property; and
- (g) The termination, assignment, subletting, or modification of any lease or occupancy between the Company, on the one hand, and third party tenants or occupants, on the other hand, regarding the Property; provided, however, the Manager may terminate any lease that is in default for more than six (6) months, and the Members further release Manager from any liability for not exercising a Company right or remedy available to Company relating to such tenancies or occupancy.

5.5 It is acknowledged that the Manager may have other business interests which the Manager devotes part of his or her time. The Manager shall devote such time to the conduct of the business of the Company as the Manager, in his or her own good faith and discretion, deems necessary. Limitations on the Manager's duties to the Company are further subject to the following so long as such limitations are not manifestly unreasonable:

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(a) A Manager is **not** obligated to commit a specific portion of his or her time to the business of the Company;

(b) A Manager is free to engage in other business activities in which the Company and the other Member(s) have no direct interest;

(c) A Manager is free to engage in business activities that compete with the Company, including but in no way limited to the ownership of investment real property.

(d) A Manager need not offer business opportunities to the Company or the other Member(s), and may take advantage of those other unrelated business opportunities for his or her own account, and neither the Company nor any other Member has a right to any income or equity opportunities derived by the Manager from those other unrelated business activities.

5.6 The Manager may further, after full disclosure to all Members of all material facts and the Vote of a Majority of Members, the Manager may enter into the following acts even though it would violate the Manager's duty of loyalty to the Company and to the Members:

(a) Enter into a transaction for the purchase of other commercial or residential real property for the purpose of Manager's personal investment in which the Manager takes direct or indirect ownership interest in any such real property without the participation of the Company or the other Member(s).

(b) Own, manage, control, operate, or otherwise participate in any business activities similar or dissimilar to the business of the Company without the participation of the Company or the other Member(s).

It is the specific intention of the Members to grant the Manager authority to engage in business opportunities, competing activities, and otherwise devote time to such other business activities in addition to, and potentially in direct competition with, the business activities of the Company.

5.7 The Manager shall be entitled to reimbursement for all expenses reasonably incurred by the Manager in the performance of the Manager's duties. In addition, in the event the fiduciary duties of the Manager require the Manager to bring any business opportunity to the Company pursuant to, or as required by, applicable California law, then the Manager shall further be entitled to reasonable compensation and reimbursement for arranging, developing, or finding such other business opportunity in addition to any other reimbursement or compensation the Manager is otherwise entitled to receive by law, including but not limited to brokers fees or finders fees.

5.8 Subject to Section 5.4 of this Agreement, the Manager shall have all necessary powers to carry out the purposes, business, and objectives of the Company, including, but not limited to, the right to enter into and carry out contracts of all kinds; to employ employees, agents,

consultants and advisors on behalf of the Company; to lend or borrow money and to issue evidences of indebtedness; to bring and defend actions in law or at equity; to buy, own, manage, sell, lease, mortgage, pledge or otherwise acquire or dispose of Company property. The Manager may also deal with any related person, firm or corporation on terms and conditions that would be available from an independent responsible third party that is willing to perform. Subject to Section 5.4 of this Agreement, the Manager shall have the authority to sign agreements and other documents on behalf of the Company provided that the Manager act within the customary scope of authority of a manager of a limited liability company.

Without limiting the generality of this Section 5.8, the Manager shall have the power and authority to act on behalf of the Company in executing all loan documents, escrow instructions, purchase and sale documents, and all other documents necessary or advisable relating to real property, leasehold interest, or personal property acquired by the Company. The Manager shall also have the power and authority to act on behalf of the Company to the extent permitted by the law and this Agreement to do the following:

- (a) To acquire property from any Person as the Manager may determine. The fact that a Member is directly or indirectly affiliated or connected with any such Person shall not prohibit the Manager from dealing with that Person or Entity;
- (b) To borrow money for the Company from banks, other lending institutions, the Members, or Affiliates of the Members or the Manager on such terms as he deems appropriate, and in connection therewith, to hypothecate, encumber and grant security interests in the assets of the Company to secure repayment of the borrowed sums. Except as otherwise provided in the act, no debt shall be contracted or liability incurred by or on behalf of the Company, except by the Manager, and the terms of which will be subject to approval by a Majority of the Members;
- (c) To purchase liability and other insurance to protect the property and business of the Company;
- (d) To hold and own any Company real and personal properties in the name of the Company;
- (e) To invest any funds of the Company temporarily (by way of example but no limitation) in time deposits, short-term governmental obligations, commercial papers or other investments;
- (f) To execute on behalf of the Company all instruments and documents, including, without limitation, checks, drafts, notes and other negotiable instruments, mortgages or deeds of trust, security agreements, financing statements, documents providing for the acquisition, mortgage or disposition of property of the Company, assignments, bills of sale, leases, partnership agreements and any other instruments or documents necessary, in the opinion of the Manager, to the business of the Company;

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(g) To employ accountants, legal counsel, managing agents or other experts to perform services for the Company and to compensate them from Company funds;

(h) To retain and compensate employees and agents generally, and to define their duties;

(i) To enter into any and all other agreements on behalf of the Company, with any Person for any purpose necessary or appropriate to the conduct of the business of the Company;

(j) To pay reimbursement from the Company of all expenses of the Company reasonably incurred and paid by the Manager on behalf of the Company; and

(k) To do and perform all other acts as may be necessary or appropriate to the conduct of the business of the Company.

5.8 The Manager shall cause all assets of the Company (excepting the Company's funds which are held in Trust) to be held in the name of the Company, whether such assets are real or personal.

5.9 All funds of the Company shall be deposited in one or more accounts with one or more recognized financial institutions at such locations as shall be determined by the Manager.

5.10 Each Member, by execution of this Agreement, irrevocably constitutes and appoints the Manager as such Members' true and lawful attorney-in-fact and agent, with full power and authority in such Member's name, place, and stead to execute, acknowledge, and deliver, and to file or record in any appropriate public office: (a) any certificate or other instrument that may be necessary, desirable, or appropriate to qualify the Company as a limited liability company or to transact business as such in any jurisdiction in which the Company conducts business; (b) any certificate or amendment to the Company's Articles of Organization or to any certificate or other instrument that may be necessary, desirable, or appropriate to reflect an amendment approved by the Members in accordance with the provisions of this Agreement; (c) any certificates or instruments that may be necessary, desirable, or appropriate to reflect the dissolution and winding up of the Company; and (d) any certificates necessary to comply with the provisions of this Agreement. This power of attorney will be deemed to be coupled with an interest and will survive the Transfer of the Member's Economic Interest. Notwithstanding the existence of this power of attorney, each Member agrees to join in the execution, acknowledgement, and delivery of the instruments referred to above if requested to do so by the Manager. This power of attorney is a limited power of attorney and does not authorize the Manager to act on behalf of a Member except as described in this Section 5.10.

5.9 Management responsibilities and fiduciary duties of the Manager may not be materially altered except by the unanimous written consent of all Members and the Manager.

5.10 Except as specified in this Agreement, no Manager or affiliate of a Manager is

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entitled to remuneration for services rendered or goods provided to the Company. The Manager and his affiliate shall receive only the following payments:

(a) The Company shall pay a Manager or the Manager's affiliate for services rendered or goods provided to the Company to the extent that the Manager is not required to render such services or goods themselves without charge to the Company, and to the extent that the fees paid to such Manager or the Manager's affiliate does not exceed the fees that would be payable to an independent responsible third party that is willing to perform such services or provide such goods.

(b) The Company shall reimburse a Manager or a Manager's affiliate for the actual cost of materials used for or by the Company. The Company shall also pay or reimburse the Manager or the Manager's affiliate for organizational expenses (including, without limitation, legal and accounting fees and costs) incurred to form the Company and prepare and file the Articles and this Agreement. Except as otherwise provided herein, a Manager and a Manager's affiliate shall not be reimbursed by the Company for the following expenses: (1) salaries, compensation or fringe benefits of directors, officers or employees of a Manager or a Manager's affiliate; (2) overhead expenses of a Manager or a Manager's affiliate, including, without limitation, rent and general office expenses; and (3) the cost of providing any service or goods for which a Manager or a Manager's affiliate are entitled to received compensation from the Company.

ARTICLE VI: ACCOUNTS AND RECORDS

6.1 The Tax Matters Partner shall be the Manager, as defined for federal income tax purposes, and shall be solely responsible for representing the Company in all dealings with the U.S. Internal Revenue Service and any state, local, and foreign tax authorities. The Tax Matters Partner shall keep the other Members reasonably informed of any Company dealings with any tax agency.

6.2 Complete books of account of the Company's business in which each Company transaction shall be fully and accurately entered, shall be kept at the Company's principal executive office and shall be open to inspection and copying by each Member or the Member's authorized representatives on reasonable Notice during normal business hours. The costs of such inspection and copying shall be borne by the requesting Member.

6.3 Financial books and records of the Company shall be kept on the cash method of accounting, which shall be method of accounting followed by the Company for federal income tax purposes. A balance sheet and income statement of the Company shall be prepared promptly following the close of each fiscal year in a manner appropriate to and adequate for the Company's business and for carrying out the provisions of this Agreement. The fiscal year of the Company shall be January 1 through December 31.

6.4 At all times during the term of existence of the Company, and beyond that term if a Majority of Members deem it necessary, the Manager shall keep or cause to be kept the books of account referred to in Section 6.2, and the following:

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(a) A current list of the full name and last known business or residence address of each Member, together with the Capital Contribution and the share in Profits and Losses of each Member;

(b) A copy of the Articles of Organization, as amended;

(c) Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six (6) most recent taxable years;

(d) Executed counterparts of this Agreement, as amended;

(e) Any powers of attorney under which the Articles of Organization or any amendments thereto were executed;

(f) Financial statements of the Company for the six most recent fiscal years; and

(g) The Books and Records of the Company as they relate to the Company's internal affairs for the current and past four fiscal years.

If a Majority of Members deem that any of the foregoing items shall be kept beyond the term of existence of the Company, the repository of said items shall be as designated by the Manager.

6.5 Within ninety (90) days after the end of each taxable year of the Company the Company shall send to each Member all information necessary for the Members to complete their federal and state income tax or information returns, and a copy of the Company's federal, state, and local income tax or information returns for such year.

ARTICLE VII: MEMBERS AND VOTING

7.1 There shall be only one class of membership and no Member shall have any rights or preferences in addition to or different from those possessed by any other Member. Each Member shall Vote in proportion to the Member's Percentage Interest as of the governing record date, determined in accordance with Section 7.2. Unless otherwise provided in this Agreement or required by applicable laws, any action that may or must be taken by the Members shall be by a Vote of a Majority of Members.

7.2 The Manager may call a Meeting of the Members when the Manager determines that such a Meeting is necessary or in the best interest of the Company. The record date for determining the Members entitled to Notice of any Meeting, to vote, to receive any distribution, or to exercise any right with respect to any other lawful action, shall be the date and at a location set by the Manager, provided that such record shall not be more than sixty (60) nor less than ten (10) days prior to the date of the Meeting, nor more than sixty (60) days prior to any other action.

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(a) In the absence of any action setting a record date, the record date shall be determined in accordance with the Act.

7.3 At all Meetings of Members, a Member may Vote in person or by Proxy. Such proxy shall be filed with the Manager or the Company before or at the time of the Meeting, and may be filed by facsimile transmission to the Manager or the Company at the principal executive office of the Company or such other address as may be determined by a Majority of Members for such purposes.

7.4 Any action that may be taken at any meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by Members having not less than the minimum number of Votes that would be necessary to authorize or take that action at a meeting at which all Members entitled to Vote thereon were present and Voted. If the Members are requested to consent to a matter without a meeting, each Member shall be given Notice of the matter to be Voted upon in the manner described in Section 7.3 of this Agreement. Any action taken without a meeting shall be effective when the required minimum number of Votes have been received. Prompt Notice of the action shall be given to all Members who have not consented to the action.

7.5 No Member acting solely in the capacity of a Member is an agent of the Company, nor can any Member acting solely in the capacity of a Member bind the Company or execute any instrument on behalf of the Company. Accordingly, each Member shall indemnify, defend, and hold harmless each other Member and the Company from and against any and all loss, cost, expense, liability, or damage arising from or out of any claim based on any action by the Member in contravention of the terms of this Section 7.5.

7.6 To the maximum extent permitted, the Members are further entitled to the rights and privileges granted to the Manager that are outlined in Sections 5.5, 5.6, and other provisions of this Agreement with respect to outside business activities that may be engaged in by the Members which are unrelated to the Company without participation by the Company or the other Members.

ARTICLE VIII: TRANSFERS OF MEMBERSHIP INTERESTS

8.1 A Member may dissociate from the Company at any time by giving Notice of Dissociation to all other Members at least one hundred eighty (180) calendar days before the effective date of dissociation. Dissociation shall not release a Member from any obligations and liabilities under this Agreement accrued or incurred before the effective date of dissociation, nor shall such dissociation affect the rights, duties, or responsibilities of the Manager or the other Member(s) in any way. A withdrawing Member shall divest the Member's entire Membership Interest before the effective date of dissociation in accordance with the transfer restrictions and option rights set forth below.

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8.2 Except as expressly provided in this Agreement, a Member shall not Transfer any part of the Member's Membership Interest in the Company, whether now owned or hereafter acquired unless the other Members unanimously approve the transferee's admission to the Company as a Substituted Member upon such Transfer. A Member shall not transfer the Member's Membership Interest in the Company if the Membership Interest to be transferred, when added to the total of all other Membership Interest transferred in the preceding 12 months, causes the termination of the Company under Section 708 of other provision of the Code. No Member may Encumber or permit or suffer any Encumbrance of all or any part of the Member's Membership Interest in the Company unless such Encumbrance has been approved in writing by all other Members. A Member shall not transfer the Member's Membership Interest in the Company without compliance with all federal and state securities laws. Unless otherwise provided for in this Agreement, any Transfer or Encumbrance of a Membership Interest without such approval shall be void. Unless otherwise provided for in this Agreement, upon (i) any attempt by a Member to transfer of the Member's Membership Interest in violation of this Agreement, (ii) the occurrence of a Dissolution Event as stated in Section 9.1 or a Triggering Event as outlined in Section 8.6, or (iii) the dissociation or resignation of a Member as stated in 8.1, the Membership Interest of a Member shall be terminated by the Manager and thereafter that Member shall hold only an Economic Interest, unless such Membership Interest is purchased by the Company and/or remaining Members as provided in this Article VIII. Each Member acknowledges and agrees that such termination or purchase of a Membership Interest upon the occurrence of any of the foregoing events is not unreasonable under the circumstances existing as of the date hereof.

(a) Notwithstanding any other provision of this Agreement to the contrary, a Member who is a natural person may transfer all or any portion of his or her Membership Interest to or from any revocable trust created for the benefit of the Member, or any combination between or among the Member, the Member's spouse, the Member's siblings or the Member's issue; provided that the Member retains a beneficial interest in the trust and all of the Voting Interest included in such Membership Interest. A transfer of a Member's entire beneficial interest in such trust or failure to retain such Voting Interest shall be deemed a Transfer of a Membership Interest. No transfer in this paragraph shall be effective if the Membership Interest to be transferred, when added to the total of all other Membership Interest transferred in the preceding 12 months, causes the termination of the Company under the Code. Further provided, for purposes of this Agreement the death of such initial Member shall cause the Company and/or the other Member(s) the right to purchase the Membership Interest of a Member who died or became disabled as provided in Section 8.8 below notwithstanding that such dead or disabled Member held all or a portion of their Membership Interest in trust.

(b) Notwithstanding any other provision of this Agreement to the contrary, a Member may transfer his or her Membership Interest to another Member unless the Membership Interest to be transferred, when added to the total of all other Membership Interest transferred in the preceding 12 months, causes the termination of the Company under the Code.

(c) Notwithstanding any other provision of this Agreement to the contrary, a Member may transfer his or her Membership Interest to his or her issue and lineal descendants, unless the

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Membership Interest to be transferred, when added to the total of all other Membership Interest transferred in the preceding 12 months, causes the termination of the Company under the Code.

(d) Notwithstanding any other provision of this Agreement to the contrary, a Member may transfer his or her Membership Interest such Member's spouse, either during their life or after their death, unless the Membership Interest to be transferred, when added to the total of all other Membership Interest transferred in the preceding 12 months, causes the termination of the Company under the Code.

8.3 No Member shall participate in any Vote or decision in any matter pertaining to the disposition of that Member's Membership Interest in the Company under this Agreement.

8.4 Except as expressly permitted under Section 8.2, a prospective transferee (other than an existing Member) of a Membership Interest may be admitted as a Member with respect to such Membership Interest (a "Substituted Member") only (1) on the unanimous Vote of the Members, and (2) on such prospective transferee's executing a counterpart of this Agreement as a party hereto. To the extent permitted by this Article VIII, any prospective transferee of a Membership Interest shall be deemed an Assignee, and, therefore, the owner of only an Economic Interest until such prospective transferee has been admitted as a Substituted Member. Any person admitted to the Company as a Substituted Member shall be subject to all provisions of this Agreement.

8.5 The initial sale of Membership Interests in the Company to the Initial Members has not been qualified or registered under the securities laws of any state, or registered under the Securities Act of 1933, as amended, in reliance upon exemptions from the registration provisions of those laws. No attempt has been made to qualify the offering and sale of Membership Interest to Members under the California Corporate Securities Law of 1968, as amended, also in reliance upon an exemption from the requirement that a permit for issuance of securities be procured. Notwithstanding any other provision of this Agreement, Membership Interests may not be Transferred or Encumbered unless registered or qualified under applicable state and federal securities law or unless, in the opinion of legal counsel satisfactory to the Company, such qualification is not required. The Member who desires to Transfer a Membership Interest shall be responsible for all legal fees incurred in connection with said opinion.

8.6 Subject to the provisions above, upon the death of a Member, the Company shall have the option, for a period ending sixty (60) calendar days following the determination of the fair market value of the Membership Interest via an appraisal of the Company and its assets by a licensed appraiser, to purchase the Membership Interest in the Company held by the deceased Member at the fair market value of such Membership Interest unless such Membership Interest will be transferred to a permitted transferee outlined above. The other Members, pro rata in accordance with their Membership Interests in the Company, shall then have the option, for a period of sixty (60) days thereafter with regard to any Membership Interest of the deceased Member not acquired by the Company, to purchase the Membership Interest in the Company held by the deceased Member on the same terms and conditions as apply to the Company. If all Members do not elect to purchase the entire remaining Membership Interest in the Company of the deceased Member, then

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the Members electing to purchase shall have the right, pro rata in accordance with their prior Membership Interest in the Company, to purchase the additional Membership Interest in the Company that is not purchased and shall hold such Membership Interest in the Company subject to all of the provisions of this Agreement.

(a) Payment of the purchase price will be made over a period of five (5) years from the date the elections to purchase referenced in this Section 8.8 are finalized. The Company and/or the remaining Member(s) will execute a promissory note made payable to the successor and/or legal representative of the deceased Member's estate, or to their successors or assigns. Said promissory note shall bear an interest rate of the prime rate as published in the Wall Street Journal during the month in which the elections to purchase referenced in this Section are finalized, plus two percent (2%). The promissory note shall be fully amortized over five (5) years, with payments to the lender of said promissory note(s) made monthly. There shall further be no penalty for the prepayment of the principal balance and accrued interest under the promissory note(s). The promissory note shall provide that, in case of default, at the election of the holder, the entire sum of principal and interest immediately will be due and payable, and that the maker shall pay reasonable attorney's fees to the holder in the event suit is commenced because of default. As long as no default occurs in payments on the note, the purchaser(s) shall be entitled to vote the Membership Interest of the dead or disabled Member.

8.7 Transfers Upon Insolvency: Judicial Order Etc.

(a) Occurrence of any of the following events shall constitute an irrevocable offer (an "Irrevocable Offer"), which shall be irrevocable as long as any of the above conditions or events exist, by the Member to whom the event applies (the "Insolvent Participant") to sell all or part of the Insolvent Participant's Membership Interest in the Membership to the Company and/or the other Members:

(1) filing of voluntary or involuntary petition in bankruptcy by a Member, unless the petition is dismissed within sixty (60) days;

(2) a Member's or (1) insolvency; (2) assignment for the benefit of creditors; or (3) entering into any composition agreement with his creditors;

(3) the attempted involuntary transfer or passage of ownership of all or part of a Member's Membership Interest including without limitation, transfer pursuant to charging or other judicial order, legal process, execution, attachment, enforcement of pledge, trust, encumbrance or sale;

(4) the attempted transfer or passage of ownership of all or part of a Member's Membership Interest resulting from, or relating to, the dissolution or annulment of a Member's marriage to such Member's spouse or former spouse; provided, however, this provision does not apply to any Members married as of the date of this Agreement;

(5) the withdrawal of a Member; and

(6) any transfer of a Membership Interest in violation of this Agreement.

(b) Within fifteen (15) days after occurrence of any event or condition constituting an Irrevocable Offer, the Insolvent Participant shall deliver to the Company and the other Members a written Notice of Irrevocable Offer which contains a description of the condition or event giving rise to the Irrevocable Offer. The Notice of Irrevocable Offer shall state the Membership Interest subject to the Irrevocable Offer, any charges to which the Membership Interests are subject and the identity of any party which has obtained possession of the Membership Interests by legal process or otherwise. Notwithstanding any independent knowledge attributable to the Company or the other Members, failure to provide a Notice of Irrevocable Offer shall not give rise to a waiver or estoppel on the part of the Company or the other Members. Further, the options set forth herein may be exercised despite the failure to provide the Notice of Irrevocable Offer, and the time limitations set forth herein shall commence when the Company and the other Members actually receive the Notice of Irrevocable Offer.

(c) First Option. The Company shall have the first option to accept the Irrevocable Offer and to purchase all or part of the Insolvent Participant's Membership Interest identified therein for a thirty (30) day period following receipt of the Notice of Irrevocable Offer.

(d) Second Option. If the Company does not exercise its option for all of the Insolvent Participant's Membership Interest, the Other Members shall have the pro rata option to accept the Irrevocable Offer and to purchase all or part of the available Membership Interest for a thirty (30) day period commencing on the expiration of the first option granted.

(e) Any option to accept the Irrevocable Offer and purchase the Membership Interest subject thereto, shall be exercised by the timely delivery of written notice to the Insolvent Participant and any person who has obtained possession of the Units or Economic Interest as identified in the Notice of Irrevocable Offer.

(f) Purchase Price. Parties electing to exercise options pursuant to this subsection may elect to purchase the Insolvent Participant's Membership Interest at seventy percent (70%) of the fair market value of the subject Membership Interest, payable on the terms set forth in Section 8.6(a) above. The Company and each Member acknowledges that the foregoing terms and purchase price for an Insolvent Participant's Membership Interest is fair and reasonable under circumstances existing as of the date hereof given the significant inconvenience to the Company and the other Members resulting from the occurrence of any event or condition constituting an Irrevocable Offer by a Member, and to retain the continuity of the Company without interference or interruption from third parties.

(g) For purposes of this Agreement, "Membership Interest" includes any economic or other interest in a Member's Membership Interest, or a Transferrable Interest.

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8.8 Transfer of Economic Interest From Member Ninus Malan to Salam Razuki. Notwithstanding anything in this Agreement to the contrary, by signing this Agreement the Manager and each Member approves the absolute right to the Transfer of a Membership Interest, Transferrable Interest, and/or the Economic Interest held by Member Ninus Malan, as Assigning Member, to Salam Razuki or his designee, as Assignee, on terms agreed upon between them at any time from and after the date of this Agreement. Such Transfer shall be on terms agreed upon between them, and the Manager and each Member further approve the terms and conditions of such Transfer and waive all rights, prohibitions and procedures otherwise set forth in this Article 8 to that Transfer. Provided, however, such Transfer between Member Ninus Malan and Salam Razuki shall not materially affect the ownership interest of the other Member(s), increase or materially alter the Manager's duties and obligations, and Member Ninus Malan and Salam Razuki agree to release the Manager and the other Member(s) from any liabilities relating to such Transfer. On behalf of the Company, the Manager agrees to acknowledge receipt of a copy of the agreement between Member Ninus Malan and Salam Razuki, and agrees that the Company shall be bound by and comply with the provisions contained therein including, but not limited to, those regarding distributions to Member Ninus Malan or his successor in interest. Any new Member of the Company further agrees to execute a consent to be bound to the terms and conditions of this Agreement as a condition to becoming a Member of the Company.

ARTICLE IX: DISSOLUTION AND WINDING UP

9.1 The Company shall be dissolved on the first to occur of the following events:

(a) The death, incapacity, dissociation, bankruptcy, or corporate dissolution of a Member; provided, however, that the remaining Members may, by the Vote of a Majority of Members within 90 days of the happening of that event, decide to continue the Company, in which case the Company shall not dissolve. If the remaining Members fail to so Vote, the Manager shall wind up the Company. For purposes of this Paragraph (a), in determining a Majority of Members, the Percentage Interest of the Member who has died, become incapacitated, withdrawn, become bankrupt, or dissolved shall not be taken into account;

(b) The expiration of the term of existence of the Company;

(c) The written agreement of all Members to dissolve the Company;

(d) The sale or other disposition of substantially all of the Company's assets;

(e) Entry of a decree of judicial dissolution pursuant to California Corporations Code section 27351; or

(f) At any earlier time at which dissolution may be required under any applicable law.

9.2 On the dissolution of the Company, the Company shall engage in no further business other than that necessary to wind up the business and affairs of the Company. The

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Members who have not wrongfully dissolved the Company shall wind up the affairs of the Company. The Persons winding up the affairs of the Company shall give written Notice of the commencement of winding up by mail to all known creditors and claimants against the Company. After paying or adequately providing for the payment of all known debts of the Company (except debts owing to Members) the remaining assets of the Company shall be distributed or applied in the following order of priority:

- (a) To pay the expenses of liquidation.
- (b) To repay outstanding loans to Members. If there are insufficient funds to pay such loans in full, each Member shall be repaid in the ratio that the Member's respective loan, together with interest accrued and unpaid thereon, bears to the total of all such loans from Members, including all interest accrued and unpaid on those loans. Such repayment shall first be credited to unpaid principal and the remainder shall be credited to accrued and unpaid interest.
- (c) Among the Members in accordance with the provisions of Article IV, Section 4.7 of this Agreement.

9.3 Each Member shall look solely to the assets of the Company for the return of the Member's investment, and if the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the investment of any Member, such Member shall have no recourse against any other Members for indemnification, contribution, or reimbursement.

ARTICLE X: DISPUTE RESOLUTION AND INDEMNIFICATION

10.1 Except as otherwise provided in this Agreement, any controversy or claim arising out of or relating to this Agreement or the breach thereof shall be attempted to be settled by mediation before a single mediator, unless otherwise agreed, in San Diego, California.

(a) The mediation shall be administered by and held in accordance with the Commercial Mediation Rules of the American Arbitration Association.

(b) The parties shall, before the commencement of any proceedings, attempt in good faith to settle their dispute by mediation.

(c) The mediator shall be a retired Judge, familiar with the laws regarding the type of dispute to be mediated.

10.2 The substantive law of the State of California shall be applied to the resolution of this dispute.

10.3 The prevailing party shall be entitled to reimbursement of attorney's fees, costs, and expenses incurred in connection with any litigation.

MIRA ESTE PROPERTIES, LLC OPERATING AGREEMENT

10.4 Mediation shall not be the exclusive remedy of a Member or the Company. A Member or the Company may institute legal proceedings in a court of competent jurisdiction only after such party has attempted to resolve any controversy or claim arising out of or relating to this Agreement or the breach thereof through the use of mediation.

10.5 The Company shall indemnify the Manager or any officer of the Company who was or is a party or is threatened to be made a party to, or otherwise becomes involved in, any action nor proceeding to the maximum extent permitted by law.

ARTICLE XI: GENERAL PROVISIONS

11.1 This Agreement constitutes the whole and entire agreement between the parties with respect to the subject matter of this Agreement. This Agreement replaces and supersedes all prior written and oral agreements by and among the Members or any of them.

11.2 This Agreement may be executed in one or more counterparts, each shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.3 This Agreement shall be construed and enforced in accordance with the internal laws of the State of California. If any provision of the Agreement is determined by any court of competent jurisdiction or arbitrator to be invalid, illegal, or unenforceable to any extent, that provision shall, if possible, be construed as though more narrowly drawn if a narrower construction would avoid such invalidity, illegality, or unenforceability or, if that is not possible, such provision shall, to the extent of such invalidity, illegality, or unenforceability, be severed, and the remaining provisions of this Agreement shall remain in effect.

11.4 This Agreement shall be binding on and inure to the benefit of the parties and their heirs, personal representatives, and permitted successors and assigns.

11.5 Whenever used in this Agreement, the singular shall include the plural, the plural shall include the singular, and the neuter gender shall include the male and female as well as a trust, firm, company, or corporation, all as the context and meaning of this Agreement may require.

11.6 The parties to this Agreement shall promptly execute and deliver any and all additional documents, instruments, notices, and other assurances, and shall do any and all other acts and things, reasonably necessary in connection with the performance of their respective obligations under this Agreement and to carry out the intent of the parties. In the event there is any dispute between the parties that should result in litigation or arbitration, the prevailing party in such dispute shall be entitled to recover from the other party all reasonable fees, costs and expenses of enforcing any right of the prevailing party, including without limitation, reasonable attorneys' fees and expenses.

11.7 Except as provided in this Agreement, no provision of this Agreement shall be

MIRA ESTE PROPERTIES, LLC OPERATING AGREEMENT

construed to limit in any manner the Members rights in carrying on his, her or its own respective businesses or activities.

11.8 Except as provided in this Agreement, no provision of this Agreement shall be construed to authorize a Member, in the Member's capacity as such, as an agent of any other Member.

11.9 Each Member represents and warrants to the other Members that the Member has the capacity and authority to enter into this Agreement.

11.10 Article titles, sections and headings contained in this Agreement are inserted as a matter of convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Agreement or any of its provisions.

11.11 The power to adopt, alter, amend, or repeal this Agreement or the Articles of Organization is vested entirely in the Manager of the Company, unless otherwise provided for in this Agreement or required by law.

11.12 Time is of the essence in every provision of this Agreement that specifies a time for performance.

11.13 This Agreement is made solely for the benefit of the parties to this Agreement and their respective permitted successors and assigns, and no other person or entity shall have or acquire any right by virtue of this Agreement.

11.14 The Members intend the Company to be a limited liability company under the Act. No Member shall take any action inconsistent with the express intent of the parties to this Agreement. The Members further agree that no Member shall petition any Court for an action for partition, pursue any judicial other governmental dissolution of the Company, or otherwise take action intended to force the sale of the assets of the Company under any circumstance except as expressly provided for in this Agreement.

11.15 The Members acknowledge that the tax consequences of each Member's investment in the Company is dependent of each Member's particular financial circumstances. Each Member will rely solely on the Member's financial advisors and not the Company. The Company makes no warranties as to the tax benefits that the Members receive or will receive as a result of the Member's investment in the Company. The parties hereto, and all of them, represent and declare that in executing this Agreement, they rely solely upon their own judgment, belief, and knowledge, and the advice and recommendations of their own independently selected legal and tax counsel, 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.

11.16 In the event a Member is not a natural person, neither the Company nor any Member

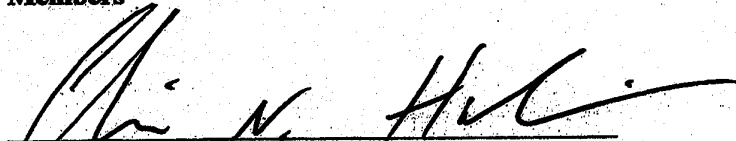
MIRA ESTE PROPERTIES, LLC OPERATING AGREEMENT

will (1) be required to determine the authority of the individual signing this Agreement to make any commitment or undertaking on behalf of the entity or to determine any fact or circumstance bearing on the existence of the authority of the individual, or (2) be required to see to the application or distribution of proceeds paid or credited to individuals signing this Agreement on behalf of the entity.

11.17 One or more attorneys at law may be selected from time to time by the parties to prepare the documentation for the Company, and to perform such other services as may be required. Counsel to a party may also be counsel to one or more other parties, and in accordance with the California Rules of Professional Conduct or similar rules in any other jurisdiction (the "Rules") this constitutes multiple representation. The Members, Manager, and the Company anticipate selecting the Law Offices of Gorla, Weber & Jarvis ("Company Counsel") as legal counsel to the Company. The parties further acknowledge that while communications by the parties with Company Counsel concerning any and matters relating to the business of the Company may be confidential with respect to third parties, no party has any expectation that such communications with Company Counsel are confidential with respect to disputes among or between the parties. The parties further agree and consent to the use of Company Counsel, and understand that Company Counsel has represented one or more of the matters is prior legal matters.

IN WITNESS WHEREOF, the parties have executed or caused to be executed this Agreement on the day and year first above written.

Members



Chris N. Hakim

By signing this Agreement, the above Member further acknowledges review of Sections 5.5, 5.6, 5.7, and 7.6 of this Agreement, agrees that the Member is informed of these provisions, and consents to the terms of Sections 5.5, 5.6, 5.7, and 7.6 of this Agreement.

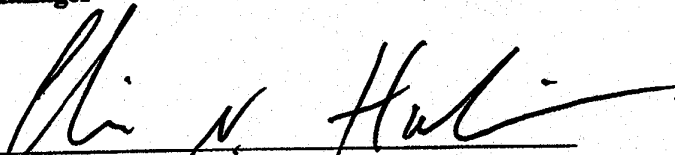


Ninus Malan

By signing this Agreement, the above Member further acknowledges review of Sections 5.5, 5.6, 5.7, and 7.6 of this Agreement, agrees that the Member is informed of these provisions, and consents to the terms of Sections 5.5, 5.6, 5.7, and 7.6 of this Agreement.

MIRA ESTE PROPERTIES, LLC OPERATING AGREEMENT

Manager



Chris N. Hakim

MIRA ESTE PROPERTIES, LLC OPERATING AGREEMENT

Exhibit "A"

Membership Interest of Members

Name and Address of Members/Membership Interest/Capital Contribution

Member #1

Ninus Malan

5065 Logan Ave Suite 101

San Diego CA 92113

Membership Interest: 50%

Capital Contribution:

\$ 325,000 contributed as follows: 1) Cash

2) _____

3) _____

4) Assignment of Contract Rights to Purchase the Property Described in Section 2.4

Member #2

Chris N. Hakim

1545 Hotel Circle South, suite 145

San Diego, CA 92108

Membership Interest: 50%

Capital Contribution:

\$ 450,000 contributed as follows: 1) Cash

2) _____

3) _____

1 Charles F. Gorla, Esq. (SBN68944)
2 GORIA, WEBER & JARVIS
3 1011 Camino del Rio South, Suite 210
4 San Diego, CA 92108
5 Tel.: (619) 692-3555
6 Fax: (619) 296-5508

7
8 Attorneys for Defendants CHRIS HAKIM,
9 MIRA ESTE PROPERTIES LLC, and
10 ROSELLE PROPERTIES LLC

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11 SALAM RAZUKI, an individual
12 Plaintiff

13 vs

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

) Case No.: 37-2018-00034229-CU-BC-CTL

) (Unlimited Civil Action)

) **DECLARATION OF JUSTUS H. HENKES**
) **IV IN SUPPORT OF EX PARTE**
) **APPLICATION TO SET APPEAL BOND**

) Hearing Date: November 6, 2018

) Time: 8:30 AM

) Dept.: C-67

) I/C Judge: Hon. Eddie C. Sturgeon

) Complaint Filed: July 10, 2018

) Trial Date: Not Set

) IMAGED FILE

1 I, Justus H. Henkes IV, declare:

2 1. I am over the age of 18. At all times herein mentioned, I was and am a
3 Certified Public Accountant, licensed as such under the laws of the State of California.

4 2. I was retained by Mira Este Properties LLC on or about September 2018 as its
5 accountant. In that capacity, I have the responsibility for preparing financial statements for
6 Mira Este Properties LLC, including Profit and Loss Statements, Profit and Loss Detail
7 Statements, Balance Sheets, and Balance Sheet Detail Statements.

8 3. In my capacity as accountant for Mira Este Properties LLC, I have reviewed
9 original documentation for all income, expense, assets, and liabilities of said entity from at
10 least July 1, 2018 to the present, and am therefore familiar with the financial condition of
11 Mira Este Properties LLC.
12

13 4. Attached collectively hereto as Exhibit 1 and, by this reference, made a part
14 hereof are true, correct, and accurate copies of the Profit and Loss Statement and Profit and
15 Loss Detail Statement for Mira Este Properties LLC for the period from July 1, 2018 to
16 October 31, 2018. Attached collectively hereto as Exhibit 2 and, by this reference made a
17 part hereof are true, correct, and accurate copies of the Balance Sheet as of October 31,
18 2018, and the Balance Sheet Detail for Mira Este Properties LLC.
19

20 5. As noted in the attached exhibits, Mira Este Properties LLC has lost
21 approximately \$149,612.05 from July 1, 2018 to October 31, 2018. This loss has largely been
22 funded by personal advances by Chris Hakim in the amount of \$84,523.90 and by Ninus Malan
23 in the amount of \$33,623.00. There have been no advances or contributions by Plaintiff Salam
24 Razuki during this period of time.
25

1 5. Amounts shown on the attached exhibits do not reflect significant legal and
2 professional fees due as well as any expenses paid from Receiver Funds that are allocable to
3 Mira Este Properties LLC, inasmuch as the attached financials are prepared on a cash basis and
4 not on an accrual basis.

5
6 6. The attached financials were delivered to forensic accountants Brian Brinig and
7 Marilyn Weber on or about November 1, 2018.

8 I declare under penalty of perjury that the foregoing is true and correct except as to
9 those matters stated on information and belief and as to those matters I believe it to be true.
10 This declaration was executed on November 2, 2018 at San Diego County, California.

11
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13 _____
14 Justus H. Henkes IV
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EXHIBIT 1

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11/01/18

Accrual Basis

Mira Este Properties LLC

Profit & Loss

July through October 2018

	Jul 18	Aug 18	Sep 18	Oct 18	TOTAL
Ordinary Income/Expense					
Expense					
Interest Expense	23,081.50	23,082.00	23,082.00	23,082.00	92,327.50
Licenses & Permits	0.00	0.00	0.00	3,224.90	3,224.90
Professional Fees	34,485.00	12,330.00	0.00	5,346.00	52,161.00
State Taxes	1,047.17	0.00	0.00	0.00	1,047.17
Utilities	851.48	0.00	0.00	0.00	851.48
Total Expense	59,465.15	35,412.00	23,082.00	31,652.90	149,612.05
Net Ordinary Income	-59,465.15	-35,412.00	-23,082.00	-31,652.90	-149,612.05
Net Income	-59,465.15	-35,412.00	-23,082.00	-31,652.90	-149,612.05

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Accrual Basis

Mira Este Properties LLC
Profit & Loss Detail
July 1 through October 22, 2018

Type	Date	Num	Adj	Name	Memo	Cir	Split	Debit	Credit	Balance
Ordinary Income/Expense										
Expense										
Interest Expense										
Check	07/05/2018	ACH		The Loan Company	Interest Paym...		Torrey Pines B...	9,831.50		9,831.50
Check	07/05/2018	ACH		The Loan Company	Interest Paym...		Torrey Pines B...	13,250.00		23,081.50
General Journal	08/10/2018	1358		The Loan Company	1/2 of 1st Mo...		Due to C Harkin	6,625.00		29,706.50
General Journal	08/10/2018	1359		The Loan Company	1/2 of 2nd Mo...		Due to C Harkin	4,916.00		34,622.50
General Journal	08/10/2018	1160		The Loan Company	1/2 of 1st Mo...		Due to N Malan	6,625.00		41,247.50
General Journal	08/10/2018	1039		The Loan Company	1/2 of 2nd Mo...		Due to N Malan	4,916.00		46,163.50
General Journal	09/12/2018	1149		The Loan Company	1/2 of 1st Mo...		Due to C Harkin	6,625.00		52,788.50
General Journal	09/12/2018	1362		The Loan Company	1/2 of 2nd Mo...		Due to C Harkin	4,916.00		57,704.50
General Journal	09/12/2018	1040		The Loan Company	1/2 of 1st Mo...		Due to N Malan	6,625.00		64,329.50
General Journal	09/12/2018	1077		The Loan Company	1/2 of 2nd Mo...		Due to N Malan	4,916.00		69,245.50
General Journal	10/19/2018	1363		The Loan Company	1/2 of 1st Mo...		Due to C Harkin	6,625.00		75,870.50
General Journal	10/19/2018	1364		The Loan Company	1/2 of 2nd Mo...		Due to C Harkin	4,916.00		80,786.50
General Journal	10/19/2018	1078		The Loan Company	1/2 of 1st Mo...		Due to N Malan	6,625.00		87,411.50
General Journal	10/19/2018	1086		The Loan Company	1/2 of 2nd Mo...		Due to N Malan	4,916.00		92,327.50
Total Interest Expense										
								92,327.50	0.00	92,327.50
Licenses & Permits										
General Journal	10/18/2018	1365		City of San Diego	CUP Invoice f...		Due to C Harkin	3,224.90		3,224.90
Total Licenses & Permits										
								3,224.90	0.00	3,224.90
Professional Fees										
Check	07/03/2018	1279		Law Office of Gona...	Legal Expense		Torrey Pines B...	4,485.00		4,485.00
General Journal	07/20/2018	2		Fleming PC	Legal		Due to C Harkin	10,000.00		14,485.00
General Journal	07/20/2018	1139		Grant & Kessler APC	Legal		Due to C Harkin	10,000.00		24,485.00
General Journal	07/27/2018	1140		Grant & Kessler APC	Legal		Due to C Harkin	10,000.00		34,485.00
General Journal	08/08/2018	1142		Grant & Kessler APC	Legal		Due to C Harkin	3,000.00		37,485.00
General Journal	08/08/2018	1144		Law Office of Gonia...	To Trust Acc...		Due to C Harkin	7,000.00		44,485.00
General Journal	08/24/2018	1360		Fleming PC	Legal		Due to C Harkin	2,330.00		46,815.00
General Journal	10/18/2018	CC		Law Office of Gonia...	Legal		Due to C Harkin	5,346.00		52,161.00
Total Professional Fees										
								52,161.00	0.00	52,161.00
State Taxes										
Check	07/11/2018	1280		Franchise Tax Board			Torrey Pines B...	1,047.17		1,047.17
Total State Taxes										
								1,047.17	0.00	1,047.17
Utilities										
Check	07/13/2018	ACH		SDG&E			Torrey Pines B...	58.63		58.63
Check	07/13/2018	ACH		SDG&E			Torrey Pines B...	101.94		160.57
Check	07/13/2018	ACH		SDG&E			Torrey Pines B...	150.48		311.05
Check	07/13/2018	ACH		SDG&E			Torrey Pines B...	163.87		474.92
Check	07/13/2018	ACH		SDG&E			Torrey Pines B...	167.37		642.29
Check	07/13/2018	ACH		SDG&E			Torrey Pines B...	209.19		851.48

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11/01/18

Accrual Basis

Mira Este Properties LLC
Profit & Loss Detail
 July 1 through October 22, 2018

Type	Date	Num	Adj	Name	Memo	Clr	Split	Debit	Credit	Balance
Total Utilities										
								851.48	0.00	851.48
Total Expense										
								149,612.05	0.00	149,612.05
Net Ordinary Income										
								149,612.05	0.00	-149,612.05
Net Income										
								149,612.05	0.00	-149,612.05

Mira Este Properties LLC
Balance Sheet
As of October 31, 2018

	Jul 31, 18	Aug 31, 18	Sep 30, 18	Oct 31, 18
ASSETS				
Current Assets				
Other Current Assets	667.14	667.14	667.14	667.14
Due From Receiver	667.14	667.14	667.14	667.14
Total Other Current Assets	667.14	667.14	667.14	667.14
Total Current Assets	667.14	667.14	667.14	667.14
TOTAL ASSETS	667.14	667.14	667.14	667.14
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Other Current Liabilities	2,000.00	2,000.00	2,000.00	2,000.00
Due From Roselle	44,000.00	52,871.00	64,412.00	84,523.90
Due to C Halim	0.00	30,000.00	30,000.00	30,000.00
Due to CCG	14,000.00	10,541.00	22,082.00	33,623.00
Due to N Malan	60,000.00	95,412.00	118,494.00	150,146.90
Total Other Current Liabilities	60,000.00	95,412.00	118,494.00	150,146.90
Total Current Liabilities	60,000.00	95,412.00	118,494.00	150,146.90
Total Liabilities	60,000.00	95,412.00	118,494.00	150,146.90
Equity				
Retained Earnings	132.29	132.29	132.29	132.29
Net Income	59,466.15	94,877.15	117,959.15	149,612.05
Total Equity	59,332.86	94,744.86	117,826.86	149,479.76
TOTAL LIABILITIES & EQUITY	667.14	667.14	667.14	667.14

Mira Este Properties LLC
Balance Sheet Detail
As of December 31, 2018

Type	Date	Num	Adj	Name	Memo	Clr	Split	Debit	Credit	Balance
ASSETS										
Current Assets										
Checking/Savings										0.00
Cash										0.00
Total Cash										0.00
Torrey Pines Bank										
General Journal	06/30/2018	1	*		Opening Bal...			132.29		132.29
Deposit	07/03/2018	1279		Law Office of Gorta...	Legal Expense			14,000.00		14,132.29
Deposit	07/05/2018			The Loan Company	Deposit			14,000.00	4,485.00	9,647.29
Check	07/05/2018	ACH		The Loan Company	Interest Paym...				9,831.50	23,647.29
Check	07/05/2018	ACH		Franchise Tax Board	Interest Paym...				13,250.00	13,815.79
Check	07/11/2018	1280			State Taxes				1,047.17	585.79
Deposit	07/12/2018				Deposit			2,000.00		481.36
Check	07/13/2018	ACH		SDG&E	Utilities				58.63	1,518.62
Check	07/13/2018	ACH		SDG&E	Utilities				101.94	1,358.05
Check	07/13/2018	ACH		SDG&E	Utilities				150.48	1,207.57
Check	07/13/2018	ACH		SDG&E	Utilities				163.87	1,043.70
Check	07/13/2018	ACH		SDG&E	Utilities				167.37	876.33
Check	07/13/2018	ACH		SDG&E	Utilities				209.19	667.14
Check	07/13/2018	ACH		Michael Essary	Money taken ...				667.14	0.00
Total Torrey Pines Bank								30,132.29	30,132.29	0.00
Total Checking/Savings								30,132.29	30,132.29	0.00
Accounts Receivable										
Total Accounts Receivable										0.00
Other Current Assets										
Due From Receiver	07/13/2018	Debit		Michael Essary	Money taken ...			667.14		0.00
Total Due From Receiver								667.14	0.00	667.14
Total Other Current Assets								667.14	0.00	667.14
Total Current Assets								30,799.43	30,132.29	667.14
Fixed Assets										
Accumulated Depreciation										0.00
Total Accumulated Depreciation										0.00
Furniture and Equipment										0.00
Total Furniture and Equipment										0.00
Total Fixed Assets										0.00
Other Assets										0.00

Mira Este Properties LLC
Balance Sheet Detail
As of December 31, 2018

Type	Date	Num	Adj	Name	Memo	Cr	Split	Debit	Credit	Balance
TOTAL ASSETS										
LIABILITIES & EQUITY										
Liabilities										
Current Liabilities										
Accounts Payable										
Total Accounts Payable										
Credit Cards										
Total Credit Cards										
Other Current Liabilities										
Due From Roselle										
Deposit	07/12/2018							2,000.00		2,000.00
Total Due From Roselle										
Due to C Hakim										
Deposit	07/05/2018	1138		Flaming PC	Transfer from					0.00
General Journal	07/20/2018	1139		Grant & Kessler APC	Legal					14,000.00
General Journal	07/27/2018	1141		Grant & Kessler APC	Legal					10,000.00
General Journal	08/01/2018	1143		Grant & Kessler APC	Legal					10,000.00
General Journal	08/08/2018	1144		Law Office of Goria...	1/2 of 1st Mo...					39,000.00
General Journal	08/10/2018	1358		The Loan Company	1/2 of 1st Mo...					6,625.00
General Journal	08/24/2018	1359		The Loan Company	1/2 of 2nd Mo...					4,916.00
General Journal	09/12/2018	1148		Fleming PC	Legal					2,330.00
General Journal	09/12/2018	1361		The Loan Company	1/2 of 1st Mo...					6,625.00
General Journal	10/18/2018	1362		The Loan Company	1/2 of 2nd Mo...					4,916.00
General Journal	10/18/2018	1159		CUP Invoice f...	Legal					3,224.90
General Journal	10/19/2018	1363		Law Office of Goria...	1/2 of 1st Mo...					5,346.00
General Journal	10/19/2018	1364		The Loan Company	1/2 of 2nd Mo...					6,625.00
Total Due to C Hakim										
15,000.00										
99,523.90										
84,523.90										
Due to CCG										
General Journal	08/01/2018							30,000.00		30,000.00
Total Due to CCG										
0.00										
Due to N Malan										
Deposit	07/03/2018									0.00
General Journal	08/01/2018	1038		The Loan Company	30k from Syn...					14,000.00
General Journal	08/10/2018	1039		The Loan Company	1/2 of 1st Mo...					6,625.00
General Journal	08/10/2018	1039		The Loan Company	1/2 of 2nd Mo...					4,916.00
General Journal	09/12/2018	1076		The Loan Company	1/2 of 1st Mo...					6,625.00
Total Due to N Malan										
15,000.00										
30,000.00										
30,000.00										
14,000.00										
-1,000.00										
6,625.00										
4,916.00										
6,625.00										
17,166.00										

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11/01/18

Accrual Basis

Mira Este Properties LLC
Balance Sheet Detail
As of December 31, 2018

Type	Date	Num	Adj	Name	Memo	Clr	Split	Debit	Credit	Balance
General Journal	09/12/2018	1077		The Loan Company	1/2 of 2nd Mo...		Interest Expense		4,916.00	22,082.00
General Journal	10/19/2018	1085		The Loan Company	1/2 of 1st Mo...		Interest Expense		6,625.00	28,707.00
General Journal	10/19/2018	1086		The Loan Company	1/2 of 2nd Mo...		Interest Expense		4,916.00	33,623.00
Total Due to N Malan								15,000.00	48,623.00	33,623.00
Due to Synergy										0.00
Total Due to Synergy										0.00
Payroll Liabilities										0.00
Total Payroll Liabilities										0.00
Total Other Current Liabilities										0.00
Long Term Liabilities										0.00
Total Long Term Liabilities										0.00
Total Liabilities								30,000.00	180,146.90	150,146.90
Equity										0.00
Member 1 Draws										0.00
Total Member 1 Draws										0.00
Member 1 Equity										0.00
Total Member 1 Equity										0.00
Member 2 Draws										0.00
Total Member 2 Draws										0.00
Member 2 Equity										0.00
Total Member 2 Equity										0.00
Opening Balance Equity										0.00
Total Opening Balance Equity										0.00
Retained Earnings										0.00
General Journal	06/30/2018	1	*		Opening Bal...		Torrey Pines B...		132.29	132.29
Total Retained Earnings								0.00	132.29	132.29
Net Income								149,612.05	0.00	-149,612.05
Total Net Income								149,612.05	132.29	-149,479.76
Total Equity								179,612.05	180,279.19	67.14
TOTAL LIABILITIES & EQUITY										

4838

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3 Tel.: (619) 692-3555
Fax: (619) 296-5508
4

5 Attorneys for Defendants
Chris Hakim, Mira Este Properties, LLC
Monarch Management Consulting, Inc.
6 Roselle Properties, LLC

7
8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **COUNTY OF SAN DIEGO, CENTRAL DIVISION**

10 SALAM RAZUKI, an individual)
11 Plaintiff,)

12 vs)

13)
14 NINUS MALAN, an individual; CHRIS)
HAKIM, an individual; MONARCH)
15 MANAGEMENT CONSULTING, INC.,)
California corporation; SAN DIEGO)
16 UNITED HOLDINGS 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 PROPERTIES,)
19 LLC, a California limited liability company;)
BALBOA AVE COOPERATIVE, a)
20 California nonprofit mutual benefit)
corporation; CALIFORNIA CANNABIS)
21 GROUP, a California nonprofit mutual)
benefit corporation; DEVILISH DELIGHTS,)
22 INC. a California nonprofit mutual benefit)
corporation; and DOES 1-100, inclusive;)

23)
24 Defendants.)
25)

Case No.: 37-2018-00034229-CU-BC-CTL

(Unlimited Civil Action)

PROOF OF SERVICE

Dept.: C-67

I/C Judge: Hon. Eddie C. Sturgeon

Complaint Filed: July 10, 2018

Trial Date: Not Set

IMAGED FILE

26 I, Charles F. Gorla, declare that: I am, and was at the time of service of the papers herein

1 referred to, over the age of eighteen years, not a party to this action, and am employed in the County
2 of San Diego, California, in which County the within mentioned mailing occurred. My business
3 address is 1011 Camino del Rio South, Suite 210, San Diego, California 92108.

4 I served the following document(s):

- 5 • Ex Parte Application to Set Appeal Bond on Appeal of Order Appointing Receiver;
6 Declaration of Charles F. Gorla; Points and Authorities;
- 7 • Declaration of Chris Hakim in Support of Ex Parte Application to Set Appeal Bond on
8 Appeal of Order Appointing Receiver;
- 9 • Declaration of Justus Henckes IV in Support of Ex Parte Application to Set Appeal Bond
10 on Appeal of Order Appointing Receiver

11 on the following addressees:

12 Steven A. Elia, Esq. (steve@elialaw.com) 13 Maura Griffin, Esq. (maura@elialaw.com) 14 James Joseph, Esq. (james@elialaw.com) 15 Law Offices of Steven Elia 16 2221 Camino del Rio S., #207 17 San Diego, CA 92108 18 Tel. (619) 444-2244 19 Fax (619) 440-2233 20 Attorneys for Plaintiff	21 Robert Fuller, Esq. (rfullerAnelsonhardiman.com) 22 Salvatore J. Zimmitt, Esq. (szimmitt@nelsonhardiman.com) 23 Nelson Hardiman LLP 24 11835 West Olympic Blvd., Suite 900 25 Los Angeles, CA 90064 26 Tel. (310) 203-2807 27 Fax (310) 203-2727 Attorneys for SoCal Building Ventures LLC
28 Gina M. Austin, Esq. (gaustin@austinlegalgroup.com) 29 Tamara M. Leetham, Esq. (tamara@austinlegalgroup.com) 30 Austin legal Group 31 3990 Old Town Avenue, Suite A-112 32 San Diego, CA 92110 33 Tel. (619) 924-9600 34 Fax. (619) 881-0045 35 Attorneys for Defendants Ninus Malan et al.	36 Richardson C. Griswold, Esq. (rgriswold@griswoldlawsandiego.com) 37 Griswold Law 38 444 S. Cedros Avenue, Suite 250 39 Solana Beach, CA 92075 40 Tel. (858) 481-1300 41 Fax. (888) 624-9177 42 Attorney for Receiver Michael Essary
43 Daniel Watts, Esq. dwatts@galuppolaw.com 44 Lou Galuppo, Esq. lgaluppo@galuppolaw.com 45 Galuppo & Blake 46 2792 Gateway Road, Suite 102 47 Carlsbad, CA 92009 48 Tel.No. 760-431-4575 49 Fax No. 760-431-4579 50 Attorneys for Defendants Ninus Malan et al.	

1 **XX (VIA ELECTRONIC FILING SERVICE)** Complying with Code of Civil
2 Procedure section 1010.6, my electronic business address is chasgoria@gmail.com and I caused such
3 document(s) to be electronically served through the e-service system of One Legal for the above
4 entitled case to those parties on the Service List maintained on its website for this case on November
5 5, 2018. The file transmission was reported as complete and a copy of the Filing/Service Receipt
6 will be maintained with the original document(s) in our office.

7 **(BY MAIL)** by placing a copy thereof in a separate envelope for each said addressee,
8 addressed to each such addressee at the address indicated above. I then sealed each envelope, and
9 with the postage thereon fully prepaid, deposited each in the United States Mail at San Diego
10 County, California, on

11 I declare under penalty of perjury that the foregoing is true and correct. Executed on
12 November 5, 2018 at San Diego County, California.

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27



CHARLES F. GORIA

1 Steven A. Elia (State Bar No. 217200)
Maura Griffin, *Of Counsel* (State Bar No. 264461)
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7 Attorneys for Plaintiff
SALAM RAZUKI

8
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
HAKIM, an individual; MONARCH
15 MANAGEMENT CONSULTING, INC. a
California corporation; SAN DIEGO
16 UNITED 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 PROPERTIES,
19 LLC, a California limited liability company;
BALBOA AVE COOPERATIVE, a
20 California nonprofit mutual benefit
corporation; CALIFORNIA CANNABIS
21 GROUP, a California nonprofit mutual
benefit corporation; DEVILISH DELIGHTS,
22 INC., a California nonprofit mutual benefit
corporation; and DOES 1-100, inclusive,

23 Defendants.
24

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

**PLAINTIFF SALAM RAZUKI'S
OPPOSITION TO DEFENDANTS' EX
PARTE APPLICATIONS TO SET AN
APPELLATE BOND**

Date: November 6, 2018
Time: 8:30 a.m.
Dept: C-67
Judge: Hon. Eddie C. Sturgeon

25
26 Plaintiff SALAM RAZUKI ("Plaintiff" or "Razuki"), by and through his counsel, hereby submits
27 the following opposition to Defendant NINUS MALAN ("Malan") and Defendant CHRIS HAKIM's
28

1 (“Hakim”) (collectively “Defendants”) respective ex parte applications to set an appeal bond on appeal of
2 order appointing receiver.

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

6 Defendants are desperate to avoid any sort of oversight at the Marijuana Operations and prevent
7 the Court from hearing and considering the respective motions and Receiver’s report which are set to be
8 heard on November 16, 2018. The latest ex parte applications filed by Malan and Hakim is their last ditch
9 effort to effectively vacate a properly appointed receiver prior to that hearing.

10 The Court should deny Defendants’ respective ex parte applications and require Defendants to
11 submit their requests for a bond amount on a noticed motion because there is no emergency as indicated
12 by the fact that Defendants waited 60 days since the Receiver was appointed to file their appeal and these
13 applications to set a bond amount. *Where is the emergency?* The Receiver and Brian Brinig, the Court
14 appointed forensic accountant, are currently completing their reports and forensic accounting report of the
15 Marijuana Operations which will provide some necessary insights as to where the money came from to
16 fund the businesses, where the money has and is going, the financial health of the businesses, and the
17 continued lack of cooperation of Defendants and their counsel. The completion of this forensic accounting
18 under the supervision of the Receiver is absolutely essential to answer the fundamental question in this
19 case – WHERE IS THE MONEY? Defendants are trying to sandbag Plaintiff with this appeal and these
20 applications and Razuki should be given a fair and reasonable opportunity to oppose these applications
21 and respond as the bond amount **must** be sufficient to protect his interests.

22 If the Court is inclined to set bond amounts without allowing Plaintiff to properly respond, the
23 bond should be \$9,000,000 for the Balboa Properties and \$3,750,000 for the Mira Este Facility, as
24 discussed herein. If the receivership order is stayed, Defendants can essentially vacate the Receiver until
25 the appeal is complete which could possibly take a year or more. During this time, the businesses can be
26 sold, Defendants can continue to convert business funds for their own use, pocket all the proceeds and
27 continue to defraud Plaintiff. While there is significant risk of the loss of valuable marijuana related
28 licensing, Plaintiff also risks the loss of his interest in several unique parcels of real property for which
monetary damages are an insufficient remedy. If the bond is set unreasonably low given the significant
risk to Plaintiff and this case is stayed, Plaintiff will likely never see any of the proceeds even if successful

1 at trial. Prior to the litigation, Defendants negotiated and agreed to the value of the Marijuana Operations
2 and that should be the guiding factor for the Court in setting the appellate bond.

3 Furthermore, the Court should not simply accept Defendants’ representations regarding their
4 allegedly financial woes. Defendants and their counsel talk out of both sides of their mouth in this regard.
5 One day they say the businesses are very profitable and the next day they cry poor. We have yet to
6 determine which is true because the forensic accountant has not had the opportunity (perhaps largely
7 because of the lack of cooperation they face from Defendants) to determine which is the more accurate
8 description of the financial state of the Marijuana Operations. Defendants’ financial stability depends
9 on which way the wind is blowing that day and the Court should, to say the least, take every representation
10 they make with a grain of salt. In fact, Defendants’ multiple contradictory representations regarding the
11 financial well-being of the Marijuana Operations was a driving factor in the Court’s appointment of Mr.
12 Brinig and order for a forensic accounting and the accounting should be allowed to be completed.

12 **II.**
13 **THE COURT SHOULD DENY THIS EX PARTE APPLICATION**
14 **BECAUSE THE MATTER SHOULD BE HEARD AS A NOTICED MOTION**

15 California Rules of Court, Rule 3.1202 require that all *ex parte* applications “must make an
16 affirmative factual showing . . . of irreparable harm, immediate danger, or any other statutory basis for
17 granting relief ex parte.” CRC Rule 3.1202. Here, Defendants’ declarations only state that the Marijuana
18 Operations are currently not making sufficient money to afford a large appellate bond (a claim Razuki
19 vehemently opposes). Defendants don’t even attempt to justify why these matters should be heard on an
20 ex parte basis because there is simply ***no*** justification for it. To the contrary, the Receiver in this instant
21 case has been appointed since September 7, 2018, ***60 days ago***. Although Defendants have appealed the
22 Court’s order, there is no immediate emergency that requires the bond amount be fixed immediately or
23 that requires the stay been issued immediately. The status quo is now being maintained by the Receiver
24 with little risk to any party other than the cost of the receivership itself. The threat of irreparable harm is
25 far greater if the Receiver is hastily relieved of his duties on this ex parte basis without Plaintiff having
26 had an equitable to present its arguments as to the bond amount. Defendants have had 60 days to research
27 and prepare their respective applications. Plaintiffs have had less than 24 hours. Balancing the threat of
28 immediate and irreparable harm to Defendants in setting this on a noticed motion calendar (*i.e.* none)

1 against the threat of irreparable harm to Plaintiff in granting these applications on an ex parte basis (i.e.
2 huge), it would be a grievous injustice for these applications to be granted ex parte.

3 As the Court well knows, this matter is far too complex to allow a ruling on an ex parte basis.
4 Defendants have submitted over 100 pages of declarations regarding financial information of the
5 Marijuana Operations. Razuki has not had adequate time to review and verify Defendants' representations
6 or compare them with the results of the pending forensic accounting. More importantly, the Court has
7 already ordered that Mr. Brinig to conduct a forensic accounting under the receivership to try and
8 determine the current financial health of the Marijuana Operations, who the money funding the businesses
9 should be attributed to and, of most importance, where all the money has gone. This issue is critical to
10 the question of the bond amount and granting this application before Mr. Brinig is able to complete his
11 report (which, at least preliminarily, is to be submitted in relation to the November 16th hearing) would
12 mean the Court has chosen to ignoring critical evidence to make this determination without a threat of
13 imminent harm to Defendants. In addition, Plaintiff should be given the opportunity to challenge
14 Defendants' claims of poverty with his own contradictory evidence and declarations. A noticed motion
15 will provide ample opportunity to ensure the Court has adequate evidence to reach its conclusion as to the
16 bond amount with no risk of harm to Defendants other than the continuing cost of the Receiver.

16 **III.**

17 **IF THE COURT WISHES TO SET A BOND NOW, THE BOND SHOULD BE \$9,000,000 FOR**
18 **THE BALBOA OPERATIONS AND \$3,750,000 FOR THE MIRA ESTE FACILITY**

18 **A. If the Receivership is Stayed, Plaintiff May Suffer Over \$12,000,000 in Damages.**

19 The posting of a bond is necessary to stay the proceedings in the trial court. *See* CCP §917.5.
20 Without such a bond or undertaking, the proceedings **cannot** be stayed. *Wilson v. Johnson* (1934) 1
21 Cal.2d 288, 288–289 [in order to effect a stay of proceedings, compliance with statute requiring
22 undertaking is required.] In setting the amount of that bond, the trial court is directed by Section 917.5 to
23 require bonding in an amount that “if the judgment or order is affirmed or the appeal is withdrawn, or
24 dismissed, the appellant will pay *all* damages which the respondent *may sustain* by reason of the stay in
25 the enforcement of the judgment.” [Emphasis added.] CCP §917.5.

26 As alleged in the Plaintiff's First Amended Complaint (the “FAC”), Razuki's oral agreement with
27 Malan entitles Razuki to 75% of everything Malan owns after Razuki recuperates his investments. See
28

1 FAC at ¶1. Specifically, this include a 75% interest San Diego United Holdings Group, LLC which owns
2 8861/8863 Balboa Ave (the “8861/8863 Properties) and 8859 Balboa Ave. (the “8859 Property”) and a
3 37.5%¹ interest in Mira Este Properties, LLC, which owns 9212 Mira Este Ct. (the “Mira Este Facility”).

4 Malan incorrectly states that Razuki has no interest in the above-mentioned entities because he
5 only has an interest in RM Property Holdings, LLC (“RM”). However, Malan fails to appreciate there are
6 two separate and independent contracts between Razuki and Malan: (1) the oral agreement that governs
7 the ownership of the Marijuana Operations; and (2) the Settlement Agreement where both parties were
8 supposed to put their respective assets into RM. The oral agreement was specifically affirmed in writing
9 by Malan in the recitals of the Settlement Agreement as well. This oral agreement governs the *current*
10 *ownership* of the above-mentioned entitles. Razuki can still demand performance under the Settlement
11 Agreement and he can allege a current breach of the oral agreement.

12 The Court has already held that Razuki has a likelihood of success on the merits of his case and
13 appointed Mike Essary as the receiver to preserve and protect the property at issue which includes unique
14 parcels of real property. Without the September 26, 2018 Order (the “Order”), Malan and Hakim can sell
15 the businesses, the business’ assets (including, but not limited to, the CUPs and marijuana related
16 licensing) and the real property owned by the Defendant entities claiming all proceeds for themselves.
17 Razuki stands to lose his interest in the real property and all other assets (including the CUPs, etc.) and
18 will likely never see any money from the proceeds of the sale even if he is successful at trial. Therefore,
19 the only way to calculate the bond is to calculate the amount of proceeds Razuki would be entitled to if
20 the 8861/8863 Properties, the 8859 Properties, and the Mira Este Facility were sold and the other monetary
21 damages he would incur (for example, the value of his monetary contribution to the businesses).

22 The 8861/8863 Properties and the Mira Este Facility have already been appraised by Defendants.
23 According to the Management Agreement with SoCal with respect to the 8861/8863 Properties, Malan
24 and Hakim both agreed to sell 50% options in the business for \$3,000,000. See the Declaration of James
25 Joseph (“Joseph Dec.”) at **Exhibit C**. This would value the 8861/8863 Properties at \$6,000,000 total.
26 According to the Management Agreement with SoCal with respect to the Mira Este Facility, Malan and

27 ¹ Razuki is entitled to 75% of Malan’s 50% interest in the Mira Este Facility. 75% of 50% equals
28 37.5%.

1 Hakim agreed to sell 50% options in the business for \$5,000,000. Joseph Dec. at **Exhibit B**. This would
2 value the Mira Este Facility at \$10,000,000.

3 It is important to note that it was the Defendants who negotiated values. Malan and Hakim signed
4 the management agreements with SoCal without any input from Razuki. When Defendants demand a
5 bond for the appointment of the receiver, they again relied on these calculations to demand a \$6,000,000
6 bond for the Balboa Properties and a \$10,000,000 bond for the Mira Este Facility. Joseph Dec. at **Exhibit**
7 **B** and **Exhibit C**. Defendants already concede to these valuations for the business and the Court should
8 hold them to those numbers.

9 Additionally, Razuki also has an ownership interest in and to the 8859 Property. These units are
10 not operating as marijuana businesses so there is no current appraisal for the value of these particular units.
11 However, considering the 8861/8863 Properties were appraised at \$6,000,000, it is reasonable to assume
12 the 8859 Properties should be also valued at \$6,000,000.

13 Razuki is entitled to 75% of the 8861/8863 Properties, 75% of the 8859 Properties, and 37.5% of
14 the Mira Este Facility. This means he is entitled to at least, \$4,500,000, \$4,500,000 and \$3,750,000
15 respectively for his interests in the Marijuana Operations. In total, Razuki has potentially **\$12,750,000 in**
16 **damages**.

17 These numbers are high because the potential damages to Razuki are high. CCP §917.5 doesn't
18 ask the Court to determine the actual or likely damages the plaintiff may sustain if the order is stayed; it
19 specifically asks to evaluate the damages the plaintiff "**may** sustain." The bond amount must be high
20 enough to ensure Defendants can't just steal Razuki's property by merely filing an appeal.

21 The threat of Malan and Hakim selling these properties once the Receiver is removed is highly
22 likely as well. As the Court knows, the receivership was already vacated once during this case. During
23 that time, Malan immediately hired Far West as the operator at the 8861/8863 Property. The agreement
24 with Far West contained a promise to complete a long-term deal that would allow the new operators to
25 acquire an interest in the dispensary. Joseph Dec. at **Exhibit A**. Defendants have already shown their
26 intention to sell these assets once the Receiver is removed; the Court must act to adequately protect
27 Razuki' interests and should not forget why the Receiver was appointed in the first place.

28 In addition to the actual value of the properties, the Court should also consider how much money
each party has invested into the Marijuana Operations. Razuki has invested over \$3,000,000 cash into the

1 operations and put up over \$8,000,000 in properties for collateral to purchase the properties. He has never
2 seen any return on these investments. Hakim has invested roughly \$420,000 and has already withdraw
3 over \$550,000 out of the business (i.e. Hakim has already profited from the business already). Malan has
4 not demonstrated any contributions to the business. A bond of \$12,750,000 is the minimum amount that
5 would ensure Razuki is properly protected if the businesses are lost or sold.

6 **B. The Court Should Disregard Defendants’ Claims of Poverty.**

7 Defendants’ arguments that the businesses are “indigent” are not credible. Just months before the
8 instant litigation, these facilities were worth *millions of dollars* by Defendants’ own admission. The only
9 reason the facilities are not profitable at the moment is because of the mismanagement by the current
10 operators or, as the case may be, Defendants’ diversion of cash coming into the businesses to their own
11 pockets. Razuki submitted an ex parte application for the October 25, 2018 hearing (continued until
12 November 16, 2018), detailing the incompetence, opaque and questionable practices of Far West,
13 Synergy, and Mr. Henkes, the accountant currently being utilized on a day-to-day basis.

14 Furthermore, Defendants are asking the Court accept their accounting of the Marijuana Operation
15 financials *before* Mr. Brinig can produce his forensic accounting of the Marijuana Operations. The Order
16 also contains the requirement to hire Mr. Brinig to conduct a forensic accounting of the Marijuana
17 Operations. This report was scheduled to be completed to the extent possible ahead of the November 16,
18 2018 status conference regarding the appointment of the receiver. Many of the question expenses, such
19 as the receiver’s actual monthly fees and the ATM fees should be fully explained in said report. If the
20 Order is stayed, this would also require staying the pending forensic accounting. Defendants are
21 attempting to stay the enforcement of the Order before the forensic accounting can be completed.

22 **C. There Is A Difference Between The Receiver Bond Posted By Razuki And The Appellate
23 Bond Defendants Must Post.**

24 Previously, Razuki secured a \$350,000 Plaintiff’s bond for the Order. This bond was required
25 under CCP §529 that requires a bond to cover damages “the party may sustain by reason of the injunction.”
26 The \$350,000 is designed to cover any expenses or damages caused by the receiver himself. This would
27 be limited to any excessive costs of the receiver and the (very unlikely) possibility that the Receiver would
28 cause the businesses to shut down or lose their licenses (which, of course, would be entirely contrary to
his purpose). These potential costs and damages are significantly lower as a receiver is duty bound to act

1 in the best interests of the business and ensure there is no waste during his appointment.


2 The Appellate Bond is entirely different. The Appellate bond must secure and protect Razuki's
3 interests in the subject property while *Defendants have complete control over said property*. Unlike the
4 Receiver, who swore an oath and is an officer of this Court, Defendants have no duty nor any obligation
5 to protect Razuki's interests and, in fact, have a motive to obfuscate the businesses profits. While the
6 provisional remedy of a receiver has inherent protections for Defendants, staying the receivership now
7 completely destroys any security Razuki has. The Receivership was granted for a reason-the serious and
8 real threat of harm to Razuki. The Court has already ruled Razuki has a likelihood of success on the
9 merits. Razuki's concern is not illusory; Malan has already attempted to sell the dispensary to a third
10 party when the Receiver was previously vacated for 30 days. Without a substantial bond, the Court will
11 be giving a green light for Malan and Hakim to sell the properties and pocket the proceeds while the appeal
and litigation drag on at Plaintiff's expense.

12 **III.**
13 **CONCLUSION**

14 For the reasons stated above, the Court should deny Defendants' respective ex parte applications
15 and consider their requests as a noticed motion. In the alternative, the Court should require no less than a
16 \$9,000,000 appellate bond for the Balboa Properties and a \$3,750,000 appellate bond for the Mira Este
Facility.

17
18 Dated: November 5, 2018

LAW OFFICES OF STEVEN A. ELIA,
APC

19 By: 
20 Maura Griffin, Attorneys for Plaintiff
21 Salam Razuki
22
23
24
25
26
27
28

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Maura Griffin, *Of Counsel* (State Bar No. 264461)
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7 Attorneys for Plaintiff
SALAM RAZUKI

8
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
HAKIM, an individual; MONARCH
15 MANAGEMENT CONSULTING, INC. a
California corporation; SAN DIEGO
16 UNITED 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 PROPERTIES,
19 LLC, a California limited liability company;
BALBOA AVE COOPERATIVE, a
20 California nonprofit mutual benefit
corporation; CALIFORNIA CANNABIS
21 GROUP, a California nonprofit mutual
benefit corporation; DEVILISH DELIGHTS,
22 INC., a California nonprofit mutual benefit
corporation; and DOES 1-100, inclusive,

23 Defendants.
24
25

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

**DECLARATION OF JAMES JOSEPH,
ESQ.**

Date: November 6, 2018
Time: 8:30 a.m.
Dept: C-67
Judge: Hon. Eddie C. Sturgeon

26 I, James Joseph, declare:

27 1. I am an attorney licensed to practice in the State of California. I am an associate attorney
28

1 with the ELIA LAW FIRM, APC. I represent Plaintiff's Salam Razuki and SH Westpoint Investments
2 Group, LLC in this instant matter.

3 2. All facts stated within the Declaration are within my personal knowledge or based upon
4 information and belief if so stated and, if called as a witness, I would and could competently testify to
5 them.

6 3. Attached as Exhibit A is a true and correct copy of a portion of the Management
7 Agreement between Balboa Ave Cooperative and Far West Management, LLC. The portion of the
8 agreement shows the specific clause where Balboa Ave Cooperative agreed to negotiate a long term
9 deal and allow Far West to acquire interests in the Balboa Ave Dispensary.

10 4. Attached as Exhibit B is a true and correct copy of a portion of Defendant Hakim's brief
11 ahead of the September 7, 2018 hearing regarding the confirmation of the appointment of the receiver.
12 In this portion of the brief, Hakim argues that the Court should determine the value of the Mira Esta
13 Facility based on the options in the SoCal Management Agreement.

14 5. Attached as Exhibit C is a true and correct copy of a portion of Defendant Malan's brief
15 ahead of the September 7, 2018 hearing regarding the confirmation of the appointment of the receiver.
16 In this portion of the brief, Malan argues that the Court should determine the value of the Balboa
17 Dispensary based on the options in the SoCal Management Agreement.

18 I declare under penalty of perjury that the foregoing is true. This declaration was executed on
19 November 5, 2018 in San Diego, California.

20 

21 James Joseph, Esq.

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Exhibit A

MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT (the "Agreement") is entered into as of July 10, 2018 (the "Effective Date") in San Diego, California by and between Balboa Ave. Cooperative, a California nonprofit consumer cooperative (herein the "Cooperative") on the one hand and Far West Management, LLC, a California limited liability company (herein "Manager") on the other hand. Each may be referred to herein individually as "Party" or collectively as "Parties."

RECITALS

WHEREAS, the Cooperative has been issued a conditional use permit ("CUP") by the city of San Diego to operate a retail cannabis dispensary (the "Dispensary") at 8861 Balboa Ave., Suite B and 8863 Balboa Ave., Suite E, San Diego (the "Location") and a license from the state of California ("State") to sell medical and adult use cannabis products at the Location ("State License");

WHEREAS, Manager has expertise managing and operating retail cannabis dispensaries; and

WHEREAS, the Cooperative desires to engage Manager to provide the Services as more fully defined herein, and Manager desires to provide such Services to the Cooperative based upon the terms as set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and conditions set forth below, the Parties hereto enter this Agreement as follows:

ARTICLE 1.

DUTIES AND RESPONSIBILITIES

Section 1.1: Services. The Cooperative hereby engages Manager to provide the following services (collectively, the "Services"), and Manager hereby accepts such appointment:

- a. Manage the day-to-day operations of the Dispensary.
- b. Provide all staff necessary to operate the Dispensary.
- c. Maintain all accounts and ledgers of the Dispensary, including accounts payable and receivable.

shall be the responsibility of Manager.

Section 1.7: Long-Term Agreement. The Parties acknowledge and agree that it is the Parties' intent to, during the Term of this Agreement, negotiate a definitive agreement whereby Manager would continue to operate the Dispensary and acquire an interest therein, if the Parties can come to mutually agreed upon terms. The Parties agree to negotiate such agreement in good faith.

ARTICLE 2.

TERM OF AGREEMENT; TERMINATION

Section 2.1: Term. This Agreement is entered into on the Effective Date hereof, shall take effect immediately, and shall remain in effect for a period of sixty (60) days (the "Term"), unless earlier terminated by the Parties.

Section 2.2: Termination. This Agreement may be terminated by either Party with fifteen (15) days' prior written notice to the other Party or immediately upon the material breach of this Agreement by providing the breaching Party written notice of the termination and reason therefor.

Section 2.3: Effect of Termination. Upon termination of this Agreement, Manager shall promptly return all documents and information of the Cooperative or relating to the Dispensary to the Cooperative. The provisions of this Agreement relating to confidential information and indemnity shall survive termination of this Agreement.

ARTICLE 3.

COMPENSATION AND EXPENSES

Section 3.1: Compensation. The Cooperative shall pay for the Services provided by Manager as follows:

a. After all other costs and expenses of the Dispensary each month have been paid, Manager shall be entitled to receive a flat fee of \$25,000.00 per month ("Base Fee"). If the income of the Dispensary for any given month is insufficient to pay the Base Fee, the unpaid portion of the Base Fee will be deferred until the Dispensary has sufficient income to pay the deferred Base Fee. For the purposes of this Agreement, a month shall be treated as beginning on the 10th day of the applicable month and ending on the 9th day of the following month.

b. Once the Base Fee has been paid to Manager, the Cooperative shall be entitled to retain \$25,000.00 in profits from the Dispensary ("Retention Amount"), with remaining profits of the Dispensary after Retention Amount each month being referred to herein as the "Residual."

c. After payment of the Retention Amount to the Cooperative, all remaining monthly profits from operation of the Dispensary will be split between the Cooperative and

Exhibit B

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4 San Diego, CA 92108
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7 Attorneys for Defendant CHRIS HAKIM

8
9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
10 **COUNTY OF SAN DIEGO, CENTRAL DIVISION**

11 SALAM RAZUKI, an individual)
12 Plaintiff)

13 vs)

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

28 Defendants.)

Case No.: 37-2018-00034229-CU-BC-CTL

(Unlimited Civil Action)

**DEFENDANT CHRIS HAKIM'S
MEMORANDUM OF POINTS AND
AUTHORITIES IN OPPOSITION TO
APPLICATION FOR PRELIMINARY
INJUNCTION FOR APPOINTMENT OF
RECEIVER**

Hearing Date: September 7, 2018

Time: 1:30 PM

Dept.: C-67

I/C Judge: Hon. Eddie C. Sturgeon

Complaint Filed: July 10, 2018

Trial Date: Not Set

IMAGED FILE

1 See, also, *Russell v. United Pacific Ins. Co.* 214 Cal.App.2d 78 (In determining the
2 amount of damages to be allowed on dissolution of an injunction restraining one from exercising
3 acts ownership over his real property, the parties are entitled to such damages as are the necessary
4 and proximate result of such deprivation.); and *Surety Sav. & Loan Assn. v. National Automobile
5 & Cas. Ins. Co.* (Cal. App. 4th Dist. June 12, 1970) 8 Cal. App. 3d 752 (The damage recoverable
6 under an injunction bond is for all loss proximately resulting from the injunction; although often
7 difficult to measure accurately, it should furnish just and reasonable compensation for the loss
8 sustained.)

9 In the present case, it is probable that the Mira Este Facility will become insolvent if the
10 receivership is continued over it. In particular, under the sublicense agreement between MEP and
11 Edipure, MEP is required to provide certain services as outlined in the declaration of Jerry Baca,
12 including security, staffing, testing, maintenance, and the like. This overhead is in addition to the
13 debt service, which, together with property taxes and insurance alone, consume all of Edipure's
14 monthly payment of \$30,000. Simply put, it is likely that the Mira Este Facility will soon become
15 insolvent if a receiver remains in place. Given that likely result, a bond commensurate with the
16 value of the Mira Este Facility is appropriate.

17 An "arm's-length" valuation of the Mira Este Facility is found in the management
18 agreement between MEP and SoCal. That management agreement at Section 8.2 provides SoCal
19 with an option to purchase a 50% interest in the Mira Este facility for \$5 million after June 1,
20 2018. That translates into a valuation of \$10 million for a 100% interest in the Mira Este Facility.
21 As such, a bond in the amount of \$10 million should be the minimum amount set for a bond in
22 connection with the Mira Este Facility.

23 CONCLUSION

24 It is respectfully requested that the foregoing points and authorities mandate the denial of
25 plaintiff's request for a preliminary injunction for the appointment of a receiver in that:

26 (1) The court should not appoint a receiver in this action because an appointment would
27 be an abuse of discretion in that the Mira Este Facility is likely to be irreparably damaged if the
receiver remains in place, and injunctive relief in the form of orders to protect plaintiff's interest

Exhibit C

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San Diego, CA 92110

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2 Andrew W. Hall, Esq., SBN 257547
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11 3990 Old Town Ave, Ste A-112
12 San Diego, CA 92110
13 Phone: (619) 924-9600
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15 Attorneys for Defendants
16 Ninus Malan, San Diego United Holdings Group
17 Balboa Ave Cooperative, California Cannabis Group

13 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
14 **COUNTY OF SAN DIEGO- CENTRAL DIVISION**

16 SALAM RAZUKI, an individual,

17 Plaintiff,

18 vs.

19 NINUS MALAN, an individual; CHRIS
20 HAKIM, an individual; MONARCH
21 MANAGEMENT CONSULTING, INC., a
22 California corporation; SAN DIEGO
23 UNITED HOLDINGS GROUP, LLC, a
24 California limited liability company; FLIP
25 MANAGEMENT, LLC, a California
26 limited liability company; ROSELLE
27 PROPERTIES, LLC, a California limited
28 liability company; BALBOA AVE
COOPERATIVE, a California nonprofit
mutual benefit corporation; CALIFORNIA
CANNABIS GROUP, a California
nonprofit mutual benefit corporation;
DEVILISH DELIGHTS, INC. a California
nonprofit mutual benefit corporation; and
DOES 1-100, inclusive;

Defendants.

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

**DEFENDANTS NINUS MALAN, SAN
DIEGO UNITED HOLDINGS GROUP,
BALBOA AVE COOPERATIVE,
CALIFORNIA CANNABIS GROUP, AND
FLIP MANAGERMENTS SUPPLEMENTAL
MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF ORDER
VACATING RECEIVERSHIP**

[IMAGED FILE]

Judge: Hon. Eddie C. Sturgeon

Date: September 7, 2018

Dept.: C-67

Time: 1:30 p.m.

Trial Date: Not Set

AUSTIN LEGAL GROUP, APC
3990 Old Town Ave, Ste A-112
San Diego, CA 92110

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V. BOND SHOULD BE SET AT THE VALUE SOCIAL ASCRIBED TO THE OPTION

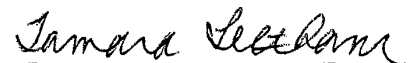
The bond should be set at the value SoCal set at the option for the Balboa Dispensary and should be doubled for the Balboa Manufacturing. In no event should the bond be less than \$6 million dollars.

VI. CONCLUSION

As the Court can see from the reams of paper and multiple hearings, there are serious contested issues of material fact. The volume of paper and evidence presented is akin to a motion for summary judgment or even a trial. The Malan Defendants have attempted to focus their arguments on the lack of merit to the receivership argument and the extreme harm SoCal had already caused, which was compounded by the receiver. This matter is wholly inappropriate for a receiver. Plaintiff and the Intervenors have an adequate remedy at law. Plaintiff has no urgency and no right to the money. The Intervenors have unclean hands and breached three contracts. They do not like the consequence and have colluded with Plaintiff to put themselves in a better position to the extreme harm of the Malan Defendants. The evidence shows a negligent and wasteful operation by SoCal. SoCal cannot and should be let back in. Razuki has no right to be let in and the Malan Defendants strenuously object to any equitable relief. To the extent the Court contemplates a remedy, an accounting would accomplish transparency. For all of the foregoing, the Malan Defendants respectfully request the Court affirm Judge Strauss' decision to vacate the receivership on July 31, 2018.

Dated: September 4, 2018

AUSTIN LEGAL GROUP, APC



Gina Austin/Tamara Leetham
Attorneys for Defendants Ninus Malan, San Diego United Holdings Group, LLC, Flip Management, LLC, Balboa Ave Cooperative, California Cannabis Group, Devilish Delights, Inc.

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7 Attorney For
8 **Court-Appointed Receiver Michael Essary**

9 SUPERIOR COURT OF CALIFORNIA
10 FOR THE COUNTY OF SAN DIEGO

11 SALAM RAZUKI, an individual,
12 Plaintiff,

13 v.

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

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

**RECEIVER MICHAEL ESSARY'S
SECOND RECEIVER'S REPORT**

Judge: Hon. Eddie C. Sturgeon
Dept: C-67
Date: November 16, 2018
Time: 1:30 p.m.

SECOND RECEIVER'S REPORT

1. I, Michael Essary, was appointed as the Receiver in the above-entitled matter by this Court on August 20, 2018. Pursuant to this Court's Appointment Order, I was ordered to take possession and control of the Marijuana Operations, which specifically includes the following

1 entities: San Diego United Holdings Group, LLC, Mira Este Properties, LLC, Balboa Ave
2 Cooperative, California Cannabis Group, Devilish Delights, Inc., and Flip Management, LLC.

3 2. This Court directed me to retain Brian Brinig of Brinig Taylor Zimmer, Inc. to conduct
4 a comprehensive forensic accounting audit of the Marijuana Operations, as well as of all named
5 parties in this matter as it relates to financial transactions between and among such parties related to
6 the issues in dispute. A true and correct copy of Mr. Brinig's report ("Brinig Report") is attached
7 hereto as **Exhibit A**. Mr. Brinig will attend the November 16, 2018 hearing in order to answer
8 questions from the Court and explain his report at the Court's request.

9 **BALBOA DISPENSARY & STORAGE UNIT**

10 3. San Diego United Holdings Group, LLC is the owner of 8863 Balboa Ave., Suite E,
11 San Diego, California 92123. This is the physical location of the retail cannabis dispensary that is
12 operating under the license held by Balboa Avenue Cooperative and managed by Far West
13 Management, LLC ("Far West"). San Diego United Holdings Group, LLC also owns 8861 Balboa
14 Ave. Suite B, San Diego, California 92123, which is used for storage by the dispensary operation.

15 4. Justus Henkus IV serves as the accountant for the Balboa Ave operations. Mr. Henkus
16 is also a part-owner of Far West.

17 5. I continue to enforce the agreed-upon expense payment procedure with Mr. Malan,
18 Mr. Henkus and Far West, whereby they submit invoices they would like to have paid and I
19 review/comment and approve/disapprove prior to payment.

20 6. One of the largest outstanding bills for the Balboa Ave operation is the State of
21 California sales taxes that were due on June 30, 2018. The outstanding amount owed is \$173,772.86
22 and the period covered by this tax bill is from July 1, 2017 through June 30, 2018.

23 7. The 2018 third quarter sales tax obligations were calculated by Far West and paid
24 prior to the October 31, 2018 deadline via check payment by the receivership estate. The total was
25 \$50,914.00 and the funds were provided to the receivership estate bank account from the Balboa
26 operations so that the receivership estate could issue a payment by check.

27 8. All state and local licenses and permits are currently in good standing and I remain
28

1 the primary contact on behalf of the Balboa operations when communicating with the state and local
2 agencies.

3 **BALBOA RENTALS**

4 9. One of the other properties owned by the San Diego United Holdings Group, LLC is
5 adjacent to, and in the same development as, the Balboa Ave dispensary. The address is 8859 Balboa
6 Avenue, Suites A–E, San Diego, California 92123. It was purchased by San Diego United Holdings
7 Group, LLC and I have been informed it is a potential future cannabis location. The original
8 owner/seller Mr. Peter Michelet remains as a tenant with no rent obligation and Mr. Michelet collects
9 rents from the other three tenants (total of \$5,500 per month). I have collected those rents for the last
10 two months and deposited them into the receivership estate bank account.

11 **MIRA ESTE PRODUCTION SITE**

12 10. Defendant Mira Este Properties, LLC is the owner of property located at 9212 Mira
13 Este Court, San Diego, California 92126. The Mira Este property is a cannabis production/extraction
14 site that was not operational at the time I was initially appointed in July 2018. Since then, it has begun
15 operating and is managed by Synergy Management Partners LLC (“Synergy”). Justus Henkus IV
16 provides accounting services for the Mira Este operations.

17 11. Per this Court’s Order, I coordinated Plaintiffs-In-Intervention SoCal Building
18 Ventures, LLC and San Diego Building Ventures, LLC’s retrieval of equipment from the Mira Este
19 property without incident. All parties and counsel cooperated.

20 12. A 3rd party cannabis producer, Edipure, is operating at the Mira Este property. Edipure
21 has a contract with California Cannabis Group (“CCG”), administered by Synergy, which results in
22 CCG receiving monthly 10% of Edipure’s sale revenue or \$30,000, whichever is higher. It is my
23 understanding that CCG, via Synergy, has collected \$90,000 thus far through this arrangement with
24 Edipure. Attached hereto as **Exhibit B** is a true and correct copy of the executed contract between
25 CCG and Edipure.

26 13. I continue to enforce the agreed-upon expense payment procedure with Mr. Malan,
27 Mr. Hakim, Mr. Henkus and Synergy, whereby they submit invoices they would like to have paid
28

1 and I review/comment and approve/disapprove prior to payment.

2 14. All state and local licenses and permits are currently in good standing and I remain
3 the primary contact on behalf of the Balboa operations when communicating with the state and local
4 agencies.

5 **GENERAL RECEIVERSHIP ACCOUNTING SUMMARY**

6 15. Attached hereto as **Exhibit C** is a true and correct copy of an updated Cash Ledger
7 reflecting activity and the balance of \$3,237.18 in my Wells Fargo receivership account. Attached
8 hereto as **Exhibit D** are true and correct copies of my currently-unpaid Receiver billings (unpaid for
9 September & October 2018: total \$26,069.50), currently-unpaid billings from my counsel,
10 Richardson Griswold (unpaid for October 2018: total \$5,516.55), and currently-unpaid billings from
11 accounting Brian Brinig (unpaid for October 2018: total \$24,462.50).

12 16. As ordered by this Court on September 26, 2018 in the Preliminary Injunction Order,
13 the fees and costs of the Receiver and Receiver's counsel are to be paid with funds of the Marijuana
14 Operations with priority over other expenses incurred (*See* Order, p. 3, §§ 8-9, signed September 26,
15 2018). As of the date of drafting this Report, my counsel, accountant Brinig and I have outstanding
16 invoices. I request this Court order the outstanding invoices be paid immediately from funds of the
17 Marijuana Operations.

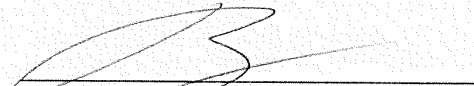
18

19 Dated: November 13th 2018

Respectfully Submitted,

20

21


Michael Essary
Court Appointed Receiver

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23

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25

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27

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Exhibit A

BRINIG TAYLOR ZIMMER
INCORPORATED
FORENSIC ACCOUNTING AND BUSINESS VALUATION
401 B STREET, SUITE 2150
SAN DIEGO, CALIFORNIA 92101
TEL. (619) 687-2600 FAX (619) 544-0304
www.btzforensics.com

November 12, 2018

BY E-MAIL ONLY

Honorable Eddie C. Sturgeon
Judge of the Superior Court
Department C-67
330 West Broadway
San Diego, CA 92101

Mr. Michael Essary
Court-Appointed Receiver
Calsur Property Management
8304 Clairemont Mesa Blvd., St. 207
San Diego, CA 92111

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

Judge Sturgeon, Mr. Essary, Parties and Counsel:

I have been court appointed by the Honorable Eddie C. Sturgeon to provide a forensic accounting analysis of financial issues related to two business operations: the "Balboa Operations" and the "Mira Este Operation." This report presents my findings as of November 12, 2018. The parties continue to provide information that they believe is relevant to my analysis and I reserve the right to update and augment this report based on additional information provided to me.

BACKGROUND FACTS

A dispute exists between Mr. Salam Razuki (Plaintiff) and Mr. Ninus Malan (one of the Defendants) regarding their respective ownership interests in various business entities comprising two separate, licensed cannabis operations. In short,¹ Razuki claims that he and Malan are 75% / 25% owners of the entities involved in the Balboa Operations. Razuki also claims that he and Malan are 75% / 25% owners in any interest that Malan has in the Mira Este

¹ The parties have complex claims in this matter and my summary of those claims is not intended to be complete. My summary is only intended to introduce the forensic accounting analysis that I have undertaken.

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Operation. This report addresses the Balboa Operations separately from the Mira Este Operation.

SCOPE OF THE FORENSIC ACCOUNTING ASSIGNMENT

In this report, the following financial issues are addressed:

The Balboa Operations:

1. Razuki's contributions made into the Balboa Operations.
2. Distributions received by Razuki from the Balboa Operations.
3. Malan's contributions made into the Balboa Operations;
4. Distributions received by Malan from the Balboa Operations;
5. Contributions made by others into the Balboa Operations;
6. Distributions received by others from the Balboa Operations;
7. A summary of the financial operating activity of the Balboa Operations from inception to approximately the end of October 2018.

The Mira Este Operation:

1. Razuki's contributions made into the Mira Este Operation;
2. Distributions received by Razuki from the Mira Este Operation;
3. Malan's contributions made into the Mira Este Operation;
4. Distributions received by Malan from the Mira Este Operation;
5. Contributions made by Hakim into the Mira Este Operation;
6. Distributions received by Hakim from the Mira Este Operation;
7. Contributions made by others into the Mira Este Operation;
8. Distributions received by others from the Mira Este Operation;
9. A summary of the financial operating activity of the Mira Este Operation from inception to approximately the end of October 2018.

Other Contributions Claimed by the Parties:

1. Each party claims that he has made contributions to the business in the form of direct payments to the other party or payments of expenses related to the business entities. In Schedule 1, I have identified the respective "Other Possible Contributions" claimed by each party. Further investigation is necessary to verify the "Other Possible Contributions" in both the amounts and the propriety of allowing credit to the contributing party.

The summary of the analysis is set forth in Schedule 1 to this report and Schedules 2 through 5 provide more detailed analysis. My firm can provide very detailed schedules to the parties showing the composition of the amounts of contributions, distributions and expenses, but these detailed schedules are not included in this report.

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THE “BALBOA OPERATIONS”

The “Balboa Operations” are several business entities that combine to operate a retail cannabis dispensary from premises located at 8863 Balboa Avenue, Suite E, San Diego, California. The Balboa Operations are composed of the following entities:

Entities OWNED (OR CLAIMED TO BE OWNED) by Malan and Razuki:

1. **Balboa Avenue Cooperative** (a licensed, California nonprofit mutual benefit corporation that operates the cannabis dispensary, referred to as the “Balboa Dispensary” or the “Dispensary”);
2. **San Diego United Holdings Group, LLC** (a California limited liability company that owns the premises of the Dispensary and six other individual units in the same commercial/industrial complex as the Dispensary);
3. **Flip Management, LLC** (a California limited liability company that has operated as a related management entity for the Dispensary);

Entities NOT OWNED by Malan and/or Razuki, but relevant to the discussion:

4. **San Diego Building Ventures** (a third-party management company that was formerly contracted to the Dispensary to provide management services; this entity is also referred to as SoCal Building Ventures, but it appears to be the same entity);
5. **Far West Management, LLC** (a management company that is presently contracted to the Dispensary to provide management services);

Ultimately, the Balboa Operations exist to run the Balboa Dispensary, a retail store that is licensed to sell cannabis products to the public. There are extensive regulations governing the operations of a cannabis business and reluctance (or possibly outright prohibition) on the part of federally-chartered banking institutions to grant banking privileges to cannabis-related businesses. Consequently, the Balboa Dispensary is an entirely cash business. As a result of the “cash only” operating situation, the Dispensary is related to other entities to which it transfers the majority of its revenue and through which it pays many of its expenses. The related entities are able to operate with checking accounts through normal banking institutions. The Balboa Dispensary also has a management contract with Far West Management, LLC, a company that provides management services and employee leasing services to the Balboa Dispensary.

Summary of Contributions and Distributions by Razuki and Malan to the Balboa Operations

Schedule 2 sets forth a summary of the contributions to and distributions from the Balboa Operations by Mr. Razuki and Mr. Malan from inception to the present. Schedule 2 also shows contributions from San Diego Business Ventures (former management company) and other transfers in and out of the Balboa Operations. The references on Schedule 2 identify the

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INCORPORATED

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supporting schedules that present the details of the summary amounts on Schedule 2. The result of the analysis of the contributions and distributions related to the Balboa Operations is set forth in the following duplication of Schedule 2:

**SCHEDULE 2
 BALBOA OPERATIONS
 AMOUNTS CONTRIBUTED INTO AND DISTRIBUTED FROM**

		Contributions to and Distributions from				
	<i>Ref.</i>	Razuki	Malan	Hakim	S.D. Bldg. Vent.	Total
Contributions into:						
8859 Balboa A-E	<i>Sched 2.1</i>	\$ 527,312.99	\$ 53,524.85			\$ 580,837.84
8861 B & 8863 E	<i>Sched 2.2</i>	433,312.50	4,198.50			437,511.00
S.D. Building Ventures	<i>Sched 2.3</i>	-	-		\$ 1,555,892.34	1,555,892.34
S.D. United Holdings, LLC	<i>Sched 2.4</i>		107,031.45	12,500.00		119,531.45
Total Contributions Into Balboa Operations		<u>\$ 960,625.49</u>	<u>\$ 164,754.80</u>	<u>\$ 12,500.00</u>	<u>\$ 1,555,892.34</u>	<u>\$ 2,693,772.63</u>
(Distributions From)						
Daily Cash Sheets (Jan - Jun 2018)	<i>Sched 2.5</i>		(182,680.00)	(30,000.00)		(212,680.00)
Flip Management, LLC	<i>Sched 2.6</i>	(229.67)	(5,644.00)	(5,000.00)		(10,873.67)
S.D. United Holdings, LLC	<i>Sched 2.4</i>	(26,994.97)				(26,994.97)
Total Distributions From Balboa Operations		<u>\$ (27,224.64)</u>	<u>\$ (188,324.00)</u>	<u>\$ (35,000.00)</u>	<u>\$ -</u>	<u>\$ (250,548.64)</u>
Net Contributions (Distributions)		<u>\$ 933,400.86</u>	<u>\$ (23,569.21)</u>	<u>\$ (22,500.00)</u>	<u>\$ 1,555,892.34</u>	<u>\$ 2,443,223.99</u>

Summary of Financial Operating Activity of the Balboa Operations

The operations of the Balboa Dispensary are a consolidation of the revenues and expenses from several entities. Because of the practical restriction of banking facilities available to the Balboa Dispensary, it can only operate on a cash basis by itself. Consequently, any expenses that cannot be paid in cash (payroll, taxes, insurance, etc.) have to be paid by a related entity or an unrelated management company. It is therefore necessary to transfer cash revenues from the Balboa Dispensary to other entities for the payment of some of the Dispensary's expenses. Therefore, the complete picture of the operations of the Dispensary (revenues, expenses and net income) requires a consolidation of expenses paid by various entities. Schedule 3 to this report presents the Statement of Cash Received and Disbursed from Operations for the Balboa Operations from inception through the present date. It should be noted that Schedule 3 is compiled from the best accounting data available from the management sources that were in place during different periods of historical operation and the Schedule is prepared without audit.

Schedule 3 identifies a cumulative operating deficit of the Balboa Operations of (\$1,564,712). This deficit has been funded by contributions as identified in Schedule 2 to this report

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 INCORPORATED**

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THE “MIRA ESTE OPERATION”

The Mira Este Operation is completely separate from the Balboa Operations, except for some common ownership and some occasional funds transferring between the two groups of entities. The Mira Este Operation involves one additional investor, Mr. Chris Hakim. The Mira Este operation is composed of the following entities:

Entities OWNED by Malan and Hakim (AND IN WHICH RAZUKI CLAIMS AN INTEREST):

1. **California Cannabis Group** (a licensed, California nonprofit mutual benefit corporation that operates the facility referred to as the Mira Este location);
2. **Mira Este Properties, LLC** (an entity that owns the premises located at 9212 Mira Este Court, San Diego, California);

Entities NOT OWNED by Malan, Hakim and/or Razuki, but relevant to the discussion:

3. **Far West Management, LLC** (a management company that is presently contracted to the California Cannabis Group to provide management services);
4. **San Diego Building Ventures** (a third-party management company that was formerly contracted to California Cannabis Group to provide management services; also referred to as SoCal Building Ventures);
5. **Synergy Management Partners, LLC** (a management company that is presently contracted to the California Cannabis Group to provide management services.)

The Mira Este Operation is not a retail cannabis dispensary. It is a 16,000 square foot building located at 9212 Mira Este Court that is licensed to effectively be a landlord to various cannabis operations that are owned by unrelated third parties, considered to be tenants in this accounting analysis. Presently there is one manufacturing company – EdiPure – that is a tenant at the Mira Este facility. It is Mira Este’s intention to have more tenants at its facility who pay rent to the non-profit, cannabis-licensed entity, California Cannabis Group. Because of complex cannabis regulations, the present and future tenants of Mira Este operate under the license of California Cannabis Group and California Cannabis Group is subject to the same banking restrictions as other cannabis operations.

Summary of Contributions and Distributions by Razuki, Malan and Hakim to the Mira Este Operation

Schedule 4 sets forth a summary of the contributions to and distributions from the Mira Este Operation by Mr. Razuki, Mr. Malan and Mr. Hakim from inception to the present time.

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INCORPORATED

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Schedule 4 also shows contributions from San Diego Business Ventures (former management company) and other transfers in and out of the Mira Este Operation. The references on Schedule 4 identify the supporting schedules that present the details of the summary amounts on Schedule 4. The result of the analysis of the contributions and distributions related to the Mira Este Operation is set forth in the following duplication of Schedule 4:

**SCHEDULE 4
 MIRA ESTE OPERATION
 AMOUNTS CONTRIBUTED INTO AND DISTRIBUTED FROM**

	Ref.	Contributions to and Distributions from				
		Razuki	Malan	Hakim	S.D. Bldg. Vent.	Total
Contributions into:						
Mira Este Property Purchase	Sched 4.1	\$ 542,455.94	\$ 65,490.00	\$ 420,000.00		\$ 1,027,945.94
From S.D. Building Ventures	Sched 4.2				\$ 534,628.50	\$ 534,628.50
Total Contributions Into		542,455.94	65,490.00	420,000.00	534,628.50	1,562,574.44
(Distributions From)						
Mira Este Refinance	Sched 4.1	(72,000.00)	(518,000.00)	(590,000.00)		(1,180,000.00)
Net Money disbursed	Sched 4.3	-	(152,877.00)	(70,926.10)		(223,803.10)
Total Distributions From		(72,000.00)	(670,877.00)	(660,926.10)	-	(1,403,803.10)
Net Contributions (Distributions)		\$ 470,455.94	\$ (605,387.00)	\$ (240,926.10)	\$ 534,628.50	\$ 158,771.34

Summary of Financial Operating Activity of the Mira Este Operation

The operations of the Mira Este facility are a consolidation of the revenues and expenses of Mira Este Properties, LLC and California Cannabis Group that were recorded by different management companies since the inception of activity. Again, because of the practical restriction of banking facilities to California Cannabis Group, it can only operate on a cash basis by itself. Consequently, any expenses that cannot be paid in cash (payroll, taxes, insurance, etc.) have to be paid by a related entity or an unrelated management company. To date, the only revenues of the combined entities have been three months' rent paid by EdiPure, the only tenant presently occupying the premises. The consolidation of California Cannabis Group's financial statements is presented on Schedule 5 to this report. The cumulative operating cash deficit of the Mira Este Operation is \$1,084,426.

OTHER POSSIBLE CLAIMED CONTRIBUTIONS

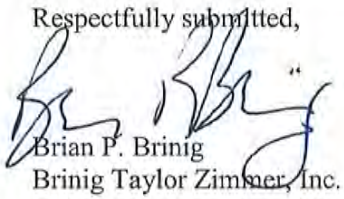
Each party claims that he has made contributions to the business in the form of direct payments to the other party or payments of expenses related to the business entities. In Schedule 1, I have identified the respective "Other Possible Contributions" claimed by each party. Further investigation is necessary to verify the "Other Possible Contributions" in both the amounts and the propriety of allowing credit to the contributing party.

**BRINIG TAYLOR ZIMMER
 INCORPORATED**

Honorable Eddie C. Sturgeon
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I am issuing this report with the intention that the parties will have numerous comments and questions about the data summaries contained herein. Many documents have been provided to me at the last minute or other information provided with inadequate substantiation. I reserve the right to update and augment this report based on additional information provided to me.

Respectfully submitted,



Brian P. Brinig
Brinig Taylor Zimmer, Inc.

BRINIG TAYLOR ZIMMER
INCORPORATED

**SCHEDULE 1
SUMMARY OF BALBOA COOPERATIVE OPERATIONS AND MIRA ESTE OPERATION**

	Razuki	Malan	Hakim	SDBV	Operations	Total
Balboa Ave Cooperative Operations:						
Net Contributions	Schedule 2 \$ 960,625.49	\$ 164,754.80	\$ 12,500.00	\$ 1,555,892.34		\$ 2,693,772.63
Net Distributions	(27,224.64)	(188,324.00)	(35,000.00)			(250,548.64)
Net Deficit from Operations					\$ (1,564,712.25)	(1,564,712.25)
Mira Este Operation:						
Net Contributions	Schedule 4 542,455.94	65,490.00	420,000.00	534,628.50		1,562,574.44
Net Distributions	(72,000.00)	(670,877.00)	(660,926.10)		\$ (1,084,425.77)	(1,403,803.10)
Net Deficit from Operations						(1,084,425.77)
Total Before Other Possible Contributions	\$ 1,403,856.80	\$ (628,956.21)	\$ (263,426.10)	\$ 2,090,520.84	\$ (2,649,138.02)	\$ (47,142.69)
Other Possible Contributions						
Transfers to NM Investments	\$ 498,219.07					\$ 498,219.07
Sale of Dispensary Business	\$ 1,575,000.00	\$ 159,164.87	\$ 205,187.74			1,575,000.00
Operating Payments From Personal Accounts						364,352.61
Totals Including Other Possible Contributions	\$ 3,477,075.87	\$ (469,791.34)	\$ (58,238.36)	\$ 2,090,520.84	\$ (2,649,138.02)	\$ 2,390,428.99

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**SCHEDULE 2
BALBOA OPERATIONS
AMOUNTS CONTRIBUTED INTO AND DISTRIBUTED FROM**

	Contributions to and Distributions from					Total
	Razuki	Malan	Hakim	S.D. Bldg. Vent.		
Contributions into:						
8859 Balboa A-E	\$ 527,312.99	\$ 53,524.85			\$ 580,837.84	
8861 B & 8863 E	433,312.50	4,198.50			437,511.00	
S.D. Building Ventures	-	-		\$ 1,555,892.34	1,555,892.34	
S.D. United Holdings, LLC		107,031.45	12,500.00		119,531.45	
Total Contributions Into Balboa Operations	\$ 960,625.49	\$ 164,754.80	\$ 12,500.00	\$ 1,555,892.34	\$ 2,693,772.63	
(Distributions From)						
Daily Cash Sheets (Jan - Jun 2018)		(182,680.00)	(30,000.00)		(212,680.00)	
Flip Management, LLC	(229.67)	(5,644.00)	(5,000.00)		(10,873.67)	
S.D. United Holdings, LLC	(26,994.97)				(26,994.97)	
Total Distributions From Balboa Operations	\$ (27,224.64)	\$ (188,324.00)	\$ (35,000.00)	-	\$ (250,548.64)	
Net Contributions (Distributions)	\$ 933,400.86	\$ (23,569.21)	\$ (22,500.00)	\$ 1,555,892.34	\$ 2,443,223.99	

**SCHEDULE 2.1
BALBOA OPERATIONS
AMOUNTS CONTRIBUTED TO 8859 BALBOA**

Investment in 8859 Balboa Ave Units A-E

	<u>Total</u> <u>(Escrow Stmt.)</u>	<u>Razuki</u>	<u>Malan</u>
SDUH	\$ 25,000.00		\$ 25,000.00
SDUH	\$ 420,000.00 [A]	\$ 327,312.99	\$ 92,687.01
SDUH	\$ (64,162.16)		\$ (64,162.16)
Razuki	\$ 200,000.00	\$ 200,000.00	
Subtotal	<u>\$ 580,837.84</u>	<u>\$ 527,312.99</u>	<u>\$ 53,524.85</u>
First Trust Deed	\$ 1,088,000.00	-----[to Schedule 2] -----	
Other Costs	<u>\$ (68,837.84)</u>		
Total Consideration	<u>\$ 1,600,000.00</u>		

[A] SDUH received \$327,312.99 from El Cajon Investment Group, LLC (Razuki) to fund this transfer. Razuki represents that El Cajon Investment is his company.

SCHEDULE 2.2
BALBOA OPERATIONS
AMOUNTS CONTRIBUTED TO 8861 B and 8863 E

Razuki originally purchased the properties in 2016

Sale to SDUH 3/2/2017 (Razuki sells to SDUH):

1st Trust Deed	\$ 475,000.00 [A]
2nd Trust Deed to Razuki Investments	\$ 275,000.00 [B]
Cash from SDUH	\$ 4,198.50 [C]
Other Costs	<u>\$ (4,198.50)</u>
Total Consideration	<u>\$ 750,000.00</u>

[A] Refinanced to \$500,000 in May 2017 through Salas Financial, borrowers are Razuki, American Lending & SDUH

[B] Razuki reconveys the 2nd trust deed to SDUH and forgives this debt (5/12/2017)

Summary of Financial Activity:

	<u>Razuki</u>	<u>Malan</u>
Contribution to Escrow		\$ 4,198.50
1st Trust Deed Paydowns:		
Two monthly payments by Razuki	\$ 8,312.50 [D]	
From Arroyo Hondo sale (Razuki)	50,000.00 [D]	
From Loch Lomond sale (Razuki)	50,000.00 [D]	
Relief of 2nd Trust Deed	<u>275,000.00 [D]</u>	
Subtotal	\$ 383,312.50	
Razuki purchase of Cond. Use Permit	<u>50,000.00 [E]</u>	
Total contribution	<u>\$ 433,312.50</u>	<u>\$ 4,198.50</u>

-----[to Schedule 2] -----

[C] Contribution by SDUH attributed to Malan

[D] Amount of transaction is documented

[E] Based on Razuki's representation only; no documentation yet provided.

SCHEDULE 2.3
BALBOA OPERATIONS
AMOUNTS CONTRIBUTED BY S.D. BUILDING VENTURES

	2017	2018	Total Contribution
Cash Contributed	\$ 739,300.00	\$ 1,748,276.84	\$ 2,487,576.84
Transfer to Mira Este	(177,658.00)	(612,806.00)	(790,464.00)
Transfer to Mira Este	(55,500.00)	(85,720.50)	<u>(141,220.50)</u>
Net Amount Contributed to Balboa Operations			<u>\$ 1,555,892.34</u>

[to Schedule 2]

SCHEDULE 2.4
BALBOA OPERATIONS
NET AMOUNTS CONTRIBUTED BY RAZUKI, MALAN & HAKIM

	2017	2018	Total	Recorded in Property Transactions	Net Contribution (Distribution)	Razuki	Malan	Hakim
Razuki Investment	\$ 327,317.99		\$ 327,317.99	\$ (327,317.99)	\$ -	\$ -		
Salam Razuki	\$ 25,000.00		\$ 25,000.00		\$ 25,000.00	\$ 25,000.00		
Chris Hakim		\$ 10,000.00	\$ 10,000.00		\$ 10,000.00		\$ 2,500.00	\$ 10,000.00
Ninus Malan/Chris Hakim		\$ 5,000.00	\$ 5,000.00		\$ 5,000.00		\$ 174,309.41	\$ 2,500.00
Ninus Malan	\$ 285,545.82	\$ (111,236.41)	\$ 174,309.41		\$ 174,309.41		\$ (17,783.00)	
NM Investments	\$ (1,620.00)	\$ (16,163.00)	\$ (17,783.00)		\$ (17,783.00)		\$ (17,783.00)	
SR/NM Property Investment	\$ (103,989.93)		\$ (103,989.93)		\$ (103,989.93)	\$ (51,994.97)	\$ (51,994.97)	
						\$ (26,994.97)	\$ 107,031.45	\$ 12,500.00

Net Amounts Contributed (Distributed)

-----[to Schedule 2] -----

SCHEDULE 2.5
BALBOA OPERATIONS
NET AMOUNTS DISTRIBUTED TO MALAN & HAKIM JAN. - JUNE, 2018

	Total	Malan	Hakim
Ninus Milan	\$ 152,680.00	\$ 152,680.00	
Ninus Milan/Chris Hakim	60,000.00	30,000.00	\$ 30,000.00
	\$ 212,680.00	\$ 182,680.00	\$ 30,000.00

-----[to Schedule 2] -----

SCHEDULE 2.6
BALBOA OPERATIONS
AMOUNTS DISTRIBUTED FROM FLIP MANAGEMENT, LLC

	2017	2018	Grand Total	Razuki	Milan	Hakim
Partner Investments (Distributions)						
Salam Razuki	\$ (229.67)	\$ (229.67)	\$ (229.67)	\$ (229.67)		
Chris Hakim	\$ 8,000.00	\$ (5,000.00)	\$ (5,000.00)		\$ (5,000.00)	
Ninus Milan	\$ 8,000.00	\$ (13,644.00)	\$ (5,644.00)		\$ (5,644.00)	
				\$ (229.67)	\$ (5,644.00)	\$ (5,000.00)

-----[to Schedule 2] -----

**SCHEDULE 3
BALBOA OPERATIONS
STATEMENT OF CASH RECEIVED AND DISBURSED FROM OPERATIONS
From Inception to the Present
Note 1**

"Balboa Operations" - Balboa Cooperative, SD United Holdings, LLC and Flip Management, LLC

	Total 2017 [A]	Total Jan - June 2018 [B]	Total July - Oct 2018[C]
Sales	\$ (8,566.00)	1,729,846.86	\$ 624,760.94
Switch Reimb of ATM Draws	\$ 204,620.25	-	\$ 96,233.00
Balboa 8855 Rent	\$ 12,842.38	23,000.00	\$ 11,000.00
Unknown	\$ (415.50)	16,797.14	\$ 3,600.00
	<u>\$ 208,481.13</u>	<u>\$ 1,769,644.00</u>	<u>\$ 735,593.94</u>
Accounting	\$ (22,260.00)	(22,000.00)	\$ (5,450.00)
Advertising/Promotion	\$ (81,250.40)	(76,164.87)	\$ (61,492.49)
Alarm	\$ -	(787.54)	\$ (49.99)
Balboa Tenant Improvements	\$ (90,950.00)	(208,617.75)	\$ (73,600.00)
Bank Fee	\$ (1,333.06)	(1,223.27)	\$ 2,607.69
Chris Berman	\$ -	(93,000.00)	-
Cable	\$ (3,727.52)	(3,586.28)	\$ (359.92)
Cal City Management	\$ (150,000.00)	-	\$ -
Charitable Contribution	\$ -	(18,565.00)	\$ -
Computer	\$ -	(1,900.00)	\$ -
CUP - Balboa	\$ (7,244.00)	(7,461.00)	\$ -
HOA	\$ (9,440.92)	(42,530.58)	\$ -
Income Tax	\$ (800.00)	(4,359.18)	\$ -
Insurance	\$ (8,445.29)	(32,095.45)	\$ (8,543.86)
Inventory	\$ (37,329.95)	(839,333.01)	\$ (378,186.13)
Legal Fees	\$ (107,063.42)	(115,606.18)	\$ (296,388.94)
Loan Payments	\$ (100,307.75)	(88,181.60)	\$ (24,478.42)
Management/Consultant	\$ (75,788.10)	(116,500.00)	\$ (125,404.68)
Misc	\$ (5,272.66)	(1,488.51)	\$ (5,471.19)
Outside Services	\$ -	-	\$ (7,941.65)
Payroll	\$ (1,121.04)	(98,777.55)	\$ (381.85)
Payroll Fees	\$ (890.65)	(2,320.90)	\$ (118,112.24)
Payroll Tax	\$ (345.00)	(36,216.97)	\$ (7,752.96)
Phone	\$ -	(474.00)	\$ -
Point of Sale System	\$ -	(140.00)	\$ -
Printing	\$ (758.55)	-	\$ -
Property Tax	\$ -	(8,555.70)	\$ -
Reimbursements	\$ -	(1,699.29)	\$ -
Rent	\$ -	(21,200.00)	\$ (6,000.00)
Repairs & Maintenance	\$ -	-	\$ (26,181.20)
Sales Tax	\$ (32,829.03)	(218.00)	\$ -
Security	\$ (11,612.00)	(81,479.70)	\$ (76,495.18)
SoCal Employee Rent	\$ -	(22,672.45)	\$ (4,500.00)
SoCal Manager	\$ (30,000.00)	(30,000.00)	\$ (20,000.00)
Software	\$ -	(10,139.10)	\$ -
Storage	\$ -	(1,400.00)	\$ (700.00)
Supplies	\$ (11,080.55)	(8,196.66)	\$ (4,739.21)
Tax	\$ -	(31,751.05)	\$ (7,489.78)
Travel	\$ (1,346.85)	(10.00)	\$ -
Unknown	\$ (151,806.13)	(29,611.34)	\$ (9,147.79)
Utilities	\$ (3,598.46)	(3,715.48)	\$ (3,591.79)
Total Expenses	<u>(946,601.33)</u>	<u>(2,061,978.41)</u>	<u>(1,269,851.58)</u>
Net Operating Income/(Loss)	<u>(738,120.20)</u>	<u>(292,334.41)</u>	<u>(534,257.64)</u>
Net Operating Deficit		<u>\$ (1,564,712.25)</u>	

[1] This cash received and cash disbursed summary is prepared from the best records available from different managing entities during the relevant periods of time. The summaries are not audited; they are a compilation of the available receipts and disbursements data.

[A] Computed from Flip Management, San Diego Building Ventures and San Diego United Holdings

[B] Computed from Flip Managements, San Diego United Holdings, San Diego Building Ventures and the Dispensary Daily Cash Summaries.

[C] Computed from Flip Management, San Diego Building Ventures and the Financial Statements provided by Far West Management

SCHEDULE 4
MIRA ESTE OPERATION
AMOUNTS CONTRIBUTED INTO AND DISTRIBUTED FROM

	Ref.	Contributions to and Distributions from					Total
		Razuki	Malan	Hakim	S.D. Bldg. Vent.		
Contributions into:							
Mira Este Property Purchase	Sched 4.1	\$ 542,455.94	\$ 65,490.00	\$ 420,000.00	\$	\$ 1,027,945.94	
From S.D. Building Ventures	Sched 4.2				\$ 534,628.50	\$ 534,628.50	
Total Contributions Into		542,455.94	65,490.00	420,000.00	534,628.50	1,562,574.44	
(Distributions From)							
Mira Este Refinance	Sched 4.1	(72,000.00)	(518,000.00)	(590,000.00)		(1,180,000.00)	
Net Money disbursed	Sched 4.3	-	(152,877.00)	(70,926.10)		(223,803.10)	
Total Distributions From		(72,000.00)	(670,877.00)	(660,926.10)	-	(1,403,803.10)	
Net Contributions (Distributions)		\$ 470,455.94	\$ (605,387.00)	\$ (240,926.10)	\$ 534,628.50	\$ 158,771.34	

SCHEDULE 4.1
MIRA ESTE OPERATION
AMOUNTS CONTRIBUTED (AND WITHDRAWN) - PROPERTY PURCHASE AND REFINANCE

Investment in Mira Este
Payments/(Refunds) For Escrow

	<u>Original Purchase</u>	<u>Razuki</u>	<u>Malan</u>	<u>Hakim</u>
Razuki	\$ 254,780.94	\$ 254,780.94		
Malan	65,490.00		\$ 65,490.00	
Hakim	420,000.00			\$ 420,000.00
ME Properties	<u>(1,482.00)</u>			
Subtotal	738,788.94			
First Trust Deed	1,987,500.00			
Other Costs	<u>(101,288.94)</u>			
Total Consideration	<u>\$ 2,625,000.00</u>			
	Refinancing			
	2nd TD (\$600,000)			
Withdrawn	\$ (72,000.00)	\$ (72,000.00)		
Withdrawn	\$ (72,000.00)			\$ (72,000.00)
ME Properties	\$ (1,380.00)			
Roselle transfer	<u>\$ (415,000.00)</u>			
	\$ (560,380.00)			
Other costs	<u>\$ (39,620.00)</u>			
	<u>\$ (600,000.00)</u>			
Loan paydowns:				
Razuki	\$ 39,000.00	\$ 39,000.00		
Razuki	<u>\$ 248,675.00</u>	<u>\$ 248,675.00</u>		
	<u>\$ 287,675.00</u>			
	2nd TD (\$1,100,000)			
Withdrawn	\$ (518,000.00)		\$ (518,000.00)	
Withdrawn	\$ (518,000.00)			\$ (518,000.00)
Costs	<u>\$ (136.04)</u>			
	<u>\$ (1,036,136.04)</u>			
Total Withdrawn	\$ (1,036,136.04)			
Other costs	<u>\$ (63,863.96)</u>			
	<u>\$ (1,100,000.00)</u>			
Total Outstanding Loan	<u>\$ 3,687,500.00</u>	<u>\$ 470,455.94</u>	<u>\$ (452,510.00)</u>	<u>\$ (170,000.00)</u>
	Contributed	Withdrawn	Net	
Razuki	\$ 542,455.94	\$ (72,000.00)	\$ 470,455.94	
Malan	\$ 65,490.00	\$ (518,000.00)	\$ (452,510.00)	
Hakim	<u>\$ 420,000.00</u>	<u>\$ (590,000.00)</u>	<u>\$ (170,000.00)</u>	
	<u>\$ 1,027,945.94</u>	<u>\$ (1,180,000.00)</u>	<u>\$ (152,054.06)</u>	

-----[to Schedule 4]-----

SCHEDULE 4.2
MIRA ESTE OPERATION
AMOUNTS CONTRIBUTED BY S.D. BUILDING VENTURES

	2017	2018	Total Contribution
Transfer to Mira Este	\$ 177,658.00	\$ 612,806.00	\$ 790,464.00
Transfer to Mira Este	\$	\$ 64,000.00	\$ 64,000.00
Paid on behalf of Mira Este		77,220.50	\$ 77,220.50
Equipment Returned to SDBV			<u>\$ (397,056.00)</u>
Net Amount Contributed to Mira Este Operations			<u>\$ 534,628.50</u>

[to Schedule 4]

SCHEDULE 4.3
MIRA ESTES OPERATION
NET AMOUNTS DISTRIBUTED FROM

	<u>Malan</u>	<u>Hakim</u>	<u>Total</u>
2016		\$ 11,000.00	\$ 11,000.00
2017	\$ (26,500.00)	\$ 62,050.00	\$ 35,550.00
2018	<u>\$ (126,377.00)</u>	<u>\$ (143,976.10)</u>	<u>\$ (270,353.10)</u>
	<u>\$ (152,877.00)</u>	<u>\$ (70,926.10)</u>	<u>\$ (223,803.10)</u>

-----[to Schedule 4] -----

SCHEDULE 5
MIRA ESTE OPERATION
STATEMENT OF CASH RECEIVED AND DISBURSED FROM OPERATIONS
From Inception to the Present
Note 1

Summary of Mira Este Operations

	Mira Este 2016 [A]	Mira Este 2017 [A]	Mira Este 2018 (Thru June) [A]	Mira Este 2018 July-Oct [B]
Operating Receipts & Disbursements				
Sublease Income				\$ 90,000.00
Mira Este Loan Payment	\$ (44,245.00)	\$ (240,415.10)	\$ (240,736.51)	\$ (92,327.50)
Legal Fees		\$ (35,796.00)	\$ (20,000.00)	\$ (64,161.00)
TRH (CUP - Mira)		\$ (10,000.00)	\$ (56,479.50)	\$ -
Mira Este Improvements		\$ (46,358.00)		\$ -
Unknown		\$ (860.00)	\$ (40,000.00)	\$ -
Property Tax		\$ (24,917.35)	\$ (15,369.46)	\$ -
Conditional Use Permit-ME		\$ (23,399.00)	\$ (10,815.50)	\$ -
Cash		\$ (23,500.00)		\$ -
Security				\$ (22,848.00)
Cleaning & Maintenance				\$ (14,958.95)
Sales Tax		\$ (12,471.07)	\$ (123.00)	\$ (1,047.17)
Insurance		\$ (3,895.34)	\$ (1,262.00)	\$ (7,675.57)
Utilities		\$ (4,795.71)	\$ (2,059.77)	\$ (2,879.50)
Outside Services				\$ (6,094.00)
Office Supplies & Software				\$ (3,397.63)
License & Permits				\$ (3,224.90)
Income Tax		\$ (1,652.19)	\$ (800.00)	\$ -
Salaries & Wages				\$ (2,282.48)
Accounting		\$ (450.00)	\$ (1,450.00)	\$ -
Bank Fee	\$ (162.43)	\$ (529.00)	\$ (320.00)	\$ -
Misc			\$ -	\$ (667.14)
Total Expenses	<u>\$ (44,407.43)</u>	<u>\$ (429,038.76)</u>	<u>\$ (389,415.74)</u>	<u>\$ (221,563.84)</u>
Net Operations	<u>\$ (44,407.43)</u>	<u>\$ (429,038.76)</u>	<u>\$ (389,415.74)</u>	<u>\$ (221,563.84)</u>
		<u>\$ (1,084,425.77)</u>		

[1] This cash received and cash disbursed summary is prepared from the best records available from different managing entities during the relevant periods of time. The summaries are not audited; they are a compilation of the available receipts and disbursements data.

[A] Computed from Mira Este Bank Activity

[B] Computed from Mira Este Bank Activity and California Cannabis Group Profit and Loss provided by Far West Management

Exhibit B

CONFIDENTIAL

August 15, 2018

Mr. Scott Bergin
Mr. David Goodman
EPMM Management, LLC

RE: Production and Marketing Agreement to operate a cannabis manufacturing facility in that certain real property known as and located at 9212 Mira Este Court, San Diego, CA (the "Property")

Dear Messrs. Goodman and Bergin:

This binding letter agreement (the "**Agreement**") memorializes the material terms of a yet to be drafted the Production and Marketing agreement between California Cannabis Group, LLC ("CCG") and EPMM Management, LLC ("EPMM").

California Cannabis Group, LLC ("CCG") is the owner of a Business Tax Certificate that allows the operation of cannabis manufacturing and distribution facility on the Property until approximately November 2019. CCG is also the applicant for a Conditional Use Permit that will allow for a cannabis manufacturing and distribution facility on the Property for a minimum of 5 years. Mira Este Properties, LLC is the owner of the Property.

CCG is desirous of engaging EPMM to produce cannabis products under its EdiPure brand on the Premises using non-combustible materials and methods.

The parties are entering into this Agreement to set forth (*inter alia*) (i) what activity may occur on the Property until a definitive agreement has been entered into, (ii) how financial matters will be handled during the Interim Period (as defined below) and (iii) how the affairs of the cannabis businesses will otherwise be governed during the period commencing on the date hereof and ending on the date on which a definitive agreement has been executed and delivered to all parties thereto.

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For good and valuable consideration, CCG and EPMM hereby agree as follows:

1. Prior to the execution of the Definitive Agreement, during the Interim Period, the parties agree as follows:

(i) EPMM shall pay to CCG \$30,000 per month or 10% of monthly Gross Revenue whichever is higher ("Production Fee"). As used in this Agreement, "Gross Revenue" means total revenue from the sale and/or license of cannabis products by EPMM without regard to expenses or offsets. The Production Fee shall be paid to CCG as follows:

- a. \$30,000 on the first day of each month.
- b. Prior to the 15th day of each month, EPMM shall provide to CCG a reconciliation of the prior month's sales and any additional Production Fee payments due for the prior month, if any.
- c. EPMM shall be entitled to all remaining Gross Revenue.

(ii) EPMM shall pay to CCG \$45,000 on the first day of each month as an estimated tax payment towards the Cannabis Excise Tax due to the State of California ("Excise Tax"). The Excise Tax shall be paid to the State of California by CCG. EPMM shall pay to CCG any additional Excise Tax due by the 15th day of the following month.

(iii) During the Interim Period EPMM shall be responsible for all costs in connection with its production of cannabis products including but not limited to the cost of cannabis and other ingredients, equipment purchase and maintenance, personnel costs, overhead, insurance, testing, and City and State regulatory fees and taxes arising from its operations. To the extent that any of the costs are required to be paid by CCG, EPMM shall reimburse CCG within 5 business days of written notice by CCG to EPMM.

(iv) CCG, with the assistance of EPMM, shall as soon as practicable, transfer through its licensed distributor any allowable cannabis products stored in quarantine at the Vista Prime distribution facility located at 7895 Convoy Ct., San Diego, CA to the quarantine area within the Property ("Transferred Cannabis Product"). The quarantine area on the Property shall be an area identified by CCG.

(v) EPMM shall secure testing of the Transferred Cannabis Product through a California licensed testing facility.

(vi) EPMM shall utilize best efforts in distributing and selling the Transferred Cannabis Product that successfully passes testing from a California licensed testing facility to California licensed retail outlets.

(vii) As soon as allowable by the City of San Diego, the Bureau of Cannabis Control and the California Department of Public Health, CCG shall provide to EPMM a designated area consisting of approximately 4,000 sf in which to produce the cannabis products.

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(viii) From and after the date hereof, EPMM and CCG shall diligently and in good faith execute and deliver the Definitive Agreement. It is expected that the Definitive Agreement will be executed within twenty (20) days from the date hereof.

(ix) During the Interim Period, each of the parties shall timely furnish and/or make available to the other parties all materials and other material information (both written and oral) with respect to the identified transactions and shall otherwise keep each other regularly apprised as to all material aspects thereof.

(x) Upon execution and delivery of the Definitive Agreement, this Agreement shall be superseded thereby and shall be of no further force or effect.

(xi) No party may, directly or indirectly, (i) assign any of its rights or delegate any of its duties under this Agreement or (ii) sell, transfer, assign or encumber any of its interests in this Agreement.

(xii) Nothing expressed or referred to in this Agreement will be construed to give any person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently, and are not exclusive of any rights or remedies provided by law. The individuals signing this Agreement have the authority to bind the respective party. This Agreement (i) shall be governed by and construed in accordance with the laws of the State of California; (ii) may be executed by facsimile or portable document format (PDF) with the same effectiveness as if an original signed copy was delivered; (iii) may be executed in counterparts; and (iv) sets forth the entire understanding of the parties with respect to the subject matter hereof.

(xiii) All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been given: (i) when delivered personally; (ii) the next Business Day, if sent by a nationally-recognized overnight delivery service (unless the records of the delivery service indicate otherwise); or (iii) three (3) Business Days after deposit in the United States mail, certified and with proper postage prepaid to the address set forth above.

2. EPMM hereby represents and warrants to CCG as of the date of this Agreement as follows:

(i) EPMM is not under investigation by any state or federal authority for violation of any laws or regulations.

(ii) EPMM has not entered into any contract, understanding, commitment or any other agreement, whether or not conditional, written or oral, for the assignment of, transfer of,

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lien of, or any other agreement regarding the assignment, transfer or encumbering of the Transferred Cannabis Product.

(iii) No one claiming to have dealt with EPMM is entitled to receive from any party hereto any finder's fee, brokerage, or other commission in connection with the Transferred Cannabis Product or this Agreement.

3. This Agreement shall be immediately terminable in CCG's sole and absolute discretion if any of the following events occur:

(i) EPMM fails to provide the Production Fee or Excise Tax to CCG on the day that it is due.

(ii) Any of the Representations and Warranties in Paragraph 2 above are invalid or untrue.

(iii) EPMM fails to provide any documentation requested by CCG within 2 business days of written request.

(iv) Any action by any EPMM representative causing CCG to be out of compliance with State or local rules or regulations.

4. This Agreement may also be terminated by mutual written consent of both parties.

5. Confidential Information. The parties acknowledge that they may receive information regarding the other party in the form of trade secrets, formulas, proprietary business practices, or other information that is deemed confidential by such other party, the release of which may be damaging to such other party or to persons with whom such party does business. Each party shall hold in strict confidence any information it receives regarding the other party that is identified as being confidential and may not disclose it to any person, except for disclosures: (i) compelled by law; (ii) to advisers or representatives of such recipient party, but only if they have agreed to be bound by the provisions of this Section; and (iii) of information that party also has received from an independent source that such recipient party reasonably believes it obtained without breach of any obligation of confidentiality.

6. Prior Agreements. The Parties acknowledge that the CCG has recently terminated the services of SoCal Building Ventures, LLC as manager of the Facility pursuant to a management services and option to purchase agreement ("SoCal Agreement"), and that such termination has led to litigation regarding the management and ownership rights in the Facility, Case No. 37-2018-00034229-CU-bc-CTL in the Superior Court of San Diego, Central Division (the "Litigation"). EPMM acknowledges and understands that the Litigation could affect the parties' ability to perform under this Agreement or ability to receive timely payment for services, should the court or other parties to the

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Litigation take certain actions. EPMM hereby agrees to waive any non-performance of this Agreement resulting from the Litigation; provided, however, the parties agree to take any and all reasonable measures to effectuate the terms of this Agreement

[SIGNATURE PAGE FOLLOWS]

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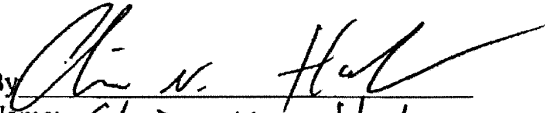
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If the foregoing accurately represents our agreement, please sign below in the space provided.

Very truly yours,

California Cannabis Group, LLC
a California limited liability company

By: 
Name: Chris N. Hakim
Title: Director/officer

Agreed to and accepted:

EPMM Management, LLC
a California limited liability company

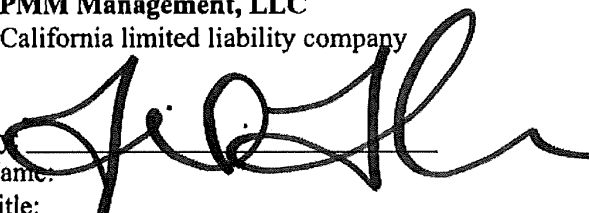
By: 
Name:
Title:



Exhibit C

Razuki vs Malian
 Receivership - Cash Ledger

	Date	Expense	Deposit	Balance	Description	Cleared
1	7/18/2018		\$4,480.00	\$4,480.00	ATM cash from Balboa dispensary takeover	X
2	7/18/2018		\$31.69	\$4,511.69	Loose cash from Balboa dispensary takeover	X
3	7/19/2018			\$175,111.69	SoCal payment of fees/rents owed prior to receivership	X
4	7/19/2018	\$15.00	\$170,600.00	\$175,096.69	Bank wire charge for deposit	X
5	7/20/2018	\$584.19		\$174,512.50	Check #100 - Borjon - payroll to 7/15/18	X
6	7/20/2018	\$495.42		\$174,017.08	Check #101 - Bullock - payroll to 7/15/18	X
7	7/20/2018	\$392.26		\$173,624.82	Check #102 - Clarke - payroll to 7/15/18	X
8	7/20/2018	\$632.21		\$172,992.61	Check #103 - Da Silva - payroll to 7/15/18	X
9	7/20/2018	\$1,050.63		\$171,941.98	Check #104 - Davis - payroll to 7/15/18	X
10	7/20/2018	\$710.16		\$171,231.82	Check #105 - Holler - payroll to 7/15/18	X
11	7/20/2018	\$333.30		\$170,898.52	Check #106 - Moran - payroll to 7/15/18	X
12	7/20/2018	\$786.79		\$170,111.73	Check #107 - Ortega - payroll to 7/15/18	X
13	7/20/2018	\$8,000.00		\$162,111.73	Cash withdrawal for replacement \$20's for Balboa ATM	X
14	7/23/2018	\$1,652.59		\$160,459.14	Check #108 - West Coast S&S - Security/Computer vendor past due invoice	X
15	7/24/2018	\$3,400.00		\$157,059.14	Check #109 - Archstone Intl - Security for Mira Este invoice	X
16	7/24/2018		\$1,259.38	\$158,318.52	Cash deposited from Balboa - found lodged in safe drop slot	X
17	7/25/2018	\$503.47		\$157,815.05	Check #110 - Mike Essary/Calsur - Labor and materials for Mira Este takeover workers	X
18	7/25/2018	\$11,968.95	\$17,765.01	\$145,846.10	Check #111 - West Coast S&S - New security/computer video equip Mira Este	X
19	7/26/2018		\$910.00	\$146,756.11	Bank of America proceeds from 2 SD United accounts	X
20	7/26/2018	\$909.95		\$145,846.16	Cash deposited from Balboa - Reimbursement for check to Pax Vendor	X
21	7/26/2018	\$100.00		\$145,746.16	Check #112 - Pax Labs - Pax devices for inventory	X
22	7/26/2018	\$677.73		\$145,068.43	Check #113 - Bond Services - Receiver bond annual premium	X
23	7/26/2018	\$0.00		\$145,068.43	Check #114 - A-1 Express Locksmith - Balboa deadbolt install/secure	X
24	7/27/2018	\$10,000.00		\$135,068.43	Check #115 - Void check for ATM deposit change over	X
25	7/30/2018	\$17,028.00		\$118,040.43	Check #116 - MMLG, LLC - Retainers for Cannabis consultant Balboa/Mira Este	X
26	7/30/2018	\$6,511.00		\$111,529.43	Michael Essary, Receiver - Receiver fees/expenses progress payment	X
27	7/30/2018	\$7,375.00		\$104,154.43	Check #117 - JHY Partners - Consulting on entities/finances/unpaid invoices	X
28	7/30/2018	\$12,829.66		\$91,324.77	Check #118 - JHY Partners - previous outstanding invoices for entity acct/consulting	X
29	7/30/2018	\$7,165.95		\$84,158.82	Check #119 - City of SD - Cannabis local tax	X
30	7/30/2018	\$12,000.00		\$72,158.82	Check #120 - Gritswold Law - Receiver's attorney progress billing	X
31	7/30/2018	\$15,629.00		\$56,529.82	Check #121 - Dan Spillane - Mira Este consultants mgmt fees	X
32	7/30/2018	\$18,500.00		\$38,029.82	Check #122 - JHY Partners - various outstanding billings and services	X
33	8/1/2018	\$5,000.00	\$12,829.66	\$43,029.82	Check #123A - ABP Consulting - Contractual fees for consultants and expenses	X
34	8/1/2018	\$5,553.45		\$37,476.37	Cash deposited from Balboa - Reimbursement for check to San Diego Cannabis Tax	X
35	8/2/2018	\$2,276.61		\$35,200.00	Cash withdrawal for Balboa employees last day payroll - to James Manager	X
36	8/2/2018	\$1,272.07		\$33,927.93	Check #123B - Clarke - payroll	X
37	8/2/2018			\$32,655.86	Check #124 - Holler - payroll	X
38	8/2/2018			\$31,383.79	Check #125 - Borjon - payroll	X

Razuki vs Malan
Receivervship - Cash Ledger

	Date	Expense	Deposit	Balance	Description	Cleared
39	8/2/2018	\$1,413.18		\$61,609.17	Check #126 - Ortega - payroll	X
40	8/2/2018	\$1,089.21		\$60,519.96	Check #127 - Bullock - payroll	X
41	8/2/2018	\$1,662.88		\$58,857.08	Check #128 - Davis - payroll	X
42	8/2/2018	\$1,605.54		\$57,251.54	Check #129 - De Silva - payroll	X
43	8/2/2018	\$1,147.03		\$56,104.51	Check #130 - Moran - payroll	X
44	8/6/2018	\$812.50		\$55,292.01	Michael Essary, Receiver - Receiver fees/expenses balance of progress payment	X
45	8/7/2018	\$0.00		\$55,292.01	Check # 131 - SDTFA - Partial State sales tax \$40,000 Voided	X
46	8/13/2018	\$9,651.00		\$45,641.01	Michael Essary, Receiver - Receiver fees/expenses progress payment	X
47	9/1/2018	\$7,658.00		\$37,983.01	Michael Essary, Receiver - Receiver fees/expenses final August 2018 payment	X
48	9/2/2018	\$12,400.78		\$25,582.23	Check #140 - Griswold Law - Receiver's attorney progress billing	X
49	9/4/2018	\$59.10		\$25,523.13	Check printing charge	X
50	9/18/2018	\$10,000.00		\$15,523.13	Check #141 - Retainer fee for Bring forensic accountants	X
51	10/15/2018		\$11,000.00	\$26,523.13	Deposit September & October 2018 Rents for 5 additional Balboa Ave units	X
52	10/25/2018	\$10,072.50		\$16,450.63	Check #142 - Bring billing for September 2018 less retainer of \$10,000	X
54	10/19/2018	\$13,213.45		\$3,237.18	Check #152 - Griswold Law Receiver's Attorney September 2018 billing	X
55	10/26/2018		\$19,000.00	\$22,237.18	Cash deposited from Balboa operations for State tax payment	X
56	10/29/2018		\$19,000.00	\$41,237.18	Cash deposited from Balboa operations for State tax payment	X
57	10/31/2018		\$12,914.00	\$54,151.18	Cash deposited from Balboa operations for State tax payment	X
58	10/31/2018	\$50,914.00		\$3,237.18	Check #153 State of CA 3rd quarter sales tax for Balboa	X

Exhibit D

Razuki vs Malan
Receiver Billing Summary
 Hourly Rate: \$250

<u>Date</u>	<u>Hours</u>	<u>Charge</u>	<u>Description</u>
9/1/2018	1.75	\$ 437.50	Create detailed list of items needed from parties for Griswold to request. Review of contracts with Synergy and FarWest. Emails with Compass bank about status of account and statements. Review more docs from Sal related to Mira Este.
9/2/2018	2	\$ 500.00	Review financial docs for Balboa sent by John. Discussion with John with questions about reports and bank statements. Update cash ledger for Wells Fargo account - reconcile. Pay Griswold invoice.
9/3/2018	3	\$ 750.00	Preparation of report/exhibits. Emails with Griswold about document production demand and report format. Send preliminary report/exhibits to Griswold. Emails about Compass account.
9/4/2018	4.5	\$ 1,125.00	Review Griswold emails/comments. Emails with Compass about statement. Continue preparation of report and exhibits. Review and label exhibits. Produce PDF's for Griswold review/comment and send out with list of exhibits. Communication with Peter about September rents and meeting on Friday. Review and comment on Griswold version of report. Review of revisions and execute document for filing. Call and emails with Aaron about notice to City of SD of receivership. Execute letter/notice and email to City.
9/5/2018	1	\$ 250.00	Review of Griswold email and Malan dec. Prepare response to false statements for Griswold to format and file. Execute dec from Griswold. Discussion with John about City tax numbers and defendants statement of a discrepancy. Discussion with Sal about new decs and confirming items they provided to me.
9/6/2018	1.5	\$ 375.00	Review some of the new filings from parties pre-hearing. Emails with Griswold about City tax detail. Emails and discussion with Yaeger on tax documentation.
9/7/2018	6.25	\$ 1,562.50	Review other filings from parties. Discussion with Aaron about Mira Este license not disclosed and need for additional notice. Review and execute notice to State. Emails with Griswold about hearing. Confirmation hearing Dept 67. Discussion with John about upcoming forensic audit and items needed.
9/7/2018		\$ 33.00	Parking for court
9/8/2018	0.5	\$ 125.00	Email from Gina about local audit. Messages and call with Gina about bills, approvals, and reports. Emails from Gina about Balboa operations.
9/10/2018	2.75	\$ 687.50	Emails from Gina about audit, procedures and accountings. Email to Grigor about City audit - copy Aaron and John and Griswold. Email from Compass with bank statement. Emails with Ninus about HOA payment and banking issues. Review emails and respond to CA State department regarding receivership - include Aaron. Discussion with John about City audit. Call to tenant Peter about new order and Sept rents. Emails with Griswold, Gina about information format and issues with Gina. Call and message to Brinig for discussion on retaining his service. Conversation with Brian Brinig about his services. Emails with Brian and Griswold about setting an appointment. Send receiver order to Brian's team.

Razuki vs Malan
Receiver Billing Summary
 Hourly Rate: \$250

<u>Date</u>	<u>Hours</u>	<u>Charge</u>	<u>Description</u>
9/11/2018	3	\$ 750.00	Call to Sal about Mira Este site visit. Discussion with Aaron about notices from State and our response. Email approval of insurance for Balboa to Ninus. Email to all about Mira Este site visit. Review of CUP for 8859 Balboa from Gina. Emails with Griswold and Gina about Aaron and confidentiality. Approve bill for Judd's work with Ninus. Review and email Griswold about Tamara's email about the Balboa HOA sewer line obligation. Email to Compass and Ninus confirming the account should be active and Ninus and Judd should have access. Emails with Compass bank and Ninus. Review proposed order from Griswold - provide changes/comments. More Griswold/Gina emails to review and comment to Griswold. Continued review of proposed order with changes. Discussion with Griswold about exact language.
9/12/2018	1.25	\$ 312.50	Emails about proposed order. Emails from Ninus and Judd about funds for Mira Este. Email from State and Gina about complete application needed - send to Aaron. Emails with Griswold about order and accountings missing. Further emails from parties. Email from Austin office about State filing. Respond to Griswold about order and lack of reports. More emails about State from Gina and about order from parties.
9/12/2018	3	\$ 750.00	Meeting with Griswold and Brinig and Partner about engagement as forensic accountants per court order.
9/13/2018	2.5	\$ 625.00	Emails from parties about order and scope of audit. Email from Ninus for invoice payment approval. Send emails about Friday inspections, accountants, and Tuesday accounting meetings. Review responses. Email from Gina about powers of attorney for cannabis entities. Emails with Red about financials and docs needed from parties and formal notice. More emails about inspections and audit meeting. Emails from Aaron about filings with State about receivership. Call with Aaron. Call with Sal. Call with John about Friday and Tuesday and time frames of audit. More emails about documentation, POA's, new order, inspections/audit meeting.
9/14/2018	4.25	\$ 1,062.50	Meeting with Brian and Marilyn from Brinig at Mira Este with Tamara, SoCal, Synergy to transfer SoCal property to them. Meeting with Brinig and Tamara at Balboa for site inspection and questions for staff. Discussion with Peter about status of receivership and potential for his units to be vacated. Review and execute letters to State for Balboa and Mira Este. Phone call with Peter on Balboa. Emails from Tamara and Heidi about other emails issues - researching. Call with Aaron and texts about registering with State as "owner" of licenses. Call with Josh from Aaron's office about application. Emails and execute application on State cannabis site. More emails about State license input with Josh. Emails to determine source of "report" emails from Chris Patel.
9/17/2018	3.75	\$ 937.50	Emails with John and Ninus about audit. Emails with Tamara and SoCal about ADP access emails. Review of cash reports for 9/12-9/15 from Heidi for Balboa. Enter and file LiveScan with CDPH for owner notification. Emails with Josh about process and ID number. More accounting/reports emails from Tamara. Emails from Gina about POA's. Emails with Griswold about stipulation and Tuesday CPA meeting. Emails with John and Ninus about City audit and previous POS vendor. Conversation with BiotrackTHC - Steven - about acquiring missing data. Emails with Aaron and Josh about owner statement filing. More emails about City audit, vendor and report. Discussion with John about data needed. Emails with Aaron and Josh - and reply to Mr Pham with requested data. Reply to new email for Mr Pham's out of office response. Emails to Marilyn with financial reports provided by Tamara. Emails with Brian and review/execution of retainer agreement.

Razuki vs Malan
 Receiver Billing Summary
 Hourly Rate: \$250

<u>Date</u>	<u>Hours</u>	<u>Charge</u>	<u>Description</u>
9/18/2018	7.25	\$ 1,812.50	Prepare information for auditor/parties meetings. Review emails from Gina and John. Attend meetings with Brian and Marilyn and John; then Ninus, Tamara, Judd and Griswold. Review financial needs and structures. Identify items/documents needed for audit. Discuss financials from Judd for Balboa and California Cannabis. Discussion with Josh and Aaron about ownership filing. Review doc from Josh for execution. Modify Owner Submittal for BCC. Discussion with John about reports and POS access. Email to Salam and counsel about a meeting with Brinig.
9/19/2018	2	\$ 500.00	Emails with Griswold and James about order. Send bank statements to Marilyn. Email from Ninus with bank access info. Continue prep of owner submittal with Aaron. Emails with Ninus about Torrey Pines Mira Este account - authorization email to Erandy at Torrey Pines Bank. Meeting with Peter from Balboa about new order, rents, status of receivership. Complete final notices/letters to BCC for Balboa and Cal Cannabis. Emails from Marilyn to parties.
9/20/2018	0.25	\$ 62.50	Emails from Gina, Judd and Ninus. Approve bills for payment.
9/26/2018	1.25	\$ 312.50	Emails Heidi and Judd. Gina about City audit, reply to all including Aaron and John. Emails and attachments with Carolyn and John. Emails with Torrey Pines bank about new order. Emails with Griswold about hearing. Review of Balboa reports from Heidi and comments by Marilyn. Review Griswold questions about status and answer for ex parte hearing.
9/28/2018	0.75	\$ 187.50	Emails from Griswold about hearing and court rulings. Email from Tamara about protective order - review and respond to Griswold. Review and approval of Balboa invoices from Judd and Ninus. Emails with Maura about Razuki and CPA meeting.
9/29/2018	1	\$ 250.00	Emails with Griswold on proposed ex parte order and review. Emails with Griswold on Austin invoices and redaction. Email with Treez and Judd about payment. Review of Balboa invoice and email to Ninus. Emails from Michaela about required communication by me to licensing analyst on Balboa. Emails from John and Judd about sales information.
Total		\$ 13,408.00	

Razuki vs Malan
Receiver Billing Summary
 Hourly Rate: \$250

<u>Date</u>	<u>Hours</u>	<u>Charge</u>	<u>Description</u>
10/1/2018	0.5	\$ 125.00	Emails with Gina and Michaela about analysts and new laws. Emails to review options with Griswold.
10/2/2018	1.5	\$ 375.00	Prepare Sept invoice for payment by operations - send to Judd. Emails with Griswold, Gina, Michaela, John, about regulatory requests/new cannabis law and contact needed from me. Email with Michaela letter to analyst on Balboa. Review of docs sent by John - forward to Marilyn. Emails from Maura and Brinig about Razuki interview re-schedule. Emails with Michaela about more regulatory contacts/emails needed. Emails with Griswold about a modified POA from Gina - and with Gina. Emails with Marilyn on missing items for her audit, specifically Mira Este. Emails with Judd about W9 for payment of Sept fees.
10/3/2018	1	\$ 250.00	Emails and responses to Licensing authorities on status of temp licenses and also questions about SBSB1459. Emails with Griswold about Ninus funding email. Emails with Heidi about Balboa report and changes in email format. Emails with Marilyn and Griswold about Razuki interview. Emails with Judd about invoice approval - review.
10/4/2018	1.25	\$ 312.50	Emails to Griswold and Ninus and all parties about cash flow issues. Emails with Marilyn about Salam interview and need for Mira Este and Balboa additional information. Review and responses to Griswold and Tamara emails on cash flow issue.
10/5/2018	2.25	\$ 562.50	Review and respond to Gina email on Mira Este CUP, Griswold emails, Heidi email reports, Agency analysts and requests for more information, and Marilyn updates and reports. Also reports from Judd on banking and accounting for Mira Este. Emails to Marilyn with questions about documents from Razuki and questions about Hakim. Questions to Marilyn about bank statements provided by Judd. Email to Gina with analyst requirements letter. Email to Griswold about signed order for distribution to banks and Balboa tenants. Review of Marilyn comments and implement request for Hakim interview. Review signed order from Griswold and forward to office for service on Balboa tenant Peter to demand September and October rents. Respond to Michaela email. Call from Maura about cash flow email with questions on audit status. Additional emails with Marilyn about Ninus meeting and cash flow email. Emails with Marilyn and Griswold about Hakim and Mira Este interview with Judd. Discussion with Griswold about further actions and conversation with plaintiff about questions.
10/6/2018	0.25	\$ 62.50	Review Balboa cash report from Heidi. Emails from Michaela regarding agency needs for licenses. Emails with Griswold and Marilyn about scheduling Hakim meeting/interview.
10/8/2018	1.25	\$ 312.50	Messages with Maura and Griswold about cash issues. Conference call with them for discussion on my concerns and position related to a receiver loan and court action. More texts and emails with Griswold with follow up to parties.
10/9/2018	0.25	\$ 62.50	Review news article about lawsuit and Balboa business sent by John. Forward to Griswold.

Razuki vs Malan
 Receiver Billing Summary
 Hourly Rate: \$250

<u>Date</u>	<u>Hours</u>	<u>Charge</u>	<u>Description</u>
10/10/2018	3	\$ 750.00	Review and respond to emails from Marilyn and Griswold about reports and Mira Este meeting. Email response to Ninas request for Balboa bill for internet. Emails from Gina about agency requirements - check status online with owner account. Review of Marilyn emails about Razuki documents sent and reply with questions. Review and respond to Heidi email about cash flows and non-approved expenses. Respond to Judd regarding more requests for cash and demand to pay no more expenses unless approved by me. Emails to Judd and Heidi about expenses and approval process. Multiple emails to parties about expenses and licensing requirements and the Austin Group responses/position. Emails with Griswold about Gina responses and rebuttal of receiver authority. Email from Ninus about delinquent mortgages and respond. Responses from Gina and Ninus - respond.
10/11/2018	0.5	\$ 125.00	Review and reply to Gina and Michaela emails about login and LiveScans. Log in and photo copy filed document pages for me, Ninus and Hakim. Send to Gina and Michaela with questions about local login.
10/12/2018	1.75	\$ 437.50	Review Ninus and Heidi emails about invoices and respond with my issues. Review revised billing for Gina. Emails from Gina and Red regarding procedures. Multiple emails from Judd and Adam? Reports on Mira Este, review and comment to Griswold and Marilyn. Emails from Griswold in response to Gina. Emails from Maura and our responses. Emails with Griswold and Aaron about licenses. Conversation with Maura about need for funds and setting up a conf call.
		\$ 30.00	Parking fee for Brinig meeting on 9/18/18
10/15/2018	4.75	\$ 1,187.50	Emails to potential investors for receiver loan. Call to Nick Lieberman about details for the loan and explain the process for hyper priority. Send Nick addresses of properties to use as collateral. Deposit September and October rents from Peter for 5 Balboa rental units. Emails with Nick about investor conference call to explain loan details. Conference call with Griswold, Sal, Maura and Aaron discussing upcoming ex parte hearing. Conversation with Aaron about agency compliance inspections. Review email/docs from Michaela and follow instructions for email to Heather at BCC with docs. Review Gina and Michaela emails about agencies and login information. Review email and schedule of deposit for Mira Este from Marilyn to Nenus. Conference call with Nick and Miramar Financial. Call with Nick about process. Discussion with Griswold about call and actions. Review Heidi email and Judd's for approval of expenses - approve.
10/16/2018	1.75	\$ 437.50	Ex parte hearing for case consolidation. Discussion with Gina and Ninus at court about funding. Review of hard money lender LOI and review of Nick's comments. Provide feedback. Email Griswold Sept billings and provide overview of hearing. Griswold email about LOI and response. Email to Gina and Ninus about LOI. Judd email and approval of security expense. Approval of invoice for Heidi at Balboa.
10/16/2018		\$ 15.00	Parking fee for court hearing

Razuki vs Malan
Receiver Billing Summary
 Hourly Rate: \$250

<u>Date</u>	<u>Hours</u>	<u>Charge</u>	<u>Description</u>
10/17/2018	1.25	\$ 312.50	Emails with Griswold and Marilyn about Hakim interview scheduled. Email to parties for confirmation. Texts to Ninus about LOI. Emails with Nick about LOI comments. Email with Judd and Marilyn about interview. Emails with Nick and Lender about final LOI version. Email to Griswold to circulate LOI to parties. Emails from Griswold to new counsel for Far West and Synergy about interview and representation. Emails with parties about interview and issues/agenda. Email from Michaela about license renewal.
10/18/2018	2.25	\$ 562.50	Review Judd payables email, question to Griswold about approval. Review Gina summarized billing. Review Heidi email and attachments, approve expenses except FW mgmt fee. Adam and Gina responses to my email to Heidi. Respond to Judd and others about invoice approval. Review more emails about Balboa and payables priority. Review Gorla email with Griswold about canceling interview with Hakim today. Discussion with Griswold about interview and responses to Far West and parties about payments. Email about meeting from FW attorney. Discussion with Elia and Maura about settlement and receiver involvement/termination. Discussion about LOI for funding from 3rd party. Print out last signed order for interview. Send out email to parties with funding LOI attached. Emails from Griswold and Gina about LOI - respond. Review 9/7/18 order and highlight areas which defendants/vendors are violating.
10/18/2018	3.25	\$ 812.50	Meeting with Brinig group and then interview with Hakim, Judd, Jerry and counsel. Judd attorney email to Griswold. Email from Balboa audit agent with exceptions needed.
10/18/2018		\$ 24.00	Parking fee for Brinig meeting
10/19/2018	0.75	\$ 187.50	Review Jerry email with expenses listed for approval and respond. Review additional invoices from Jerry and respond with questions. Call Jerry per his email and leave message. Review Heidi report and expenses and approve.
10/22/2018	1.25	\$ 312.50	Review emails from Balboa employees about missed sick pay - forward to John for approval before paying. Respond to employees. Phone call with Maura and James about upcoming hearing and interview last week with Hakim and vendors. Forward Word version of previous court order. Conversation with Maura about status of hearing and settlement. Discussion with John about invoices for 2 unpaid employees. Emails with Brinig and Griswold about hearing and our meeting. Report by Heidi - review and approve. Review and respond to Jasmine email and demand for document/information production - copy team.
10/23/2018	1.5	\$ 375.00	Texts with Ninus about HOA payment approval. Review Heidi report. Emails and invoice from Jerry. Email and proposal from Gina. Review budget and then Marilyn's spreadsheet to compare. Emails from Nick and proposed lender about conflict. Contact with Marilyn about budget. Discussion with Maura and James about upcoming hearing and reports. Review Gorla email and correspondance.

Razuki vs Malan
Receiver Billing Summary
 Hourly Rate: \$250

<u>Date</u>	<u>Hours</u>	<u>Charge</u>	<u>Description</u>
10/24/2018	4.25	\$ 1,062.50	Respond to Gina emails. Set up conf call with Brian and Marilyn to discuss budget. Email from Maura about ex parte. Email from Griswold about his status and hearing on Thursday. Phone conference with Brian and Marilyn about budget, missing reports, and structure of email response from Brinig. Email about Treez invoices. Send Brinig email from Gorla about Mira Este motion. Call with Maura about Gina filing and content. Forward emails about budget to Maura for comment. Review Brinig email and approve for distribution about Balboa budget request. John discussion about hearing and motions. Discussion with Maura about Mira Este filing and issues with Synergy. Review of Plaintiff docs and review of emails and responses related to their false allegations. Discussion with Maura about untrue statements and forward supporting emails. Review of Plaintiffs filings and send comments to Maura. Review and respond to Brinig email with copies of parties filings. Review and reply to Heidi email about approval for an invoice I didn't receive.
10/25/2018	5.5	\$ 1,375.00	Emails from Judd and Gina. Court hearing, discussion with parties after court. Meeting with Brian, Marilyn and Griswold. Approve invoices for Ninus and request backup. Email response to Judd's email. Call CA Tax Auditor about Balboa delinquency - number from Gina. Send Receiver docs to Tax Auditor. Emails from Judd and Gina and Maura. Emails from Marilyn - update Receiver cash ledger for her use. Emails and conversation with Cyndee Tax Auditor about account, payments, authorizations. Emails from Judd - approve payroll for Balboa but not FWO fee. Respond to Judd's email about State tax and payment refusal of cash. Respond to Cyndee email containing forms to fill out.
10/25/2018		\$ 30.00	Parking for court and Brinig meeting
10/26/2018	3	\$ 750.00	Review Judd email about tax payment process. Heidi report email and coordinate cash transfer. Emails with Judd about Local tax payment. Emails with Jerry about bill approvals and future reporting procedures. Call with Brinig team about Mira Este and daily cash sheet uses. Texts with Heidi approving vendor billing and coordinating meeting at dispensary. Meet with Heidi at Balboa, discuss approval procedures and possible use of a debit card, pick up cash for State tax payment. Deposit cash in WF receiver account. Emails from Griswold - were in spam - review and reply. Review proposed order from Griswold and comment. Emails with Griswold and Marilyn about Brinig report format and timing.
10/27/2018	1	\$ 250.00	Emails from Ninus and responses about bills and approval. Emails to Griswold and Marilyn. Email from Gina about order and respond. Review emails for prior approval of cable invoice. Emails from Gina to Griswold, my responses and objections.

Razuki vs Malan
Receiver Billing Summary
 Hourly Rate: \$250

<u>Date</u>	<u>Hours</u>	<u>Charge</u>	<u>Description</u>
10/29/2018	2.75	\$ 687.50	<p>Email from Heidi and response. Email to Jerry about payroll approval/documentation. Emails from Griswold and Matt about order. Review Griswold email with submitted order and dec. Pay Griswold Sept billings. Review of State requirement for electronic communications and depositing cash - call Cyndee and leave message. Gorla email about order. Calls with Cyndee about account info. Prepare authorizations and send to Cyndee via email. Emails with Matt about approval process for payroll on Mira Este. Texts with Heidi about cash deposit. Email from Matt. Elia email about order. Emails with Matt and Jerry and Marilyn about Mira Este payroll documentation. Meet Heidi at Balboa and pick up cash for deposit into receiver account - for payment of 3rd quarter State taxes. Deposit into bank and send receipt to Heidi. Review State tax backup from Heidi. Email to Jasmine about meeting to clear outstanding audit issues on Balboa. Emails with Gina about Jasmine call Tuesday 9:30am. Judd email for exise tax payment approval for Mira Este - waiting for return to approve. Emails to Griswold and Brinig team about unacceptable accounting procedures we're experiencing from Far West. Email from Michaela about license and send email to agency asking for update. Emails about phone call with Jasmine, including Gina.</p> <p>Email from Judd about tax filing for CCG - contact Cyndee for confirmation of information. Contact Jasmine to confirm call in info for 9:30 conference call. Review report from Heidi. Respond to Quyen about license status. Conference call with Jasmine and Gina about items needed for audit. Email to John about tax returns needed. Discussion with John about info availalbe and old employee payment data. Review and approve Mira Este tax payment from Judd. Approve bill from Ninus for City of SD - answer Marilyn's questions. Send Marilyn copy of State tax support for 3rd quarter payment. Review Marilyn's responses. Email from Cyndee with corrected account number - send</p>
10/30/2018	1.75	\$ 437.50	<p>Texts with Heidi and Cindy about cash/banking/State tax check arrangements. Email with Gina about Jasmine info. Emails about package sent to Mira Este? Arrange to get final cash from Heidi for State tax payment, deposit in receiver account and give check to Heidi to remit to State. Email from Gina and Griswold with Larry about CCG definitive agreement. Emails with Griswold and Marilyn about Epidure contract at Mira Este. Email from Judd about sucess filing for CCG.</p>
10/31/2018	1.75	\$ 437.50	<p>Response to Heidi about need for Ninus owner submittal.</p>
Total		\$ 12,661.50	

Griswold **LAW** _____

444 S. Cedros Ave., Suite 250
Solana Beach, CA 92075
Phone: (858) 481-1300 | Fax: (888) 624-9177

Account Statement

Prepared for Michael Essary - Receiver

Re: Razuki v. Malan: Receivership

Previous Invoice Amount	\$13,213.45
Last Payment Received	
Previous Balance	\$0.00
Current Charges	\$5,516.55
Total Due	\$5,516.55

Griswold **LAW**

444 S. Cedros Ave., Suite 250
Solana Beach, CA 92075
Phone: (858) 481-1300 | Fax: (888) 624-9177

Michael Essary - Receiver

Invoice Date: November 01, 2018
Invoice Number: 11501
Invoice Amount: \$5,516.55

Matter: Razuki v. Malan: Receivership

Attorney's Fees

10/2/2018	Review/reply to multiple emails with Client re status of Brinig analysis, status of rcvshp budget	R.C.G.	.30	\$90.00
10/4/2018	Review/reply to emails re status of forensic audit	R.C.G.	.30	\$90.00
10/5/2018	Consult with Client re status of forensic audit, review missing docs for Brinig	R.C.G.	.40	\$120.00
10/8/2018	Consult with Client re funding options for ongoing operations, financial reporting	R.C.G.	.60	\$180.00
10/8/2018	TC from counsel for Plaintiff re status of funding for ongoing operations	R.C.G.	.40	\$120.00
10/8/2018	Draft doc demands to parties re forensic audit	R.C.G.	.40	\$120.00
10/9/2018	Review notice of hearing re consolidation; Consult with client re purpose of hearings	R.C.G.	.30	\$90.00
10/11/2018	Review/reply to multiple emails from counsel and consultants re status of rcvshp	R.C.G.	.60	\$180.00
10/11/2018	File and Serve the Notice of Entry of Order	K.C.	.50	\$62.50
10/11/2018	Draft Notice of Entry of Order re Confirming Receiver	J.E.	.60	\$108.00
10/12/2018	TC from counsel for Hakim re status of rcvshp	R.C.G.	.30	\$90.00
10/15/2018	Consult with Client re funding, status of operations, management, doc production to Brinig	R.C.G.	.80	\$240.00
10/15/2018	Review Malan ex parte papers	R.C.G.	1.10	\$330.00
10/16/2018	Review receivership lender LOI; consult with client re terms	R.C.G.	.60	\$180.00
10/16/2018	Review outstanding receivership expenses; draft correspondence to counsel re payment	R.C.G.	.30	\$90.00
10/17/2018	Correspondence with new counsel for Synergy & Far West re status of case	R.C.G.	.30	\$90.00
10/17/2018	Draft correspondence to counsel re agenda for Mira Este Brinig meeting	R.C.G.	.30	\$90.00
10/18/2018	Review Far West demands; draft response email to all counsel	R.C.G.	.30	\$90.00

10/18/2018	TC from counsel for Hakim re Brinig meeting; consult with client re Brinig meeting	R.C.G.	.30	\$90.00
10/18/2018	TC from counsel for Malan re Far West mgt	R.C.G.	.20	\$60.00
10/18/2018	Brinig Meeting with Mira Este, Hakim, Synergy, Judd (telephonic)	R.C.G.	1.30	\$390.00
10/24/2018	Review parties' filings, oppositions re 10/25 ex parte hearings	R.C.G.	1.90	\$570.00
10/25/2018	Prepare for ex parte hearing	R.C.G.	1.10	\$330.00
10/25/2018	Travel to/from and Attend Ex Parte hearing	R.C.G.	1.70	\$510.00
10/25/2018	Meeting with Brinig re forensic audit report status	R.C.G.	.70	\$210.00
10/25/2018	File and Serve the Notice of Entry of Order	K.C.	.40	\$50.00
10/25/2018	Draft proposed order re 10/25 hearing	R.C.G.	.40	\$120.00
10/25/2018	Draft Notice of Entry of Order re 9/28/18 Order. Finalize and prepare for filing and service.	J.E.	.80	\$144.00
10/29/2018	Draft declaration re proposed order	R.C.G.	.40	\$120.00
10/29/2018	Review/reply to counsel emails re language of proposed order	R.C.G.	.30	\$90.00
10/29/2018	File and Serve the Declaration and Proposed Order	K.C.	.60	\$75.00
10/31/2018	Review Malan Notice of Appeal	R.C.G.	.20	\$60.00
10/31/2018	Review/reply to emails from counsel re potential contract negotiation with sub-producer	R.C.G.	.30	\$90.00
SUBTOTAL:			19.00	\$5,269.50

Costs

10/1/2018	OneLegal - courtesy copy delivery fee for the Proposed Order			\$30.00
10/4/2018	OneLegal - e-filing and eservice fee for the Declaration and Proposed Order			\$19.95
10/16/2018	OneLegal - e-filing and eservice fee for the Notice of Entry of Order			\$19.95
10/22/2018	OneLegal - e-filing and eservice fee for the Proposed Order			\$19.95
10/25/2018	OneLegal - e-filing and eservice fee for the Notice of Entry of Order			\$19.95
10/25/2018	COST: SD Superior Court Parking			\$30.00
10/29/2018	OneLegal - eservice fee for the Declaration and Proposed Order			\$10.00
10/30/2018	OneLegal - physical filing and courtesy copy fee for the Declaration and Proposed Order			\$97.25
SUBTOTAL:				\$247.05

TOTAL: \$5,516.55
PREVIOUS BALANCE DUE: \$0.00
CURRENT BALANCE DUE AND OWING: \$5,516.55

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Mr. Michael Essary
8304 Clairemont Mesa Blvd., St. 207
San Diego CA 92111

Page: 1
November 01, 2018
ACCOUNT NO: 180910-00M
INVOICE NO. 172133

RAZUKI V. MALAN, ET AL.

		HOURS	
10/01/2018			
MPW	Economic Analysis	2.75	687.50
DJD	Data Entry re: Check names and memos - Bank of America	2.40	300.00
10/02/2018			
MPW	Economic Analysis	2.75	687.50
10/03/2018			
BPB	Economic Analysis	0.50	212.50
BPB	Client Case Meeting w/Mr. Razuki	2.80	1,190.00
MPW	Economic Analysis	4.75	1,187.50
10/04/2018			
MPW	Economic Analysis	3.00	750.00
10/05/2018			
DJD	Data Entry re: TP Bank entry (12/16-11/17 & 7/18)	2.80	350.00
10/08/2018			
MPW	Economic Analysis	0.25	62.50
10/09/2018			
MPW	Economic Analysis	0.50	125.00
10/10/2018			
BPB	Review of various emails	0.20	85.00
10/11/2018			
BPB	Attention To File	0.10	42.50
MPW	Economic Analysis	3.50	875.00
10/15/2018			
MPW	Economic Analysis	3.25	812.50

4909

Mr. Michael Essary

RAZUKI V. MALAN, ET AL.

Page: 2
November 01, 2018
ACCOUNT NO: 180910-00M
INVOICE NO. 172133

			HOURS	
10/16/2018				
MPW	Economic Analysis	2.75	687.50	
10/17/2018				
BPB	Economic Analysis - Review status	0.50	212.50	
MPW	Economic Analysis	2.75	687.50	
MPW	Economic Analysis w/BPB	0.50	125.00	
10/18/2018				
BPB	Client Case Meeting	2.00	850.00	
MPW	Economic Analysis	5.00	1,250.00	
10/22/2018				
BPB	Economic Analysis w/MPW	1.00	425.00	
BPB	E-Mail to Henbes	0.20	85.00	
BPB	Economic Analysis	0.70	297.50	
MPW	Economic Analysis	2.50	625.00	
MPW	Economic Analysis w/BPB	1.00	250.00	
10/23/2018				
BPB	Economic Analysis	0.80	340.00	
MPW	Economic Analysis	1.75	437.50	
10/24/2018				
BPB	Economic Analysis w/MPW	0.70	297.50	
BPB	Economic Analysis	1.80	765.00	
BPB	E-Mail	0.30	127.50	
BPB	Trial Preparation	3.20	1,360.00	
BPB	Review of all pleadings/filings	1.00	425.00	
MPW	Economic Analysis w/BPB	0.70	175.00	
MPW	Economic Analysis	5.60	1,400.00	
10/25/2018				
BPB	Expert Witness Testimony	1.00	425.00	
BPB	Trial Preparation	1.00	425.00	
BPB	Client Case Meeting - w/Receiver & Counsel	0.30	127.50	
MPW	Economic Analysis	6.50	1,625.00	

Mr. Michael Essary

RAZUKI V. MALAN, ET AL.

Page: 3
November 01, 2018
ACCOUNT NO: 180910-00M
INVOICE NO. 172133

		HOURS	
10/26/2018			
BPB	Economic Analysis w/MPW	0.30	127.50
BPB	Tel Conf w/M. Essary	0.20	85.00
MPW	Economic Analysis	0.50	125.00
10/29/2018			
MPW	Economic Analysis	0.50	125.00
10/30/2018			
BPB	Review of correspondence	0.10	42.50
BPB	Economic Analysis w/MPW	0.80	340.00
MPW	Economic Analysis	3.50	875.00
MPW	Economic Analysis w/BPB	0.80	200.00
10/31/2018			
MPW	Economic Analysis	7.00	1,750.00
FOR CURRENT SERVICES RENDERED		86.80	24,462.50

RECAPITULATION		
<u>HOURS</u>	<u>HOURLY RATE</u>	<u>TOTAL</u>
5.20	\$125.00	\$650.00
62.10	250.00	15,525.00
19.50	425.00	8,287.50

TOTAL CURRENT WORK		24,462.50
PREVIOUS BALANCE		\$10,072.50
10/25/2018	PAYMENT CHECK #0142 PAID BY: MICHAEL ESSARY	-10,072.50
BALANCE DUE		\$24,462.50

WE ACCEPT ALL MAJOR CREDIT CARDS * TAX I.D.: 33-0001473
BRINIG TAYLOR ZIMMER, INC.

4911

1 PROOF OF SERVICE

2 *Salam Razuki v. Ninus Malan, et al.*
3 *San Diego County Superior Court Case No. 37-2018-00034229-CU-BC-CTL*

4 I am employed in the County of San Diego, State of California. I am over the age of 18 and
5 am not a party to the within action. I am employed by Griswold Law, APC and my business address
is 444 S. Cedros Avenue, Suite 250, Solana Beach, California 92075.

6 On *November 13, 2018*, I served the documents described as **RECEIVER MICHAEL**
7 **ESSARY'S SECOND RECEIVER'S REPORT** on each interested party, as follows:

8 **SEE ATTACHED SERVICE LIST**

9
10 **(VIA MAIL)** I placed a true and correct copy(ies) of the foregoing document in a sealed
11 envelope(s) addressed to each interested party as set forth above. I caused each such envelope, with
12 postage thereon fully prepaid, to be deposited with the United States Postal Service. I am readily
13 familiar with the firm's practice for collection and processing of correspondence for mailing with the
United States Postal Service. Under that practice, the correspondence would be deposited with the
United States Postal Service on that same day with postage thereon fully prepaid in the ordinary
course of business.

14 **(VIA OVERNIGHT DELIVERY)** I enclosed the documents in an envelope or package provided
15 by an overnight delivery carrier and addressed to each interested party. I placed the envelope or
16 package for collection and overnight delivery in the overnight delivery carrier depository at Solana
Beach, California to ensure next day delivery.

17 **X** **(VIA ELECTRONIC MAIL)** I caused true and correct copy(ies) of the foregoing document(s)
18 to be transmitted via **One Legal e-service** to each interested party at the electronic service addresses
listed on the attached service list.

19 **(BY FACSIMILE)** I transmitted a true and correct copy(ies) of the foregoing documents via
20 facsimile.

21 I declare under penalty of perjury under the laws of the State of California that the foregoing
22 is true and correct. Executed on *November 13, 2018*, in Solana Beach, California.

23 
24 Katie Westendorf

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8
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
HAKIM, an individual; MONARCH
15 MANAGEMENT CONSULTING, INC. a
California corporation; SAN DIEGO
16 UNITED 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 PROPERTIES,
19 LLC, a California limited liability company;
BALBOA AVE COOPERATIVE, a
20 California nonprofit mutual benefit
corporation; CALIFORNIA CANNABIS
21 GROUP, a California nonprofit mutual
benefit corporation; DEVILISH DELIGHTS,
22 INC., a California nonprofit mutual benefit
corporation; and DOES 1-100, inclusive,

23 Defendants.
24

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

**PLAINTIFF SALAM RAZUKI'S
SUPPLEMENTAL BRIEFING
REGARDING THE COURT'S
JURISDICTION TO RULE ON MATTERS
RELATING TO THE RECEIVER AFTER
DEFENDANTS' FILING OF A NOTICE
OF APPEAL**

Date: November 16, 2018
Time: 1:30 p.m.
Dept: C-67
Judge: Hon. Eddie C. Sturgeon

25
26 Plaintiff SALAM RAZUKI ("Plaintiff" or "Razuki"), by and through his counsel, hereby submits

27
28 **PLAINTIFF SALAM RAZUKI'S SUPPLEMENTAL BRIEFING REGARDING
THE COURT'S JURISDICTION TO RULE ON MATTERS RELATING TO THE
RECEIVER AFTER DEFENDANTS' FILING OF A NOTICE OF APPEAL**

1 the following supplemental briefing regarding the Court’s jurisdiction to rule on matters relating to the
2 receiver after Defendants’ filing of a notice of appeal ahead of the status conference hearing scheduled for
3 November 16, 2018.

4 **I.**
5 **DESPITE DEFENDANTS’ NOTICE OF APPEAL, THE COURT STILL HAS**
6 **AUTHORITY TO OVERSEE AND MANAGE THE RECEIVER PENDING**
7 **DEFENDANTS’ POSTING OF THE REQUISITE APPELLATE BOND**

8 At the November 6, 2018 hearing, counsel for Defendant Ninus Malan (“Malan”) argued that the
9 Court may be divested from ruling on matters related to the Court appointed receiver because of the filing
10 of a Notice of Appeal regarding the order appointing receiver by Malan, Defendant Chris Hakim
11 (“Hakim”), and their related entities (collectively referred to herein as “Defendants”). However, not all
12 appeals trigger an automatic stay including, but not limited to, an appeal of an order appointing receiver.
13 Code of Civil Procedure §917.5 governs when a stay occurs in appeals of orders appointing receiver¹.
14 CCP §917.5 expressly states, as follows:

15 *“The perfecting of an appeal shall not stay enforcement of the judgment*
16 *or order in the trial court if the judgment or order appealed from appoints*
17 *a receiver, unless an undertaking in a sum fixed by the trial court is given*
18 *on condition that if the judgment or order is affirmed or the appeal is*
19 *withdrawn, or dismissed, the appellant will pay all damages which the*
20 *respondent may sustain by reason of the stay in the enforcement of the*
21 *judgment.” [Emphasis added.] CCP §917.5.*

22 The Fourth District Court of Appeals has also held that the trial court authority to oversee the
23 receiver is not divested until the appellate bond is posted. In *City of Riverside v. Horspool*, the Court
24 appointed a receiver to take control of the defendant’s property. *City of Riverside v. Horspool* (2014)
25 223 Cal.App.4th 670, 675. Subsequently, the defendant filed a notice of appeal. *Id.* Ten days after the
26 notice of appeal, the court set the appellate bond at \$80,000 pursuant to CCP §917.5. *Id.* However, the
27 defendant never posted the bond. *Id.* at 676.

28 Before the defendant’s appeal was heard, the receiver requested permission from the court to sell

¹ Defendants admit the instant appeal is governed under CCP §917.5 as both Defendants cite to this code section in their previously filed *ex parte* applications. See Malan’s November 6, 2018 Ex Parte Application at 5:5; Hakim’s November 6, 2018 Ex Parte Application at 8:7.

1 the defendant's property to a third party. *Id.* at 677. The Court granted the receiver's request and the
2 property was sold. *Id.*

3 On appeal, the defendant argued that the receiver had no authority to sell because the defendant
4 filed the notice of appeal before the sale of the property. *Id.* at 682. The defendant also argued that the
5 court was divested with any authority to allow the receiver to sell the property. *Id.* The appellate court
6 rejected these arguments holding that the "bond is necessary to stay the proceedings in the trial court" and
7 that "[w]ithout such a bond or undertaking, the proceedings cannot be stayed." *Id.* The Court also
8 clarified that because the proceedings were not automatically stayed, "the receiver was fully authorized to
9 proceed with attempts to rehabilitate the property and . . . apply for authorization to sell the property." *Id.*
10 The court reasoned that because the defendant had not posted the bond, the trial court had "*continuing*
11 *jurisdiction* to grant the receiver's request." [Emphasis added.] *Id.*

12 At the November 6, 2018, the Court ordered that the appellate bond issue should be heard as a
13 noticed motion. The hearing was set for December 14, 2018 at 1:30 p.m. Until the Court has determined
14 the appropriate bond amount and, more importantly, Defendants post said bond, the Court has the full
15 authority to oversee and manage the receivership currently in place.

16 **II.**
17 **CONCLUSION**

18 For the above-mentioned reasons, the Court is still vested with jurisdiction regarding matters
19 relating to the receiver in this case and the receivership cannot be stayed until and unless Defendants post
20 an appellate bond in the amount determined by the Court.

21 Dated: November 14, 2018

ELIA LAW FIRM, APC

22 By:



23 Steven A. Elia
24 Maura Griffin
25 James Joseph
26 Attorneys for Plaintiff Salam Razuki

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ELECTRONICALLY FILED
Superior Court of California,
County of San Diego
11/15/2018 at 12:20:00 PM
Clerk of the Superior Court
By Valeria Contreras, Deputy Clerk

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11 Attorneys for Defendants

12
13 SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO

14 CENTRAL DIVISION

15 SALAM RAZUKI, an individual,

16 Plaintiff,

17 vs.

18 NINUS MALAN, an individual; MONARCH
19 MANAGEMENT CONSULTING, INC., a
California corporation; SAN DIEGO UNITED
20 HOLDING GROUP, LLC, a California limited
liability company; MIRA ESTE
21 PROPERTIES, LLC, a California limited
liability company; ROSELLE PROPERTIES,
22 LLC, a California limited liability company;
and DOES 1-100, inclusive,
23

24 Defendants.
25

Case No.: 37-2018-00034229-CU-BC-CTL

Assigned: Hon. Judge Sturgeon

Dept.: C-67

**Briefing of Ninus Malan, Monarch, San
Diego United Holdings Group, Balboa Ave
Cooperative, Devilish Delights, and
California Cannabis Group RE: November
16, 2018 status conference**

Date: November 16, 2018

Time: 1:30 p.m.

Judge: Sturgeon

Dept.: C-67

Defendants' Briefing Re: Status Conference

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D. Receivership statute – which is jurisdictional – requires Plaintiff to prove imminent injury to his property, but the cooperatives are not his property. 7

E. Receivership statute – which is jurisdictional – requires Plaintiff to prove lack of legal remedies, but all of Plaintiff’s claims are recoverable at law. 8

F. Receivership statute – which is jurisdictional – requires Plaintiff to prove the receiver is necessary to prevent imminent injury, and there is no evidence the receiver will prevent any injury. 9

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3. *Undertaking should be nominal because respondent Plaintiff has not shown a likelihood of success on the merits of his claim..... 16*

4. *Court should issue temporary stay before appellants post the undertaking. 16*

Conclusion 16

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2

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SUMMARY

In the last four months of receivership, Plaintiff has shown no evidence he owns the property in receivership or that any Defendants committed wrongdoing. The receivership statute is jurisdictional – unless the Plaintiff’s personal property is in danger of destruction and he is likely to succeed on his claims, an order appointing a receiver is void.

Plaintiff Salam Razuki does not claim a property interest in the companies in receivership: three member-owned non-profits, two real estate companies, and a management company. He legally *cannot* claim an ownership in the non-profits¹, and his actual claims – when read carefully – are for ownership in a defunct third party company called RM Property Holdings, LLC. Plaintiff’s complaint asks to dissolve that company, so he really claims a property interest in nothing at all.

A receivership is an equitable remedy, and it is inequitable to force the non-profits to wallow in receivership when they did nothing wrong. Plaintiff’s complaint does not accuse defendants Devilish Delights, Inc., Balboa Ave Cooperative, or California Cannabis Group of wrongdoing, nor are their members accused of wrongdoing. Plaintiff does not claim an ownership interest in them – nor could he, since they are member-owned, and Plaintiff is not a member. They are mutual benefit cooperatives formed by patients to get medicine. A contract transferring “ownership” of them would be void. The order condemning them to an expensive receivership, based on such a contract, is itself void. The court should vacate the void order.

The court does not have jurisdiction over the property in receivership because Plaintiff still has not personally served the original complaint or First Amended Complaint. None of the Defendants in receivership has been served with a summons. Plaintiff had four months to get this done, but never did. The court lacks personal jurisdiction over the parties and in rem

¹ In non-profit cooperatives, “No member may transfer a membership or any right arising therefrom.” Corp. Code §12410(a)(1). It is impossible for anyone to transfer membership interests in any of the cooperatives to Plaintiff.

1 jurisdiction over the property in receivership. The receivership order was issued without
2 jurisdiction and should be vacated.

3 Plaintiff would suffer no damages if the receiver is removed. First, the companies in
4 receivership do not earn a profit; they operate at a loss. If the receiver is removed, they are in
5 better shape, not worse. Removing the receiver gives them room to breathe and pay down their
6 debts. The receiver is a burden they cannot sustain, as the receiver himself helpfully explains in
7 his application for a \$600,000 loan to cover short-term costs filed just a couple weeks ago.
8 Plaintiff cannot lose “profits” that do not exist.

9 Plaintiff will not suffer a loss because he does not claim to have an ownership interest
10 in any of the companies in receivership. He claims only a partial interest in the profits *and*
11 *losses* of RM Property Holdings, LLC. *First Amended Complaint* at ¶1. If we accept
12 everything he says as true, “Razuki would be entitled to seventy-five percent (75%) of the
13 profits & losses of RM Holdings.” *Id.* RM Property Holdings, *not* Plaintiff, has a potential
14 claim to some of the shares in *some* of the companies in receivership – but not the non-profits.
15 FAC ¶21. The complaint lists six companies Plaintiff wants transferred to RM Property
16 Holdings, omitting the non-profits. *Id.* And since those companies are losing money every day,
17 RM Property Holdings will also lose money if it ever acquires an interest in those companies.
18 Plaintiff, entitled to 75 percent of the *losses* of RM Property Holdings, will suffer no harm if
19 the receiver is gone.

20 This leads us back to the receiver statute, under which Plaintiff must show a likelihood
21 of success on the merits of his claims. He cannot do this. His complaint alleges a variety of
22 claims derived entirely from breach of a contract. He claims that in that contract, Defendant
23 Ninus Malan agreed to transfer Malan’s shares in companies to RM Property Holdings – but
24 only after Plaintiff and Malan conduct an accounting of their finances, repay their respective
25 cash contributions, capitalize RM Property Holdings, and Plaintiff transfers his *own* shares in
two other companies (Sunrise and Super 5) into the holding company. *FAC*, Ex. A §2.2, §2.3,
§1.1(e)-(f). Plaintiff was supposed to transfer his shares in Sunrise and Super 5 *within thirty*

1 *days*. Id. §2.1. These are necessary conditions precedent to Malan’s duty to transfer his shares.
2 But **Plaintiff did not transfer his shares in Sunrise or Super 5** within 30 days – a material
3 breach of the contract. He did not finish (or even begin) an accounting of the parties’ finances,
4 and the parties did not capitalize RM Property Holdings. For that matter, Plaintiff never
5 showed either he or Malan actually own any of the shares they are supposed to transfer. He has
6 not tried to prove any of these facts, each of which is necessary to show he is likely to succeed.

7 Finally, the Plaintiff’s claims fail because they are based on a contract that was illegal
8 at the time it was signed, since it sought to divvy up the proceeds from marijuana operations.
9 When the contract was signed in 2017, contracts dealing with marijuana were void for
10 violating public policy. The receivership order, which assumed Plaintiff could succeed on a
11 void contract, was therefore void at its inception.

12 With no probability of success, the receivership order is void and should be vacated. If
13 it is not, the court should set Defendants’ appellate bond at a nominal amount because they are
14 indigent, and simultaneously raise Plaintiff’s receivership bond by \$800,000 to account for the
15 incredible losses the businesses are suffering because of the preliminary injunction.

16 ARGUMENT

17 **A. Plaintiff cannot succeed on claims for breach of a rescinded contract that was 18 void at the moment it was signed.**

19 An agreement with an illegal object is unenforceable, and a Plaintiff cannot get a
20 receiver appointed based on an invalid contract. Civ. Code §1668, §1608 (unlawful
21 consideration voids entire contract); *Yoo v. Jho* (2007) 147 Cal.App.4th 1249, 1251. “In
22 determining whether the subject of a given contract violates public policy, courts must rely on
23 the state of the law as it existed **at the time the contract was made.**” *Bovard v. American
24 Horse Enterprises, Inc.* (1988) 201 Cal.App.3d 832, 840 fn.3.

25 Here, the contract was made in November 2017, a time when the “state of the law” in
California was that courts would refuse to enforce contracts for profits or ownership of
businesses selling goods banned under federal law, including marijuana. It has been true for

1 decades that “A violation of federal law is a violation of law for purposes of determining
2 whether or not a contract is unenforceable as contrary to the public policy of California.”
3 *Kashani v. Tsann Kuen China Enterprise Co.* (2004) 118 Cal.App.4th 531, 543. When “the
4 evidence establishe[s] both parties entered into the business purchase agreement with the
5 knowledge that the business was substantially involved in the sale of [illegal] goods, and buyer
6 specifically intended to continue selling such merchandise after taking over the business,”
7 courts will not enforce the contract. *Yoo, supra*, at 1255. This contract for the transfer of
8 Malan’s and Razuki’s shares in marijuana-related companies to RM Property Holdings is void.
9 *Bovard, supra*, at 839-840.

10 The contract is also illegal under state law if it were signed *today* because it transfers
11 ownership of marijuana dispensaries to RM Property Holdings, a company in which Plaintiff
12 claims an ownership interest, but which is not approved by the Bureau of Cannabis Control.
13 Any “individual who will be participating in the direction, control, or management” of a
14 licensee of the Bureau of Cannabis Control must send detailed information to the Department
15 of Justice. Bus.&Prof Code § 26001(al) (defining “owner”). They must submit fingerprint
16 images, a record of their arrests, proof of their legal right to occupy building, a statement from
17 the landowner showing consent to their operation, proof of a bond, and a list of everyone with
18 a financial interest in the entity applying for a license, among other things. *Id.* §26051.5 *et. seq.*
19 There is no evidence Razuki has done any of these things, so he and his companies cannot
20 legally cannot operate a dispensary in California.

21 The claim for a receiver also fails because Plaintiff’s claims are compensable – if at all
22 – through money damages. Plaintiff does not claim to own anything unique. He does not claim
23 to own real property. He does not even claim to own the holding company. He claims only a
24 right to future profits and losses from RM Holdings, LLC. If he feels like he’s being deprived
25 of those profits, he can try to prove damages at trial. But he does not need injunctive relief.

Finally, the parties rescinded the agreement on which Plaintiff sues. See *Malan’s*
Verified Cross-complaint at ¶¶75, 151. Plaintiff is not entitled to specific performance on a

1 rescinded agreement – especially not when Plaintiff asks for damages for breach of that
2 contract.

3 **Plaintiff, incidentally, has treated the contract as rescinded.** He asks to dissolve RM
4 Property Holdings, so he is not entitled to profits or losses from it. “One who has been injured
5 by a breach of contract has an election to pursue any of three remedies, to wit: ‘He may treat
6 the contract as rescinded and may recover upon a quantum meruit so far as he has performed;
7 or he may keep the contract alive, for the benefit of both parties, being at all times ready and
8 able to perform; or, third, he may treat the repudiation as putting an end to the contract for all
9 purposes of performance, and sue for the profits he would have realized if he had not been
10 prevented from performing.” *Oliver v. Campbell* (1954) 43 Cal.2d 298, 302. Plaintiff’s
11 operative complaint asks to wind up and dissolve RM Property Holdings; he *sues* RM Property
12 Holdings. He is treating the contract as if it were repudiated and terminated. He is entitled only
13 to damages – and only if the contract were legal in the first place.

14 **B. Plaintiff cannot succeed on claims for breach until the contract’s conditions
15 precedent have been satisfied.**

16 Defendant Ninus Malan is one of only two parties to the transfer agreement. None of
17 the other defendants signed the agreement, so Plaintiff cannot succeed on claims against them
18 as a matter of law. **Balboa Ave Cooperative, Devilish Delights, San Diego United, Mira
19 Este, and Flip must be released from receivership because Plaintiff can show no
20 likelihood of success against companies that did not do anything wrong.**

21 Against Malan, Plaintiff’s claims fail because Plaintiff did not satisfy the contract’s
22 conditions precedent before suing on it. “Specific performance cannot be enforced in favor of a
23 party who has not fully and fairly performed all the conditions precedent on his part to the
24 obligation of the other party” (Civ. Code, § 3392), and Plaintiff Razuki has not performed
25 conditions precedent. Before Malan must transfer anything, Plaintiff must:

1. Transfer Plaintiff’s shares in Super 5 and Sunrise to RM Property Holdings.

1 2. Perform an accounting of Plaintiff’s finances and properties and determine how
2 much of them is owned by Malan.

3 3. Capitalize RM Property Holdings.

4 FAC, Ex. A §2.1, 2.2, §2.3, §1.1(e)-(f).

5 Plaintiff did not do any of this. His failure to perform has a few consequences.

6 First, the court cannot find Malan in breach because “a party’s failure to perform a
7 condition precedent will preclude an action for breach of contract.” *Richman v. Hartley* (2014)
8 224 Cal.App.4th 1182, 1192. If Plaintiff wants to sue for breach, he needs to perform an
9 accounting and transfer his shares within 30 days – and it is too late for him to perform now.

10 Second, even if Malan were in breach, the court could not order him to specifically
11 perform because Plaintiff’s own promise “has not been substantially fulfilled.” Civ. Code
12 §3391(3).

13 Third, without Plaintiff’s promised shares and an accounting, the consideration fails, so
14 there can be no breach and the court cannot order Malan to perform. Civ. Code §3391(1).

15 Plaintiff should tend his own garden before invading someone else’s. He did not
16 transfer his shares in Sunrise and Super 5 within the 30-day deadline, so he cannot bring a
17 claim for breach of contract.

18 **C. Plaintiff cannot succeed on the merits because he failed to join indispensable
19 parties and failed to prove he performed acts required of him by the contract
20 he seeks to enforce.**

21 Plaintiff failed to name three indispensable parties: RM Property Holdings, LLC,
22 Sunrise Property Investments, LLC and Super 5 Consulting, LLC. The contract says Plaintiff
23 must transfer his own shares in Sunrise and Super 5 to RM Property Holdings, so all three
24 companies are indispensable. The law on indispensable parties is clear: “a person is an
25 indispensable party ... when the judgment to be rendered must necessarily affect his rights.”
Olszewski v. Scripps Health (2003) 30 Cal.4th 798, 808-809. If indispensable parties are not
named, the plaintiff is supposed to explain in the complaint why they were not named. Code
Civ. Proc. § 389(c). When a plaintiff fails to do that, the action “should be dismissed without

1 prejudice, the absent person being thus regarded as indispensable.” Code Civ. Proc.
2 §389(b). This lawsuit affects these companies, none of which Plaintiff names. The claims
3 cannot succeed without them, so Plaintiff has not shown a likelihood of success on the merits.

4 **D. Receivership statute – which is jurisdictional – requires Plaintiff to prove**
5 **imminent injury to his property, but the cooperatives are not his property.**

6 This receiver’s job is to “to preserve the property or rights of any party.” Code Civ.
7 Proc. §564(b). The only problem is, the Defendants in receivership are not Plaintiff’s property.
8 Plaintiff claims he will someday have the right to 75 percent of the profits and losses of RM
9 Property Holdings, a company which is not a plaintiff in this action. It is RM Property
10 Holdings that has a potential claim to some of the Defendants, not Plaintiff Razuki. Defendants
11 are *not Plaintiff’s property* – and Plaintiff’s complaint does not allege that they are. If we
12 accept 100 percent of Plaintiff’s allegations, he will have the right to share in the losses of RM
13 Property Holdings *after* he performs an accounting of his and Malan’s assets, pays money to
14 capitalize RM Property Holdings, and transfers his own shares in Sunrise and Super 5 to RM
15 Property Holdings – *not before*. But even if he emerges victorious, triumphant in his ability to
16 share in the losses of RM Property Holdings, the companies in receivership will not be his
17 property. They will be owned in part by RM Property Holdings.

18 The same situation presented itself in *Rondos v. Superior Court, Solano County* (1957)
19 151 Cal.App.2d 190, 191–195. The trial court put a business called the Stork Club in
20 receivership because the plaintiff came into court waving around a contract. The contract said
21 the defendants agreed to sell the Stork Club to the plaintiff. They also agreed to form a holding
22 company to operate the business – just like RM Property Holdings here. The parties’
23 agreement said the defendants’ interest would transfer upon close of escrow. But escrow never
24 closed. Because the precondition did not occur, the defendants rescinded the agreement, just
25 like Malan rescinded the transfer agreement in this case. The plaintiff sued to force the sale,
dissolve the holding company, perform an accounting, and distribute the assets according to
each partner’s interests – just like Plaintiff Razuki. The plaintiff asked for a receiver, which

1 the trial court appointed. On appeal, the court “concluded that the order appointing the receiver
2 is void.” *Id.* at 193. The plaintiff did not own the Stork Club business or its assets, the appellate
3 court held, because “by express stipulation of the contract title to...the business and its assets
4 was not to pass until [close of escrow],” an event that never occurred. *Id.* “The result, therefore,
5 is that the order appointing the receiver was made without jurisdiction for want of the required
6 property interest and was equally void for want of proof of the danger to a property interest
7 involved if such interest had existed. The requirements of the statute are jurisdictional.” *Id.* The
8 order appointing the receiver was void.

9 Plaintiff Razuki does not show that he owns any of the Defendants in receivership. **He**
10 **claims to own the right to the losses of RM Property Holdings, LLC**, a company which is
11 *not* in receivership and which has not asked for a receiver.

12 **E. Receivership statute – which is jurisdictional – requires Plaintiff to prove lack**
13 **of legal remedies, but all of Plaintiff’s claims are recoverable at law.**

14 Since a receivership is an equitable remedy, the equitable considerations governing
15 injunction proceedings apply. “Because the remedy of receivership is so drastic in character,
16 ordinarily, if there is any other remedy, less severe in its results, which will adequately protect
17 the rights of the parties, a court should not take property out of the hands of its owners.”
18 *Alhambra-Shumway Mines, Inc. v. Alhambra Gold Mine Corp.* (1953) 116 Cal.App.2d 869,
19 873. “Where an injunction will protect all the rights to which the applicant for the appointment
20 of a receiver appears to be entitled, a receiver will not be appointed.” *Id.*

21 If Plaintiff could show a real threat of irreparable harm, he would still need to show
22 other remedies are inadequate, and he never did that. A writ of attachment, a *lis pendens*, or a
23 temporary restraining order preventing the liquidation of assets could protect Plaintiff’s
24 (wholly imaginary) interests without a receiver. A receivership is an extraordinary remedy used
25 only when no other remedy will work, and the burden is on the Plaintiff to prove inadequacy of
other remedies. *Id.* Plaintiff never did that.

1 Plaintiff's claims are compensable at law, so the receiver is not necessary. The transfer
2 contract says Plaintiff is eventually entitled to 75 percent of the profits and losses of RM
3 Property Holdings. Profits and losses are *money*. They are not shares – they are not businesses,
4 or conditional use permits, or marijuana dispensaries, or real property, or any other
5 irreplaceable things. They are *money*. The complaint says Plaintiff is entitled to *money* – that's
6 it. And he is allegedly entitled to money *from Malan* – not from the Defendants in receivership.
7 The Defendants in receivership are not Plaintiff's property. If he proves his claims, the best he
8 can hope for is damages against Malan, not ownership of the Defendants.

9 **F. Receivership statute – which is jurisdictional – requires Plaintiff to prove the**
10 **receiver is necessary to prevent imminent injury, and there is no evidence the**
11 **receiver will prevent any injury.**

12 Plaintiff asked for a receiver under CCP §564(b), allowing the court to appoint a
13 receiver only where “necessary to preserve the property or rights” of a party. The receiver has
14 damaged the businesses, not preserved them. *Decl. Malan* ¶¶5-13, Exhibits A-F (chronicling
15 receiver's failure to pay bills and improper prioritization of paying himself instead of
16 mortgages, settlement payments, and other bills). He should be removed.

17 First, there is no evidence the businesses needed a receiver. No one was destroying the
18 businesses; Malan, Hakim, and the management were trying to grow them. Plaintiff Razuki
19 argued at one point that Malan was trying to sell the businesses, but the non-profit cooperatives
20 cannot be sold – they are owned by their members, not Malan². The for-profit businesses – San
21 Diego United, Mira Este Properties, and Flip Management – could theoretically be sold, but
22 there is no evidence that Malan had any plans to sell them. Even if there were, a preliminary

23 ² The court cannot specifically enforce “An agreement to perform an act which the party
24 has not power lawfully to perform when required to do so.” Civ. Code, § 3390. In non-
25 profit cooperatives, “No member may transfer a membership or any right arising
therefrom.” Corp. Code §12410(a)(1). Malan does not have the lawful power to transfer
ownership of non-profit mutual benefit cooperatives.

1 injunction preventing the sale of those for-profit businesses would suffice to protect Plaintiff's
2 imagined interests; a receiver is not necessary.

3 The receiver is too expensive. He adds 25% overhead to businesses that were not
4 profitable to begin with, and he does not pay the bills. According to his first report, in
5 September alone, the receiver spent \$13,408 on himself and \$20,072.50 on his attorney. This
6 \$33,000 monthly charge is a huge burden on these start-up businesses. Balboa, for instance, is
7 the primary revenue-generating business in receivership. Balboa spent \$54,570 on product for
8 sale in August and \$52,441.80 in September. The receiver's \$33,000 fees nearly equal the
9 amount spent on sellable products every month.

10 The receiver's second report says the businesses at Balboa dispensary owe \$173,772.86
11 in sales taxes for the period from 2017 to June 30, 2018 – coincidentally, a time when Plaintiff
12 SoCal was running the operations and responsible for paying bills. Despite being in charge for
13 four months now, the receiver did not pay this bill. *Decl. Michael Essary* (filed Nov. 13, 2018)
14 at ¶6. Far West Management, by the way, paid taxes accumulated during its tenure “prior to the
15 October 31, 2018 deadline”. *Id.* ¶7. The receiver still owes \$24,462.50 to accountants,
16 \$5,516.55 to his counsel, and \$26,069.50 to himself. *Id.* ¶15.

17 The receiver's second report omits other bills he failed to pay, including personal loans
18 from Malan and Defendant Chris Hakim for back mortgage payments, more recent mortgage
19 payments, settlement payments due under an agreement with the Montgomery Fields business
20 association, insurance payments, sewer bills, and others. These total more than \$350,000. *Decl.*
21 *Malan* ¶¶13, 26.

22 In the last two days, the Montgomery Fields association sent the receiver a letter
23 threatening to sue for breach of the settlement agreement allowing Balboa dispensary to
24 operate. *Decl. Malan* ¶¶3-6, Exhibits A and B. The association says – quite correctly – that the
25 receiver failed to pay **\$132,957.25** owed under the settlement. The receiver has known about
these amounts for his entire tenure; the HOA settlement agreement was provided to him at the
outset of this litigation. If the association files suit, that's the end of Balboa – its use variance is

1 gone. The association will enforce its rules banning cannabis dispensaries, and Balboa will shut
2 down. Instead of prioritizing these payments, the receiver chose to pay himself and his counsel.
3 A fiduciary must sacrifice his own benefits for the sake of his beneficiaries, but this receiver is
4 not doing that. He acts for his own benefit, to the detriment of the businesses he is supposed to
5 preserve.

6 **G. Receiver’s appointment violates the Rules of Court because he is not a neutral**
7 **fiduciary due to his agreement to appoint the Plaintiff to manage Defendants’**
8 **operations.**

9 The receiver must act neutrally, and he has not. Decl. Malan ¶¶9-10, Exhibit E; Decl. of
10 Salam Razuki (filed July 16, 2018) ¶40 (declaring Michael Essary agreed to appoint Plaintiff to
11 manage dispensaries).

12 A receiver is supposed to be an “agent of the court, not of the parties,” and “is under the
13 control and continuous supervision of the court.” *Turner v. Superior Court* (1977) 72
14 Cal.App.3d 804, 813. The receiver must be neutral and owes a fiduciary duty to the parties and
15 the court. Rule 3.1179(a); *Highland Securities Co. v. Super.Ct.* (1931) 119 Cal. App. 107, 112.
16 The party seeking a receiver “may not, directly or indirectly” enter any “arrangement or
17 understanding” concerning the receiver's role in “who the receiver will hire, or seek
18 approval to hire, to perform services.” Rule 3.1179(b). When the receiver first took over the
19 businesses in July, he took directions from Plaintiff Razuki, re-hiring SoCal Building Ventures
20 – a plaintiff in this litigation – to manage the dispensaries.

21 Agreeing to re-hire Plaintiff SoCal is an illegal “arrangement or understanding” with a
22 Plaintiff concerning who the receiver will hire to manage the Defendants’ property. Plaintiff
23 Razuki has asked in the past to re-hire SoCal and declared under penalty of perjury that SoCal
24 had spoken with the receiver and Razuki and agreed to step in again. *Decl. Razuki* (filed July
25 16, 2018) ¶40. This is an illegal arrangement in violation of Rule 3.1179(b). When the receiver
did in fact re-hire SoCal in July, and invaded the property with a gunman and several SoCal
employees in July, this was another violation of Rule 3.1179(b) and the receiver’s fiduciary
duties to the court and to Defendants.

Defendants’ Briefing Re: Status Conference

1 Plaintiff Razuki has argued in the past that he did not enter an arrangement with the
2 receiver and SoCal. That is belied by his own declaration on July 16, 2018, in which he states:
3 “A true and correct copy of Michael Essary’s CV and Rate Sheet are attached...I have been
4 advised by my counsel that Mr. Essary is...well-equipped to handle this receivership if the
5 court grants my application.” *Declaration of Salam Razuki (filed July 16, 2018)* ¶40.

6 Plaintiff’s counsel **hand-picked the receiver and attached his CV to the ex parte**
7 **application for his appointment.** He spoke to the receiver before he was appointed and
8 confirmed that he would hire another Plaintiff: SoCal. How do we know this? Because Plaintiff
9 Razuki filed a proposed order with Judge Medel directing the receiver to appoint SoCal: “The
10 Receiver will have the authority and power to bind the Marijuana Operations to the terms of
11 the Management Agreements (a copy of which is attached as Exhibits A, B, and C, hereto)
12 with SoCal Building Ventures, LLC.” *Proposed Order, filed July 16, 2018.*

13 SoCal is a criminally negligent operator fired for malfeasance. They are also a plaintiff
14 in this action, and the receiver cannot hand over Defendants’ property *to the Plaintiff*. That is a
15 breach of his fiduciary duties *to the Defendants*. He also cannot hire a party with whom he had
16 any sort of “arrangement”, and he *definitely* had an arrangement with them – he hired them
17 within 24 hours of being appointed back in July, at the express request of Plaintiff Razuki.
18 From the very beginning, this receiver has not acted neutrally. He is not acting like
19 Defendants’ fiduciary. He must be dismissed.

20 **H. If the court does not vacate the void receivership order, it must increase**
21 **Plaintiff’s bond because the threat posed by the receivership is increasing.**

22 Code of Civil Procedure §996.010 allows the court to determine Plaintiff’s bond has
23 “become insufficient”. When it has, the court should order Plaintiff to post an additional bond,
24 and unless he does, “all rights obtained by giving the original bond immediately cease.”

25 This court originally ordered Plaintiff to post a \$350,000 bond intended to compensate
Defendants for harm they might conceivably suffer during the receivership. As the receiver’s

1 reports say, though, the receiver is imposing expenses of more than \$50,000 per month on the
2 Defendants in receivership. The \$350,000 bond will be exhausted in just three more months,
3 assuming the receiver’s costs remain the same.

4 According to the multiple declarations of Heidi Rising, Gina Austin, Chris Hakim, and
5 others filed in this action, the receiver’s very presence at the facilities has dissuaded potential
6 suppliers from doing business with Defendants. The Mira Este facility, for instance, could have
7 contracts tomorrow with manufacturers, but everyone is staying away as long as the receiver is
8 in place. *Decl. Chris Hakim* (filed Nov. 15, 2018). The costs of these missed opportunities
9 exceed the cost of the receiver himself. Factoring in the lost opportunities to develop the
10 businesses, the \$350,000 bond is already depleted.

11 The court should require Plaintiff to post an additional bond of \$800,000 to keep the
12 receiver in place.

13 **I. The court should waive the appellate bond, or set it for a nominal amount.**

14 Perfecting an appeal stays enforcement of an order appointing a receiver if “an
15 undertaking in a sum fixed by the trial court is given on condition that if the judgment or order
16 is affirmed or the appeal is withdrawn, or dismissed, the appellant will pay all damages which
17 the respondent may sustain by reason of the stay.” Code Civ. Proc., § 917.5. The trial court has
18 a duty to fix the amount of the bond, and failure to fix it upon application by the appellant is
19 reversible error. *Rondos v. Superior Court, Solano County* (1957) 150 Cal.App.2d 304, 305.
20 The trial court’s refusal to set a bond upon “application” – not noticed motion, but *application*
21 – amounts “to refusal to perform a duty cast upon the respondent court by the law and warrants
22 the issuance of [a] peremptory writ.” *Id.*

23 ***I. Undertaking to stay order appointing receiver should be nominal
24 because appellants are indigent.***

25 “The court may, in its discretion, waive a provision for a bond” when “the principal is
unable to give the bond because the principal is indigent and is unable to obtain sufficient
sureties, whether personal or admitted surety insurers. In exercising its discretion the court

1 shall take into consideration all factors it deems relevant, including but not limited to the
2 character of the action or proceeding, the nature of the beneficiary, whether public or private,
3 and the potential harm to the beneficiary if the provision for the bond is waived.” Code Civ.
4 Proc., § 995.240.

5 The receiver himself will tell the court that Defendants are indigent. In his own ex parte
6 application filed three weeks ago, he asks for permission to take out a \$600,000 loan because
7 Defendants cannot pay their immediate operating expenses while simultaneously bearing the
8 cost of the receiver, receiver’s counsel, and forensic audit. *See Decl. Austin (Nov. 5, 2018),*
9 *Exhibit D.* Plaintiff Razuki says these companies are more than a million dollars in debt. *See*
10 *generally, FAC.* Defendant Malan says the same thing. So does SoCal. The Balboa companies
11 run a deficit every month and have unpaid bills, including their mortgage, loans owed to Malan
12 and Hakim (who subsidized them earlier this year), and more than \$170,000 in sales taxes that
13 SoCal was supposed to pay while SoCal was managing them. The companies are indigent.

14 Two of the companies will always be indigent because they are legally barred from
15 making a profit. Devilish Delights, Inc. and Balboa Ave Cooperative are not-for-profit mutual
16 benefit corporations who operate for the benefit of their members and have no stock holders.
17 They do not earn profits, and they have no money to post an undertaking.

18 The companies meet the elements of §995.240, so the court should waive the
19 undertaking and stay the order appointing the receiver. Alternatively, the court should set a
20 bond at a nominal amount – no more than \$500 – because of the Defendants’ financial state.

21 **2. *Undertaking should be nominal because respondent Plaintiff Razuki***
22 ***will not suffer injury if the receiver is removed.***

23 Plaintiff will suffer no injury if the receiver is vacated because his property is not in
24 receivership, so the undertaking should be nominal. He says he owns shares in RM Property
25 Holdings – he does not own shares, or claim to own shares, in Defendants.

But even if Plaintiff owned the Defendants, removing the receiver would not damage
him because there is no evidence the companies need the receiver to survive. The Balboa

1 dispensary is up and running, albeit at a deficit because of the \$50,000 monthly cost of paying
2 the receiver. Removing the receiver will *save* the businesses, not hurt them.

3 The operators of the Balboa dispensary are spending money on necessary expenses.
4 The court once asked “where is the money?” For four months, Defendants filed multiple
5 declarations showing exactly what they are spending money on. In August, for example,
6 expenses were:

7 ATM: \$68,700
8 Vendors (e.g. product for sale): \$54,570.55
9 Past-due invoices (Sonoma Pacific, San Diego Reader): \$6,522.88
10 Advertising (Weed Maps and San Diego Reader): \$12,439
11 Management fees to Far West (a.k.a. payroll): \$24,800
12 Security (a.k.a. payroll): \$17,264
13 Maintenance: \$2,064.29
14 Total: \$185,360.72

15 In September:

16 ATM: \$59,700
17 Vendors: \$52,441.80
18 Advertising (Weed Maps and San Diego Reader): \$24,878.65
19 Management fees to Far West, Hancock, Adam Knopf (a.k.a. payroll):
20 \$62,847.01
21 Security: \$8,323.20
22 Maintenance: \$2,342.62
23 Total: \$210,533.28

24 Decl. Austin (Nov. 5, 2018); Decl. Rising (Nov. 5, 2018); Decl. Malan (Nov. 5, 2018).

25 Add about \$50,000 to each of those to account for the bills of the receiver, his counsel, and the
forensic accountant. Exhibit B to Gina Austin’s November 5th declaration shows the receiver’s
expenses:

- \$13,213.45 to the receiver’s attorney in September.
- \$12,400.78 to the receiver’s attorney in August.
- \$20,072.50 to the receiver’s accountant for just 16 days of work in September.

The receiver filed a declaration on September 5th authenticating his own billings, paying
himself \$17,028 on July 30th, \$812 on August 6th, \$9,651 on August 13th, and \$7,658 on

1 September 1st. He also inexplicably paid \$100 for the premium on the receiver bond on July
2 26th – a fee that was supposed to be paid by Plaintiff Razuki.

3 Revenue during this period is insufficient to pay these bills, as shown by the receiver’s
4 request for a \$600,000 loan and his second receiver’s report, filed earlier this week. The
5 businesses need to immediately pay more than \$361,048.55 (Decl. Malan ¶¶8-13), \$98,605 of
6 which was incurred because of the receiver. Id. ¶11, Exhibit F.

7 **3. Undertaking should be nominal because respondent Plaintiff has not**
8 **shown a likelihood of success on the merits of his claim.**

9 In deciding whether to waive a bond requirement, the court considers “all factors it
10 deems relevant.” Code Civ. Proc. §995.240. Whether Plaintiff can succeed on his breach of
11 contract claim is relevant to the need for an undertaking because if Plaintiff cannot succeed, he
12 should not have a receiver in the first place. He cannot, so the undertaking should be waived.

13 **4. Court should issue temporary stay before appellants post the**
14 **undertaking.**

15 “If the enforcement of the judgment or order would be stayed on appeal only by the
16 giving of an undertaking, a trial court shall not have power, without the consent of the adverse
17 party, to stay the enforcement thereof pursuant to this section for a period which extends for
18 more than 10 days beyond the last date on which a notice of appeal could be filed.” Code Civ.
19 Proc. §918. To spare the Defendants the incredible expense of the receiver, his lawyer, and the
20 forensic accountant continuing to bill them \$50,000 per month, the court should stay
21 enforcement of the September 26th order under Section 918 until Defendants post their nominal
22 undertaking.

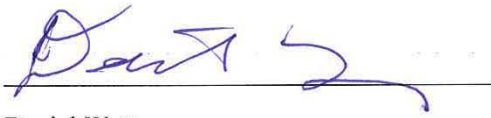
23 **CONCLUSION**

24 The order appointing the receiver is void because Plaintiff did not show a likelihood of
25 success or irreparable injury to his property – as opposed to the hypothetical property rights of
RM Property Holdings, LLC. Plaintiff showed only that he *could have been* entitled to 75% of
RM Property Holdings’ losses if Plaintiff had first (a) performed an accounting, (b) capitalized

1 RM Property Holdings, and (c) transferred Plaintiff's interests in Sunrise and Super 5 to RM
2 Property Holdings within 30 days. He did not do that, so the receivership statute – which is
3 jurisdictional – does not allow appointment of a receiver.

4 The court should vacate the void order. If it does not, it should immediately set a
5 nominal undertaking of \$500 for Defendants' appellate bond, and order Plaintiff to post an
6 additional undertaking of \$800,000 as condition of keeping the receiver in place.

7 Dated: November 15, 2018



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9 Steven W. Blake
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11 Attorneys for Defendant Ninus Malan
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15 SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO

16 CENTRAL DIVISION

17 SALAM RAZUKI, an individual,

18 Plaintiff,

19 vs.

20 NINUS MALAN, an individual; MONARCH
21 MANAGEMENT CONSULTING, INC., a
California corporation; SAN DIEGO UNITED
22 HOLDING GROUP, LLC, a California limited
liability company; MIRA ESTE
23 PROPERTIES, LLC, a California limited
liability company; ROSELLE PROPERTIES,
24 LLC, a California limited liability company;
25 and DOES 1-100, inclusive,

26 Defendants.
27

Case No.: 37-2018-00034229-CU-BC-CTL

**DECLARATION OF NINUS MALAN Re:
NOVEMBER 16, 2018, STATUS
CONFERENCE**

[Imaged File]

Judge: Hon. Eddie C. Sturgeon
Dept: C-67
Date: November 16, 2018
Time: 1:30 p.m.

1 I, Ninus Malan, declare the following:

2 1. I am over the age of 18 years and I am a defendant in this action.

3 2. I have personal knowledge of the facts stated in this declaration, and if called
4 upon to testify to these facts, I could and would do so competently. I am the custodian of records
5 for each of the companies for which I am an owner or manager, as described in prior
6 declarations filed with the Court in this action.

7 3. The receivership order has done nothing but drive the Marijuana Operations
8 further into insolvency. As of the date of this declaration, the Balboa Dispensary is in extreme
9 danger of losing its ability to operate due to breach of the Settlement Agreement with the
10 Montgomery Field Business Condominiums Association (the "Association"). A true and correct
11 copy of the Settlement Agreement is attached as Exhibit A and incorporated by reference.

12 4. As detailed in Exhibit A, the Association has very specific requirements that must
13 be met in order for the Balboa Dispensary to remain in operation, and certain payments that
14 must be made on a monthly basis. Breach of those requirements allows the Association to
15 revoke the use variance. Without the use variance, the Balboa Dispensary will be forced to shut
16 down immediately and render the property worthless.

17 5. On August 22, 2018, I notified the Receiver, Michael Essary, that a number of
18 Association payments were past due and I believe he is aware of the critical importance of the
19 Association payments and past due invoices but because Balboa does not generate enough
20 money to pay its bills and the receivership expenses, they have gone unpaid. A true and correct
21 copy of my notification is attached as Exhibit B and incorporated by reference.

22 6. On October 2, 2018, I once again informed Mr. Essary about outstanding
23 expenses that needed to be paid as soon as possible. Within those expenses, I detailed several
24 critical Association obligations. Despite recognizing the legitimacy and need for these
25 payments, Mr. Essary stated he had just recently used the receiver funds for "Receiver and Legal
26 fees and the retainer for Brinig accountants" and further, "I am not willing to release
27 [receivership] funds at this time as I would like to have a small reserve for unexpected receiver

1 expenses that may arise.” A true and correct copy of my email correspondence to Mr. Essary is
2 attached as Exhibit C and incorporated by reference.

3 7. Most of the bills that I told Mr. Essary about in the October 2, 2018 email
4 correspondence still remain unpaid. Some of these expenses include: the mortgages on the
5 properties, personal loans to cover business expenses, and insurance for Balboa. The businesses
6 will suffer from nonpayment of these outstanding bills.

7 8. On September 11, 2018, my attorney Tamara Leetham informed Mr. Essary that
8 the Association had requested payment to replace the main sewer line that had collapsed, an
9 obligation contained in the Settlement Agreement. Failure to pay for the sewer line is grounds
10 for revocation of the use variance that permits the Balboa Dispensary to operate, granted by the
11 Settlement Agreement. This payment is still outstanding. A true and correct copy of my email
12 correspondence notifying Mr. Essary of the expense is attached as Exhibit D and incorporated
13 by reference.

14 9. On October 10, 2018, I reminded Mr. Essary once again about the outstanding
15 payments required for the Balboa Mortgages and asked him how we were going to make these
16 payments. Mr. Essary referenced a prior email and said nothing has changed except that he was
17 in “strong disagreement about the accounting and expense approvals for Balboa and Mira Este.”
18 He appeared to be insinuating that there were unresolved accounting issues, despite recognizing
19 that the costs I was seeking for reimbursement were legitimate. I have been subsidizing these
20 businesses for months, and I am concerned that I will ultimately not be reimbursed for the costs
21 of the mortgages, the Association payments, and insurance, just to name a few. A true and
22 correct copy of my email correspondence discussing reimbursement with Mr. Essary is attached
23 as Exhibit E and incorporated by reference.

24 10. On November 13, 2018, the President of the Montgomery Field HOA dispatched
25 a letter of intent to San Diego United Holdings Group, LLC to revoke the Balboa Dispensary’s
26 use variance if the total outstanding amount of \$132,957.25, is not paid within five business
27 days. If the use variance for Balboa is revoked, the business will be irreparably harmed and

1 unable to legally operate in the future. Failure to pay the amount outstanding will effectively
2 destroy the entirety of this business. A true and correct copy of this letter and correspondence is
3 attached to the concurrently filed declaration of my attorney, Tamara Leetham.

4 11. The Receivership is causing harm to the businesses that do not make enough
5 money to sustain themselves. As detailed in the report filed by the Receiver prior to this
6 hearing, the Receivership has already cost the businesses \$98,605.65 in Receiver, Legal, and
7 accounting services alone. A true and correct copy of the Receiver's Second Report is attached
8 to my declaration as Exhibit F and incorporated by reference.

9 12. There is an additional \$56,048.55 in outstanding invoices for Receiver, Legal, and
10 accounting services. Maintaining the status quo of the businesses, and actually paying the
11 businesses critical past due bills, may only be possible in the absence of the Receiver exhausting
12 all of the businesses available resources. (Exhibit F).

13 13. Between the Montgomery Field HOA demand of approximately \$132,000, the
14 outstanding receiver invoices of \$56,048.55, the outstanding state excise taxes of \$173,000
15 (approximate) that SoCal did not pay, the Balboa marijuana operations have a combined
16 indebtedness of approximately **\$361,048.55**. This number does not account for outstanding
17 legal bills for my attorneys, potential fines owed to the City of San Diego related to the MGO
18 Audit, and money owed to Far West Management under the management services agreement as
19 the Court and the Receiver are also not allowing payment to Far West.

20 14. Turning to the forensic accounting, the report submitted by Brian Brinig does not
21 demonstrate that there is any need for the Receiver to remain in place, and the report itself is
22 inadequate. The forensic accountant's statement of cash received and disbursed from both the
23 Balboa and Mira Este Operations are unaudited figures. Unaudited figures are inherently
24 unreliable, which is why an accounting was ordered in the first place- to verify the source of
25 funds. (Exhibit F).

26 15. In addition to being unaudited, the forensic accountant's report is incomplete. The
27 report recognizes that the "other contributions claimed by the parties" must be investigated

1 further. (Exhibit F). The accountant, Brian Brinig, also reserved the right to update the report
2 due to timing constraints and “inadequate substantiation.” (Exhibit F).

3 16. For example, on November 9, 2018, I had a meeting with Mr. Brinig’s colleague,
4 Marilyn Weber, to submit some of my own financial documentation. Ms. Weber said that she
5 could not accept many of the documents until they were organized and listed according to her
6 specifications. For that reason, a great deal of my pertinent financial information is not included
7 in the forensic accountant’s report that is directly relevant to the overall issues in this case e.g.
8 how much money did the parties put in and how should that money be allocated. Until the
9 forensic accountant is satisfied that the report contains all the relevant information, and all
10 necessary investigation has been completed, any findings based upon the report are premature.

11 17. Despite the report being incomplete, some general conclusions are evident. The
12 businesses are clearly insolvent. The cash flow coming into the businesses is already earmarked
13 for current and past due obligations and the debts are only growing. There is no net profit being
14 squandered, let alone any profit to begin with. (Exhibit F).

15 18. Plaintiff Salam Razuki’s claim that he injected five million dollars into the
16 Balboa Dispensary in his August 12, 2018 Supplemental Declaration, was a wildly overstated
17 falsehood. A true and correct copy of Razuki’s supplemental declaration which states a five to
18 six million contribution is attached as Exhibit G, without its voluminous exhibits, and
19 incorporated by reference.

20 19. Mr. Razuki also claims, and the forensic accounting claims to have verified, that
21 Mr. Razuki is attributed with \$50,000 to Balboa based on the Arroyo Hondo sale. Yet, I have the
22 source documentation from the Arroyo Hondo sale, and it clearly depicts that the sale was
23 completed by American Lending and Holdings and seller Ninus Malan, not Mr. Razuki. I do not
24 understand how Mr. Razuki can claim he contributed funds from a sale completed by a company
25 that he does not even own. A true and correct copy of the HUD certificate evidencing the sale is
26 attached as Exhibit H and incorporated by reference.

27

1 20. Plaintiff-in-Intervention SoCal Building Ventures, LLC (“SoCal”) represents that
2 it contributed roughly \$1.55 million dollars to the Balboa Dispensary, and roughly \$500,000
3 dollars to the Mira Este Facility. (Exhibit F). However, SoCal’s “contributions” were
4 contractually obligated payments it was required to make under its Management Services
5 agreement with the respective facilities for the privilege of operating the Balboa Dispensary.
6 Characterizing the cost of doing business, and the cost of required minimum guarantee
7 payments as injections of capital, is deliberately misleading. A true and correct copy of the
8 management services agreement is attached as Exhibit I and incorporated by reference. It is
9 evident from this agreement that SoCal was contractually obligated to make these payments and
10 they were not meant for any other purpose.

11 21. Additionally, the financials that SoCal provided to the forensic accountant do not
12 match the financials that SoCal previously relied on in these proceedings.

13 22. On or about August of 2018, I was contacted by one of SoCal’s creditors who
14 loaned a substantial amount of money to its business. This creditor questioned me about an
15 accounting that SoCal’s Managing Member, Jim Townsend, provided the court in his August
16 11, 2018 declaration, demonstrating what money SoCal had allegedly spent at the Balboa and
17 Mira Este Facilities. That accounting, and the numbers that were apparently provided to Mr.
18 Brinig, cannot be reconciled; they do not match. In fact they appear to be almost the inverse of
19 what was previously represented. A true and correct copy of Mr. Townsend’s declaration with
20 the contradictory numbers is attached as Exhibit J and incorporated by reference.

21 23. Mr. Brinig’s accounting demonstrates that SoCal’s “contributions” to Balboa
22 totaled \$1,555,892.34 and an additional \$534,682.50 to Mira Este after accounting for the cost
23 of the equipment returned to SoCal of \$397,056.00. (Exhibit F).

24 24. Conversely, Mr. Townsend’s financial records provided to the Court demonstrate
25 “contributions” to Balboa of \$936,245.00 and an additional \$1,795,566.03 to Mira Este; thus
26 bringing the Mira Este total to \$1,398,510.03 by accounting for the cost of the equipment
27 returned to SoCal. Leaving aside for the moment the fact that *even these numbers do not*

1 *match*, the closest possible reconciliation of the inconsistent accounts could only be achieved by
2 attributing the contributions to the other facility. (Exhibit J).

3 25. Further, even at the time that I went over the financials with SoCal's creditor,
4 there were a number of inconsistencies regarding payments that SoCal claims it made, which
5 were never in fact paid out, according to the business's financial records at the time. SoCal has
6 at best kept highly unreliable records of its finances, and at worst, falsely represented the status
7 of its accounts. Either way, SoCal's financial accounts are not credible.

8 26. Even if SoCal's financial accounts could be relied upon, it still would not matter.
9 The only payments they made to the businesses were payments they were contractually
10 obligated to pay under their management agreement. Further, SoCal did not exercise its options
11 to purchase either of the businesses and in fact, never even paid to keep an option open on the
12 Mira Este facility at all. SoCal was fired for breaching their management agreements and have
13 allowed their only option to expire; SoCal has no stake in these businesses.

14 27. The costs defendants are being forced to incur by the receivership, coupled with
15 the outstanding debt that has not been paid, is on the brink of forcing the Balboa Dispensary to
16 close, and at this juncture has deprived me of the counsel of my choosing. As it stands I am
17 currently owed significant sums for personal loans that I used to float the business expenses
18 when they were not being paid by the Receiver.

19 28. Defendants continue to incur the entire cost of the receivership and it is simply
20 unsustainable. If the Receiver is to remain in place at all, the costs must be allocated to Plaintiff
21 and Plaintiff's-in-Intervention.

22 29. Lastly, the accounting should not be relied upon as it is incomplete and
23 contradictory. I have financial information that was omitted from the report, information which
24 is critical to the accounting. It is extremely prejudicial to me and the entity defendants to make
25 rulings on financial reports that do not comprehensively and completely detail the information.

26 30. My cross-complaint details a much larger picture between Razuki and me; it
27 extends well beyond the dispensary operations which should be included and considered. In

1 addition, and significantly, the forensic accounting does not include any information on Sunrise
2 and Super 5, both of which are critical to making any determination on the claims. Razuki
3 claims these entities are part of the purported business venture we have yet there is ZERO
4 MENTION of anything related to these entities in the accounting.

5 31. Even more troubling is that fact that this Court ordered Sunrise to be part of this
6 accounting at the September 27, 2018 hearing; that order was entered on October 25, 2018. Yet,
7 nothing has ever come of it. A true and correct copy of the Order requiring Sunrise to be part of
8 the accounting is attached as Exhibit K and incorporated by reference.

9 32. Not only that, but the transfer agreement which Mr. Razuki claims to be
10 enforcing, was rescinded in early 2018. Mr. Razuki does not actually claim to own any part of
11 the businesses that are currently in the receivership, he claims that he has a right to share in their
12 profits and losses through the transfer agreement to capitalize RM Property Holdings. A true and
13 correct copy of the transfer agreement is attached to my declaration as Exhibit L and
14 incorporated by reference.

15 33. There are several problems with Razuki's claims. First, no one ever capitalized
16 RM Holdings. Mr. Razuki never transferred the shares of Super 5 and Sunrise as he was
17 required to do. Mr. Razuki also never performed an accounting as he was required to do.

18 34. Second, I was never even given the opportunity to look over the agreement with
19 my attorney before I signed it. Instead, Rick Al-Jabi, Mr. Razuki's lawyer, pressured me to sign
20 it while I was sitting in his office with Mr. Razuki, even though he knew I was represented by
21 Austin Legal Group at the time.

22 35. Third, even if RM Property Holdings actually held shares in San Diego United, or
23 any of these other business entities, it would be operating at a net loss. All of the businesses in
24 the receivership are currently insolvent and becoming more indebted every day, or are not for
25 profit entities, and legitimately will not ever make a profit.

1 36. I have been doing everything in my power to keep these businesses open and
2 running. The financial burden of floating these operations has taken a severe personal toll on me
3 and I am afraid of losing everything I have worked so hard for.

4 37. I do not intend to sell these businesses, instead I am holding out in the hopes that
5 I can somehow turn this around. The receivership is endangering my livelihood.

6 I declare under penalty of perjury under California state law that the foregoing is true and
7 correct. Executed in San Diego, California on November 15, 2018.

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9 *Ninus Malan*

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11 Ninus Malan
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EXHIBIT A

4947

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into by and between Montgomery Field Business Condominiums Association (“Association”), Balboa Ave Cooperative (“Balboa”), San Diego United Holdings Group, LLC (“SDUHG”), Ninus Malan (“Malan”), Razuki Investments, LLC (“Razuki LLC”), and Salam Razuki (“Razuki”). The Association, Balboa, SDUHG, Malan, Razuki LLC and Razuki are sometimes referred to in this Agreement individually as a “Party” or collectively as the “Parties.” The Parties agree as follows:

1. Recitals. This Agreement is made with reference to the following recitals:

1.1 The Association is a California mutual benefit corporation that was organized on or about June 19, 1981 pursuant to its Articles of Incorporation, dated May 27, 1981 filed with the California Secretary of State. The Association was organized and operates as a Commercial or Industrial Common Interest Development as defined by Civil Code section 6531. The Association is also a “Condominium Project” as defined by Civil Code section 6542. The Association consists of certain commercial real property, including 62 office and industrial units, located within the City of San Diego, State of California (“Units”).

1.2 The Units are subject to the Association’s governing documents (as that term is defined in Civil Code section 6552), including, but not limited to, the Declaration of Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums (“CC&Rs”) recorded on July 31, 1981, as Document Number 1981-242889, in the official records of the San Diego County Recorder, as amended from time to time. The Units are also subject to a valid and enforceable 2015 Amendment to Declaration of Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums Association, dated February 26, 2015, recorded on March 2, 2015 as Document Number 2015-0093872 (“2015 Amendment”). A true and correct copy of the 2015 Amendment is attached to this Agreement as Exhibit “1” and is incorporated herein by reference. The 2015 Amendment was adopted by the Association pursuant to a valid vote of the Members of the Association (as defined in Section 16 of the CC&Rs), which took place in January and February 2015. In summary, the 2015 Amendment generally prohibits marijuana activities within the Association including the Units. In the 2015 Amendment, “Marijuana Activities” are defined as the “consumption, cultivation, manufacture, processing, possession, sale and/or distribution of marijuana and/or cannabis-related or cannabis-containing products and/or the operation of a medical marijuana collective, a medical marijuana cooperative, a medical marijuana dispensary, or a marijuana business for the sale of any marijuana product.”

1.3 On March 20, 2017, upon the recording of a Grant Deed, dated March 2, 2017 (recorded in the Official Records of the San Diego County Recorder), SDUHG became the record owner of two units within the Association located at 8863 Balboa Ave #E and 8861 Balboa Ave #B (the “SDUHG Units”). The SDUHG Units were transferred from Razuki LLC to SDUHG pursuant to this Grant Deed. In addition, Razuki LLC obtained a Deed of Trust with Assignment of Rents, which was recorded against the SDUHG Units on March 20, 2017 as Document Number 2017-0126557 recorded in the Official Records of the San Diego County Recorder. Malan is the managing member of SDUHG and Razuki is the principal member of Razuki LLC.

1.4 In or about April 2017, pursuant to Conditional Use Permit No. 1296130 8863 Balboa Ste E MMCC – Project No. 368347 (“CUP”), granted by City of San Diego Planning Commission, which is attached as Exhibit “2” and incorporated by reference, the Defendants, either individually or jointly, began some Marijuana Activities within the SDUHG Units.

1.5 On May 26, 2017, the Association commenced a civil enforcement action against the Defendants in San Diego County Superior Court, case number 37-2017-00019384-CU-CO-CTL (“Action”) to enforce the CC&Rs and the 2015 Amendment against the Defendants related to the Marijuana Activities occurring at the SDUHG Units. In the Action, Defendants raised numerous defenses to the validity or enforceability of the 2015 Amendment.

1.6 On September 8, 2017, the Court granted the Association a Preliminary Injunction, which was later modified. The Parties have posted several civil bonds in this Action related to the Preliminary Injunction and other ex parte applications filed in this Action (“Bonds”). Upon execution of this Agreement and the Stipulation, and upon the filing of a Notice of Settlement as set forth in Section 2.18, the Parties shall cooperate in obtaining the release of any bonds as part of this Agreement, if necessary.

1.7 On December 21, 2017, a Posted Notice of Application from the City of San Diego Development Services Department states that SDUHG applied for a Conditional Use Permit for a Marijuana Production Facility to operate within 8859 Balboa Ave, Suites A-E, located within the Association (“Proposed Production Facility”).

1.8 From May 26, 2017 through the present date, the Association has incurred \$127,924 in attorney’s fees and \$14,648.52 in costs in this Action as a result of (i) preparing, filing and serving the Complaint in this Action; (ii) approximately a dozen court hearings resulting or related to various ex parte applications filed by the parties and the preliminary injunction motion; (iii) a deposition; (iv) written discovery; and (v) other related litigation activities. The Association has limited funds, leaving it unable to pay its attorneys’ fees related to this Action in full unless it imposes one or more special assessments to Association’s Unit owners. In the Action, Defendants raised numerous defenses to the validity or enforceability of the 2015 Amendment.

1.9 As set forth in this Agreement, the Parties wish to forever settle, waive, and release any and all allegations, causes of action and claims, whether known or unknown, arising from or related to the Action by or between the Parties other than those claims specifically excluded from the releases herein.

2. Agreement.

In consideration of the recitals, terms, promises, conditions, and mutual covenants contained herein, the Parties agree as follows:

2.1 Settlement Payment. Defendant Malan shall pay the Association \$142,572 (One Hundred Forty-Two Thousand, Five Hundred Seventy-Two Dollars) for its attorneys' fees and costs incurred by the Association in the Action (the "Settlement Payment"). The Settlement Payment shall be paid by certified check, money order, or wire transfer made payable to the "Epsten Grinnell & Howell Client Trust Account" and delivered to the attention of Mandy D. Hexom, Epsten Grinnell & Howell, APC, 10200 Willow Creek Drive, Suite 100, San Diego, California 92131. The Settlement Payment shall be paid in the following manner:

2.1.1. By March 1, 2018, Defendant Malan shall pay the Association \$50,000 ("First Installment") to be applied exclusively toward the Settlement Payment; and

2.1.2. The remainder of the Settlement Payment, or \$92,572 (Ninety-Two Thousand, Five Hundred Seventy-Two Dollars), shall be paid in 15 monthly installments in the amount of \$6,171.47. The first \$6,171.47 installment payment shall be made on or before April 1, 2018 and continuing on the first day of each successive month until the remainder of the Settlement Payment is paid ("Remaining Monthly Installments").

2.2 Use Variance. In exchange for the Settlement Sum and for other valuable consideration as set forth herein, the Association shall permit Defendants to conduct Marijuana Activities and have armed guards as permitted by State and local law including the applicable governmental authorities from the City of San Diego. The Marijuana Activities may only occur within the SDUHG Units and/or the Proposed Production Facility as allowed by state and local law ("Use Variance"). The Use Variance shall be applicable to and run with Defendants only. The Use Variance shall be immediately and automatically revoked upon sale or transfer of the SDUHG Units or the Proposed Production Facility. However, the Board of Directors of the Association may approve a transfer of the Use Variance or approve a new Use Variance to another person or entity ("Transferee") for the SDUHG Units, but such transfer will require a new written agreement between the Association and any Transferee under the same terms and conditions of this Agreement including compliance with Sections 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, and 2.11 herein (unless performance is complete as to those specific provisions) and any other conditions that the Board deems necessary. Furthermore, an agreed transfer of the Use Variance to a Transferee will not waive or dispose of any other obligations imposed on Defendants pursuant to this Agreement that may be due or performed prior to any transfer.

2.2.1 The Parties agree that the 2015 Amendment is valid and enforceable. However, the Association agrees to provide the Use Variance for Marijuana Activities and armed guards even if such activities violate the 2015 Amendment. The Use Variance does not act as a waiver of the Association's ability to enforce its governing documents against any Unit owner within the Association including but not limited to any Party to this Agreement.

2.2.2 The Use Variance shall be in effect as long as Defendants are in compliance with this Agreement, the Stipulation, any applicable Conditional Use Permit, and state and local laws pertaining to Marijuana Activities. In the event of a dispute between the Parties related to the Use Variance, the Parties agree that such dispute shall be made pursuant to an application or motion (with at least 16 court days prior notice) to enforce this Agreement

which allows the non-moving party the opportunity to file an opposition. If the Association prevails on such a motion or application, Judgment shall be entered and the Use Variance will be deemed revoked.

2.2.3 Nothing in this Agreement shall constitute a waiver by any Unit owner from opposing any applications related to any Marijuana Activities within the Association. However, the Association, including the Board of Directors, agrees not to oppose any such applications by the Defendants for any Marijuana Activities that may be allowed pursuant to the terms of this Agreement.

2.2.4 Should any Defendants or their Transferee(s), their/his/its agents or representatives serve on the Board of Directors of the Association, they/he/she/it shall not participate in any decisions on behalf of the Board, the Association, or a Committee of the Board, that relate to the Use Variance, this Agreement, or the Stipulation.

2.3 Payment of Insurance. The Association currently has a package policy of insurance with Farmers. A true and correct copy of the Certificate of Insurance and Memo to Mortgage Processors is attached herewith as Exhibit 3 ("Insurance Policy"). The Association currently has the following deductibles: (i) \$0.00 for Commercial General Liability Deductible; (ii) \$500 for Directors and Officers (D&O) Deductible; (iii) \$2,500 Property Deductible; (iv) \$2,500 Crime Deductible (Money/Fidelity); and (v) \$2,500 Cyber Liability Deductible (collectively "Association Deductibles" or individually "Association Deductible"). The current annual premium for the Association's Insurance Policy is \$14,000 ("Premium"). Defendants agree to the following insurance obligations:

2.3.1 Should the Association's Insurance Policy be cancelled or not renewed because of or related to, in whole or in part, Defendants' Marijuana Activities or armed guards, the Association or its authorized insurance agents and/or brokers, at its sole and exclusive authority and right, may procure or obtain an alternative insurance policy or policies for the Association. Defendants shall not interfere with the Association obtaining any insurance proposal, quotes or policies.

2.3.2 Should the Association be required, at any time in the future, to pay or deduct any deductibles, as required by any Association insurance policies in effect, in an amount for any and all claims involving the Marijuana Activities and/or armed guards permitted pursuant to the Use Variance, Defendants shall pay or reimburse any such deductible amount within 30 days of receipt of a written demand by the Association, which shall include verification by the insurer or an agent of the insurer of such required deductible by written letter, email or notice to the Association or its agent.

2.3.3 Beginning May 1, 2018 and during the time that Defendants conduct Marijuana Activities or have armed guards within the Association, Defendants shall pay the Association's insurance premiums. The Association agrees to send a demand for payment which shall include a copy of the invoice or notice of the required premium for the Association insurance policies ("Insurance Notice"). Defendants agree to pay the Association premium within 30 days of receipt of such Insurance Notice.

2.4 Payment of Association Water and Sewer Costs. Beginning on March 1, 2018, Defendants shall reimburse the Association any and all water and sewer costs above \$500.00 per billing period, which is every two months. The Association agrees to send a demand for payment to Defendants for reimbursement of these water and sewer costs, which shall include a copy of the invoice or bill (“Water Bill Notice”). Defendants agree to pay the Association’s water costs above \$500.00 within 15 days of receipt of the Water Bill Notice.

2.5 Payment of Common Area Asphalt Costs. Beginning no earlier than September 1, 2018 and every five years thereafter, as long as this Agreement is in effect, Defendants shall pay or reimburse the costs for asphalt repairs, re-sealing, restriping, and restenciling of the common area parking stalls or parking spaces of the Association driveways and parking lots within the common areas of the Association (“Asphalt Costs”). The Parties agree that the Association will obtain a quote prior to obligating Defendants to the Asphalt Costs and present the quote to Defendants. In the event Defendants deem the quote too high, the Parties agree that the Association shall present three proposals or quotes from a licensed contractor and Defendants will be obligated to pay to the Association the lowest proposal for the Asphalt Costs. However, the Board of Directors of the Association will continue to have the authority to choose or select the contractor that will ultimately perform the work.

2.6 Payment of Painting Costs. Defendants agree to pay John Peak and Jason McKinney to paint the exterior of the Association’s two front buildings that face Balboa Avenue (8855 Balboa Ave Units A-H and 8865 Balboa Avenue Units A-H) pursuant to a Board-approved proposal for such work (“Painting Costs”). Defendants agree to pay the Painting Costs by March 1, 2020.

2.6.1 In the event John Peak and/or Jason McKinney are unable or unwilling to perform the exterior painting, or if the Association determines these painters do not have adequate insurance, the Parties agree that the Association will obtain a total of three quotes from licensed painting contractors and Defendants will be required to pay to the Association the lowest proposed amount. Payment of these Painting Costs shall be due within 60 days upon receipt by Defendants of the invoice or proposal from the Association. However, the Board of Directors of the Association will continue to have the authority to choose or select the contractor that will ultimately perform the work.

2.7 Payment of Sewer Line Costs.

2.7.1 Defendants agree to hydro-jet the sewer line(s) associated with the SDUHG Units on or before April 1, 2018 and annually thereafter if the Association deems annual hydro-jet service is required or necessary to the SDUHG Units. If the sewer lines associated with the SDUHG Units or the Proposed Production Facility require repair, replacement or other ancillary work to be performed, Defendants shall reimburse the Association for any such costs upon receipt of a written demand by the Association within 60 days.

2.7.2 Between December 1, 2020 and March 1, 2021, Defendants agree to pay the cost to replace the Association’s main sewer line (“Sewer Line Replacement”). The

Parties agree that the Association will obtain three quotes from a licensed and insured plumber prior to obligating Defendants to the Sewer Line Replacement and present the lowest quote to Defendants. Reimbursement of the cost of the Sewer Line Replacement shall be due within 60 days upon receipt by Defendants of the lowest proposal received by Defendants from the Association.

2.8 Water Valve Costs. Defendants shall reimburse the Association for the costs to replace 8 shut-off or shut down valves (one of each building) in addition to related new meter vales (5 total) ("Water Valve Costs"). The Association will obtain a total of three quotes from a licensed plumber and Defendants will be required to pay to the Association the lowest proposed amount. Payment of these Water Valve Costs shall be due within 60 days upon receipt by Defendants of the invoice or proposal from the Association. However, the Board of Directors of the Association will continue to have the authority to choose or select the contractor that will ultimately perform the work, provided that such reimbursement or payment will not be due before December 1, 2019.

2.9 Signs. Defendants agree that they cannot erect any signs for any Marijuana Activities or otherwise on the common areas of the Association unless such signs are first approved by the Board. The current signs on the Units will be approved by the Board of Directors of the Association at the Board meeting in February 2018.

2.10 Architectural Approval. Defendants must comply with Article VII, Section of the CC&RS. The Board of Directors of the Association may conduct an inspection of the interior of the SDUHG Units or the Proposed Production Facility upon 24 hours advanced written notice to Defendants if the Board of Directors obtains credible written information which details a potential violation of the governing documents of the Association.

2.11 Indemnification. Defendants hereby agree to and shall indemnify, hold harmless, and defend, at their own cost and expense, the Association and its employees, agents, officers, directors, board members, or representatives (collectively, "Association") from and against any and all losses, damages, judgments, rulings, settlements, claims, demands, actions, complaints, lawsuits, arbitrations, mediations, costs and expenses, including attorney's fees and costs (collectively "Claims" or individually "Claim") incurred by Association related to or resulting from any and all claims asserted or brought against Association in connection with the Marijuana Activities or armed guards involving the Defendants. Defendants further agree to defend, promptly and diligently, without compromising any deadlines imposed by law, at their sole expense, any such Claims brought against the Association or against the Association and/or Defendants, and to reimburse the Association any monies Association may have had to advance or pay to Defendants to protect the Association from such Claims (although nothing herein shall be construed to require Association to do so) or as the Association is required to pay by law or regulation or in order to avoid a fine, penalty, or forfeiture, or otherwise is paid by the Association in connection with, or as an expense, in defense of any Claim relating to Marijuana Activities or armed guards within the Association. This indemnification provision and its obligations shall be covered by any applicable insurance coverage(s) and for purposes of such insurance, Defendants shall list the Association as an additional insured party. The provisions

and obligations of this Indemnification paragraph shall survive for as long as the Use Variance is in effect or in use.

2.12 Stipulation. The Parties shall enter into the Stipulation for Court Jurisdiction to Enforce Settlement Upon Default Pursuant to Code of Civil Procedure Section 664.4 and Entry of Judgment Upon Default; Proposed Order Thereon, a true and correct copy of which is attached herewith as Exhibit 4 (“Stipulation”). The Judgment shall not be filed unless and until there is an adjudicated violation pursuant to Code of Civil Procedure section 664.6. The Parties further understand and agree that this Agreement will be attached as an exhibit to an application or motion should Party be required to file a noticed application or motion to enforce the terms of this Agreement pursuant to Section 2.17 herein.

2.13 Dismissal of Avila Restraining Order, Contempt, and Appeal. Balboa, SDUHG, Malan and Association agree that they will, in good faith, attempt to obtain a dismissal of the restraining order against Board President, Daniel Burakowski and dismissal of the related contempt and appeal, in exchange for a mutual waiver of fees and costs by the parties in that action and appeal, entitled *Anthony Avila v. Daniel Burakowski*, San Diego Superior Court Case Number 37-2017-00020519-CU-HR-CTL and Court of Appeal Case Number D072772.

2.14 Dismissal of Action. Within seven business days upon the receipt of a fully executed copy of this Agreement and the Stipulation, the Association shall file a Conditional Notice of Settlement using Judicial Council Form CM-200 indicating that the settlement is conditioned on obligations not to be performed until after payment of the Settlement Sum as set forth in Section 2.1. Upon payment of the Settlement Payment, the Association shall file with the court the attached Stipulation with the court in order to effectuate the execution of the Stipulation by the court and to obtain dismissal of the action without prejudice pursuant to the Stipulation. The Parties understand and agree that the Association may appear ex parte in this Action only to obtain the court’s agreement and signature to retain jurisdiction as set forth in the Stipulation after the payment of the Settlement Payment.

2.15 Mutual Release of Claims by the Parties. With the exception of his/her/its/their respective rights and obligations created pursuant to this Agreement and the Stipulation, and as otherwise set forth in this Agreement or the Stipulation, upon execution of this Agreement and the Stipulation, and upon completed performance of Sections 2.1 herein, each Party hereby forever mutually releases and discharges each other Party his/her/its/their predecessors, successors and assigns and his/her/its/their respective officers, agents, directors, employees, other representatives and shareholders, from any and all claims including, without limitation, rights, defenses, demands, causes of action, liabilities, suits, obligations, controversies, damages, losses, expenses, penalties, costs, attorney’s fees, and expenses of each and every kind and nature whatsoever, whether known or unknown, suspected or unsuspected, fixed or contingent, based upon, related to, or arising out of the Action related to this Action (the “Released Claims”).

2.16 Waiver of Civil Code Section 1542. The Parties acknowledge this Agreement and all releases and waivers contained herein are intended to and do apply to all such known, unknown, expected or unexpected risk, loss, or damage. Except as otherwise provided

herein, the Parties expressly waive any and all rights they may have pursuant to the provisions of section 1542 of the California Civil Code, which section 1542 states 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.

The Parties hereby acknowledge that they understand the significance and consequences of the specific waiver of Civil Code section 1542 and waive and relinquish all rights and benefits they may have under Civil Code section 1542 to the full extent that they may lawfully waive all such rights and benefits.

2.17 Enforcement of Agreement.

2.17.1 CCP Section 664.6. The Parties stipulate, agree and acknowledge, pursuant to the Stipulation, that this Agreement shall be enforceable pursuant to and under Code of Civil Procedure section 664.6 and pursuant to the court's inherent power to enforce settlement agreements, including the power to set aside a dismissal in order to enforce the Agreement. Accordingly, the Parties request and agree that the San Diego County Superior Court shall have the authority and exclusive jurisdiction to enforce the terms of this Agreement pursuant to CCP section 664.6 or pursuant to any other authority if the court refuses to apply CCP section 664.6 to enforce the terms of this Agreement.

2.17.2 Service of Agreement. Execution of this Agreement by a Party constitutes proof that such Party was served with this Agreement for purposes of any ex parte application or motion to enforce pursuant to Civil Code section 664.6 or otherwise.

2.17.3 Attorneys' Fees. Should either Party initiate any action at law or in equity to enforce or interpret the terms of this Agreement, the prevailing Party shall be entitled to recover its reasonable attorneys' fees, costs, and necessary disbursements against the non-prevailing Party, in addition to any other appropriate relief.

3. General Provisions

3.1. Required Notices. Any required notices to be delivered to a Party or Parties shall be provided by first class mail as follows:

If to Ninus Malan, Balboa Ave Cooperative or SDUHG, then to:
Ninus Malan
SDUHG, and Balboa Ave Cooperative
8863 Balboa Ave, Ste E, San Diego, CA 92123

If to Salam Razuki or Razuki Investments, LLC, then to:
Salam Razuki
Razuki Investments, LLC

If to Association, then to:

Mandy D. Hexom
Epsten Grinnell & Howell, APC
10200 Willow Creek Road, Suite 100
San Diego, CA 92131

3.2 Independent Counsel. The Parties have been represented or have had the opportunity to be represented by independent counsel of their own choice throughout any and all negotiations which preceded the execution of this Agreement. Each Party executed this Agreement with the consent and upon the advice of said independent counsel including with respect to the meaning of California Civil Code section 1542. The Parties have conducted their own independent investigation and relied upon their own advisors and attorneys regarding the settlement and terms of this Agreement and are entering into this Agreement on their own free will.

3.3 Waiver of Attorney's Fees and Costs. Except as other set forth herein, each Party shall bear their/its/his/her own costs and attorneys' fees in any way related to the Action, and the negotiation, documentation, and consummation of this Agreement and the Stipulation.

3.4 Authorized Signatory. The Parties, or the authorized representative thereof, has read this Agreement and understands the contents set forth herein. Each individual signing this Agreement on behalf of its respective entity or individual Party warrants and represents that each has the full power and authority to do so and thereby binds such respective Party.

3.5 Integration. This Agreement and Stipulation memorializes and constitutes the final expression and understanding between the Parties as to the claims being released herein, the complete exclusive statement of the Agreement, and supersedes and replaces all prior negotiations and agreements whether written or oral. The Stipulation is incorporated herein.

3.6 No Oral Modification or Modification by Interested Defendants. This Agreement may only be amended or modified by a writing signed by the Parties.

3.7 Cooperation and Drafting. Each Party has cooperated in the drafting and preparation of this Agreement and Stipulation. Hence, if any construction is made of this Agreement and Stipulation, the same shall not be construed against any Party.

3.8 California Law. This Agreement shall be deemed to have been executed and delivered within the County of San Diego, State of California, and the rights and obligations of the parties hereto shall be governed and enforced in accordance with the laws of the State of California.

of the parties hereto shall be governed and enforced in accordance with the laws of the State of California.

3.9 Further Assurances. The Parties shall perform any further acts and execute and deliver any documents which may be reasonably necessary to carry out the intent of this Agreement.

3.10 Captions. Sections, paragraphs, captions and/or headings contained in this Agreement are inserted for reference and convenience, and are not intended to define, limit, extend or otherwise define the scope or content of this Agreement or any provision hereof and shall not affect in any way the meaning or interpretation of this Agreement.

3.11 Counterparts. This Agreement may be executed in counterparts and when each Party has signed and delivered one such counterpart, each counterpart shall be deemed an original and, when taken together with other signed counterparts, shall constitute one Agreement which shall be binding upon and effective as to all Parties.

3.12 Facsimile or Electronic Signatures. This Agreement may be executed and signature pages exchanged via facsimile. Upon receipt via facsimile by all Parties, each executed signature page, combined with other original signature pages, shall be deemed an original and shall constitute one Agreement which shall be binding upon and effective as to all parties. A signed copy of the Agreement transmitted by facsimile machine, or other electronic image, will have the same force and effect as an original signature.

3.13 No Waiver. No delay or omission on the part of either Party in exercising or enforcing any rights under this Agreement shall constitute a waiver of the right, or of any right, including, but not limited to, the right to enforce any continuing breach of this Agreement.

3.14 Effective Date of Agreement. This Agreement shall become effective upon the date it is last signed by the Parties (the "Effective Date") and upon all Parties executing the Stipulation.

3.15 Time is of the Essence. Time is of the essence as to each and every term, covenants and condition of this Agreement in which time is a factor.

EACH OF THE UNDERSIGNED HEREBY DECLARES THAT THE TERMS OF THIS AGREEMENT HAVE BEEN COMPLETELY READ AND ARE FULLY UNDERSTOOD, AND BY EXECUTION HEREOF VOLUNTARILY ACCEPT THE TERMS WITH THE INTENT TO BE LEGALLY BOUND THEREBY.

Dated: 2/13/18

BALBOA AVE COOPERATIVE

By: [Signature]

Title: president

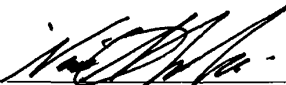
Dated: 2/12/18

SAN DIEGO UNITED HOLDINGS GROUP, LLC

By: 

Title: Manager

Dated: 2/12/18


NINUS MALAN

Dated: _____

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

By: _____
Daniel Burakowski
Board President

Dated: _____

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

By: _____
Glenn Strand
Vice President

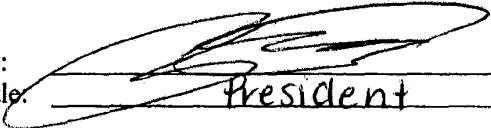
Dated: _____

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

By: _____
Chris Williams
Secretary

Dated: 2/12/18

RAZUKI INVESTMENTS, LLC

By: 
Title: President

Dated: 2/12/18

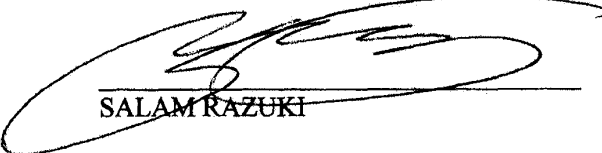

SALAM RAZUKI

EXHIBIT 1

DOC# 2015-0093872



Mar 02, 2015 01:34 PM

OFFICIAL RECORDS
Ernest J. Dronenburg, Jr.,
SAN DIEGO COUNTY RECORDER
FEES: \$35.00

Recording Requested By:

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

When Recorded, Return To:

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION
c/o Epstein Grinnell & Howell APC
10200 Willow Creek Rd., Suite 100
San Diego, California 92131

712
101P

**2015 AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR
MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION**

**NOTICE
(Govt. Code §12956.1)**

IF THIS DOCUMENT CONTAINS ANY RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, GENDER, GENDER IDENTITY, GENDER EXPRESSION, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, GENETIC INFORMATION, NATIONAL ORIGIN, SOURCE OF INCOME AS DEFINED IN SUBDIVISION (P) OF SECTION 12955, OR ANCESTRY, THAT RESTRICTION VIOLATES STATE AND FEDERAL FAIR HOUSING LAWS AND IS VOID, AND MAY BE REMOVED PURSUANT TO SECTION 12956.2 OF THE GOVERNMENT CODE. LAWFUL RESTRICTIONS UNDER STATE AND FEDERAL LAW ON THE AGE OF OCCUPANTS IN SENIOR HOUSING OR HOUSING FOR OLDER PERSONS SHALL NOT BE CONSTRUED AS RESTRICTIONS BASED ON FAMILIAL STATUS.

THIS AMENDMENT is made on this 13th day of February, 2015, by MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION, a California nonprofit mutual benefit corporation ("Association"), with reference to the following:

RECITALS

A. The Association is a corporation whose Members are the Owners of all the Office Units and Industrial Units within that certain real property in the City of San Diego, County of San Diego, State of California, more particularly described in Exhibit "A" attached hereto and made a part hereof (hereinafter "Property").

B. The Property was developed in part as a "Commercial or Industrial Common Interest Development" as defined in section 6531 of the California Civil Code, and as a "Condominium Project" as defined in section 6542 of the California Civil Code, and currently consists of Office Units, Industrial Units and Exclusive Use Areas as shown on the "Condominium Plan" recorded July 31, 1981 as Document No. 81-242888 in the San Diego County Recorder's Office.

C. The Property is currently subject to the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens and charges set forth in the "Declaration of Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums" recorded on July 31, 1981 in the Official Records of the San Diego County Recorder as Document No. 81-242889 ("Declaration"), and all amendment thereto, including but not limited to the First Amendment to Declaration recorded September 14, 1989 as Document No. 1989-495903, and the Second Amendment to Declaration recorded on August 24, 1999, as Document No. 1999-0582901.

D. The Association and its Members desire to amend the Declaration as set forth below. By this 2015 Amendment, members representing at least seventy-five percent (75%) of the total voting power of the Association desire to amend certain provisions of the Declaration.

E. Article XIII, Section 2 of the Declaration provides that the Declaration may be amended from time to time by an instrument signed by members representing at least seventy-five percent (75%) of the total voting power of the Association.

F. The undersigned President and Secretary of the Association certify that at the time the ballots were counted the number of members in good standing and entitled to vote on matters related to the Association at the Special Meeting was 740. The undersigned President and Secretary of the Association certify that, to the best of their knowledge, the affirmative vote or written consent of at least the required percentage of Association Members has been obtained. The vote was 660 in favor of approval and 40 disapprovals, a total of 700 ballots were submitted out of total possible 740 eligible voters;

F. Each of the definitions contained in this 2015 Amendment shall be the same as those set forth in the Declaration except where such term is specifically deleted, amended or modified herein.

G. Notwithstanding any other provisions in the Declaration, the provisions of this Amendment shall apply and shall prevail in any inconsistency between this Amendment and the Declaration.

NOW, THEREFORE, pursuant to and in accordance with the provisions of Corporations Code Section 7513 and Article XIII, Section 2 of the Declaration, the Declaration is hereby amended as stated below:

Article VI, of the Declaration of Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums, shall be amended to add the following language to the "Use Restrictions":

Section 20. Cultivation, Manufacture, Possession, Processing, Sale and/or Distribution of Marijuana Prohibited. The Association hereby implements a program to prohibit the use of Units for the consumption, cultivation, manufacture, processing, possession, sale and/or distribution of marijuana and/or cannabis-related or -containing products ("Marijuana Activities") and/or the operation of a medical marijuana collective, a medical marijuana cooperative, or a medical marijuana dispensary (collectively "Medical Marijuana Distributors"). The Association and its members have determined the following:

(a) Restrictive covenants pertaining to private land use (CC&Rs) are permitted to be more restrictive than public laws and zoning uses. *Mullaly v. Ojai Hotel Co.* (1968) 266 CA2d 9. To the extent such uses are permitted by law, the owners of this development have determined to make clear their desire to prevent uses which may otherwise be permissible at law. Accordingly, while Article VI, Sections 1 and 16, of this Declaration likely provide the Association with independent and adequate authority to restrict any and all activity related to marijuana, the threat posed by the possible presence of persons or businesses geared to Marijuana Activities or operations of Medical Marijuana Distributors, warrants additional clarity in this Declaration and the owners accordingly wish to prohibit all such activities to the greatest possible extent;

(b) Marijuana Manufacture, Cultivation, Possession and Distribution violates federal law. (21 USC Section 841(a)(1).)

(c) The presence of Marijuana Activities and/or operations of Medical Marijuana Distributors, would increase the likelihood of crime on the Property;

(d) The presence of a Marijuana Activities and/or the operation of Medical Marijuana Distributors would likely create parking and traffic flow problems for all Members;

(e) The carrier of the Association's master hazard insurance policy has informed the Members that the increased hazard presented by Marijuana Activities and/or the presence of Medical Marijuana Distributors due to high theft rates, break-ins, flammable products (i.e. THC methane wax extraction) and any manufacturing exposure could cause a claim to be denied and subject all Members of the Association to uncovered financial loss;

(f) The carrier of the Association's master hazard insurance policy has further informed the Members that associations whose units are involved in the sale or distribution of medical marijuana are ineligible for insurance coverage;

(g) The presence of Marijuana Activities and/or the presence of Medical Marijuana Distributors would likely decrease the property value of all Units;

(h) The California Supreme Court has concluded, "[N]either the [Compassionate Use Act of 1996 (Health & Safety Code § 11362.5) ("CUA")] nor the [Medical Marijuana Program (Health & Safety Code § 11362.7 et seq.) ("MMP")] expressly or impliedly preempts the authority of California cities and counties, under their traditional land use and police powers, to allow, restrict, limit, or entirely exclude facilities that distribute medical marijuana, and to enforce such policies by nuisance actions....[The CUA and the MMP]remove state-level criminal and civil sanctions from specified medical marijuana activities, but they do not establish a comprehensive state system of legalized medical marijuana; or grant a "right" of convenient access to marijuana for medicinal use; or override the zoning, licensing, and police powers of local jurisdictions; or mandate local accommodation of medical marijuana cooperatives, collectives, or dispensaries."(*City of Riverside v. Inland Empire Patients Health & Wellness Center, Inc.*, 56 Cal. 4th 729, 762-763 (Cal. 2013).)

Therefore, notwithstanding anything in this Declaration to the contrary, the use of any Unit for consumption, cultivation, manufacture, processing, possession, sale and/or distribution of marijuana and/or cannabis-related or -

containing products ("Marijuana Activities") and/or the operation of a medical marijuana collective, a medical marijuana cooperative, or a medical marijuana dispensary (collectively "Medical Marijuana Distributors"), is prohibited.

IN WITNESS WHEREOF, the undersigned have executed this **2015 Amendment to Declaration of Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums Association**, on this 26, day of February, 2015.

MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION,
a California nonprofit mutual benefit corporation

By: *Dan Burakowski*
DAN BURAKOWSKI, President

By: *Edward Quinn*
Edward Quinn, Secretary

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

On Feb. 26, 2015 before me, A. Caro DelCastillo, Notary Public, personally appeared Dan Burakowski and Edward Quinn, proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

A. Caro DelCastillo
Notary Public



**EXHIBIT A
LEGAL DESCRIPTION**

The Southwesterly 219.55 feet of the Northeasterly 413.55 feet of Lot 9 in the City of San Diego Industrial Park Unit No. 2., in the City of San Diego, County of San Diego, State of California, according to map thereof No. 4113, filed in the Office of the County Recorder of San Diego County, March 12, 1959.

Assessor's Parcel Numbers: 369-150-13-01 through 369-150-13-46

CERTIFICATE OF BOARD PRESIDENT AND SECRETARY
OF
MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION
A California Nonprofit Mutual Benefit Corporation

We, the undersigned, do hereby certify:

That we are the duly elected President and Secretary, respectively, of Montgomery Field Business Condominiums Association, a California non-profit, mutual benefit corporation.

That the foregoing 2015 Amendment to Article VI of the "Declaration of Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums," recorded on July 31, 1981 in the Official Records of the San Diego County Recorder as Document No. 81-242889, was approved by a majority vote of the membership on February 13, 2015 and was recorded on NA, 2015 as Document No. 2015-NA, in the Official Records of San Diego County, California, and affects the real property legally described in Exhibit A to the 2015 Amendment.

MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION
a California nonprofit mutual benefit corporation

By: *Dan Burakowski*
DAN BURAKOWSKI, President

By: *Edward Quinn*
Edward Quinn, Secretary

EXHIBIT 2

13p
1c

DOC# 2015-0399133



Jul 29, 2015 10:11 AM
OFFICIAL RECORDS
Ernest J. Dronenburg, Jr.,
SAN DIEGO COUNTY RECORDER
FEES: \$51.00

PAGES: 13

RECORDING REQUESTED BY
CITY OF SAN DIEGO
DEVELOPMENT SERVICES
PERMIT INTAKE, MAIL STATION 501

PROJECT MANAGEMENT
PERMIT CLERK
MAIL STATION 501

SPACE ABOVE THIS LINE FOR RECORDER'S USE

INTERNAL ORDER NUMBER: 24004643

CONDITONAL USE PERMIT NO. 1296130
8863 BALBOA STE E MMCC - PROJECT NO. 368347
PLANNING COMMISSION

This Conditional Use Permit No. 1296130 is granted by the Planning Commission of the City of San Diego to LEADING EDGE REAL ESTATE, LLC, Owner and UNITED PATIENTS CONSUMER COOPERATIVE, Permittee, pursuant to San Diego Municipal Code [SDMC] section 126.0305. The 2.51-acre site located at 8863 Balboa Avenue is in the IL-3-1 Zone, the Airport Influence Area (Miramar and Montgomery Field), Montgomery Field Safety Zone 2, 5, and 6, the 60-65 dB CNEL for Montgomery Field, and within the Kearny Mesa Community Plan Area. The project site is legally described as: Lot 9, Industrial Park No. 2, Map No. 4113, March 12, 1959.

Subject to the terms and conditions set forth in this Permit, permission is granted to Owner/Permittee to operate a Medical Marijuana Consumer Cooperative (MMCC) and subject to the City's land use regulations described and identified by size, dimension, quantity, type, and location on the approved exhibits [Exhibit "A"] dated July 9, 2015, on file in the Development Services Department.

The project shall include:

- a. Operation of a Medical Marijuana Consumer Cooperative (MMCC) in a 999 square-foot tenant space within an existing, 4,995 square-foot, one-story building on a 2.51-acre site;
- b. Existing landscaping (planting, irrigation and landscape related improvements);
- c. Existing off-street parking;

ORIGINAL

4969

- d. Public and private accessory improvements determined by the Development Services Department to be consistent with the land use and development standards for this site in accordance with the adopted community plan, the California Environmental Quality Act [CEQA] and the CEQA Guidelines, the City Engineer's requirements, zoning regulations, conditions of this Permit, and any other applicable regulations of the SDMC.

STANDARD REQUIREMENTS:

1. This permit must be utilized within thirty-six (36) months after the date on which all rights of appeal have expired. If this permit is not utilized in accordance with Chapter 12, Article 6, Division 1 of the SDMC within the 36 month period, this permit shall be void unless an Extension of Time has been granted. Any such Extension of Time must meet all SDMC requirements and applicable guidelines in effect at the time the extension is considered by the appropriate decision maker. This permit must be utilized by July 9, 2018.
2. This Conditional Use Permit [CUP] and corresponding use of this MMCC shall expire on July 9, 2020.
3. In addition to the provisions of the law, the MMCC must comply with; Chapter 4, Article 2, Division 15 and Chapter 14, Article 1, Division 6 of the San Diego Municipal Code.
4. No construction, occupancy, or operation of any facility or improvement described herein shall commence, nor shall any activity authorized by this Permit be conducted on the premises until:
 - a. The Owner/Permittee signs and returns the Permit to the Development Services Department.
 - b. The Permit is recorded in the Office of the San Diego County Recorder.
 - c. A MMCC Permit issued by the Development Services Department is approved for all responsible persons in accordance with SDMC, Section 42.1504.
5. While this Permit is in effect, the MMCC shall be used only for the purposes and under the terms and conditions set forth in this Permit unless otherwise authorized by the appropriate City decision maker.
6. This Permit is a covenant running with the MMCC and all of the requirements and conditions of this Permit and related documents shall be binding upon the Owner/Permittee and any successor(s) in interest.
7. The continued use of this Permit shall be subject to the regulations of this and any other applicable governmental agency.

8. Issuance of this Permit by the City of San Diego does not authorize the Owner/Permittee for this Permit to violate any Federal, State or City laws, ordinances, regulations or policies including, but not limited to, the Endangered Species Act of 1973 [ESA] and any amendments thereto (16 U.S.C. § 1531 et seq.).

9. The Owner/Permittee shall secure all necessary building permits. The Owner/Permittee is informed that to secure these permits, substantial building modifications and site improvements may be required to comply with applicable building, fire, mechanical, and plumbing codes, and State and Federal disability access laws.

10. Construction plans shall be in substantial conformity to Exhibit "A." Changes, modifications, or alterations to the construction plans are prohibited unless appropriate application(s) or amendment(s) to this Permit have been granted.

11. All of the conditions contained in this Permit have been considered and were determined-necessary to make the findings required for approval of this Permit. The Permit holder is required to comply with each and every condition in order to maintain the entitlements that are granted by this Permit.

If any condition of this Permit, on a legal challenge by the Owner/Permittee of this Permit, is found or held by a court of competent jurisdiction to be invalid, unenforceable, or unreasonable, this Permit shall be void. However, in such an event, the Owner/Permittee shall have the right, by paying applicable processing fees, to bring a request for a new permit without the "invalid" condition(s) back to the discretionary body which approved the Permit for a determination by that body as to whether all of the findings necessary for the issuance of the proposed permit can still be made in the absence of the "invalid" condition(s). Such hearing shall be a hearing de novo, and the discretionary body shall have the absolute right to approve, disapprove, or modify the proposed permit and the condition(s) contained therein.

12. The Owner/Permittee shall defend, indemnify, and hold harmless the City, its agents, officers, and employees from any and all claims, actions, proceedings, damages, judgments, or costs, including attorney's fees, against the City or its agents, officers, or employees, relating to the issuance of this permit including, but not limited to, any action to attack, set aside, void, challenge, or annul this development approval and any environmental document or decision. The City will promptly notify Owner/Permittee of any claim, action, or proceeding and, if the City should fail to cooperate fully in the defense, the Owner/Permittee shall not thereafter be responsible to defend, indemnify, and hold harmless the City or its agents, officers, and employees. The City may elect to conduct its own defense, participate in its own defense, or obtain independent legal counsel in defense of any claim related to this indemnification. In the event of such election, Owner/Permittee shall pay all of the costs related thereto, including without limitation reasonable attorney's fees and costs. In the event of a disagreement between the City and Owner/Permittee regarding litigation issues, the City shall have the authority to control the litigation and make litigation related decisions, including, but not limited to, settlement or other disposition of the matter. However, the Owner/Permittee shall not be required to pay or perform any settlement unless such settlement is approved by Owner/Permittee.

PLANNING/DESIGN REQUIREMENTS:

13. The use within the 999 square-foot tenant space shall be limited to the MMCC and any use permitted in the IL-3-1 zone.
14. Consultations by medical professionals shall not be a permitted accessory use at the MMCC.
15. Lighting shall be provided to illuminate the interior of the MMCC, facade, and the immediate surrounding area, including any accessory uses, parking lots, and adjoining sidewalks. Lighting shall be hooded or oriented so as to deflect light away from adjacent properties.
16. Security shall include operable cameras and a metal detector to the satisfaction of Development Services Department. This facility shall also include alarms and two armed security guards to the extent the possession of a firearm is not in conflict with 18 U.S.C. § 922(g) and 27 C.F.R § 478.11. Nothing herein shall be interpreted to require or allow a violation of federal firearms laws. The security guards shall be licensed by the State of California. One security guard must be on the premises 24 hours a day, seven days a week, the other must be present during business hours. The security guards should only be engaged in activities related to providing security for the facility, except on an incidental basis. The cameras shall have and use a recording device that maintains the records for a minimum of 30 days.
17. The Owner/Permittee shall install bullet resistant glass, plastic, or laminate shield at the reception area to protect employees.
18. The Owner/Permittee shall install bullet resistant armor panels or solid grouted masonry block walls, designed by a licensed professional, in adjoining walls with other tenants, reception area, and vault room (manager's office).
19. The name and emergency contact phone number of an operator or manager shall be posted in a location visible from outside of the MMCC in character size at least two inches in height.
20. The MMCC shall operate only between the hours of 7:00 a.m. and 9:00 p.m., seven days a week.
21. The use of vending machines which allow access to medical marijuana except by a responsible person, as defined in San Diego Municipal Code Section 42.1502, is prohibited. For purposes of this section and condition, a vending machine is any device which allows access to medical marijuana without a human intermediary.
22. The Owner/Permittee or operator shall maintain the MMCC, adjacent public sidewalks, and areas under the control of the owner or operator, free of litter and graffiti at all times. The owner or operator shall provide for daily removal of trash, litter, and debris. Graffiti shall be removed within 24 hours.

23. Medical marijuana shall not be consumed anywhere within the 2.51-acre site.
24. The Owner/Permittee or operator shall post anti-loitering signs near all entrances of the MMCC.
25. All signs associated with this development shall be consistent with sign criteria established by City-wide sign regulations and shall further be restricted by this permit. Sign colors and typefaces are limited to two. Ground signs shall not be pole signs. A sign is required to be posted on the outside of the MMCC and shall only contain the name of the business.
26. Interior spaces exposed to exterior aircraft noise sources shall be attenuated to achieve an indoor noise level of 50 dB CNEL.

ENGINEERING REQUIREMENTS:

27. Prior to the issuance of any building permit, the Owner/Permittee shall assure by permit and bond the replacement of the two easterly driveways with City standard driveways on Balboa Avenue per Standard Drawings SDG-159, satisfactory to the City Engineer.

TRANSPORTATION REQUIREMENTS:

28. No fewer than 5 parking spaces (including 1 van accessible space) for the proposed 999 square-foot MMCC (with 99 existing surface parking spaces -including 4 accessible spaces on the entire 2.5 acre site) shall be maintained on the property at all times in the approximate locations shown on Exhibit "A". All on-site parking stalls and aisle widths shall be in compliance with requirements of the City's Land Development Code and shall not be converted and/or utilized for any other purpose, unless otherwise authorized in writing by the Development Services Department.
29. Prior to any building permit/tenant improvement for 8861 Balboa Avenue Suite #B, the applicant shall demonstrate that the converted portion of the warehouse space to 2-car parking garage at 8861 Balboa Suite #B is to be accessed accessible for minimum turning path for passenger car design vehicle to accommodate ingress/egress of two (2) side-by-side dimensionally acceptable interior garage parking spaces, one of which is to be assigned to this CUP for 8863 Balboa Avenue Suite #E as employee parking while the other to be assigned to 8861 Balboa Avenue Suite #B, which may in turn require its own building permit to convert a portion of Suite #B into a parking garage satisfactory to BDR - Structural Review staff. Improvements to the existing garage space that may be required include, but are not limited to, a wider garage door and improvements required for separation of the parking and warehouse uses in 8863 Balboa Avenue Suite #E, satisfactory to BDR - Structural Review staff.

POLICE DEPARTMENT RECOMMENDATION:

30. The San Diego Police Department recommends that a Crime Prevention Through Environmental Design (CPTED) review be requested by their department and implemented for the MMCC.

INFORMATION ONLY:

- The issuance of this discretionary use permit alone does not allow the immediate commencement or continued operation of the proposed use on site. The operation allowed by this discretionary use permit may only begin or recommence after all conditions listed on this permit are fully completed and all required ministerial permits have been issued and received final inspection.
- Any party on whom fees, dedications, reservations, or other exactions have been imposed as conditions of approval of this Permit, may protest the imposition within ninety days of the approval of this development permit by filing a written protest with the City Clerk pursuant to California Government Code-section 66020.
- This development may be subject to impact fees at the time of construction permit issuance.

APPROVED by the Planning Commission of the City of San Diego on July 9, 2015 and Resolution No. PC-4716.

Conditional Use Permit No. 1296130/PTS No. 368347
Date of Approval: July 9, 2015

AUTHENTICATED BY THE CITY OF SAN DIEGO DEVELOPMENT SERVICES
DEPARTMENT

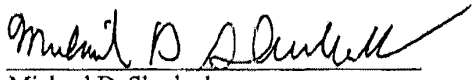


Edith Gutierrez
Development Project Manager

**NOTE: Notary acknowledgment
must be attached per Civil Code
section 1189 et seq.**

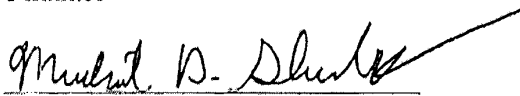
The undersigned Owner/Permittee, by execution hereof, agrees to each and every condition of
this Permit and promises to perform each and every obligation of Owner/Permittee hereunder.

LEADING EDGE REAL ESTATE, LLC
Owner

By 

Michael D. Sherlock
Managing Member

UNITED PATIENTS CONSUMER
COOPERATIVE
Permittee

By 

Michael D. Sherlock
Permittee

**NOTE: Notary acknowledgments
must be attached per Civil Code
section 1189 et seq.**

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Diego)
On July 27, 2015 before me, Vivian M. Gies, Notary Public
Date Here Insert Name and Title of the Officer
personally appeared Edith Gutierrez
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity~~(es)~~, and that by his/~~her/their~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Vivian M. Gies
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document PTS 368347/8863 Balboa Ste.E MMCC/CUP #1296130

Title or Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

Corporate Officer -- Title(s): _____

Partner -- Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other: _____

Signer Is Representing: _____

Signer's Name: _____

Corporate Officer -- Title(s): _____

Partner -- Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other: _____

Signer Is Representing: _____

ORIGINAL

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Diego)

On July 23rd, 2015 before me, Christine Gasparyan, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Michael DeCarlo Jorlock
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Christine Gasparyan
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Conditional Use Permit #123456 Document Date: _____

Number of Pages: 7 Signer(s) Other Than Named Above: N/A

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

ORIGINAL

PLANNING COMMISSION
RESOLUTION NO. PC-4716
CONDITONAL USE PERMIT NO. 1296130
8863 BALBOA STE E MMCC PROJECT NO. 368347

WHEREAS, LEADING EDGE REAL ESTATE, LLC, Owner and UNITED PATIENTS CONSUMER COOPERATIVE, Permittee, filed an application with the City of San Diego for a permit to operate a Medical Marijuana Consumer Cooperative (MMCC) in a 999 square-foot tenant space within an existing, 4,995 square-foot building (as described in and by reference to the approved Exhibits "A" and corresponding conditions of approval for the associated Permit No. 1296130), on portions of a 2.51-acre site;

WHEREAS, the project site is located at 8863 Balboa Avenue is in the IL-3-1 Zone, the Airport Influence Area (Miramar and Montgomery Field), Montgomery Field Safety Zone 2, 5, and 6, the 60-65 dB CNEL for Montgomery Field, and within the Kearny Mesa Community Plan Area;

WHEREAS, the project site is legally described as Lot 9, Industrial Park No. 2, Map No. 4113, March 12, 1959;

WHEREAS, on April 22, 2015, the Hearing Officer of the City of San Diego approved Conditional Use Permit No. 1296130 pursuant to the Land Development Code of the City of San Diego;

WHEREAS, on March 25, 2015, Stephen Cline and Daniel Burakowski filed appeals of the Hearing Officer's decision;

WHEREAS, on July 9, 2015, the Planning Commission of the City of San Diego considered the appeal of Conditional Use Permit No. 1296130 pursuant to the Land Development Code of the City of San Diego;

WHEREAS, on November 20, 2014, the City of San Diego, as Lead Agency, through the Development Services Department, made and issued an Environmental Determination that the project is exempt from the California Environmental Quality Act (CEQA) (Public Resources Code section 21000 et. seq.) under CEQA Guidelines Section 15303 (New Construction or Conversion of Small Structures); and the Environmental Determination was appealed to City Council, which heard and denied the appeal on March 3, 2015 pursuant to Resolution No. 309534;

NOW, THEREFORE, BE IT RESOLVED by the Planning Commission of the City of San Diego as follows:

That the Planning Commission adopts the following written Findings, dated July 9, 2015.

FINDINGS:

Conditional Use Permit Approval – Section §126.0305

1. The proposed development will not adversely affect the applicable land use

Plan.

The proposed project is a request for a Conditional Use Permit to operate in a 999 square-foot tenant space within an existing, 4,995 square-foot one-story building. The 2.51-acre site is located at 8863 Balboa Avenue in the IL-3-1 Zone, the Airport Influence Area (Miramar and Montgomery Field), Montgomery Field Safety Zone 2, 5, and 6, the 60-65 dB CNEL for Montgomery Field, and within the Kearny Mesa Community Plan area.

The site is designated Industrial in the Kearny Mesa Community Plan. The Industrial designation is intended for manufacturing, assembling, processing, warehousing or transporting goods or products. The Kearny Mesa Community Plan encourages continued development of Kearny Mesa as a regional employment center, containing a mix of industrial, office, retail and compatible housing land uses. The proposed MMCC was reviewed by MCAS Miramar and determined to be consistent with the Air Installation Compatible Use Zone (AICUZ) noise and safety compatibility guidelines.

The 2.51-acre site is zoned IL-3-1 and has eight detached buildings constructed in 1969. The proposed MMCC is located on the far southwest side of the lot. The existing uses on the site consist of vehicle sales and services, retail and commercial services (business services-offices). The existing uses are consistent with the Industrial designation of the community plan. The surrounding parcels are within the IL-2-1 Zone except from the south parcel which is Montgomery Field Airport and is unzoned. The proposed MMCC, classified as commercial services, is a compatible use for this location with a Conditional Use Permit and is consistent with the community plan, therefore will not adversely affect the applicable land use plan.

2. The proposed development will not be detrimental to the public health, safety, and welfare.

The proposed 999 square-foot MMCC site located at 8863 Balboa Avenue is within an existing 4,995 square-foot building on a 2.51-acre site. The existing tenant space is currently being used for vehicle sales and services. The project proposes interior improvements that include a reception area, dispensary area, office, employee lounge and restroom. The tenant improvement building permit will require compliance with the California Building Code, Plumbing Code, Mechanical Code, Electrical Code, Fire Code and all adopted referenced standards. Public improvements include the replacement of the two easterly driveways with City standard driveways on Balboa Avenue.

MMCCs are restricted to four per Council District, 36 city-wide, within commercial and industrial zones in order to minimize the impact on the City and residential neighborhoods. MMCCs require compliance with San Diego Municipal Code (SDMC) section 141.0614 which require a 1,000-foot separation, measured between property lines, from: public parks, churches, child care centers, playgrounds, libraries, minor-oriented facilities, other medical marijuana consumer cooperatives, residential care facilities, and schools. There is also a minimum distance requirement of 100 feet from a residential zone. In addition to minimum distance requirements, MMCCs prohibit consultations by medical professionals on site and do not allow certain types of vending machines. Security requirements include interior and exterior lighting, security cameras, alarms and a security guard. The security guard must be licensed by the State of California and be present on the premises during business hours. Hours of operation are limited from 7:00 a.m. to 9:00 p.m. seven days a week. MMCCs must also comply with Chapter 4, Article 2, Division 15 which provides guidelines for lawful operation.

The project requires compliance with the development conditions in effect for the subject property as described in Conditional Use Permit No. 1296130. The Conditional Use Permit is valid for five years, however may be revoked if the use violates the terms, conditions, lawful requirements, or provisions of the permit.

The referenced regulations and conditions have been determined as necessary to avoid adverse impact upon the health, safety and general welfare of persons patronizing, residing or working within the surrounding area and therefore, the proposed MMCC will not be detrimental to the public health, safety and welfare.

3. The proposed development will comply with the regulations of the Land Development Code including any allowable deviations pursuant to the Land Development Code.

The proposed 999 square-foot MMCC located at 8863 Balboa Avenue is within an existing 4,995 square-foot building. The 2.51-acre site is zoned IL-3-1 and has eight detached buildings totaling 39,674 square-feet constructed in 1969. The proposed MMCC is located on the far southwest side of the lot. The existing uses on the site consist of vehicle sales and services, retail and commercial services (business services-offices). The project proposes interior improvements that include a reception area, dispensary area, office, employee lounge and restroom. The tenant improvement building permit will require compliance with the California Building Code, Plumbing Code, Mechanical Code, Electrical Code, Fire Code and all adopted referenced standards. Public improvements include the replacement of the two easterly driveways with City standard driveways on Balboa Avenue.

MMCCs are allowed in the IL-3-1 zone with a Conditional Use Permit (CUP). The CUP requires MMCCs to comply with SDMC section 141.0614 which requires a 1,000-foot separation, measured between property lines, from: public parks, churches, child care centers, playgrounds, libraries, minor-oriented facilities, other medical marijuana consumer cooperatives, residential care facilities, and schools. There is also a minimum distance requirement of 100 feet from a residential zone. In addition to minimum distance requirements, MMCCs prohibit consultations by medical professionals on site and do not allow certain types of vending machines. Security requirements include interior and exterior lighting, security cameras, alarms and a security guard. The security guard must be licensed by the State of California and be present on the premises during business hours. Hours of operation are limited from 7:00 a.m. to 9:00 p.m. seven days a week. MMCCs must also comply with Chapter 4, Article 2, Division 15 which provides guidelines for lawful operation.

The proposed MMCC is consistent with the land use designation of Industrial. The proposed MMCC meets all development regulations, no deviations are requested, and the permit as conditioned assures compliance with all the development regulations of the San Diego Municipal Code. The proposed MMCC therefore complies with the regulations of the Land Development Code.

4. The proposed use is appropriate at the proposed location.

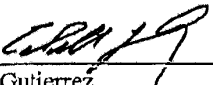
The proposed 999 square-foot MMCC located at 8863 Balboa Avenue is within an existing 4,995 square-foot building.

MMCCs, classified as commercial services, are allowed in the IL-3-1 zone with a Conditional Use Permit (CUP) and are consistent with the land use designation of Industrial use in the Kearny Mesa Community Plan. The CUP requires MMCCs to comply with SDMC section 141.0614 which requires a

1,000-foot separation, measured between property lines, from: public parks, churches, child care centers, playgrounds, libraries, minor-oriented facilities, other medical marijuana consumer cooperatives, residential care facilities, and schools. There is also a minimum distance requirement of 100 feet from a residential zone. In addition to minimum distance requirements, MMCCs prohibit consultations by medical professionals on site and do not allow certain types of vending machines. Security requirements include interior and exterior lighting, security cameras, alarms and a security guard. The security guard must be licensed by the State of California and be present on the premises during business hours. Hours of operation are limited from 7:00 a.m. to 9:00 p.m. seven days a week. MMCCs must also comply with Chapter 4, Article 2, Division 15 which provides guidelines for lawful operation.

The San Diego Municipal code limits MMCCs to commercial and industrial zones and the number of MMCCs to only four per Council District, 36 city-wide, in order to minimize the impact on the City and residential neighborhoods. The proposed MMCC is located on the far southwest side of a 2.51-acre site that is zoned IL-3-1 and has eight detached buildings. The existing uses on the site consist of vehicle sales and services, retail and commercial services (business services-offices). The proposed MMCC is a compatible use for this location with a Conditional Use Permit, is consistent with the community plan and the permit as conditioned assures compliance with all the development regulations of the San Diego Municipal Code, therefore the use is appropriate at the proposed location.

BE IT FURTHER RESOLVED that, based on the findings hereinbefore adopted by the Planning Commission, Conditional Use Permit No. 1296130 is hereby GRANTED by the Planning Commission to the referenced Owner/Permittee, in the form, exhibits, terms and conditions as set forth in Permit No. 1296130, a copy of which is attached hereto and made a part hereof.



Edith Gutierrez
Development Project Manager
Development Services

Adopted on: July 9, 2015

Job Order No. 24004643

EXHIBIT 3



CERTIFICATE OF LIABILITY INSURANCE

1733198

DATE (MM/DD/YYYY)
05/01/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

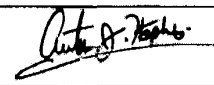
PRODUCER Michael Abdou Insurance Agency, Inc. 7850 Mission Center Ct. Ste 103 San Diego, CA 92108-1323 (619) 293-7779	CONTACT NAME: Arthur Hopkins PHONE (A/C No., Ext.): 619.293.7779 E-MAIL ADDRESS: certs@abdouinsurance.com	FAX (A/C No.): 619.298.7523													
	<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A: FARMERS INSURANCE EXCHANGE</td> <td>21652</td> </tr> <tr> <td>INSURER B:</td> <td></td> </tr> <tr> <td>INSURER C:</td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </tbody> </table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: FARMERS INSURANCE EXCHANGE	21652	INSURER B:		INSURER C:		INSURER D:		INSURER E:		INSURER F:
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INSURER E:															
INSURER F:															

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WYD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE EPLI <input checked="" type="checkbox"/> CLAIMS-MADE D&O GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC		60500-12-47	5/1/2017	5/1/2018	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 75,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 D&O LIMIT/AGG \$ 1,000,000
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		60500-12-47	5/1/2017	5/1/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y/N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A				WC STATUTORY LIMITS <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	BUILDING - 100% REPLACEMENT		60500-12-47	5/1/2017	5/1/2018	\$ 5,471,988 +ERC \$ 2,500 DED
A	EMPLOYEE DISHONESTY/FIDELITY		60500-12-47	5/1/2017	5/1/2018	\$ 50,000 \$ 2,500 DED
A	MECHANICAL BRKDOWN/ORDINANCE		60500-12-47	5/1/2017	5/1/2018	INCLUDED - SEE ATTACHED MEMO

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
 , 8855-8873 BALBOA AVE, SAN DIEGO, CA 92123
 BUILDING COVERAGE IS "BARE-WALLS" INCLUDING EXTENDED REPLACEMENT UP TO \$6,839,985. (17 UNITS)

CERTIFICATE HOLDER ASSOCIATED PROFESSIONAL SERVICES (018) C/O MARIA BAHENA, COMMUNITY ADMINISTRATOR PO BOX 602090 SAN DIEGO, CA 92160-2090 Loan Number:	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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ACORD 25 (2010/05)

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EXHIBIT 4

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Rian W. Jones, Bar No. 118830
Mandy D. Hexom, Bar No. 216390
EPSTEN GRINNELL & HOWELL APC
10200 Willow Creek Road, Suite 100
San Diego, California 92131
(858) 527-0111/ Fax (858) 527-1531
rjones@epsten.com
mhexom@epsten.com

Attorneys for Plaintiff,
MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

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

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
California Nonprofit Mutual Benefit
Corporation,

Plaintiff,

v.

BALBOA AVE COOPERATIVE, a
California corporation; SAN DIEGO
UNITED HOLDINGS GROUP, LLC, a
California limited liability company; NINUS
MALAN, an individual; RAZUKI
INVESTMENTS, LLC, a California limited
liability company; SALAM RAZUKI, an
individual; and DOES 1 through 25,
inclusive,

Defendants.

CASE NO. 37-2017-00019384-CU-CO-CTL

**STIPULATION FOR COURT TO RETAIN
JURISDICTION TO ENFORCE
SETTLEMENT UPON DEFAULT
PURSUANT TO CODE OF CIVIL
PROCEDURE SECTION 664.6 AND
ENTRY OF JUDGMENT UPON
DEFAULT; [PROPOSED] ORDER
THEREON**

Case Assignment: Honorable Ronald L. Styn
Complaint Filed: May 26, 2017
Trial Date: March 9, 2018

[IMAGED FILE]

IT IS HEREBY STIPULATED by and between Plaintiff, MONTGOMERY FIELD
BUSINESS CONDOMINIUMS ASSOCIATION, a California Non-Profit Corporation
("Plaintiff" or "Association") and Defendants, BALBOA AVE COOPERATIVE, SAN
DIEGO UNITED HOLDINGS GROUP, LLC, NINUS MALAN, RAZUKI INVESTMENTS,

1 LLC and SALAM RAZUKI (collectively, the “Defendants”) as follows:¹

2 1. Recitals. On or about May 26, 2017, the Association commenced this action
3 against the Defendants for causes of action related to the enforcement of the Association’s
4 Declaration of Covenants, Conditions and Restriction for Montgomery Field Business
5 Condominiums recorded on July 31, 1981 as Documents No. 1981-242889 in the Official
6 Records of the San Diego County Recorder’s Office (“CC&Rs”) and the Association’s 2015
7 Amendment to Declaration of Covenants, Conditions and Restrictions for Montgomery Field
8 Business Condominiums Association recorded on March 2, 2015 as Document No. 2015-
9 0093872 in the Official Records of the San Diego County Recorder’s Office (“2015
10 Amendment”). The complaint in this action also demanded attorney’s fees and costs incurred
11 by the Association to enforce the CC&Rs and 2015 Amendment.

12 2. Settlement Agreement. The Parties to this action and to this Stipulation have
13 entered into a Settlement Agreement (“Settlement Agreement”) providing, in part, at Section
14 2.2.1, that upon default or breach of the Settlement Agreement, the Association may have the
15 dismissal in this action set aside and Judgment (in an agreed-form attached herewith as Exhibit
16 A unless as otherwise modified by the court) filed and entered on its behalf as hereafter
17 provided by a noticed motion pursuant to Code of Civil Procedure section 1005.

18 3. Payment of Attorney’s Fees and Costs. Pursuant to Section 2.1 of the
19 Settlement Agreement, Defendant, MALAN agrees to pay and agree to be liable for the
20 Association’s attorney’s fees and costs incurred in this action in the total amount set forth in
21 Section 2.1 of the Settlement Agreement. The Parties agree that if the Association enforces
22 Section 2.1 of the Settlement Agreement, such payment is not to be considered a penalty.

23 4. Retention of Jurisdiction. The Parties agree that, pursuant to Section 664.6 of
24 the California Code of Civil Procedure, the San Diego Superior Court shall retain jurisdiction
25 over this case, and the performance of the obligations to be undertaken pursuant to the terms of
26 this Stipulation and the Settlement Agreement for as long as the court agrees to retain

27 ¹ The Association, Balboa Ave Cooperative, San Diego United Holdings Group, LLC, Ninus
28 Malan, Razuki Investments, LLC and Salam Razuki may be referred to as a “Party”
individually or “Parties” collectively in this Stipulation.

1 jurisdiction, and the Parties agree to submit to said jurisdiction. In the event any obligation
2 imposed by the Stipulation or the Settlement Agreement is not fulfilled as prescribed herein,
3 the court may set aside the dismissal entered in this action and, upon reasonable notice and
4 after hearing set forth herein, enforce the terms of this Stipulation and the Settlement
5 Agreement pursuant to Code of Civil Procedure section 664.6, and enter judgment against
6 either Party for violations of any of the terms set forth in this Stipulation and/or the Settlement
7 Agreement. This Stipulation and Settlement Agreement memorializes the settlement terms
8 entered into by the Parties, and is signed by all Parties to this action.

9 5. Default Terms. It is hereby agreed by the Parties that Defendants will be in
10 default under the terms of the Settlement Agreement should they fail to comply with any of the
11 terms set forth in Section 2 of the Settlement Agreement. It is further agreed by the Parties that
12 any Party will be in default under the terms of the Settlement Agreement should they fail to
13 comply with any of the Settlement Agreement's terms that he/she or it is obligated to perform.

14 6. Entry of Judgment Upon Default. Should any Party allege a breach or default of
15 any of the terms of the Settlement Agreement, the non-breaching Party will give the alleged
16 breaching Party written notice, via first class mail, which will be sent pursuant to the Required
17 Notices provision of the Settlement Agreement at Section 3.1. If the deficiencies, breach or
18 default of the Settlement Agreement is not corrected within ten (10) days from the date of said
19 written notice, then the non-breaching Party may apply or move the court on with at least 16
20 court days prior notice to the other Party, for enforcement of the Settlement Agreement and
21 other relief as the court deems just and proper.

22 7. If the breach or default is adjudicated against MALAN as to Section 2.1 of the
23 Settlement Agreement, Judgment will be entered against MALAN as set forth and attached as
24 Exhibit A unless otherwise modified by the court as it deems just and necessary.

25 8. In addition, upon a finding by the court that Defendants are in breach or default
26 of any terms set forth in Section 2 of the Settlement Agreement, the Association will be
27 entitled to and may seek, as part of a Judgment, a permanent injunction order prohibiting
28 Defendants, or any other persons or entities on behalf of Defendants or its successors, from

1 performing Marijuana Activities or having armed guards within the Association. This order
2 will also require Defendants and their agents or successors from immediately and permanently
3 ceasing any and all "Marijuana Activities" as defined in Section 20 of the Association's
4 CC&Rs and/or as defined in the 2015 Amendment and will be prohibited from having any
5 armed guards within the Association.

6 9. The Association is entitled to, and may seek, as part of the Judgment, the
7 Association's reasonable attorney's fees and costs incurred to enforce the terms of this
8 Stipulation and Settlement Agreement including the attorney's fees and costs to prepare and
9 file the default notice, the notice of motion, any related documents or pleadings, and to attend
10 a hearing to file and enter Judgment. The Parties stipulate and agree that the amounts for these
11 attorney's fees and costs may be inserted by the Association or the court in the Judgment upon
12 the filing of this Stipulation in support of an ex parte application or motion to set aside
13 dismissal and enforce the Settlement Agreement. The Parties agree that if a Party enforces
14 Section 2.17 of the Settlement Agreement or this provision of the Stipulation and the court
15 requires payment of such attorney's fees and costs to enforce the Settlement Agreement, such
16 obligation is not to be considered a penalty.

17 10. Dismissal without Prejudice. The Parties agree and state that this action may be
18 dismissed without prejudice and with a reservation of power and jurisdiction of the court to set
19 aside said dismissal and order entry of judgment in the manner provided in this Stipulation and
20 Settlement Agreement and pursuant to Code of Civil Procedure Section 664.6. If any
21 enforcement is necessary or a dispute arises after entry of any dismissal, the court reserved
22 jurisdiction to reinstate this action nuc pro tunc as of the date of this Stipulation and Order so
23 that the court can issue orders as set forth herein.

24 11. Defendants waive findings of fact, conclusions of law, any right to appeal from
25 any Judgment entered pursuant to this Stipulation and Settlement Agreement, the right to
26 move for a new trial, and any notices of hearings except as set forth herein.

27 12. If any provision or term of this Stipulation is determined to be invalid, such
28 invalidity shall not affect other provisions or terms which can be given effect without the

1 invalid provisions or terms; and to this end the provisions and terms of this Stipulation shall be
2 severable.

3 13. The Parties also agree that in the event of any dispute in the case, or as to the
4 language or meaning of the terms of this Stipulation, the court shall have sole and exclusive
5 power to render any decision related to such dispute.

6 14. This Stipulation and Settlement Agreement shall be effective upon its execution
7 by all Parties.

8 15. The Parties represent and warrant that (i) they have read and understand the
9 terms of this Stipulation and the Settlement Agreement, and (ii) have entered into this
10 Stipulation and Settlement Agreement for reasons of their own and not based upon
11 representations of any other Party hereto.

12 16. By executing this Stipulation and Settlement Agreement, each of the Parties
13 represents that it has the right, legal capacity, power and authority to enter into this Stipulation
14 and to perform its obligations hereunder, without the consent, approval or authorization of any
15 person, entity, tribunal or other regulatory or governmental authority.

16 17. At all times material hereto the Parties have had an opportunity to consult with
17 legal counsel of their own choosing concerning their rights with respect to the form and
18 content of this Stipulation and Settlement Agreement and the advisability of executing the
19 same.

20 18. This Stipulation and Settlement Agreement shall be binding on, and inure to the
21 benefit of the Parties hereto, and where applicable, their respective parents, subsidiaries,
22 affiliates, divisions, officers, directors, owners, associates, predecessors, successors, heirs,
23 assigns, agents, partners, employees, insurers, and representatives.

24 19. This Stipulation and Settlement Agreement may be executed in counterparts
25 and all such counterparts when so executed shall together constitute the final Stipulation as if
26 one document had been signed by all of the Parties. This Stipulation and Settlement
27 Agreement may be executed by e-mail or facsimile copy and each signature thereto shall be
28 and constitute an original signature, again as if all Parties had executed a single original

1 document. No modification of any provision of this Stipulation and Settlement Agreement
2 shall be effective unless the same is in writing and signed by all Parties, and then such
3 modification shall be effective only in the specific instance or for the purpose for which given.

4 20. Each of the Parties to this Stipulation and Settlement Agreement agree to
5 execute and deliver to the other Parties such other documents, instruments, and writings
6 reasonably necessary to effectuate this Stipulation and shall undertake such other actions to
7 cause the consummation of the transactions contemplated by this Stipulation and Settlement
8 Agreement.

9
10 Dated: February ____, 2018

BALBOA AVE COOPERATIVE

11

12 _____
By: Ninus Malan, Its President

13

14 Dated: February ____, 2018

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16 _____
NINUS MALAN

17

18 Dated: February ____, 2018

SAN DIEGO UNITED HOLDINGS GROUP,
LLC

19

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21 _____
Ninus Malan, Its Managing Member

22

23 Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
California Non-Profit Corporation

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By: _____
Daniel Burakowski, Board President

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Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
California Non-Profit Corporation

By: _____

By: _____
Glen Strand, Vice-President

Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
California Non-Profit Corporation

By: _____
Chris Williams, Secretary

Dated: _____

RAZUKI INVESTMENTS, LLC

By: _____
Title: _____

Dated: _____

SALAM RAZUKI

APPROVED AS TO FORM AND CONTENT:

Dated: February ____, 2018

EPSTEN, GRINNELL & HOWELL, APC

Mandy D. Hexom
Attorneys for Plaintiff,
MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

Dated: February ____, 2018

AUSTIN LEGAL GROUP, APC

Gina Austin
Tamara Leetham
Attorneys for Defendants,
BALBOA AVE COOPERATIVE, NINUS
MALAN, and SAN DIEGO UNITED
HOLDINGS GROUP, LLC

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Dated: February ____, 2018

LAW OFFICE OF DOUGLAS JAFFE

Douglas Jaffe
Attorneys for Defendants,
RAZUKI INVESTMENTS, LLC, and SALAM
RAZUKI

IT IS SO ORDERED:

Dated:

JUDGE OF THE SUPERIOR COURT

EXHIBIT 5

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Rian W. Jones, Bar No. 118830
Mandy D. Hexom, Bar No. 216390
EPSTEN GRINNELL & HOWELL APC
10200 Willow Creek Road, Suite 100
San Diego, California 92131
(858) 527-0111/ Fax (858) 527-1531
rjones@epsten.com
mhexom@epsten.com

Attorneys for Plaintiff,
MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

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

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
California Nonprofit Mutual Benefit
Corporation,

Plaintiff,

v.

BALBOA AVE COOPERATIVE, a
California corporation; SAN DIEGO
UNITED HOLDINGS GROUP, LLC, a
California limited liability company; NINUS
MALAN, an individual; RAZUKI
INVESTMENTS, LLC, a California limited
liability company; SALAM RAZUKI, an
individual; and DOES 1 through 25,
inclusive,

Defendants.

CASE NO. 37-2017-00019384-CU-CO-CTL

**[PROPOSED] JUDGMENT BY COURT ON
STIPULATION**

Case Assignment: Hon. Ronald L. Styn
Dept.: 72
Complaint Filed: May 26, 2017
Trial Date: March 9, 2018

[IMAGED FILE]

Plaintiff, MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION
("Association") and Defendants, BALBOA AVE COOPERATIVE, SAN DIEGO UNITED
HOLDINGS GROUP, LLC, NINUS MALAN, RAZUKI INVESTMENTS, LLC, and
SALAM RAZUKI agreed that upon application or motion by a party (giving adequate notice
of at least 16 court days prior to a hearing) to enforce the Settlement Agreement pursuant to
Code of Civil Procedure section 664.6 and upon a finding of a default by the court, that
Judgment be entered in this case pursuant to the terms of the Stipulation for Court to Retain

1 Jurisdiction to Enforce Settlement Upon Default Pursuant to Code of Civil Procedure Section
2 664.6 and Entry of Judgment Upon Default; Proposed Order Thereon (“Stipulation and
3 Order”). The court signed the Stipulation which was previously filed and entered in this action.

4 IT IS ADJUDGED, ORDERED AND DECREED as follows:

5 1. The court determines and finds that _____ is in
6 default of the Settlement Agreement pursuant to a breach of Section _____ of
7 the Settlement Agreement.

8 2. The dismissal without prejudice entered against _____ on
9 _____ is vacated.

10 3. Judgment is entered by the court according to the Stipulation and Order as
11 follows, if applicable:

12 2.1 The Use Variance referenced in Section 2.2 of the Settlement
13 Agreement is hereby revoked and cancelled and Defendants, and each of them, should be
14 permanently enjoined and prohibited from having armed guards or from conducting marijuana
15 activities or operations that are in violation of the 2015 Amendment to Declaration of
16 Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums
17 Association recorded as Document Number 2015-0093872 in the Official Records of the San
18 Diego County Recorder.

19 2.2 Defendant, NINUS MALAN must pay to Plaintiff Association the total
20 sum of \$142,572, minus any sums previously paid to the Association pursuant to Section 2.1
21 of the Settlement Agreement, for a total of \$_____. The total Judgment
22 amount NINUS MALAN must pay to Plaintiff is \$_____.

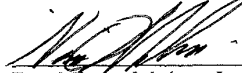
23 2.3 _____ must pay to the prevailing party, ____
24 _____ the total sum of \$_____ which represents
25 reasonable attorney’s fees and costs incurred by that party to enforce the Settlement
26 Agreement.

27 The foregoing is agreed to in form, if any such provision(s) above is applicable, as a
28 Judgment upon default of the Settlement Agreement by the following:

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Dated: February 13, 2018

BALBOA AVE COOPERATIVE



By: Ninus Malan, Its President

Dated: February 13, 2018


NINUS MALAN

Dated: February 13, 2018

SAN DIEGO UNITED HOLDINGS GROUP,
LLC


Ninus Malan, Its Managing Member

Dated: February _____, 2018

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
California Non-Profit Corporation

By: _____
Daniel Burakowski, Board President

Dated: February _____, 2018

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
California Non-Profit Corporation

By: _____

By: _____
Glen Strand, Vice-President

Dated: February _____, 2018

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
California Non-Profit Corporation

By: _____
Chris Williams, Secretary

Dated: _____

RAZUKI INVESTMENTS, LLC

By: _____
Title: _____

Dated: _____

SALAM RAZUKI

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Dated: February ____, 2018

BALBOA AVE COOPERATIVE

By: Ninus Malan, Its President

Dated: February ____, 2018

NINUS MALAN

Dated: February ____, 2018

SAN DIEGO UNITED HOLDINGS GROUP, LLC

Ninus Malan, Its Managing Member

Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION, a California Non-Profit Corporation

By: Daniel Burakowski, Board President

Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION, a California Non-Profit Corporation

By: _____

By: Glen Strand, Vice-President


Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION, a California Non-Profit Corporation

By: Chris Williams, Secretary

Dated: 02/13/18

RAZUKI INVESTMENTS, LLC

By: 
Title: President

Dated: 02/13/18


SALAM RAZUKI

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Dated: February ____, 2018

BALBOA AVE COOPERATIVE

By: Ninus Malan, Its President

Dated: February ____, 2018

NINUS MALAN

Dated: February ____, 2018

SAN DIEGO UNITED HOLDINGS GROUP,
LLC

Ninus Malan, Its Managing Member

Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
California Non-Profit Corporation

By: _____
Daniel Burakowski, Board President

Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
California Non-Profit Corporation

By: _____

By: _____
Glen Strand, Vice-President

Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
California Non-Profit Corporation

By: _____
Chris Williams, Secretary

Dated: _____

RAZUKI INVESTMENTS, LLC

By: _____
Title: _____

Dated: _____

SALAM RAZUKI

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APPROVED AS TO FORM AND CONTENT:

Dated: February ____, 2018 EPSTEN, GRINNELL & HOWELL, APC

Mandy D. Hexom
Attorneys for Plaintiff,
MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

Dated: February 12, 2018

AUSTIN LEGAL GROUP, APC
Tamara Leetham

Gina Austin
Tamara Leetham
Attorneys for Defendants,
BALBOA AVE COOPERATIVE, NINUS
MALAN, and SAN DIEGO UNITED
HOLDINGS GROUP, LLC

Dated: February ____, 2018 LAW OFFICE OF DOUGLAS JAFFE

Douglas Jaffe
Attorneys for Defendants,
RAZUKI INVESTMENTS, LLC, and SALAM
RAZUKI

IT IS SO ORDERED:

Dated: _____
JUDGE OF THE SUPERIOR COURT

1 APPROVED AS TO FORM AND CONTENT:

2 Dated: February ____, 2018 EPSTEN, GRINNELL & HOWELL, APC

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4 Mandy D. Hexom
5 Attorneys for Plaintiff,
6 MONTGOMERY FIELD BUSINESS
7 CONDOMINIUMS ASSOCIATION

8 Dated: February ____, 2018 AUSTIN LEGAL GROUP, APC

9 Gina Austin
10 Tamara Leetham
11 Attorneys for Defendants,
12 BALBOA AVE COOPERATIVE, NINUS
13 MALAN, and SAN DIEGO UNITED
14 HOLDINGS GROUP, LLC

15 Dated: February ____, 2018 LAW OFFICE OF DOUGLAS JAFFE

16 Douglas Jaffe
17 Attorneys for Defendants,
18 RAZUKI INVESTMENTS, LLC, and SALAM
19 RAZUKI

20 IT IS SO ORDERED:

21 Dated: JUDGE OF THE SUPERIOR COURT

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EXHIBIT B

5001

Leetham, Tamara

From: calsur@aol.com
Sent: Wednesday, August 22, 2018 12:14 PM
To: ninusmalan@yahoo.com
Cc: rgriswold@griswoldlawsandiego.com; Leetham, Tamara; Austin, Gina; symbolicrealestate@gmail.com; chasgoria@gmail.com; juddthetaxman@gmail.com; dwatts@galupplaw.com
Subject: Re: Current Outstanding Debts

Thank you for the information Ninus. How would the 2 entities have paid these bills - and are you saying that the entities have no funds? I have about \$49,000 in my account after canceling the state tax check for \$40,000 (based on Sturgeon's initial order to not spend any more money). Also, I will have access to the Flip account with about \$26,000 in it - after I have my order. But I'm confused about where you would normally expect to get funds for obligations of the entities? I assume from the management companies? Hoping to meet with Judd soon to discuss cash flow issues and my questions.

Mike

In a message dated 8/22/2018 11:43:01 AM Pacific Standard Time, ninusmalan@yahoo.com writes:

Mike,

I hope your doing well. Below is a list of expenses that are outstanding and needing to be paid. There are more remaining and I will send another email with those breakdowns. Please feel free to contact me with any questions or help I may assist you with.

1. Techne for Balboa 5 Units CUP - \$19,493.25
2. San Diego Reader Outstanding Balance \$1,550.00
3. Inzone Insurance for Balboa Ave Cooperative \$679.18
4. Lions and Coventry Insurance for California Cannabis Group \$302.45
5. Liberty Mutual Insurance for San Diego United Holdings Group \$457.80
6. CDTFA Tax \$173,702.86
7. Loan from Ninus Malan Personal for August 2018 Balboa 5 Units Mortgage - \$9,952.36
8. Loan from Ninus Malan Personal for August 2018 Balboa 2 Units Mortgage - \$4,573.70
9. Loan from Ninus Malan Personal for August 2018 Mira Este 1st Mortgage - \$6,625.00
10. Loan from Ninus Malan Personal for August 2018 Roselle Mortgage - \$3,300.00
11. Loan from Ninus Malan Personal for August 2018 Mira Este 2nd Mortgage - \$4,915.75
12. Loan from Chris Hakim Personal for August 2018 Mira Este 1st Mortgage - \$6,625.00
13. Loan from Chris Hakim Personal for August 2018 Mira Este 2nd Mortgage - \$4,915.75
14. Loan from Chris Hakim Personal for August 2018 Roselle St Mortgage - \$3,300.00
15. Epsten, Grinnel and Howell for HOA Settlement Payment - \$6,171.47
16. July 2018 HOA Insurance Payment - \$3,520.65
17. August 2018 HOA Insurance Payment - \$3,520.65
18. Balboa Ave 5 Units HOA monthly standard fee July 2018 - \$900.00
19. Balboa Ave 5 Units HOA monthly standard fee August 2018 - \$900.00
20. Balboa Ave 2 Units HOA monthly standard fee July 2018 - \$360.00
21. Balboa Ave 2 Units HOA monthly standard fee August 2018 - \$360.00
22. Balboa Race Car Advertising Sponsorship - \$2,000.00

Best regards,

Ninus Malan

EXHIBIT C

5003

Leetham, Tamara

From: calsur@aol.com
Sent: Thursday, October 4, 2018 9:49 AM
To: ninusmalan@yahoo.com
Cc: Austin, Gina; Leetham, Tamara; juddthetaxman@gmail.com; rgriswold@griswoldlawsandiego.com; Steve@EliaLaw.com; mpw@btzforensics.com
Subject: Urgent Payments Needing to be Paid

Ninus,

As I believe I've mentioned before I am holding approximately \$19,000 in my Wells Fargo receiver account. I have used funds from this account recently for Receiver and Legal fees and the retainer for Brinig accountants. I am not willing to release those funds at this time as I would like to have a small reserve for unexpected receiver expenses that may arise. As you and Judd know I turned over the Flip Mgmt account to you with approximately \$26,500 in the account for your use.

While many of your listed expenses are legitimate in my opinion and do need to be paid, others will need explanation prior to approval. But before we even get into the invoice approval process we need to discuss why there are no funds available. Marilyn is still working on a detailed cash flow analysis so I do not have a handle on the actual total cash coming in versus going out for expenses. And of even more concern to me is that fact that Mira Este to my knowledge has not reported or documented any of the potential income we know they are generating - as your team has stated and documented in court. For September and October there should be over \$120K in income based on Synergy and new tenant Edipure - Judd, why do we still not have any information/accounting for these monies? Marilyn, please correct me if I'm wrong but do you have any information about current cash flows on Mira Este?

And a final concern that you must address immediately per the court's multiple orders is that the Receiver, Legal, and Brinig accounting expenses have the highest priority for payment - even over operating expenses. They are not listed on your email as outstanding payables? And yet Far West has been receiving their \$25,000 a month in payments consistently?

There is a process for me to acquire funds to contribute to the operations, but it would require a court order and an outside 3rd party lender secured by Receiver Certificates with hyper priority on the businesses and properties. I'm willing to explore that if you are telling me that there is no way to fund these items from the operations.

I await your response before taking action.

Michael Essary
Receiver

In a message dated 10/4/2018 8:10:20 AM Pacific Standard Time, ninusmalan@yahoo.com writes:

Mike,

Any update on the below payments?

Please advise,

Ninus Malan

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: calsur@aol.com

Date: 10/3/18 12:35 AM (GMT-08:00)

To: ninusmalan@yahoo.com

Cc: gaustin@austinlegalgroup.com, tamara@austinlegalgroup.com, juddthetaxman@gmail.com,
rgriswold@griswoldlawsandiego.com

Subject: Re: Urgent Payments Needing to be Paid

I am reviewing and will respond tomorrow Ninus.

Mike

In a message dated 10/2/2018 7:30:48 PM Pacific Standard Time, ninusmalan@yahoo.com writes:

Mike,

The following payment's are currently outstanding and needing to be paid asap. Please let me know if you will be paying them in the next few days. I will not be able to make any payments personally. I need to know if we can make any of these payments?

1. October 2018 Balboa 5 Units Mortgage - \$9,952.36 to Salas Financial
2. October 2018 Balboa 2 Units Mortgage - \$4,573.70 to Salas Financial
3. October 2018 Mira Este 2nd Mortgage - \$9,831.50
4. October 2018 Mira Este 1st Mortgage - \$13,250.00
5. Epsten, Grinnel and Howell for HOA Settlement Payment - \$6,171.47
6. Techne for Balboa 5 Units CUP - \$19,493.25
7. San Diego Reader Outstanding Balance \$2,750.00
8. Inzone Insurance for Balboa Ave Cooperative \$679.18
9. CDTFA Tax \$173,702.86 - No Payments Made Yet
10. HOA Sewer Bill Installment Payment - \$20,000.00
11. July 2018 HOA Insurance Payment - \$3,520.65
12. August 2018 HOA Insurance Payment - \$3,520.65
13. Balboa Ave 5 Units HOA monthly standard fee September 2018 - \$900.00
14. Balboa Ave 5 Units HOA monthly standard fee October 2018 - \$900.00
15. Balboa Ave 2 Units HOA monthly standard fee September 2018 - \$360.00
16. Balboa Ave 2 Units HOA monthly standard fee October 2018 - \$360.00
17. Loan from Ninus Malan Personal for August 2018 Balboa 5 Units Mortgage - \$9,952.36
18. Loan from Ninus Malan Personal for August 2018 Balboa 2 Units Mortgage - \$4,573.70
19. Loan from Ninus Malan Personal for August 2018 Mira Este 1st Mortgage - \$6,625.00
20. Loan from Ninus Malan Personal for August 2018 Roselle Mortgage - \$3,300.00
21. Loan from Ninus Malan Personal for August 2018 Mira Este 2nd Mortgage - \$4,915.75
22. Loan from Chris Hakim Personal for August 2018 Mira Este 1st Mortgage - \$6,625.00
23. Loan from Chris Hakim Personal for August 2018 Mira Este 2nd Mortgage - \$4,915.75
24. Loan from Chris Hakim Personal for August 2018 Roselle St Mortgage - \$3,300.00
25. September 2018 HOA Insurance Payment - \$3,520.65
26. October 2018 HOA Insurance Payment - \$3,520.65
27. Loan from Ninus Malan Personal for September 2018 Mira Este 1st Mortgage - \$6,625.00
28. Loan from Ninus Malan Personal for September 2018 Mira Este 2nd Mortgage - \$4,915.75
29. Loan from Chris Hakim Personal for September 2018 Mira Este 1st Mortgage - \$6,625.00
30. Loan from Chris Hakim Personal for September 2018 Mira Este 2nd Mortgage - \$4,915.75

Please Advise,

Ninus Malan

EXHIBIT D

5006

Leetham, Tamara

From: Leetham, Tamara
Sent: Tuesday, September 11, 2018 2:11 PM
To: calsur@aol.com
Cc: rgriswold@griswoldlawsandiego.com; Austin, Gina; Ninus Malan
Subject: Balboa: HOA Main Sewer Line Must Be Replace

Hi Mike,

Ninus called me earlier this afternoon to let me know the HOA's main sewer line collapsed and the HOA is requesting San Diego United replace it pursuant to the settlement agreement in the Montgomery Field law suit. I have copied the relevant language below (see Section 2.7.2). This will obviously be an upcoming expense although not immediately due and payable.

Please let me know if you have any questions.

2.7 Payment of Sewer Line Costs.

2.7.1 Defendants agree to hydro-jet the sewer line(s) associated with the SDUHG Units on or before April 1, 2018 and annually thereafter if the Association deems annual hydro-jet service is required or necessary to the SDUHG Units. If the sewer lines associated with the SDUHG Units or the Proposed Production Facility require repair, replacement or other ancillary work to be performed, Defendants shall reimburse the Association for any such costs upon receipt of a written demand by the Association within 60 days.

2.7.2 Between December 1, 2020 and March 1, 2021, Defendants agree to pay the cost to replace the Association's main sewer line ("Sewer Line Replacement"). The Parties agree that the Association will obtain three quotes from a licensed and insured plumber prior to obligating Defendants to the Sewer Line Replacement and present the lowest quote to Defendants. Reimbursement of the cost of the Sewer Line Replacement shall be due within 60 days upon receipt by Defendants of the lowest proposal received by Defendants from the Association.

Tamara M. Leetham, Esq. | Austin Legal Group, APC | tamara@austinlegalgroup.com
3990 Old Town Ave., Ste A-112, San Diego, CA 92110
Office Phone: 619-924-9600
Fax Number: 619-881-0045
www.austinlegalgroup.com

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EXHIBIT E

5008

Leetham, Tamara

From: calsur@aol.com
Sent: Wednesday, October 10, 2018 2:27 PM
To: juddthetaxman@gmail.com
Cc: jrba@cox.net; NinusMalan@Yahoo.com; Austin, Gina; heidi@goldenstategreens.com; mpw@btzforensics.com; rgriswold@griswoldlawsandiego.com; Leetham, Tamara; chasgoria@gmail.com
Subject: Balboa - Sales & Use Tax & City Tax Due

Judd,

Do not make any expenditures until I approve. We still have the significant issue of Ninus and you stating that we do not have enough cash to make all necessary payments - including the highest priority payments for the receivership expenses.

On an ongoing basis I will review and normally approve payroll costs for Balboa (with adequate documentation) since I don't believe that the employees should be shorted on their labor and time. However, as Red and I have stated in previous emails ALL other expenses are secondary to receivership expenses per the court's multiple orders.

While I certainly understand the urgency in paying the normal operating expenses you and Ninus keep presenting to me, I do NOT have any additional funds adequate to resolve those issues; so I am demanding that you make NO payments for any expenses without my approval. As I recently mentioned to Heidi on her timely Balboa cash reports there were 2 expenses that I do not have record of approving?

I understand that non-payment of many of these legitimate expenses are a problem - but unless the principals are willing to add money to the operations I will be seeking outside funding to ensure that the critical bills are paid as soon as possible.

Again - nothing should be paid with cash or through banks unless I approve. And I will not be approving most expenses in secondary priority except for the pre-referenced payroll costs.

Justus "Judd" Henkes IV, CPA
7734 Herschel Ave., Ste L
La Jolla, CA 92037
Direct: 619-384-8875
FAX: 888-327-3522
juddthetaxman@gmail.com

Leetham, Tamara

From: calsur@aol.com
Sent: Wednesday, October 10, 2018 2:38 PM
To: ninusmalan@yahoo.com
Cc: juddthetaxman@gmail.com; Leetham, Tamara; Austin, Gina; dwatts@galuppolaw.com; rgriswold@griswoldlawsandiego.com; Maura@elialaw.com; Steve@EliaLaw.com
Subject: Re: 1831 and 1826 Balboa Loans

Ninus,

Nothing has changed except that we are in strong disagreement about accountings and expense approvals for Balboa and Mira Este. We will be asking the court for clarification on funding/loans and the current accounting and consultant issues.

I have copied the plaintiff on this due to your statements about the urgency of this issue and the possible negative affect to the businesses.

Mike

In a message dated 10/10/2018 2:33:49 PM Pacific Standard Time, ninusmalan@yahoo.com writes:

Mike,

See below notice from Salas financial for the Balboa Mortgages. We are past due and on the brink of default. Please advise how we will make these payments.

Ninus Malan

----- Forwarded Message -----

From: Mary Scelfo <mary@salasfinancial.com>
To: "ninusmalan@yahoo.com" <ninusmalan@yahoo.com>
Sent: Wednesday, October 10, 2018 1:53 PM
Subject: 1831 and 1826

Ninus,

Your payment for loan #1831 and #1826 is due and late. Please submit payment ASAP.

Thank you,

Mary Scelfo

Salas Financial
9320 Chesapeake Drive, Suite 116
San Diego, CA 92123
Ph: 858-537-9819
Fax: 858-549-1739
salasfinancial.com

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EXHIBIT F

5012

1 Richardson C. Griswold, Esq. (CA Bar No. 246837)
2 GRISWOLD LAW, APC
3 444 S. Cedros Avenue, Suite 250
4 Solana Beach, California 92075
5 Phone: (858) 481-1300
6 Fax: (888) 624-9177

7 Attorney For
8 **Court-Appointed Receiver Michael Essary**

9 SUPERIOR COURT OF CALIFORNIA
10 FOR THE COUNTY OF SAN DIEGO

11 SALAM RAZUKI, an individual,
12 Plaintiff,

13 v.

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

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

**RECEIVER MICHAEL ESSARY'S
SECOND RECEIVER'S REPORT**

Judge: Hon. Eddie C. Sturgeon
Dept: C-67
Date: November 16, 2018
Time: 1:30 p.m.

SECOND RECEIVER'S REPORT

1. I, Michael Essary, was appointed as the Receiver in the above-entitled matter by this Court on August 20, 2018. Pursuant to this Court's Appointment Order, I was ordered to take possession and control of the Marijuana Operations, which specifically includes the following

1 entities: San Diego United Holdings Group, LLC, Mira Este Properties, LLC, Balboa Ave
2 Cooperative, California Cannabis Group, Devilish Delights, Inc., and Flip Management, LLC.

3 2. This Court directed me to retain Brian Brinig of Brinig Taylor Zimmer, Inc. to conduct
4 a comprehensive forensic accounting audit of the Marijuana Operations, as well as of all named
5 parties in this matter as it relates to financial transactions between and among such parties related to
6 the issues in dispute. A true and correct copy of Mr. Brinig's report ("Brinig Report") is attached
7 hereto as **Exhibit A**. Mr. Brinig will attend the November 16, 2018 hearing in order to answer
8 questions from the Court and explain his report at the Court's request.

9 **BALBOA DISPENSARY & STORAGE UNIT**

10 3. San Diego United Holdings Group, LLC is the owner of 8863 Balboa Ave., Suite E,
11 San Diego, California 92123. This is the physical location of the retail cannabis dispensary that is
12 operating under the license held by Balboa Avenue Cooperative and managed by Far West
13 Management, LLC ("Far West"). San Diego United Holdings Group, LLC also owns 8861 Balboa
14 Ave. Suite B, San Diego, California 92123, which is used for storage by the dispensary operation.

15 4. Justus Henkus IV serves as the accountant for the Balboa Ave operations. Mr. Henkus
16 is also a part-owner of Far West.

17 5. I continue to enforce the agreed-upon expense payment procedure with Mr. Malan,
18 Mr. Henkus and Far West, whereby they submit invoices they would like to have paid and I
19 review/comment and approve/disapprove prior to payment.

20 6. One of the largest outstanding bills for the Balboa Ave operation is the State of
21 California sales taxes that were due on June 30, 2018. The outstanding amount owed is \$173,772.86
22 and the period covered by this tax bill is from July 1, 2017 through June 30, 2018.

23 7. The 2018 third quarter sales tax obligations were calculated by Far West and paid
24 prior to the October 31, 2018 deadline via check payment by the receivership estate. The total was
25 \$50,914.00 and the funds were provided to the receivership estate bank account from the Balboa
26 operations so that the receivership estate could issue a payment by check.

27 8. All state and local licenses and permits are currently in good standing and I remain
28

1 the primary contact on behalf of the Balboa operations when communicating with the state and local
2 agencies.

3 **BALBOA RENTALS**

4 9. One of the other properties owned by the San Diego United Holdings Group, LLC is
5 adjacent to, and in the same development as, the Balboa Ave dispensary. The address is 8859 Balboa
6 Avenue, Suites A–E, San Diego, California 92123. It was purchased by San Diego United Holdings
7 Group, LLC and I have been informed it is a potential future cannabis location. The original
8 owner/seller Mr. Peter Michelet remains as a tenant with no rent obligation and Mr. Michelet collects
9 rents from the other three tenants (total of \$5,500 per month). I have collected those rents for the last
10 two months and deposited them into the receivership estate bank account.

11 **MIRA ESTE PRODUCTION SITE**

12 10. Defendant Mira Este Properties, LLC is the owner of property located at 9212 Mira
13 Este Court, San Diego, California 92126. The Mira Este property is a cannabis production/extraction
14 site that was not operational at the time I was initially appointed in July 2018. Since then, it has begun
15 operating and is managed by Synergy Management Partners LLC (“Synergy”). Justus Henkus IV
16 provides accounting services for the Mira Este operations.

17 11. Per this Court’s Order, I coordinated Plaintiffs-In-Intervention SoCal Building
18 Ventures, LLC and San Diego Building Ventures, LLC’s retrieval of equipment from the Mira Este
19 property without incident. All parties and counsel cooperated.

20 12. A 3rd party cannabis producer, Edipure, is operating at the Mira Este property. Edipure
21 has a contract with California Cannabis Group (“CCG”), administered by Synergy, which results in
22 CCG receiving monthly 10% of Edipure’s sale revenue or \$30,000, whichever is higher. It is my
23 understanding that CCG, via Synergy, has collected \$90,000 thus far through this arrangement with
24 Edipure. Attached hereto as **Exhibit B** is a true and correct copy of the executed contract between
25 CCG and Edipure.

26 13. I continue to enforce the agreed-upon expense payment procedure with Mr. Malan,
27 Mr. Hakim, Mr. Henkus and Synergy, whereby they submit invoices they would like to have paid
28

1 and I review/comment and approve/disapprove prior to payment.

2 14. All state and local licenses and permits are currently in good standing and I remain
3 the primary contact on behalf of the Balboa operations when communicating with the state and local
4 agencies.

5 **GENERAL RECEIVERSHIP ACCOUNTING SUMMARY**

6 15. Attached hereto as **Exhibit C** is a true and correct copy of an updated Cash Ledger
7 reflecting activity and the balance of \$3,237.18 in my Wells Fargo receivership account. Attached
8 hereto as **Exhibit D** are true and correct copies of my currently-unpaid Receiver billings (unpaid for
9 September & October 2018: total \$26,069.50), currently-unpaid billings from my counsel,
10 Richardson Griswold (unpaid for October 2018: total \$5,516.55), and currently-unpaid billings from
11 accounting Brian Brinig (unpaid for October 2018: total \$24,462.50).

12 16. As ordered by this Court on September 26, 2018 in the Preliminary Injunction Order,
13 the fees and costs of the Receiver and Receiver's counsel are to be paid with funds of the Marijuana
14 Operations with priority over other expenses incurred (*See* Order, p. 3, §§ 8-9, signed September 26,
15 2018). As of the date of drafting this Report, my counsel, accountant Brinig and I have outstanding
16 invoices. I request this Court order the outstanding invoices be paid immediately from funds of the
17 Marijuana Operations.

18
19 Dated: November 13th 2018

Respectfully Submitted,

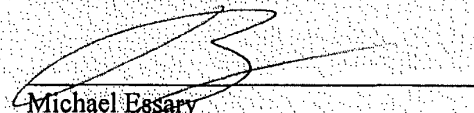
20
21 
22 Michael Essary
23 Court Appointed Receiver
24
25
26
27
28

Exhibit A

BRINIG TAYLOR ZIMMER
INCORPORATED
FORENSIC ACCOUNTING AND BUSINESS VALUATION
401 B STREET, SUITE 2150
SAN DIEGO, CALIFORNIA 92101
TEL. (619) 687-2600 FAX (619) 544-0304
www.btzforensics.com

November 12, 2018

BY E-MAIL ONLY

Honorable Eddie C. Sturgeon
Judge of the Superior Court
Department C-67
330 West Broadway
San Diego, CA 92101

Mr. Michael Essary
Court-Appointed Receiver
Calsur Property Management
8304 Clairemont Mesa Blvd., St. 207
San Diego, CA 92111

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

Judge Sturgeon, Mr. Essary, Parties and Counsel:

I have been court appointed by the Honorable Eddie C. Sturgeon to provide a forensic accounting analysis of financial issues related to two business operations: the "Balboa Operations" and the "Mira Este Operation." This report presents my findings as of November 12, 2018. The parties continue to provide information that they believe is relevant to my analysis and I reserve the right to update and augment this report based on additional information provided to me.

BACKGROUND FACTS

A dispute exists between Mr. Salam Razuki (Plaintiff) and Mr. Ninus Malan (one of the Defendants) regarding their respective ownership interests in various business entities comprising two separate, licensed cannabis operations. In short,¹ Razuki claims that he and Malan are 75% / 25% owners of the entities involved in the Balboa Operations. Razuki also claims that he and Malan are 75% / 25% owners in any interest that Malan has in the Mira Este

¹ The parties have complex claims in this matter and my summary of those claims is not intended to be complete. My summary is only intended to introduce the forensic accounting analysis that I have undertaken.

Honorable Eddie C. Sturgeon
Mr. Michael Essary
November 12, 2018
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Operation. This report addresses the Balboa Operations separately from the Mira Este Operation.

SCOPE OF THE FORENSIC ACCOUNTING ASSIGNMENT

In this report, the following financial issues are addressed:

The Balboa Operations:

1. Razuki's contributions made into the Balboa Operations.
2. Distributions received by Razuki from the Balboa Operations.
3. Malan's contributions made into the Balboa Operations;
4. Distributions received by Malan from the Balboa Operations;
5. Contributions made by others into the Balboa Operations;
6. Distributions received by others from the Balboa Operations;
7. A summary of the financial operating activity of the Balboa Operations from inception to approximately the end of October 2018.

The Mira Este Operation:

1. Razuki's contributions made into the Mira Este Operation;
2. Distributions received by Razuki from the Mira Este Operation;
3. Malan's contributions made into the Mira Este Operation;
4. Distributions received by Malan from the Mira Este Operation;
5. Contributions made by Hakim into the Mira Este Operation;
6. Distributions received by Hakim from the Mira Este Operation;
7. Contributions made by others into the Mira Este Operation;
8. Distributions received by others from the Mira Este Operation;
9. A summary of the financial operating activity of the Mira Este Operation from inception to approximately the end of October 2018.

Other Contributions Claimed by the Parties:

1. Each party claims that he has made contributions to the business in the form of direct payments to the other party or payments of expenses related to the business entities. In Schedule 1, I have identified the respective "Other Possible Contributions" claimed by each party. Further investigation is necessary to verify the "Other Possible Contributions" in both the amounts and the propriety of allowing credit to the contributing party.

The summary of the analysis is set forth in Schedule 1 to this report and Schedules 2 through 5 provide more detailed analysis. My firm can provide very detailed schedules to the parties showing the composition of the amounts of contributions, distributions and expenses, but these detailed schedules are not included in this report.

BRINIG TAYLOR ZIMMER
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Honorable Eddie C. Sturgeon
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THE "BALBOA OPERATIONS"

The "Balboa Operations" are several business entities that combine to operate a retail cannabis dispensary from premises located at 8863 Balboa Avenue, Suite E, San Diego, California. The Balboa Operations are composed of the following entities:

Entities OWNED (OR CLAIMED TO BE OWNED) by Malan and Razuki:

1. **Balboa Avenue Cooperative** (a licensed, California nonprofit mutual benefit corporation that operates the cannabis dispensary, referred to as the "Balboa Dispensary" or the "Dispensary");
2. **San Diego United Holdings Group, LLC** (a California limited liability company that owns the premises of the Dispensary and six other individual units in the same commercial/industrial complex as the Dispensary);
3. **Flip Management, LLC** (a California limited liability company that has operated as a related management entity for the Dispensary);

Entities NOT OWNED by Malan and/or Razuki, but relevant to the discussion:

4. **San Diego Building Ventures** (a third-party management company that was formerly contracted to the Dispensary to provide management services; this entity is also referred to as SoCal Building Ventures, but it appears to be the same entity);
5. **Far West Management, LLC** (a management company that is presently contracted to the Dispensary to provide management services);

Ultimately, the Balboa Operations exist to run the Balboa Dispensary, a retail store that is licensed to sell cannabis products to the public. There are extensive regulations governing the operations of a cannabis business and reluctance (or possibly outright prohibition) on the part of federally-chartered banking institutions to grant banking privileges to cannabis-related businesses. Consequently, the Balboa Dispensary is an entirely cash business. As a result of the "cash only" operating situation, the Dispensary is related to other entities to which it transfers the majority of its revenue and through which it pays many of its expenses. The related entities are able to operate with checking accounts through normal banking institutions. The Balboa Dispensary also has a management contract with Far West Management, LLC, a company that provides management services and employee leasing services to the Balboa Dispensary.

Summary of Contributions and Distributions by Razuki and Malan to the Balboa Operations

Schedule 2 sets forth a summary of the contributions to and distributions from the Balboa Operations by Mr. Razuki and Mr. Malan from inception to the present. Schedule 2 also shows contributions from San Diego Business Ventures (former management company) and other transfers in and out of the Balboa Operations. The references on Schedule 2 identify the

BRINIG TAYLOR ZIMMER
INCORPORATED

Honorable Eddie C. Sturgeon
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supporting schedules that present the details of the summary amounts on Schedule 2. The result of the analysis of the contributions and distributions related to the Balboa Operations is set forth in the following duplication of Schedule 2:

**SCHEDULE 2
 BALBOA OPERATIONS
 AMOUNTS CONTRIBUTED INTO AND DISTRIBUTED FROM**

Contributions to and Distributions from						
	<i>Ref.</i>	Razuki	Malan	Hakim	S.D. Bldg. Vent.	Total
Contributions into:						
8859 Balboa A-E	<i>Sched 2.1</i>	\$ 527,312.99	\$ 53,524.85			\$ 580,837.84
8861 B & 8863 E	<i>Sched 2.2</i>	433,312.50	4,198.50			437,511.00
S.D. Building Ventures	<i>Sched 2.3</i>	-	-		\$ 1,555,892.34	1,555,892.34
S.D. United Holdings, LLC	<i>Sched 2.4</i>		107,031.45	12,500.00		119,531.45
Total Contributions Into Balboa Operations		\$ 960,625.49	\$ 164,754.80	\$ 12,500.00	\$ 1,555,892.34	\$ 2,693,772.63
(Distributions From)						
Daily Cash Sheets (Jan - Jun 2018)	<i>Sched 2.5</i>		(182,680.00)	(30,000.00)		(212,680.00)
Flip Management, LLC	<i>Sched 2.6</i>	(229.67)	(5,644.00)	(5,000.00)		(10,873.67)
S.D. United Holdings, LLC	<i>Sched 2.4</i>	(26,994.97)				(26,994.97)
Total Distributions From Balboa Operations		\$ (27,224.64)	\$ (188,324.00)	\$ (35,000.00)	\$ -	\$ (250,548.64)
Net Contributions (Distributions)		\$ 933,400.86	\$ (23,569.21)	\$ (22,500.00)	\$ 1,555,892.34	\$ 2,443,223.99

Summary of Financial Operating Activity of the Balboa Operations

The operations of the Balboa Dispensary are a consolidation of the revenues and expenses from several entities. Because of the practical restriction of banking facilities available to the Balboa Dispensary, it can only operate on a cash basis by itself. Consequently, any expenses that cannot be paid in cash (payroll, taxes, insurance, etc.) have to be paid by a related entity or an unrelated management company. It is therefore necessary to transfer cash revenues from the Balboa Dispensary to other entities for the payment of some of the Dispensary's expenses. Therefore, the complete picture of the operations of the Dispensary (revenues, expenses and net income) requires a consolidation of expenses paid by various entities. Schedule 3 to this report presents the Statement of Cash Received and Disbursed from Operations for the Balboa Operations from inception through the present date. It should be noted that Schedule 3 is compiled from the best accounting data available from the management sources that were in place during different periods of historical operation and the Schedule is prepared without audit.

Schedule 3 identifies a cumulative operating deficit of the Balboa Operations of (\$1,564,712). This deficit has been funded by contributions as identified in Schedule 2 to this report

**BRINIG TAYLOR ZIMMER
 INCORPORATED**

Honorable Eddie C. Sturgeon
Mr. Michael Essary
November 12, 2018
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THE "MIRA ESTE OPERATION"

The Mira Este Operation is completely separate from the Balboa Operations, except for some common ownership and some occasional funds transferring between the two groups of entities. The Mira Este Operation involves one additional investor, Mr. Chris Hakim. The Mira Este operation is composed of the following entities:

Entities OWNED by Malan and Hakim (AND IN WHICH RAZUKI CLAIMS AN INTEREST):

1. **California Cannabis Group** (a licensed, California nonprofit mutual benefit corporation that operates the facility referred to as the Mira Este location);
2. **Mira Este Properties, LLC** (an entity that owns the premises located at 9212 Mira Este Court, San Diego, California);

Entities NOT OWNED by Malan, Hakim and/or Razuki, but relevant to the discussion:

3. **Far West Management, LLC** (a management company that is presently contracted to the California Cannabis Group to provide management services);
4. **San Diego Building Ventures** (a third-party management company that was formerly contracted to California Cannabis Group to provide management services; also referred to as SoCal Building Ventures);
5. **Synergy Management Partners, LLC** (a management company that is presently contracted to the California Cannabis Group to provide management services.)

The Mira Este Operation is not a retail cannabis dispensary. It is a 16,000 square foot building located at 9212 Mira Este Court that is licensed to effectively be a landlord to various cannabis operations that are owned by unrelated third parties, considered to be tenants in this accounting analysis. Presently there is one manufacturing company – EdiPure – that is a tenant at the Mira Este facility. It is Mira Este's intention to have more tenants at its facility who pay rent to the non-profit, cannabis-licensed entity, California Cannabis Group. Because of complex cannabis regulations, the present and future tenants of Mira Este operate under the license of California Cannabis Group and California Cannabis Group is subject to the same banking restrictions as other cannabis operations.

Summary of Contributions and Distributions by Razuki, Malan and Hakim to the Mira Este Operation

Schedule 4 sets forth a summary of the contributions to and distributions from the Mira Este Operation by Mr. Razuki, Mr. Malan and Mr. Hakim from inception to the present time.

BRINIG TAYLOR ZIMMER
INCORPORATED

Honorable Eddie C. Sturgeon
 Mr. Michael Essary
 November 12, 2018
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Schedule 4 also shows contributions from San Diego Business Ventures (former management company) and other transfers in and out of the Mira Este Operation. The references on Schedule 4 identify the supporting schedules that present the details of the summary amounts on Schedule 4. The result of the analysis of the contributions and distributions related to the Mira Este Operation is set forth in the following duplication of Schedule 4:

**SCHEDULE 4
 MIRA ESTE OPERATION
 AMOUNTS CONTRIBUTED INTO AND DISTRIBUTED FROM**

	Ref.	Contributions to and Distributions from				Total
		Razuki	Malan	Hakim	S.D. Bldg. Vent.	
Contributions into:						
Mira Este Property Purchase	Sched 4.1	\$ 542,455.94	\$ 65,490.00	\$ 420,000.00		\$ 1,027,945.94
From S.D. Building Ventures	Sched 4.2				\$ 534,628.50	\$ 534,628.50
Total Contributions Into		542,455.94	65,490.00	420,000.00	534,628.50	1,562,574.44
(Distributions From)						
Mira Este Refinance	Sched 4.1	(72,000.00)	(518,000.00)	(590,000.00)		(1,180,000.00)
Net Money disbursed	Sched 4.3	-	(152,877.00)	(70,926.10)		(223,803.10)
Total Distributions From		(72,000.00)	(670,877.00)	(660,926.10)	-	(1,403,803.10)
Net Contributions (Distributions)		\$ 470,455.94	\$ (605,387.00)	\$ (240,926.10)	\$ 534,628.50	\$ 158,771.34

Summary of Financial Operating Activity of the Mira Este Operation

The operations of the Mira Este facility are a consolidation of the revenues and expenses of Mira Este Properties, LLC and California Cannabis Group that were recorded by different management companies since the inception of activity. Again, because of the practical restriction of banking facilities to California Cannabis Group, it can only operate on a cash basis by itself. Consequently, any expenses that cannot be paid in cash (payroll, taxes, insurance, etc.) have to be paid by a related entity or an unrelated management company. To date, the only revenues of the combined entities have been three months' rent paid by EdiPure, the only tenant presently occupying the premises. The consolidation of California Cannabis Group's financial statements is presented on Schedule 5 to this report. The cumulative operating cash deficit of the Mira Este Operation is \$1,084,426.

OTHER POSSIBLE CLAIMED CONTRIBUTIONS

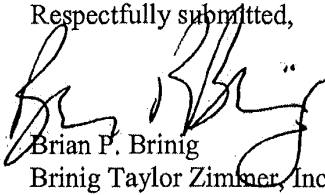
Each party claims that he has made contributions to the business in the form of direct payments to the other party or payments of expenses related to the business entities. In Schedule 1, I have identified the respective "Other Possible Contributions" claimed by each party. Further investigation is necessary to verify the "Other Possible Contributions" in both the amounts and the propriety of allowing credit to the contributing party.

**BRINIG TAYLOR ZIMMER
 INCORPORATED**

Honorable Eddie C. Sturgeon
Mr. Michael Essary
November 12, 2018
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I am issuing this report with the intention that the parties will have numerous comments and questions about the data summaries contained herein. Many documents have been provided to me at the last minute or other information provided with inadequate substantiation. I reserve the right to update and augment this report based on additional information provided to me.

Respectfully submitted,



Brian P. Brinig
Brinig Taylor Zimmer, Inc.

BRINIG TAYLOR ZIMMER
INCORPORATED

SCHEDULE 1
SUMMARY OF BALBOA COOPERATIVE OPERATIONS AND MIRA ESTE OPERATION

	Razuki	Malan	Hakim	SDBV	Operations	Total
Balboa Ave Cooperative Operations:						
Net Contributions	Schedule 2 \$ 960,625.49	\$ 164,754.80	\$ 12,500.00	\$ 1,555,892.34		\$ 2,693,772.63
Net Distributions	Schedule 2 (27,224.64)	(188,324.00)	(35,000.00)		\$ (1,564,712.25)	(250,548.64)
Net Deficit from Operations	Schedule 3					(1,564,712.25)
Mira Este Operation:						
Net Contributions	Schedule 4 542,455.94	65,490.00	420,000.00	534,628.50		1,562,574.44
Net Distributions	Schedule 4 (72,000.00)	(670,877.00)	(660,926.10)		\$ (1,084,425.77)	(1,403,803.10)
Net Deficit from Operations	Schedule 5					(1,084,425.77)
Total Before Other Possible Contributions	\$ 1,403,856.80	\$ (628,956.21)	\$ (263,426.10)	\$ 2,090,520.84	\$ (2,649,138.02)	\$ (47,142.69)
Other Possible Contributions						
Transfers to NM Investments	\$ 498,219.07					\$ 498,219.07
Sale of Dispensary Business	\$ 1,575,000.00					1,575,000.00
Operating Payments From Personal Accounts	\$ 159,164.87		\$ 205,187.74			364,352.61
Totals Including Other Possible Contributions	\$ 3,477,075.87	\$ (469,791.34)	\$ (58,238.36)	\$ 2,090,520.84	\$ (2,649,138.02)	\$ 2,390,428.99

SCHEDULE 2
BALBOA OPERATIONS
AMOUNTS CONTRIBUTED INTO AND DISTRIBUTED FROM

		Contributions to and Distributions from					
	<u>Ref.</u>	Razuki	Malan	Hakim	S.D. Bldg. Vent.	Total	
Contributions into:							
8859 Balboa A-E	<i>Sched 2.1</i>	\$ 527,312.99	\$ 53,524.85			\$ 580,837.84	
8861 B & 8863 E	<i>Sched 2.2</i>	433,312.50	4,198.50			437,511.00	
S.D. Building Ventures	<i>Sched 2.3</i>	-	-		\$ 1,555,892.34	1,555,892.34	
S.D. United Holdings, LLC	<i>Sched 2.4</i>		107,031.45	12,500.00		119,531.45	
Total Contributions Into Balboa Operations		\$ 960,625.49	\$ 164,754.80	\$ 12,500.00	\$ 1,555,892.34	\$ 2,693,772.63	
(Distributions From)							
Daily Cash Sheets (Jan - Jun 2018)	<i>Sched 2.5</i>		(182,680.00)	(30,000.00)		(212,680.00)	
Flip Management, LLC	<i>Sched 2.6</i>	(229.67)	(5,644.00)			(10,873.67)	
S.D. United Holdings, LLC	<i>Sched 2.4</i>	(26,994.97)				(26,994.97)	
Total Distributions From Balboa Operations		\$ (27,224.64)	\$ (188,324.00)	\$ (35,000.00)	\$ -	\$ (250,548.64)	
Net Contributions (Distributions)		\$ 933,400.86	\$ (23,569.21)	\$ (22,500.00)	\$ 1,555,892.34	\$ 2,443,223.99	

**SCHEDULE 2.1
BALBOA OPERATIONS
AMOUNTS CONTRIBUTED TO 8859 BALBOA**

Investment in 8859 Balboa Ave Units A-E

	<u>Total</u> <u>(Escrow Stmt.)</u>	<u>Razuki</u>	<u>Malan</u>
SDUH	\$ 25,000.00		\$ 25,000.00
SDUH	\$ 420,000.00 [A]	\$ 327,312.99	\$ 92,687.01
SDUH	\$ (64,162.16)		\$ (64,162.16)
Razuki	\$ 200,000.00	\$ 200,000.00	
	<hr/>	<hr/>	<hr/>
Subtotal	\$ 580,837.84	\$ 527,312.99	\$ 53,524.85
First Trust Deed	\$ 1,088,000.00	-----[to Schedule 2] -----	
Other Costs	\$ (68,837.84)		
Total Consideration	<u>\$ 1,600,000.00</u>		

[A] SDUH received \$327,312.99 from El Cajon Investment Group, LLC (Razuki) to fund this transfer. Razuki represents that El Cajon Investment is his company.

SCHEDULE 2.2
BALBOA OPERATIONS
AMOUNTS CONTRIBUTED TO 8861 B and 8863 E

Razuki originally purchased the properties in 2016

Sale to SDUH 3/2/2017 (Razuki sells to SDUH):

1st Trust Deed	\$ 475,000.00 [A]
2nd Trust Deed to Razuki Investments	\$ 275,000.00 [B]
Cash from SDUH	\$ 4,198.50 [C]
Other Costs	<u>\$ (4,198.50)</u>
Total Consideration	<u>\$ 750,000.00</u>

[A] Refinanced to \$500,000 in May 2017 through Salas Financial, borrowers are Razuki, American Lending & SDUH

[B] Razuki reconveys the 2nd trust deed to SDUH and forgives this debt (5/12/2017)

Summary of Financial Activity:

	<u>Razuki</u>	<u>Malan</u>
Contribution to Escrow		\$ 4,198.50
1st Trust Deed Paydowns:		
Two monthly payments by Razuki	\$ 8,312.50 [D]	
From Arroyo Hondo sale (Razuki)	50,000.00 [D]	
From Loch Lomond sale (Razuki)	50,000.00 [D]	
Relief of 2nd Trust Deed	<u>275,000.00 [D]</u>	
Subtotal	\$ 383,312.50	
Razuki purchase of Cond. Use Permit	<u>50,000.00 [E]</u>	
Total contribution	<u>\$ 433,312.50</u>	<u>\$ 4,198.50</u>

-----[to Schedule 2] -----

[C] Contribution by SDUH attributed to Malan

[D] Amount of transaction is documented

[E] Based on Razuki's representation only; no documentation yet provided.

SCHEDULE 2.3
BALBOA OPERATIONS
AMOUNTS CONTRIBUTED BY S.D. BUILDING VENTURES

	2017	2018	Total
			Contribution
Cash Contributed	\$ 739,300.00	\$ 1,748,276.84	\$ 2,487,576.84
Transfer to Mira Este	(177,658.00)	(612,806.00)	(790,464.00)
Transfer to Mira Este	(55,500.00)	(85,720.50)	<u>(141,220.50)</u>

Net Amount Contributed to Balboa Operations

\$ 1,555,892.34

[to Schedule 2]

SCHEDULE 2.4
BALBOA OPERATIONS
NET AMOUNTS CONTRIBUTED BY RAZUKI, MALAN & HAKIM

	2017	2018	Total	Recorded in Property Transactions	Net Contribution (Distribution)	Razuki	Malan	Hakim
Razuki Investment	\$ 327,317.99		\$ 327,317.99	\$ (327,317.99)	\$ -	\$ -		
Salan Razuki	\$ 25,000.00		\$ 25,000.00		\$ 25,000.00	\$ 25,000.00		
Chris Hakim		\$ 10,000.00	\$ 10,000.00		\$ 10,000.00		\$ 10,000.00	
Ninus Malan/Chris Hakim	\$ 285,545.82	\$ (111,236.41)	\$ 174,309.41		\$ 5,000.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00
Ninus Malan	\$ (1,620.00)	\$ (16,163.00)	\$ (17,783.00)		\$ 174,309.41	\$ 174,309.41		
NM Investments	\$ (103,989.93)		\$ (103,989.93)		\$ (17,783.00)	\$ (17,783.00)		
SR/NM Property Investment					\$ (103,989.93)	\$ (51,994.97)	\$ (51,994.97)	
				Net Amounts Contributed (Distributed)		\$ (26,994.97)	\$ 107,031.45	\$ 12,500.00

-----[to Schedule 2]-----

SCHEDULE 2.5
BALBOA OPERATIONS
NET AMOUNTS DISTRIBUTED TO MALAN & HAKIM JAN. - JUNE, 2018

	Total	Malan	Hakim
Ninus Milan	\$ 152,680.00	\$ 152,680.00	
Ninus Milan/Chris Hakim	60,000.00	30,000.00	\$ 30,000.00
	\$ 212,680.00	\$ 182,680.00	\$ 30,000.00

-----[to Schedule 2]-----

SCHEDULE 2.6
BALBOA OPERATIONS
AMOUNTS DISTRIBUTED FROM FLIP MANAGEMENT, LLC

	2017	2018	Grand Total	Razuki	Milan	Hakim
Partner Investments (Distributions)						
Salam Razuki	\$ (229.67)		\$ (229.67)	\$ (229.67)		
Chris Hakim		\$ (5,000.00)	\$ (5,000.00)			\$ (5,000.00)
Ninus Milan	\$ 8,000.00	\$ (13,644.00)	\$ (5,644.00)		\$ (5,644.00)	
				<u>\$ (229.67)</u>	<u>\$ (5,644.00)</u>	<u>\$ (5,000.00)</u>

-----[to Schedule 2] -----

SCHEDULE 3
BALBOA OPERATIONS
STATEMENT OF CASH RECEIVED AND DISBURSED FROM OPERATIONS
From Inception to the Present
Note 1

"Balboa Operations" - Balboa Cooperative, SD United Holdings, LLC and Flip Management, LLC

	Total 2017 [A]	Total Jan - June 2018 [B]	Total July - Oct 2018[C]
Sales	\$ (8,566.00)	1,729,846.86	\$ 624,760.94
Switch Reimb of ATM Draws	\$ 204,620.25	-	\$ 96,233.00
Balboa 8855 Rent	\$ 12,842.38	23,000.00	\$ 11,000.00
Unknown	\$ (415.50)	16,797.14	\$ 3,600.00
	<u>\$ 208,481.13</u>	<u>\$ 1,769,644.00</u>	<u>\$ 735,593.94</u>
Accounting	\$ (22,260.00)	(22,000.00)	\$ (5,450.00)
Advertising/Promotion	\$ (81,250.40)	(76,164.87)	\$ (61,492.49)
Alarm	\$ -	(787.54)	\$ (49.99)
Balboa Tenant Improvements	\$ (90,950.00)	(208,617.75)	\$ (73,600.00)
Bank Fee	\$ (1,333.06)	(1,223.27)	\$ 2,607.69
Chris Berman	\$ -	(93,000.00)	-
Cable	\$ (3,727.52)	(3,586.28)	\$ (359.92)
Cal City Management	\$ (150,000.00)	-	\$ -
Charitable Contribution	\$ -	(18,565.00)	\$ -
Computer	\$ -	(1,900.00)	\$ -
CUP - Balboa	\$ (7,244.00)	(7,461.00)	\$ -
HOA	\$ (9,440.92)	(42,530.58)	\$ -
Income Tax	\$ (800.00)	(4,359.18)	\$ -
Insurance	\$ (8,445.29)	(32,095.45)	\$ (8,543.86)
Inventories	\$ (37,329.95)	(839,333.01)	\$ (378,186.13)
Legal Fees	\$ (107,063.42)	(115,606.18)	\$ (296,388.94)
Loan Payments	\$ (100,307.75)	(88,181.60)	\$ (24,478.42)
Management/Consultant	\$ (75,788.10)	(116,500.00)	\$ (125,404.68)
Misc	\$ (5,272.66)	(1,488.51)	\$ (5,471.19)
Outside Services	\$ -	-	\$ (7,941.65)
Payroll	\$ (1,121.04)	(98,777.55)	\$ (381.85)
Payroll Fees	\$ (890.65)	(2,320.90)	\$ (118,112.24)
Payroll Tax	\$ (345.00)	(36,216.97)	\$ (7,752.96)
Phone	\$ -	(474.00)	\$ -
Point of Sale System	\$ -	(140.00)	\$ -
Printing	\$ (758.55)	-	\$ -
Property Tax	\$ -	(8,555.70)	\$ -
Reimbursements	\$ -	(1,699.29)	\$ -
Rent	\$ -	(21,200.00)	\$ (6,000.00)
Repairs & Maintenance	\$ -	-	\$ (26,181.20)
Sales Tax	\$ (32,829.03)	(218.00)	\$ -
Security	\$ (11,612.00)	(81,479.70)	\$ (76,495.18)
SoCal Employee Rent	\$ -	(22,672.45)	\$ (4,500.00)
SoCal Manager	\$ (30,000.00)	(30,000.00)	\$ (20,000.00)
Software	\$ -	(10,139.10)	\$ -
Storage	\$ -	(1,400.00)	\$ (700.00)
Supplies	\$ (11,080.55)	(8,196.66)	\$ (4,739.21)
Tax	\$ -	(31,751.05)	\$ (7,489.78)
Travel	\$ (1,346.85)	(10.00)	\$ -
Unknown	\$ (151,806.13)	(29,611.34)	\$ (9,147.79)
Utilities	\$ (3,598.46)	(3,715.48)	\$ (3,591.79)
Total Expenses	<u>(946,601.33)</u>	<u>(2,061,978.41)</u>	<u>(1,269,851.58)</u>
Net Operating Income/(Loss)	<u>(738,120.20)</u>	<u>(292,334.41)</u>	<u>(534,257.64)</u>
Net Operating Deficit		<u>\$ (1,564,712.25)</u>	

[1] This cash received and cash disbursed summary is prepared from the best records available from different managing entities during the relevant periods of time. The summaries are not audited; they are a compilation of the available receipts and disbursements data.

[A] Computed from Flip Management, San Diego Building Ventures and San Diego United Holdings

[B] Computed from Flip Managements, San Diego United Holdings, San Diego Building Ventures and the Dispensary Daily Cash Summaries.

[C] Computed from Flip Management, San Diego Building Ventures and the Financial Statements provided by Far West Management

SCHEDULE 4
MIRA ESTE OPERATION
AMOUNTS CONTRIBUTED INTO AND DISTRIBUTED FROM

		Contributions to and Distributions from					
	<u>Ref.</u>	Razuki	Malan	Hakim	S.D. Bldg. Vent.	Total	
Contributions into:							
Mira Este Property Purchase	<i>Sched 4.1</i>	\$ 542,455.94	\$ 65,490.00	\$ 420,000.00		\$ 1,027,945.94	
From S.D. Building Ventures	<i>Sched 4.2</i>		\$ 534,628.50			\$ 534,628.50	
Total Contributions Into		542,455.94	65,490.00	420,000.00	534,628.50	1,562,574.44	
(Distributions From)							
Mira Este Refinance	<i>Sched 4.1</i>	(72,000.00)	(518,000.00)	(590,000.00)		(1,180,000.00)	
Net Money disbursed	<i>Sched 4.3</i>	-	(152,877.00)	(70,926.10)		(223,803.10)	
Total Distributions From		(72,000.00)	(670,877.00)	(660,926.10)	-	(1,403,803.10)	
Net Contributions (Distributions)		\$ 470,455.94	\$ (605,387.00)	\$ (240,926.10)	\$ 534,628.50	\$ 158,771.34	

SCHEDULE 4.1
MIRA ESTE OPERATION
AMOUNTS CONTRIBUTED (AND WITHDRAWN) - PROPERTY PURCHASE AND REFINANCE

Investment in Mira Este
Payments/(Refunds) For Escrow

	<u>Original Purchase</u>	<u>Razuki</u>	<u>Malan</u>	<u>Hakim</u>
Razuki	\$ 254,780.94	\$ 254,780.94		
Malan	65,490.00		\$ 65,490.00	
Hakim	420,000.00			\$ 420,000.00
ME Properties	<u>(1,482.00)</u>			
Subtotal	738,788.94			
First Trust Deed	1,987,500.00			
Other Costs	<u>(101,288.94)</u>			
Total Consideration	<u>\$ 2,625,000.00</u>			

	<u>Refinancing</u>			
	<u>2nd TD (\$600,000)</u>			
Withdrawn	\$ (72,000.00)	\$ (72,000.00)		
Withdrawn	\$ (72,000.00)			\$ (72,000.00)
ME Properties	\$ (1,380.00)			
Roselle transfer	<u>\$ (415,000.00)</u>			
	\$ (560,380.00)			
Other costs	<u>\$ (39,620.00)</u>			
	<u>\$ (600,000.00)</u>			
Loan paydowns:				
Razuki	\$ 39,000.00	\$ 39,000.00		
Razuki	<u>\$ 248,675.00</u>	<u>\$ 248,675.00</u>		
	<u>\$ 287,675.00</u>			

	<u>2nd TD (\$1,100,000)</u>			
Withdrawn	\$ (518,000.00)		\$ (518,000.00)	
Withdrawn	\$ (518,000.00)			\$ (518,000.00)
Costs	<u>\$ (136.04)</u>			
Total Withdrawn	\$ (1,036,136.04)			
Other costs	<u>\$ (63,863.96)</u>			
	<u>\$ (1,100,000.00)</u>			
Total Outstanding Loan	<u>\$ 3,687,500.00</u>	<u>\$ 470,455.94</u>	<u>\$ (452,510.00)</u>	<u>\$ (170,000.00)</u>

	<u>Contributed</u>	<u>Withdrawn</u>	<u>Net</u>
Razuki	\$ 542,455.94	\$ (72,000.00)	\$ 470,455.94
Malan	\$ 65,490.00	\$ (518,000.00)	\$ (452,510.00)
Hakim	\$ 420,000.00	\$ (590,000.00)	\$ (170,000.00)
	<u>\$ 1,027,945.94</u>	<u>\$ (1,180,000.00)</u>	<u>\$ (152,054.06)</u>

-----[to Schedule 4]-----

SCHEDULE 4.2
MIRA ESTE OPERATION
AMOUNTS CONTRIBUTED BY S.D. BUILDING VENTURES

	2017	2018	Total Contribution
Transfer to Mira Este	\$ 177,658.00	\$ 612,806.00	\$ 790,464.00
Transfer to Mira Este	\$	\$ 64,000.00	\$ 64,000.00
Paid on behalf of Mira Este		77,220.50	\$ 77,220.50
Equipment Returned to SDBV			<u>\$ (397,056.00)</u>
Net Amount Contributed to Mira Este Operations			<u>\$ 534,628.50</u>

[to Schedule 4]

SCHEDULE 4.3
MIRA ESTES OPERATION
NET AMOUNTS DISTRIBUTED FROM

	<u>Malan</u>	<u>Hakim</u>	<u>Total</u>
2016		\$ 11,000.00	\$ 11,000.00
2017	\$ (26,500.00)	\$ 62,050.00	\$ 35,550.00
2018	<u>\$ (126,377.00)</u>	<u>\$ (143,976.10)</u>	<u>\$ (270,353.10)</u>
	<u>\$ (152,877.00)</u>	<u>\$ (70,926.10)</u>	<u>\$ (223,803.10)</u>

-----[to Schedule 4] -----

SCHEDULE 5
MIRA ESTE OPERATION
STATEMENT OF CASH RECEIVED AND DISBURSED FROM OPERATIONS
From Inception to the Present
Note 1

Summary of Mira Este Operations

	Mira Este 2016 [A]	Mira Este 2017 [A]	Mira Este 2018 (Thru June) [A]	Mira Este 2018 July-Oct [B]
Operating Receipts & Disbursements				
Sublease Income				\$ 90,000.00
Mira Este Loan Payment	\$ (44,245.00)	\$ (240,415.10)	\$ (240,736.51)	\$ (92,327.50)
Legal Fees		\$ (35,796.00)	\$ (20,000.00)	\$ (64,161.00)
TRH (CUP - Mira)		\$ (10,000.00)	\$ (56,479.50)	\$ -
Mira Este Improvements		\$ (46,358.00)		\$ -
Unknown		\$ (860.00)	\$ (40,000.00)	\$ -
Property Tax		\$ (24,917.35)	\$ (15,369.46)	\$ -
Conditional Use Permit-ME		\$ (23,399.00)	\$ (10,815.50)	\$ -
Cash		\$ (23,500.00)		\$ -
Security				\$ (22,848.00)
Cleaning & Maintenance				\$ (14,958.95)
Sales Tax		\$ (12,471.07)	\$ (123.00)	\$ (1,047.17)
Insurance		\$ (3,895.34)	\$ (1,262.00)	\$ (7,675.57)
Utilities		\$ (4,795.71)	\$ (2,059.77)	\$ (2,879.50)
Outside Services				\$ (6,094.00)
Office Supplies & Software				\$ (3,397.63)
License & Permits				\$ (3,224.90)
Income Tax		\$ (1,652.19)	\$ (800.00)	\$ -
Salaries & Wages				\$ (2,282.48)
Accounting		\$ (450.00)	\$ (1,450.00)	\$ -
Bank Fee	\$ (162.43)	\$ (529.00)	\$ (320.00)	\$ -
Misc			\$ -	\$ (667.14)
Total Expenses	\$ (44,407.43)	\$ (429,038.76)	\$ (389,415.74)	\$ (221,563.84)
Net Operations	\$ (44,407.43)	\$ (429,038.76)	\$ (389,415.74)	\$ (221,563.84)
		\$ (1,084,425.77)		

[1] This cash received and cash disbursed summary is prepared from the best records available from different managing entities during the relevant periods of time. The summaries are not audited; they are a compilation of the available receipts and disbursements data.

[A] Computed from Mira Este Bank Activity

[B] Computed from Mira Este Bank Activity and California Cannabis Group Profit and Loss provided by Far West Management

Exhibit B

CONFIDENTIAL

August 15, 2018

Mr. Scott Bergin
Mr. David Goodman
EPMM Management, LLC

RE: Production and Marketing Agreement to operate a cannabis manufacturing facility in that certain real property known as and located at 9212 Mira Este Court, San Diego, CA (the "Property")

Dear Mssrs. Goodman and Bergin:

This binding letter agreement (the "Agreement") memorializes the material terms of a yet to be drafted the Production and Marketing agreement between California Cannabis Group, LLC ("CCG") and EPMM Management, LLC ("EPMM").

California Cannabis Group, LLC ("CCG") is the owner of a Business Tax Certificate that allows the operation of cannabis manufacturing and distribution facility on the Property until approximately November 2019. CCG is also the applicant for a Conditional Use Permit that will allow for a cannabis manufacturing and distribution facility on the Property for a minimum of 5 years. Mira Este Properties, LLC is the owner of the Property.

CCG is desirous of engaging EPMM to produce cannabis products under its EdiPure brand on the Premises using non-combustible materials and methods.

The parties are entering into this Agreement to set forth (*inter alia*) (i) what activity may occur on the Property until a definitive agreement has been entered into, (ii) how financial matters will be handled during the Interim Period (as defined below) and (iii) how the affairs of the cannabis businesses will otherwise be governed during the period commencing on the date hereof and ending on the date on which a definitive agreement has been executed and delivered to all parties thereto.

CA

For good and valuable consideration, CCG and EPMM hereby agree as follows:

1. Prior to the execution of the Definitive Agreement, during the Interim Period, the parties agree as follows:

(i) EPMM shall pay to CCG \$30,000 per month or 10% of monthly Gross Revenue whichever is higher ("Production Fee"). As used in this Agreement, "Gross Revenue" means total revenue from the sale and/or license of cannabis products by EPMM without regard to expenses or offsets. The Production Fee shall be paid to CCG as follows:

- a. \$30,000 on the first day of each month.
- b. Prior to the 15th day of each month, EPMM shall provide to CCG a reconciliation of the prior month's sales and any additional Production Fee payments due for the prior month, if any.
- c. EPMM shall be entitled to all remaining Gross Revenue.

(ii) EPMM shall pay to CCG \$45,000 on the first day of each month as an estimated tax payment towards the Cannabis Excise Tax due to the State of California ("Excise Tax"). The Excise Tax shall be paid to the State of California by CCG. EPMM shall pay to CCG any additional Excise Tax due by the 15th day of the following month.

(iii) During the Interim Period EPMM shall be responsible for all costs in connection with its production of cannabis products including but not limited to the cost of cannabis and other ingredients, equipment purchase and maintenance, personnel costs, overhead, insurance, testing, and City and State regulatory fees and taxes arising from its operations. To the extent that any of the costs are required to be paid by CCG, EPMM shall reimburse CCG within 5 business days of written notice by CCG to EPMM.

(iv) CCG, with the assistance of EPMM, shall as soon as practicable, transfer through its licensed distributor any allowable cannabis products stored in quarantine at the Vista Prime distribution facility located at 7895 Convoy Ct., San Diego, CA to the quarantine area within the Property ("Transferred Cannabis Product"). The quarantine area on the Property shall be an area identified by CCG.

(v) EPMM shall secure testing of the Transferred Cannabis Product through a California licensed testing facility.

(vi) EPMM shall utilize best efforts in distributing and selling the Transferred Cannabis Product that successfully passes testing from a California licensed testing facility to California licensed retail outlets.

(vii) As soon as allowable by the City of San Diego, the Bureau of Cannabis Control and the California Department of Public Health, CCG shall provide to EPMM a designated area consisting of approximately 4,000 sf in which to produce the cannabis products.

CH

(viii) From and after the date hereof, EPMM and CCG shall diligently and in good faith execute and deliver the Definitive Agreement. It is expected that the Definitive Agreement will be executed within twenty (20) days from the date hereof.

(ix) During the Interim Period, each of the parties shall timely furnish and/or make available to the other parties all materials and other material information (both written and oral) with respect to the identified transactions and shall otherwise keep each other regularly apprised as to all material aspects thereof.

(x) Upon execution and delivery of the Definitive Agreement, this Agreement shall be superseded thereby and shall be of no further force or effect.

(xi) No party may, directly or indirectly, (i) assign any of its rights or delegate any of its duties under this Agreement or (ii) sell, transfer, assign or encumber any of its interests in this Agreement.

(xii) Nothing expressed or referred to in this Agreement will be construed to give any person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently, and are not exclusive of any rights or remedies provided by law. The individuals signing this Agreement have the authority to bind the respective party. This Agreement (i) shall be governed by and construed in accordance with the laws of the State of California; (ii) may be executed by facsimile or portable document format (PDF) with the same effectiveness as if an original signed copy was delivered; (iii) may be executed in counterparts; and (iv) sets forth the entire understanding of the parties with respect to the subject matter hereof.

(xiii) All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been given: (i) when delivered personally; (ii) the next Business Day, if sent by a nationally-recognized overnight delivery service (unless the records of the delivery service indicate otherwise); or (iii) three (3) Business Days after deposit in the United States mail, certified and with proper postage prepaid to the address set forth above.

2. EPMM hereby represents and warrants to CCG as of the date of this Agreement as follows:

(i) EPMM is not under investigation by any state or federal authority for violation of any laws or regulations.

(ii) EPMM has not entered into any contract, understanding, commitment or any other agreement, whether or not conditional, written or oral, for the assignment of, transfer of,

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lien of, or any other agreement regarding the assignment, transfer or encumbering of the Transferred Cannabis Product.

(iii) No one claiming to have dealt with EPMM is entitled to receive from any party hereto any finder's fee, brokerage, or other commission in connection with the Transferred Cannabis Product or this Agreement.

3. This Agreement shall be immediately terminable in CCG's sole and absolute discretion if any of the following events occur:

(i) EPMM fails to provide the Production Fee or Excise Tax to CCG on the day that it is due.

(ii) Any of the Representations and Warranties in Paragraph 2 above are invalid or untrue.

(iii) EPMM fails to provide any documentation requested by CCG within 2 business days of written request.

(iv) Any action by any EPMM representative causing CCG to be out of compliance with State or local rules or regulations.

4. This Agreement may also be terminated by mutual written consent of both parties.

5. **Confidential Information.** The parties acknowledge that they may receive information regarding the other party in the form of trade secrets, formulas, proprietary business practices, or other information that is deemed confidential by such other party, the release of which may be damaging to such other party or to persons with whom such party does business. Each party shall hold in strict confidence any information it receives regarding the other party that is identified as being confidential and may not disclose it to any person, except for disclosures: (i) compelled by law; (ii) to advisers or representatives of such recipient party, but only if they have agreed to be bound by the provisions of this Section; and (iii) of information that party also has received from an independent source that such recipient party reasonably believes it obtained without breach of any obligation of confidentiality.

6. **Prior Agreements.** The Parties acknowledge that the CCG has recently terminated the services of SoCal Building Ventures, LLC as manager of the Facility pursuant to a management services and option to purchase agreement ("SoCal Agreement"), and that such termination has led to litigation regarding the management and ownership rights in the Facility, Case No. 37-2018-00034229-CU-bc-CTL in the Superior Court of San Diego, Central Division (the "Litigation"). EPMM acknowledges and understands that the Litigation could affect the parties' ability to perform under this Agreement or ability to receive timely payment for services, should the court or other parties to the

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Litigation take certain actions. EPMM hereby agrees to waive any non-performance of this Agreement resulting from the Litigation; provided, however, the parties agree to take any and all reasonable measures to effectuate the terms of this Agreement

[SIGNATURE PAGE FOLLOWS]

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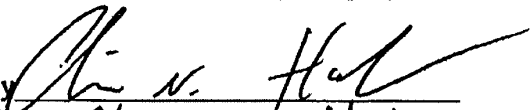
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If the foregoing accurately represents our agreement, please sign below in the space provided.

Very truly yours,

California Cannabis Group, LLC
a California limited liability company

By 
Name: Chris N. Hakim
Title: Director/officer

Agreed to and accepted:

EPMM Management, LLC
a California limited liability company

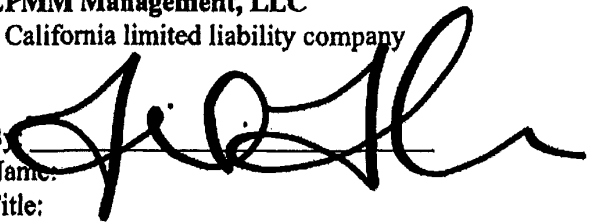
By 
Name:
Title:



Exhibit C

Razuki vs Malan
Receivership - Cash Ledger

	<u>Date</u>	<u>Expense</u>	<u>Deposit</u>	<u>Balance</u>	<u>Description</u>	<u>Cleared</u>
1	7/18/2018		\$4,480.00	\$4,480.00	ATM cash from Balboa dispensary takeover	x
2	7/18/2018		\$31.69	\$4,511.69	Loose cash from Balboa dispensary takeover	x
3	7/19/2018		\$170,600.00	\$175,111.69	SoCal payment of fees/rents owed prior to receivership	x
4	7/19/2018	\$15.00		\$175,096.69	Bank wire charge for deposit	x
5	7/20/2018	\$584.19		\$174,512.50	Check #100 - Borjon - payroll to 7/15/18	x
6	7/20/2018	\$495.42		\$174,017.08	Check #101 - Bullock - payroll to 7/15/18	x
7	7/20/2018	\$392.26		\$173,624.82	Check #102 - Clarke - payroll to 7/15/18	x
8	7/20/2018	\$632.21		\$172,992.61	Check #103 - Da Silva - payroll to 7/15/18	x
9	7/20/2018	\$1,050.63		\$171,941.98	Check #104 - Davis - payroll to 7/15/18	x
10	7/20/2018	\$710.16		\$171,231.82	Check #105 - Holler - payroll to 7/15/18	x
11	7/20/2018	\$333.30		\$170,898.52	Check #106 - Moran - payroll to 7/15/18	x
12	7/20/2018	\$786.79		\$170,111.73	Check #107 - Ortega - payroll to 7/15/18	x
13	7/20/2018	\$8,000.00		\$162,111.73	Cash withdrawal for replacement \$20's for Balboa ATM	x
14	7/23/2018	\$1,652.59		\$160,459.14	Check #108 - West Coast S&S - Security/Computer vendor past due invoice	x
15	7/24/2018	\$3,400.00		\$157,059.14	Check #109 - Archstone Intl - Security for Mira Este invoice	x
16	7/24/2018	\$503.47	\$1,259.38	\$158,318.52	Cash deposited from Balboa - found lodged in safe drop slot	x
17	7/25/2018	\$11,968.95		\$157,815.05	Check #110 - Mike Essary/Calsur - Labor and materials for Mira Este takeover workers	x
18	7/25/2018			\$145,846.10	Check #111 - West Coast S&S - New security/computer video equip Mira Este	x
19	7/26/2018		\$17,765.01	\$163,611.11	Bank of America proceeds from 2 SD United accounts	x
20	7/26/2018		\$910.00	\$164,521.11	Cash deposited from Balboa - Reimbursement for check to Pax Vendor	x
21	7/26/2018	\$909.95		\$163,611.16	Check #112 - Pax Labs - Pax devices for inventory	x
22	7/26/2018	\$100.00		\$163,511.16	Check #113 - Bond Services - Receiver bond annual premium	x
23	7/26/2018	\$677.73		\$162,833.43	Check #114 - A-1 Express Locksmith - Balboa deadbolt install/secure	x
24	7/26/2018	\$0.00		\$162,833.43	Check #115 - Void check for ATM deposit change over	x
25	7/27/2018	\$10,000.00		\$152,833.43	Check #116 - MMLG, LLC - Retainers for Cannabis consultant Balboa/Mira Este	x
26	7/30/2018	\$17,028.00		\$135,805.43	Michael Essary, Receiver - Receiver fees/expenses progress payment	x
27	7/30/2018	\$6,511.00		\$129,294.43	Check #117 - JHY Partners - Consulting on entities/finances/unpaid invoices	x
28	7/30/2018	\$7,375.00		\$121,919.43	Check #118 - JHY Partners - previous outstanding invoices for entity acct/consulting	x
29	7/30/2018	\$12,829.66		\$109,089.77	Check #119 - City of SD - Cannabis local tax	x
30	7/30/2018	\$7,165.95		\$101,923.82	Check #120 - Griswold Law - Receiver's attorney progress billing	x
31	7/30/2018	\$12,000.00		\$89,923.82	Check #121 - Dan Spillane - Mira Este consultants mgmt fees	x
32	7/30/2018	\$15,629.00		\$74,294.82	Check #122 - JHY Partners - various outstanding billings and services	x
33	7/30/2018	\$18,500.00		\$55,794.82	Check #123A - ABP Consulting - Contractual fees for consultants and expenses	x
34	8/1/2018		\$12,829.66	\$68,624.48	Cash deposited from Balboa - Reimbursement for check to San Diego Cannabis Tax	x
35	8/1/2018	\$500.00		\$68,124.48	Cash withdrawal for Balboa employees last day payroll - to James Manager	x
36	8/2/2018	\$1,553.45		\$66,571.03	Check #123B - Clarke - payroll	x
37	8/2/2018	\$2,276.61		\$64,294.42	Check #124 - Holler - payroll	x
38	8/2/2018	\$1,272.07		\$63,022.35	Check #125 - Borjon - payroll	x

Razuki vs Malan
Receivership - Cash Ledger

	<u>Date</u>	<u>Expense</u>	<u>Deposit</u>	<u>Balance</u>	<u>Description</u>	<u>Cleared</u>
39	8/2/2018	\$1,413.18		\$61,609.17	Check #126 - Ortega - payroll	x
40	8/2/2018	\$1,089.21		\$60,519.96	Check #127 - Bullock - payroll	x
41	8/2/2018	\$1,662.88		\$58,857.08	Check #128 - Davis - payroll	x
42	8/2/2018	\$1,605.54		\$57,251.54	Check #129 - De Silva - payroll	x
43	8/2/2018	\$1,147.03		\$56,104.51	Check #130 - Moran - payroll	x
44	8/6/2018	\$812.50		\$55,292.01	Michael Essary, Receiver - Receiver fees/expenses balance of progress payment	x
45	8/7/2018	\$0.00		\$55,292.01	Check # 131 - SDTFA - Partial State sales tax \$40,000 Voided	x
46	8/13/2018	\$9,651.00		\$45,641.01	Michael Essary, Receiver - Receiver fees/expenses progress payment	x
47	9/1/2018	\$7,658.00		\$37,983.01	Michael Essary, Receiver - Receiver fees/expenses final August 2018 payment	x
48	9/2/2018	\$12,400.78		\$25,582.23	Check #140 - Griswold Law - Receiver's attorney progress billing	x
49	9/4/2018	\$59.10		\$25,523.13	Check printing charge	x
50	9/18/2018	\$10,000.00		\$15,523.13	Check #141 - Retainer fee for Brinig forensic accountants	x
51	10/15/2018		\$11,000.00	\$26,523.13	Deposit September & October 2018 Rents for 5 additional Balboa Ave units	x
52	10/25/2018	\$10,072.50		\$16,450.63	Check #142 - Brinig billing for September 2018 less retainer of \$10,000	x
54	10/19/2018	\$13,213.45		\$3,237.18	Check #152 - Griswold Law Receiver's Attorney September 2018 billing	x
55	10/26/2018		\$19,000.00	\$22,237.18	Cash deposited from Balboa operations for State tax payment	x
56	10/29/2018		\$19,000.00	\$41,237.18	Cash deposited from Balboa operations for State tax payment	x
57	10/31/2018		\$12,914.00	\$54,151.18	Cash deposited from Balboa operations for State tax payment	x
58	10/31/2018	\$50,914.00		\$3,237.18	Check #153 State of CA 3rd quarter sales tax for Balboa	x

Exhibit D

Razuki vs Malan
Receiver Billing Summary
Hourly Rate: \$250

<u>Date</u>	<u>Hours</u>	<u>Charge</u>	<u>Description</u>
9/1/2018	1.75	\$ 437.50	Create detailed list of items needed from parties for Griswold to request. Review of contracts with Synergy and FarWest. Emails with Compass bank about status of account and statements. Review more docs from Sal related to Mira Este.
9/2/2018	2	\$ 500.00	Review financial docs for Balboa sent by John. Discussion with John with questions about reports and bank statements. Update cash ledger for Wells Fargo account - reconcile. Pay Griswold invoice.
9/3/2018	3	\$ 750.00	Preparation of report/exhibits. Emails with Griswold about document production demand and report format. Send preliminary report/exhibits to Griswold. Emails about Compass account.
9/4/2018	4.5	\$ 1,125.00	Review Griswold emails/comments. Emails with Compass about statement. Continue preparation of report and exhibits. Review and label exhibits. Produce PDF's for Griswold review/comment and send out with list of exhibits. Communication with Peter about September rents and meeting on Friday. Review and comment on Griswold version of report. Review of revisions and execute document for filing. Call and emails with Aaron about notice to City of SD of receivership. Execute letter/notice and email to City.
9/5/2018	1	\$ 250.00	Review of Griswold email and Malan dec. Prepare response to false statements for Griswold to format and file. Execute dec from Griswold. Discussion with John about City tax numbers and defendants statement of a discrepancy. Discussion with Sal about new decs and confirming items they provided to me.
9/6/2018	1.5	\$ 375.00	Review some of the new filings from parties pre-hearing. Emails with Griswold about City tax detail. Emails and discussion with Yaeger on tax documentation.
9/7/2018	6.25	\$ 1,562.50	Review other filings from parties. Discussion with Aaron about Mira Este license not disclosed and need for additional notice. Review and execute notice to State. Emails with Griswold about hearing. Confirmation hearing Dept 67. Discussion with John about upcoming forensic audit and items needed.
9/7/2018		\$ 33.00	Parking for court
9/8/2018	0.5	\$ 125.00	Email from Gina about local audit. Messages and call with Gina about bills, approvals, and reports. Emails from Gina about Balboa operations.
9/10/2018	2.75	\$ 687.50	Emails from Gina about audit, procedures and accountings. Email to Grigor about City audit - copy Aaron and John and Griswold. Email from Compass with bank statement. Emails with Ninus about HOA payment and banking issues. Review emails and respond to CA State department regarding receivership - include Aaron. Discussion with John about City audit. Call to tenant Peter about new order and Sept rents. Emails with Griswold, Gina about information format and issues with Gina. Call and message to Brinig for discussion on retaining his service. Conversation with Brian Brinig about his services. Emails with Brian and Griswold about setting an appointment. Send receiver order to Brian's team.

Razuki vs Malan
Receiver Billing Summary
Hourly Rate: \$250

<u>Date</u>	<u>Hours</u>	<u>Charge</u>	<u>Description</u>
9/11/2018	3	\$ 750.00	Call to Sal about Mira Este site visit. Discussion with Aaron about notices from State and our response. Email approval of insurance for Balboa to Ninus. Email to all about Mira Este site visit. Review of CUP for 8859 Balboa from Gina. Emails with Griswold and Gina about Aaron and confidentiality. Approve bill for Judd's work with Ninus. Review and email Griswold about Tamara's email about the Balboa HOA sewer line obligation. Email to Compass and Ninus confirming the account should be active and Ninus and Judd should have access. Emails with Compass bank and Ninus. Review proposed order from Griswold - provide changes/comments. More Griswold/Gina emails to review and comment to Griswold. Continued review of proposed order with changes. Discussion with Griswold about exact language.
9/12/2018	1.25	\$ 312.50	Emails about proposed order. Emails from Ninus and Judd about funds for Mira Este. Email from State and Gina about complete application needed - send to Aaron. Emails with Griswold about order and accountings missing. Further emails from parties. Email from Austin office about State filing. Respond to Griswold about order and lack of reports. More emails about State from Gina and about order from parties.
9/12/2018	3	\$ 750.00	Meeting with Griswold and Brinig and Partner about engagement as forensic accountants per court order.
9/13/2018	2.5	\$ 625.00	Emails from parties about order and scope of audit. Email from Ninus for invoice payment approval. Send emails about Friday inspections, accountants, and Tuesday accounting meetings. Review responses. Email from Gina about powers of attorney for cannabis entities. Emails with Red about financials and docs needed from parties and formal notice. More emails about inspections and audit meeting. Emails from Aaron about filings with State about receivership. Call with Aaron. Call with Sal. Call with John about Friday and Tuesday and time frames of audit. More emails about documentation, POA's, new order, inspections/audit meeting.
9/14/2018	4.25	\$ 1,062.50	Meeting with Brian and Marilyn from Brinig at Mira Este with Tamara, SoCal, Synergy to transfer SoCal property to them. Meeting with Brinig and Tamara at Balboa for site inspection and questions for staff. Discussion with Peter about status of receivership and potential for his units to be vacated. Review and execute letters to State for Balboa and Mira Este. Phone call with Peter on Balboa. Emails from Tamara and Heidi about other emails issues - researching. Call with Aaron and texts about registering with State as "owner" of licenses. Call with Josh from Aaron's office about application. Emails and execute application on State cannabis site. More emails about State license input with Josh. Emails to determine source of "report" emails from Chris Patel.
9/17/2018	3.75	\$ 937.50	Emails with John and Ninus about audit. Emails with Tamara and SoCal about ADP access emails. Review of cash reports for 9/12-9/15 from Heidi for Balboa. Enter and file LiveScan with CDPH for owner notification. Emails with Josh about process and ID number. More accounting/reports emails from Tamara. Emails from Gina about POA's. Emails with Griswold about stipulation and Tuesday CPA meeting. Emails with John and Ninus about City audit and previous POS vendor. Conversation with BiotrackTHC - Steven - about acquiring missing data. Emails with Aaron and Josh about owner statement filing. More emails about City audit, vendor and report. Discussion with John about data needed. Emails with Aaron and Josh - and reply to Mr Pham with requested data. Reply to new email for Mr Pham's out of office response. Emails to Marilyn with financial reports provided by Tamara. Emails with Brian and review/execution of retainer agreement.

Razuki vs Malan
 Receiver Billing Summary
 Hourly Rate: \$250

<u>Date</u>	<u>Hours</u>	<u>Charge</u>	<u>Description</u>
9/18/2018	7.25	\$ 1,812.50	Prepare information for auditor/parties meetings. Review emails from Gina and John. Attend meetings with Brian and Marilyn and John; then Ninus, Tamara, Judd and Griswold. Review financial needs and structures. Identify items/documents needed for audit. Discuss financials from Judd for Balboa and California Cannabis. Discussion with Josh and Aaron about ownership filing. Review doc from Josh for execution. Modify Owner Submittal for BCC. Discussion with John about reports and POS access. Email to Salam and counsel about a meeting with Brinig.
9/19/2018	2	\$ 500.00	Emails with Griswold and James about order. Send bank statements to Marilyn. Email from Ninus with bank access info. Continue prep of owner submittal with Aaron. Emails with Ninus about Torrey Pines Mira Este account - authorization email to Erandy at Torrey Pines Bank. Meeting with Peter from Balboa about new order, rents, status of receivership. Complete final notices/letters to BCC for Balboa and Cal Cannabis. Emails from Marilyn to parties.
9/20/2018	0.25	\$ 62.50	Emails from Gina, Judd and Ninus. Approve bills for payment.
9/26/2018	1.25	\$ 312.50	Emails Heidi and Judd. Gina about City audit, reply to all including Aaron and John. Emails and attachments with Carolyn and John. Emails with Torrey Pines bank about new order. Emails with Griswold about hearing. Review of Balboa reports from Heidi and comments by Marilyn. Review Griswold questions about status and answer for ex parte hearing.
9/28/2018	0.75	\$ 187.50	Emails from Griswold about hearing and court rulings. Email from Tamara about protective order - review and respond to Griswold. Review and approval of Balboa invoices from Judd and Ninus. Emails with Maura about Razuki and CPA meeting.
9/29/2018	1	\$ 250.00	Emails with Griswold on proposed ex parte order and review. Emails with Griswold on Austin invoices and redaction. Email with Treez and Judd about payment. Review of Balboa invoice and email to Ninus. Emails from Michaela about required communication by me to licensing analyst on Balboa. Emails from John and Judd about sales information.
Total		\$ 13,408.00	

Razuki vs Malan
 Receiver Billing Summary
 Hourly Rate: \$250

<u>Date</u>	<u>Hours</u>	<u>Charge</u>	<u>Description</u>
10/1/2018	0.5	\$ 125.00	Emails with Gina and Michaela about analysts and new laws. Emails to review options with Griswold.
10/2/2018	1.5	\$ 375.00	Prepare Sept invoice for payment by operations - send to Judd. Emails with Griswold, Gina, Michaela, John, about regulatory requests/new cannabis law and contact needed from me. Email with Michaela letter to analyst on Balboa. Review of docs sent by John - forward to Marilyn. Emails from Maura and Brinig about Razuki interview re-schedule. Emails with Michaela about more regulatory contacts/emails needed. Emails with Griswold about a modified POA from Gina - and with Gina. Emails with Marilyn on missing items for her audit, specifically Mira Este. Emails with Judd about W9 for payment of Sept fees.
10/3/2018	1	\$ 250.00	Emails and responses to Licensing authorities on status of temp licenses and also questions about SBSB1459. Emails with Griswold about Ninus funding email. Emails with Heidi about Balboa report and changes in email format. Emails with Marilyn and Griswold about Razuki interview. Emails with Judd about invoice approval - review.
10/4/2018	1.25	\$ 312.50	Emails to Griswold and Ninus and all parties about cash flow issues. Emails with Marilyn about Salam interview and need for Mira Este and Balboa additional information. Review and responses to Griswold and Tamara emails on cash flow issue.
10/5/2018	2.25	\$ 562.50	Review and respond to Gina email on Mira Este CUP, Griswold emails, Heidi email reports, Agency analysts and requests for more information, and Marilyn updates and reports. Also reports from Judd on banking and accounting for Mira Este. Emails to Marilyn with questions about documents from Razuki and questions about Hakim. Questions to Marilyn about bank statements provided by Judd. Email to Gina with analyst requirements letter. Email to Griswold about signed order for distribution to banks and Balboa tenants. Review of Marilyn comments and implement request for Hakim interview. Review signed order from Griswold and forward to office for service on Balboa tenant Peter to demand September and October rents. Respond to Michaela email. Call from Maura about cash flow email with questions on audit status. Additional emails with Marilyn about Ninus meeting and cash flow email. Emails with Marilyn and Griswold about Hakim and Mira Este interview with Judd. Discussion with Griswold about further actions and conversation with plaintiff about questions.
10/6/2018	0.25	\$ 62.50	Review Balboa cash report from Heidi. Emails from Michaela regarding agency needs for licenses. Emails with Griswold and Marilyn about scheduling Hakim meeting/interview.
10/8/2018	1.25	\$ 312.50	Messages with Maura and Griswold about cash issues. Conference call with them for discussion on my concerns and position related to a receiver loan and court action. More texts and emails with Griswold with follow up to parties.
10/9/2018	0.25	\$ 62.50	Review news article about lawsuit and Balboa business sent by John. Forward to Griswold.

Razuki vs Malan
Receiver Billing Summary
Hourly Rate: \$250

<u>Date</u>	<u>Hours</u>	<u>Charge</u>	<u>Description</u>
10/10/2018	3	\$ 750.00	Review and respond to emails from Marilyn and Griswold about reports and Mira Este meeting. Email response to Ninus request for Balboa bill for internet. Emails from Gina about agency requirements - check status online with owner account. Review of Marilyn emails about Razuki documents sent and reply with questions. Review and respond to Heidi email about cash flows and non-approved expenses. Respond to Judd regarding more requests for cash and demand to pay no more expenses unless approved by me. Emails to Judd and Heidi about expenses and approval process. Multiple emails to parties about expenses and licensing requirements and the Austin Group responses/position. Emails with Griswold about Gina responses and rebuttal of receiver authority. Email from Ninus about delinquent mortgages and respond. Responses from Gina and Ninus - respond.
10/11/2018	0.5	\$ 125.00	Review and reply to Gina and Michaela emails about login and LiveScans. Log in and photo copy filed document pages for me, Ninus and Hakim. Send to Gina and Michaela with questions about local login.
10/12/2018	1.75	\$ 437.50	Review Ninus and Heidi emails about invoices and respond with my issues. Review revised billing for Gina. Emails from Gina and Red regarding procedures. Multiple emails from Judd and Adam? Reports on Mira Este, review and comment to Griswold and Marilyn. Emails from Griswold in response to Gina. Emails from Maura and our responses. Emails with Griswold and Aaron about licenses. Conversation with Maura about need for funds and setting up a conf call.
		\$ 30.00	Parking fee for Brinig meeting on 9/18/18
10/15/2018	4.75	\$ 1,187.50	Emails to potential investors for receiver loan. Call to Nick Lieberman about details for the loan and explain the process for hyper priority. Send Nick addresses of properties to use as collateral. Deposit September and October rents from Peter for 5 Balboa rental units. Emails with Nick about investor conference call to explain loan details. Conference call with Griswold, Sal, Maura and Aaron discussing upcoming ex parte hearing. Conversation with Aaron about agency compliance inspections. Review email/docs from Michaela and follow instructions for email to Heather at BCC with docs. Review Gina and Michaela emails about agencies and login information. Review email and schedule of deposit for Mira Este from Marilyn to Ninus. Conference call with Nick and Miramar Financial. Call with Nick about process. Discussion with Griswold about call and actions. Review Heidi email and Judd's for approval of expenses - approve.
10/16/2018	1.75	\$ 437.50	Ex parte hearing for case consolidation. Discussion with Gina and Ninus at court about funding. Review of hard money lender LOI and review of Nick's comments. Provide feedback. Email Griswold Sept billings and provide overview of hearing. Griswold email about LOI and response. Email to Gina and Ninus about LOI. Judd email and approval of security expense. Approval of invoice for Heidi at Balboa.
10/16/2018		\$ 15.00	Parking fee for court hearing

Razuki vs Malan
Receiver Billing Summary
 Hourly Rate: \$250

<u>Date</u>	<u>Hours</u>	<u>Charge</u>	<u>Description</u>
10/17/2018	1.25	\$ 312.50	Emails with Griswold and Marilyn about Hakim interview scheduled. Email to parties for confirmation. Texts to Ninus about LOI. Emails with Nick about LOI comments. Email with Judd and Marilyn about interview. Emails with Nick and Lender about final LOI version. Email to Griswold to circulate LOI to parties. Emails from Griswold to new counsel for Far West and Synergy about interview and representation. Emails with parties about interview and issues/agenda. Email from Michaela about license renewal.
10/18/2018	2.25	\$ 562.50	Review Judd payables email, question to Griswold about approval. Review Gina summarized billing. Review Heidi email and attachments, approve expenses except FW mgmt fee. Adam and Gina responses to my email to Heidi. Respond to Judd and others about invoice approval. Review more emails about Balboa and payables priority. Review Gorla email with Griswold about canceling interview with Hakim today. Discussion with Griswold about interview and responses to Far West and parties about payments. Email about meeting from FW attorney. Discussion with Elia and Maura about settlement and receiver involvement/termination. Discussion about LOI for funding from 3rd party. Print out last signed order for interview. Send out email to parties with funding LOI attached. Emails from Griswold and Gina about LOI - respond. Review 9/7/18 order and highlight areas which defendants/vendors are violating.
10/18/2018	3.25	\$ 812.50	Meeting with Brinig group and then interview with Hakim, Judd, Jerry and counsel. Judd attorney email to Griswold. Email from Balboa audit agent with exceptions needed.
10/18/2018		\$ 24.00	Parking fee for Brinig meeting
10/19/2018	0.75	\$ 187.50	Review Jerry email with expenses listed for approval and respond. Review additional invoices from Jerry and respond with questions. Call Jerry per his email and leave message. Review Heidi report and expenses and approve.
10/22/2018	1.25	\$ 312.50	Review emails from Balboa employees about missed sick pay - forward to John for approval before paying. Respond to employees. Phone call with Maura and James about upcoming hearing and interview last week with Hakim and vendors. Forward Word version of previous court order. Conversation with Maura about status of hearing and settlement. Discussion with John about invoices for 2 unpaid employees. Emails with Brinig and Griswold about hearing and our meeting. Report by Heidi - review and approve. Review and respond to Jasmine email and demand for document/information production - copy team.
10/23/2018	1.5	\$ 375.00	Texts with Ninus about HOA payment approval. Review Heidi report. Emails and invoice from Jerry. Email and proposal from Gina. Review budget and then Marilyn's spreadsheet to compare. Emails from Nick and proposed lender about conflict. Contact with Marilyn about budget. Discussion with Maura and James about upcoming hearing and reports. Review Gorla email and correspondence.

Razuki vs Malan
Receiver Billing Summary
 Hourly Rate: \$250

<u>Date</u>	<u>Hours</u>	<u>Charge</u>	<u>Description</u>
10/24/2018	4.25	\$ 1,062.50	Respond to Gina emails. Set up conf call with Brian and Marilyn to discuss budget. Email from Maura about ex parte. Email from Griswold about his status and hearing on Thursday. Phone conference with Brian and Marilyn about budget, missing reports, and structure of email response from Brinig. Email about Treez invoices. Send Brinig email from Gorla about Mira Este motion. Call with Maura about Gina filing and content. Forward emails about budget to Maura for comment. Review Brinig email and approve for distribution about Balboa budget request. John discussion about hearing and motions. Discussion with Maura about Mira Este filing and issues with Synergy. Review of Plaintiff docs and review of emails and responses related to their false allegations. Discussion with Maura about untrue statements and forward supporting emails. Review of Plaintiffs filings and send comments to Maura. Review and respond to Brinig email with copies of parties filings. Review and reply to Heidi email about approval for an invoice I didn't receive.
10/25/2018	5.5	\$ 1,375.00	Emails from Judd and Gina. Court hearing, discussion with parties after court. Meeting with Brian, Marilyn and Griswold. Approve invoices for Ninus and request backup. Email response to Judd's email. Call CA Tax Auditor about Balboa delinquency - number from Gina. Send Receiver docs to Tax Auditor. Emails from Judd and Gina and Maura. Emails from Marilyn - update Receiver cash ledger for her use. Emails and conversation with Cyndee Tax Auditor about account, payments, authorizations. Emails from Judd - approve payroll for Balboa but not FWO fee. Respond to Judd's email about State tax and payment refusal of cash. Respond to Cyndee email containing forms to fill out.
10/25/2018		\$ 30.00	Parking for court and Brinig meeting
10/26/2018	3	\$ 750.00	Review Judd email about tax payment process. Heidi report email and coordinate cash transfer. Emails with Judd about Local tax payment. Emails with Jerry about bill approvals and future reporting procedures. Call with Brinig team about Mira Este and daily cash sheet uses. Texts with Heidi approving vendor billing and coordinating meeting at dispensary. Meet with Heidi at Balboa, discuss approval procedures and possible use of a debit card, pick up cash for State tax payment. Deposit cash in WF receiver account. Emails from Griswold - were in spam - review and reply. Review proposed order from Griswold and comment. Emails with Griswold and Marilyn about Brinig report format and timing.
10/27/2018	1	\$ 250.00	Emails from Ninus and responses about bills and approval. Emails to Griswold and Marilyn. Email from Gina about order and respond. Review emails for prior approval of cable invoice. Emails from Gina to Griswold, my responses and objections.

Razuki vs Malan
Receiver Billing Summary
 Hourly Rate: \$250

<u>Date</u>	<u>Hours</u>	<u>Charge</u>	<u>Description</u>
10/29/2018	2.75	\$ 687.50	Email from Heidi and response. Email to Jerry about payroll approval/documentation. Emails from Griswold and Matt about order. Review Griswold email with submitted order and dec. Pay Griswold Sept billings. Review of State requirement for electronic communications and depositing cash - call Cyndee and leave message. Gorla email about order. Calls with Cyndee about account info. Prepare authorizations and send to Cyndee via email. Emails with Matt about approval process for payroll on Mira Este. Texts with Heidi about cash deposit. Email from Matt. Elia email about order. Emails with Matt and Jerry and Marilyn about Mira Este payroll documentation. Meet Heidi at Balboa and pick up cash for deposit into receiver account - for payment of 3rd quarter State taxes. Deposit into bank and send receipt to Heidi. Review State tax backup from Heidi. Email to Jasmine about meeting to clear outstanding audit issues on Balboa. Emails with Gina about Jasmine call Tuesday 9:30am. Judd email for exise tax payment approval for Mira Este - waiting for return to approve. Emails to Griswold and Brinig team about unacceptable accounting procedures we're experiencing from Far West. Email from Michaela about license and send email to agency asking for update. Emails about phone call with Jasmine, including Gina.
10/30/2018	1.75	\$ 437.50	Email from Judd about tax filing for CCG - contact Cyndee for confirmation of information. Contact Jasmine to confirm call in info for 9:30 conference call. Review report from Heidi. Respond to Quyen about license status. Conference call with Jasmine and Gina about items needed for audit. Email to John about tax returns needed. Discussion with John about info available and old employee payment data. Review and approve Mira Este tax payment from Judd. Approve bill from Ninus for City of SD - answer Marilyn's questions. Send Marilyn copy of State tax support for 3rd quarter payment. Review Marilyn's responses. Email from Cyndee with corrected account number - send Texts with Heidi and Cindy about cash/banking/State tax check arrangements. Email with Gina about Jasmine info. Emails about package sent to Mira Este? Arrange to get final cash from Heidi for State tax payment, deposit in receiver account and give check to Heidi to remit to State. Email from Gina and Griswold with Larry about CCG definitive agreement. Emails with Griswold and Marilyn about Epidure contract at Mira Este. Email from Judd about success filing for CCG.
10/31/2018	1.75	\$ 437.50	Response to Heidi about need for Ninus owner submittal.
Total		\$ 12,661.50	

Griswold LAW

444 S. Cedros Ave., Suite 250
Solana Beach, CA 92075

Phone: (858) 481-1300 | Fax: (888) 624-9177

Account Statement

Prepared for Michael Essary - Receiver

Re: Razuki v. Malan: Receivership

Previous Invoice Amount	\$13,213.45
Last Payment Received	
Previous Balance	\$0.00
Current Charges	\$5,516.55
Total Due	\$5,516.55

Griswold **LAW**

444 S. Cedros Ave., Suite 250

Solana Beach, CA 92075

Phone: (858) 481-1300 | Fax: (888) 624-9177

Michael Essary - Receiver

Invoice Date: November 01, 2018

Invoice Number: 11501

Invoice Amount: \$5,516.55

Matter: Razuki v. Malan: Receivership

Attorney's Fees

10/2/2018	Review/reply to multiple emails with Client re status of Brinig analysis, status of rcvshp budget	R.C.G.	.30	\$90.00
10/4/2018	Review/reply to emails re status of forensic audit	R.C.G.	.30	\$90.00
10/5/2018	Consult with Client re status of forensic audit, review missing docs for Brinig	R.C.G.	.40	\$120.00
10/8/2018	Consult with Client re funding options for ongoing operations, financial reporting	R.C.G.	.60	\$180.00
10/8/2018	TC from counsel for Plaintiff re status of funding for ongoing operations	R.C.G.	.40	\$120.00
10/8/2018	Draft doc demands to parties re forensic audit	R.C.G.	.40	\$120.00
10/9/2018	Review notice of hearing re consolidation; Consult with client re purpose of hearings	R.C.G.	.30	\$90.00
10/11/2018	Review/reply to multiple emails from counsel and consultants re status of rcvshp	R.C.G.	.60	\$180.00
10/11/2018	File and Serve the Notice of Entry of Order	K.C.	.50	\$62.50
10/11/2018	Draft Notice of Entry of Order re Confirming Receiver	J.E.	.60	\$108.00
10/12/2018	TC from counsel for Hakim re status of rcvshp	R.C.G.	.30	\$90.00
10/15/2018	Consult with Client re funding, status of operations, management, doc production to Brinig	R.C.G.	.80	\$240.00
10/15/2018	Review Malan ex parte papers	R.C.G.	1.10	\$330.00
10/16/2018	Review receivership lender LOI; consult with client re terms	R.C.G.	.60	\$180.00
10/16/2018	Review outstanding receivership expenses; draft correspondence to counsel re payment	R.C.G.	.30	\$90.00
10/17/2018	Correspondence with new counsel for Synergy & Far West re status of case	R.C.G.	.30	\$90.00
10/17/2018	Draft correspondence to counsel re agenda for Mira Este Brinig meeting	R.C.G.	.30	\$90.00
10/18/2018	Review Far West demands; draft response email to all counsel	R.C.G.	.30	\$90.00

10/18/2018	TC from counsel for Hakim re Brinig meeting; consult with client re Brinig meeting	R.C.G.	.30	\$90.00
10/18/2018	TC from counsel for Malan re Far West mgt	R.C.G.	.20	\$60.00
10/18/2018	Brinig Meeting with Mira Este, Hakim, Synergy, Judd (telephonic)	R.C.G.	1.30	\$390.00
10/24/2018	Review parties' filings, oppositions re 10/25 ex parte hearings	R.C.G.	1.90	\$570.00
10/25/2018	Prepare for ex parte hearing	R.C.G.	1.10	\$330.00
10/25/2018	Travel to/from and Attend Ex Parte hearing	R.C.G.	1.70	\$510.00
10/25/2018	Meeting with Brinig re forensic audit report status	R.C.G.	.70	\$210.00
10/25/2018	File and Serve the Notice of Entry of Order	K.C.	.40	\$50.00
10/25/2018	Draft proposed order re 10/25 hearing	R.C.G.	.40	\$120.00
10/25/2018	Draft Notice of Entry of Order re 9/28/18 Order. Finalize and prepare for filing and service.	J.E.	.80	\$144.00
10/29/2018	Draft declaration re proposed order	R.C.G.	.40	\$120.00
10/29/2018	Review/reply to counsel emails re language of proposed order	R.C.G.	.30	\$90.00
10/29/2018	File and Serve the Declaration and Proposed Order	K.C.	.60	\$75.00
10/31/2018	Review Malan Notice of Appeal	R.C.G.	.20	\$60.00
10/31/2018	Review/reply to emails from counsel re potential contract negotiation with sub-producer	R.C.G.	.30	\$90.00
SUBTOTAL:			19.00	\$5,269.50

Costs

10/1/2018	OneLegal - courtesy copy delivery fee for the Proposed Order			\$30.00
10/4/2018	OneLegal - e-filing and eservice fee for the Declaration and Proposed Order			\$19.95
10/16/2018	OneLegal - e-filing and eservice fee for the Notice of Entry of Order			\$19.95
10/22/2018	OneLegal - e-filing and eservice fee for the Proposed Order			\$19.95
10/25/2018	OneLegal - e-filing and eservice fee for the Notice of Entry of Order			\$19.95
10/25/2018	COST: SD Superior Court Parking			\$30.00
10/29/2018	OneLegal - eservice fee for the Declaration and Proposed Order			\$10.00
10/30/2018	OneLegal - physical filing and courtesy copy fee for the Declaration and Proposed Order			\$97.25
SUBTOTAL:				\$247.05

TOTAL: \$5,516.55
PREVIOUS BALANCE DUE: \$0.00
CURRENT BALANCE DUE AND OWING: \$5,516.55

BRINIG TAYLOR ZIMMER
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Mr. Michael Essary
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 San Diego CA 92111

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 ACCOUNT NO: 180910-00M
 INVOICE NO. 172133

RAZUKI V. MALAN, ET AL.

			HOURS	
10/01/2018				
	MPW	Economic Analysis	2.75	687.50
	DJD	Data Entry re: Check names and memos - Bank of America	2.40	300.00
10/02/2018				
	MPW	Economic Analysis	2.75	687.50
10/03/2018				
	BPB	Economic Analysis	0.50	212.50
	BPB	Client Case Meeting w/Mr. Razuki	2.80	1,190.00
	MPW	Economic Analysis	4.75	1,187.50
10/04/2018				
	MPW	Economic Analysis	3.00	750.00
10/05/2018				
	DJD	Data Entry re: TP Bank entry (12/16-11/17 & 7/18)	2.80	350.00
10/08/2018				
	MPW	Economic Analysis	0.25	62.50
10/09/2018				
	MPW	Economic Analysis	0.50	125.00
10/10/2018				
	BPB	Review of various emails	0.20	85.00
10/11/2018				
	BPB	Attention To File	0.10	42.50
	MPW	Economic Analysis	3.50	875.00
10/15/2018				
	MPW	Economic Analysis	3.25	812.50

Mr. Michael Essary

RAZUKI V. MALAN, ET AL.

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ACCOUNT NO: 180910-00M
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		HOURS	
10/16/2018			
MPW	Economic Analysis	2.75	687.50
10/17/2018			
BPB	Economic Analysis - Review status	0.50	212.50
MPW	Economic Analysis	2.75	687.50
MPW	Economic Analysis w/BPB	0.50	125.00
10/18/2018			
BPB	Client Case Meeting	2.00	850.00
MPW	Economic Analysis	5.00	1,250.00
10/22/2018			
BPB	Economic Analysis w/MPW	1.00	425.00
BPB	E-Mail to Henbes	0.20	85.00
BPB	Economic Analysis	0.70	297.50
MPW	Economic Analysis	2.50	625.00
MPW	Economic Analysis w/BPB	1.00	250.00
10/23/2018			
BPB	Economic Analysis	0.80	340.00
MPW	Economic Analysis	1.75	437.50
10/24/2018			
BPB	Economic Analysis w/MPW	0.70	297.50
BPB	Economic Analysis	1.80	765.00
BPB	E-Mail	0.30	127.50
BPB	Trial Preparation	3.20	1,360.00
BPB	Review of all pleadings/filings	1.00	425.00
MPW	Economic Analysis w/BPB	0.70	175.00
MPW	Economic Analysis	5.60	1,400.00
10/25/2018			
BPB	Expert Witness Testimony	1.00	425.00
BPB	Trial Preparation	1.00	425.00
BPB	Client Case Meeting - w/Receiver & Counsel	0.30	127.50
MPW	Economic Analysis	6.50	1,625.00

Mr. Michael Essary

RAZUKI V. MALAN, ET AL.

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November 01, 2018
ACCOUNT NO: 180910-00M
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		HOURS	
10/26/2018			
BPB	Economic Analysis w/MPW	0.30	127.50
BPB	Tel Conf w/M. Essary	0.20	85.00
MPW	Economic Analysis	0.50	125.00
10/29/2018			
MPW	Economic Analysis	0.50	125.00
10/30/2018			
BPB	Review of correspondence	0.10	42.50
BPB	Economic Analysis w/MPW	0.80	340.00
MPW	Economic Analysis	3.50	875.00
MPW	Economic Analysis w/BPB	0.80	200.00
10/31/2018			
MPW	Economic Analysis	7.00	1,750.00
FOR CURRENT SERVICES RENDERED		<u>86.80</u>	<u>24,462.50</u>

RECAPITULATION		
<u>HOURS</u>	<u>HOURLY RATE</u>	<u>TOTAL</u>
5.20	\$125.00	\$650.00
62.10	250.00	15,525.00
19.50	425.00	8,287.50

TOTAL CURRENT WORK		24,462.50
PREVIOUS BALANCE		\$10,072.50
10/25/2018	PAYMENT CHECK #0142 PAID BY: MICHAEL ESSARY	-10,072.50
BALANCE DUE		<u>\$24,462.50</u>

WE ACCEPT ALL MAJOR CREDIT CARDS * TAX I.D.: 33-0001473
BRINIG TAYLOR ZIMMER, INC.

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SERVICE LIST

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