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

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**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.*

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

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**APPELLANTS' APPENDIX**  
**Volume 8 of 19 – Pages 2354 to 2663 of 6477**

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and Roselle Properties, LLC*

\*DANIEL T. WATTS, ESQ. (277861)  
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(760) 431-4579 Facsimile

*Attorneys for Appellants,  
Ninus Malan, San Diego United Holdings Group, LLC,  
Flip Management, LLC, Balboa Ave Cooperative,  
California Cannabis Group and Devilish Delights, Inc.*



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Robert E. Fuller (SBN 171770)  
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Salvatore J. Zimmitti (SBN 245678)  
*szimmitti@nelsonhardiman.com*  
**NELSON HARDIMAN LLP**  
11835 West Olympic Boulevard, Suite 900  
Los Angeles, CA 90064  
Telephone: (310) 203-2800  
Facsimile: (310) 203-2727

Attorneys for Plaintiffs-in-Intervention  
SoCal Building Ventures, LLC and San Diego  
Building Ventures, LLC

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

SALAM RAZUKI, an individual, ,  
  
Plaintiff,  
  
v.  
  
NINUS MALAN, et al.,  
  
Defendants.

CASE NO.: 37-2018-00034229-CU-BC-CTL  
Assigned to: Hon. Eddie E. Sturgeon

**SUPPLEMENTAL DECLARATION OF  
SALVATORE ZIMMITTI IN SUPPORT OF  
PLAINTIFFS-IN-INTERVENTION'S  
OPPOSITION TO *EX PARTE*  
APPLICATION TO VACATE  
RECEIVERSHIP ORDER**

*[Filed concurrently with Declaration of Daniel J.  
Spillane IV; Declaration of Jim Townsend and  
Declaration of Aaron Lachant]*

Action Filed: July 10, 2018

AND RELATED COMPLAINT-IN-  
INTERVENTION

DATE: August 20, 2018  
TIME: 2:00 p.m.  
DEPT: C-67



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**SUPPLEMENTAL DECLARATION OF SALVATORE ZIMMITTI**

I, Salvatore Zimmitti, declare as follows:

1. I am an attorney at law the law firm of Nelson Hardiman, LLP, counsel of record for Plaintiffs-in-Intervention SoCal Building Ventures, LLC and San Diego Building Ventures, LLC (collectively “SoCal”) in this action. I make this Supplemental Declaration in further support of SoCal’s Supplemental Opposition to *Ex Parte* Motion to Vacate Receivership Order.

2. On August 14, 2018, I appeared before this Court on the rehearing of the *ex parte* application to vacate receivership that was heard before Judge Strauss on July 31, 2018.

3. On August 15, 2018, I received a minute order that was prepared following the August 14, 2018 hearing which ordered the parties from refraining from selling property, including real property, or exchanging any money with respect to the cannabis businesses, except that Defendants would be permitted to spend \$80,000 for replenishing product at the Balboa and Mira Este manufacturing site. Beyond this allowance, the Court ordered “**all accounts are frozen until further order of the Court.**” A true and correct copy of this order is attached hereto as Exhibit A.

4. On August 14, 2014, the same day the Court ordered all bank accounts frozen (but before the minute order had been distributed), Defendant Malan attempted to unfreeze the receivership hold on the Flip Management account by emailing BBVA bank and attaching Judge Strauss’ prior minute order. Mr. Malan represented in the email to BBV: “Please see attached Minute Order Vacating the Receivership for Flip Management Acc XXXXX7151. Can you please remove the Hold on the Account.” Counsel for SoCal and Plaintiff Razuki were alerted to this attempt to unfreeze the Flip Management account on August 16, 2018, by a BBVA representative who forwarded Mr. Malan’s request to the receiver’s counsel. A true and correct copy of this email to BBV, and the communications between counsel that ensued, is attached hereto as Exhibit B.

5. Counsel for Defendants, Gina Austin, was reminded on August 16, 2018 that no accounts could be unfrozen pursuant to the Court’s order; Ms. Austin represented that Defendant Malan did not want to withdraw money from that account but only sought “information about the



1 contents of the account that neither Social nor Mr. Essary were willing to provide.” Ms. Austin  
2 did not explain exactly what information Defendant Malan had been seeking. Nor did Mr. Austin  
3 otherwise explain what information had not been provided by SoCal or Mr. Essary that would  
4 have justified this request. A true and correct copy of this email string is attached hereto as  
5 Exhibit C.

6 6. On August 16, 2018, the same day counsel were discussing Mr. Malan’s attempt  
7 to unfreeze the BBVA account, I received information from SoCal that a U-Haul truck had  
8 pulled up to the Mira Este location. *See* Supplemental Declaration of Daniel Spillane IV.

9 7. I immediately emailed Ms. Austin to inquire why this vehicle was there, given  
10 SoCal’s concern that property or money may be removed. Mr. Austin informed me that this  
11 vehicle was there not to remove anything but rather to bring product into the facility. A true and  
12 correct copy of this email string is attached hereto as Exhibit D.

13 8. On information and belief, Defendants’ use of a U-haul truck to transport  
14 marijuana product does not appear to comply with the stringent transportation security controls  
15 and permitting requirements set forth by the Bureau of Cannabis Control (“BCC”). According to  
16 Title 16, Division 42 of BCC’s Readopted Emergency Regulations, sections 5311 – 5313,  
17 cannabis goods may only be transported by certain persons holding a distributor license and hold  
18 a motor carrier permit pursuant to Chapter 2 (commencing with Section 34620) of Division  
19 14.85 of the Vehicle Code. Moreover, the vehicle used to transport this material must have  
20 certain security features including, at minimum, a vehicle alarm system; and the cannabis goods  
21 must be locked in a box, container, or cage that is secured to the inside of the vehicle or trailer.  
22 *See* §§ 5311 (a) (b) (e) (h).

23 9. In addition, pursuant to BCC’s regulations, any distributor of cannabis must also  
24 supply detailed information to BCC about the vehicle used to transport cannabis goods in  
25 advance, and notify BCC “of any changes to the information required by this section in writing  
26 within 30 calendar days.” *See* § 5312. A true and correct copy of these sections of BCC’s  
27 Readopted Emergency Regulations is attached hereto as Exhibit E.

28 10. In contrast to Defendants’ apparent use rented commercial moving vehicles to

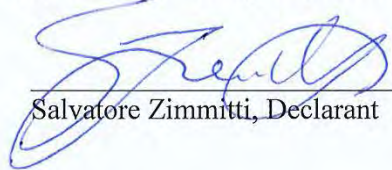
SUPPLEMENTAL DECLARATION OF SALVATORE ZIMMITTI



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accept shipments of product, I am informed that SoCal's policy is to receive product only through licensed, bonded, and permitted distributors using secured (armored) vehicles. *See* Supplemental Declaration of Daniel Spillane IV, ¶ 5.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on August 12, 2018, at Los Angeles, California.

  
\_\_\_\_\_  
Salvatore Zimmitti, Declarant

SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF SAN DIEGO  
CENTRAL

MINUTE ORDER

DATE: 08/14/2018 TIME: 08:30:00 AM DEPT: C-67

JUDICIAL OFFICER PRESIDING: Eddie C Sturgeon  
CLERK: Patricia Ashworth  
REPORTER/ERM: Leyla Jones CSR# 12750  
BAILIFF/COURT ATTENDANT: M. Micone

CASE NO: 37-2018-00034229-CU-BC-CTL CASE INIT.DATE: 07/10/2018  
CASE TITLE: **Razuki vs Malan [IMAGED]**  
CASE CATEGORY: Civil - Unlimited CASE TYPE: Breach of Contract/Warranty

EVENT TYPE: Ex Parte

**APPEARANCES**

Steven A Elia, counsel, present for Plaintiff(s).  
Maura Griffin, counsel, present for Plaintiff(s).  
Gina M Austin, specially appearing for counsel Gina M Austin, present for Defendant(s).  
Charles F Gorla, counsel, present for Defendant(s).  
Tamara M Leetham, counsel, present for Defendant(s).  
Attorney Richard C. Griswold is personally present.  
Attorney Salvatore J. Zimmitti is personally present.  
Attorney Gina M. Austin is personally present.  
Attorney Daniel T. Watts is personally present.

COURT SET SPECIAL SET HEARING is conducted.

Hearing re: Determination of Appointment of Receiver is set for 08/20/2018 at 2:00 p.m.

As to all parties, no money is to be exchange - all accounts are frozen until further order of the Court. No property, including real property, is to be sold until further order of the Court, other than \$80,000 that the Court will allow to be spent on product for Balboa as well as \$80,000 for manufacturing.

Supplemental briefing due by noon on Friday, 08/17/2018.

The Motion Hearing (Civil) is scheduled for 08/20/2018 at 02:00PM before Judge Eddie C Sturgeon.

*Eddie C. Sturgeon*

\_\_\_\_\_  
Judge Eddie C Sturgeon

**EXHIBIT A**

DATE: 08/14/2018  
DEPT: C-67

MINUTE ORDER

Page 1  
Calendar No. 4

2359



**Salvatore J. Zimmitti**

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**From:** Richardson Griswold <[rgriswold@griswoldlawsandiego.com](mailto:rgriswold@griswoldlawsandiego.com)>  
**Sent:** Wednesday, August 15, 2018 12:18 PM  
**To:** Daniel T. Watts  
**Cc:** Austin, Gina; Leetham, Tamara; Steven W. Blake; Steven Elia; Maura Griffin; Salvatore J. Zimmitti; charles gorla; Mike; Jamie Eberhardt  
**Subject:** Re: Minute Court Order showing Reciever Vacated - Flip Management Acc XXXXXX7151  
**Attachments:** 08.14.18 Minute Order Sturgeon.pdf

Hi Daniel,

Just wanted to close the loop on this one. See attached Minute Order from Judge Sturgeon regarding yesterday's hearing. The Court ordered "all accounts are frozen."

Thanks,

Richardson C. Griswold, Esq.  
Griswold Law, APC  
444 S. Cedros Ave., Suite 250  
Solana Beach, CA 92075  
Tel: 858.481.1300  
Fax: 888.624.9177  
[rgriswold@griswoldlawsandiego.com](mailto:rgriswold@griswoldlawsandiego.com)  
[www.griswoldlawsandiego.com](http://www.griswoldlawsandiego.com)

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On Wed, Aug 15, 2018 at 6:22 AM, Richardson Griswold <[rgriswold@griswoldlawsandiego.com](mailto:rgriswold@griswoldlawsandiego.com)> wrote:  
Daniel,

The Receiver is not attempting to assert any authority or interfere with bank accounts. Far from it. The Receiver, in compliance with Judge Sturgeon's sentiments, wants to steer clear of any banking/financial activity until Monday's hearing.

Thanks,

Richardson C. Griswold, Esq.  
Griswold Law, APC  
444 S. Cedros Ave., Suite 250  
Solana Beach, CA 92075  
Tel: 858.481.1300  
Fax: 888.624.9177  
[rgriswold@griswoldlawsandiego.com](mailto:rgriswold@griswoldlawsandiego.com)  
[www.griswoldlawsandiego.com](http://www.griswoldlawsandiego.com)

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On Tue, Aug 14, 2018 at 5:04 PM, Daniel T. Watts <[dwatts@galuppowlaw.com](mailto:dwatts@galuppowlaw.com)> wrote:

Mr. Griswold,

The judge told Mira Este and Balboa to spend money only to replenish product, and limited the amount they can spend. He told the other businesses not to spend money. He did not order their bank accounts "frozen" or restrict access to their bank accounts, and he certainly did not reinstate the receiver or give the receiver authority to interfere with access to the bank accounts.

-Daniel

**From:** Richardson Griswold [mailto:[rgriswold@griswoldlawsandiego.com](mailto:rgriswold@griswoldlawsandiego.com)]  
**Sent:** Tuesday, August 14, 2018 4:19 PM  
**To:** Austin, Gina; Leetham, Tamara; Steven W. Blake; Daniel T. Watts  
**Cc:** Mike; Steven Elia; Maura Griffin; Salvatore J. Zimmitti; charles gorla; Jamie Eberhardt  
**Subject:** Fwd: Minute Court Order showing Reciever Vacated - Flip Management Acc XXXXXX7151

Counsel,



Please see below. BBVA Compass forwarded this email to Mr. Essary this afternoon. Judge Sturgeon was very clear this morning that all bank accounts should remain frozen until our hearing on Monday, August 20th.

It appears Mr. Malan sent an email to BBVA Compass this afternoon in an attempt to gain access/control to the BBVA account. I believe Mr. Malan was present in the courtroom this morning. Please contact Mr. Malan and reiterate Judge Sturgeon's orders regarding bank accounts.

Thanks,

Richardson C. Griswold, Esq.  
Griswold Law, APC  
[444 S. Cedros Ave., Suite 250](mailto:444.S.Cedros.Ave.,.Suite.250)  
Solana Beach, CA 92075  
Tel: 858.481.1300  
Fax: 888.624.9177  
[rgriswold@griswoldlawsandiego.com](mailto:rgriswold@griswoldlawsandiego.com)  
[www.griswoldlawsandiego.com](http://www.griswoldlawsandiego.com)

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On Aug 14, 2018, at 15:23, PATRICE PERKINS-MCSHAN <[patrice.perkins@bbva.com](mailto:patrice.perkins@bbva.com)> wrote:

Good evening we received this from the customer today i was wondering what we need to do with the customer acct

----- Forwarded message -----  
From: **Ninus Malan** <[ninusmalan@yahoo.com](mailto:ninusmalan@yahoo.com)>

Date: Tue, Aug 14, 2018 at 4:18 PM  
Subject: Minute Court Order showing Reciever Vacated - Flip Management Acc XXXXXX7151  
To: "[patrice.perkins@BBVA.com](mailto:patrice.perkins@BBVA.com)" <[patrice.perkins@bbva.com](mailto:patrice.perkins@bbva.com)>

Patrice,

Please see attached Minute Order Vacating the Receivership for Flip Management Acc XXXXXX7151. Can you please remove the Hold on the Account.

Feel free to contact me to with any questions.

Best regards,

Ninus Malan

619-750-2024

--

BBVA

Patrice Perkins-McShan

B&C Deposit Operations-Specialist I

Tel. 205 297-3983- Fax 205-297-6301 [patrice.perkins-meshan@bbva.com](mailto:patrice.perkins-meshan@bbva.com)

Brock Service Center-PO Box 10566, Birmingham, Al 35296

Al-BI-SC\_DPS

<2018-07-31 Minute ORDER vacating receiver.pdf>



**Salvatore J. Zimmitti**

---

**From:** Maura Griffin <MG@MauraGriffinLaw.com>  
**Sent:** Thursday, August 16, 2018 3:19 PM  
**To:** Austin, Gina  
**Cc:** Steven Elia; James Joseph; Maria; calsur@aol.com; rgriswold@griswoldlawsandiego.com; Leetham, Tamara; sblake@galuppolaw.com; Salvatore J. Zimmitti; chasgoria@gmail.com; jeberhardt@griswoldlawsandiego.com; Robert Fuller; patrice.perkins@bbva.com  
**Subject:** RE: Flip Management, LLC Account No. Ending 7151-Court's August 16, 2018 Minute Order Freezing Accounts

Ms. Austin:

You have just admitted that Mr. Malan attempted to “unfreeze” the account. The Court ordered all bank accounts to be “frozen” pursuant to the August 14<sup>th</sup> Minute Order. Therefore, Mr. Malan’s actions, **BY YOUR OWN ADMISSION**, was in direct contravention to the Court’s order. To be frank, I don’t know what Mr. Malan’s intentions were in attempting to “unfreeze” the Flip account although I have my suspicions, however, your assertion that he was merely attempting to gather “needed information about the contents of the account that neither So[C]al nor Mr. Essary were willing to provide” is dubious given the Receiver’s Interim Report, which was served on all parties on August 10, 2018, includes the amount remaining in said account. To be specific, refer to the Interim Receiver’s Report at 3:21-23.

Please rest assured, I will not make any false or inaccurate representations to the Court as it is not my style, although I think there are other attorneys with somewhat looser ethical boundaries. I will simply state the facts as they are and the e-mails speak for themselves.

Sincerely,

**Maura Griffin**  
Attorney At Law



2221 Camino Del Rio South, Suite 207 | San Diego, CA 92108  
Telephone (619) 444-2244 | Fax (619) 440-2233  
Website [www.elialaw.com](http://www.elialaw.com) | Email [maura@elialaw.com](mailto:maura@elialaw.com)  
[Click Here to Add Me to Your Contacts](#)

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**From:** Austin, Gina <gaustin@austinlegalgroup.com>  
**Sent:** Thursday, August 16, 2018 3:05 PM  
**To:** Maura Griffin <MG@MauraGriffinLaw.com>  
**Cc:** Steven Elia <Steve@EliaLaw.com>; James Joseph <james@elialaw.com>; Maria <maria@elialaw.com>; calsur@aol.com; rgriswold@griswoldlawsandiego.com; Leetham, Tamara <tamara@austinlegalgroup.com>; sblake@galuppolaw.com; Salvatore J. Zimmitti <szimmitti@nelsonhardiman.com>; chasgoria@gmail.com; jeberhardt@griswoldlawsandiego.com; Robert Fuller <rfuller@nelsonhardiman.com>; patrice.perkins@bbva.com  
**Subject:** RE: Flip Management, LLC Account No. Ending 7151-Court's August 16, 2018 Minute Order Freezing Accounts

Ms. Griffin,

Please avoid the ad hominem and focus on the matter at hand. The only way to get information is to "unfreeze" the account. I expect that you will avoid improper representations in your papers that Mr. Malan attempted to extract money from the account as that would clearly be a false and inaccurate representation to the court.

Gina

Gina M. Austin  
AUSTIN LEGAL GROUP, APC | 3990 Old Town Ave., Ste A112, San Diego, CA 92110 |  
Ofc: 619-924-9600 | Cell 619-368-4800 | Fax 619-881-0045

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---

**From:** Maura Griffin [<mailto:MG@MauraGriffinLaw.com>]  
**Sent:** Thursday, August 16, 2018 3:01 PM  
**To:** Austin, Gina  
**Cc:** Steven Elia; James Joseph; Maria; [calsur@aol.com](mailto:calsur@aol.com); [rgriswold@griswoldlawsandiego.com](mailto:rgriswold@griswoldlawsandiego.com); Leetham, Tamara; [sblake@galuppolaw.com](mailto:sblake@galuppolaw.com); Salvatore J. Zimmitti; [chasgoria@gmail.com](mailto:chasgoria@gmail.com); [jeberhardt@griswoldlawsandiego.com](mailto:jeberhardt@griswoldlawsandiego.com); Robert Fuller; [patrice.perkins@bbva.com](mailto:patrice.perkins@bbva.com)  
**Subject:** RE: Flip Management, LLC Account No. Ending 7151-Court's August 16, 2018 Minute Order Freezing Accounts

Ms. Austin:



It is clear at this point that Mr. Malan and his counsel not only have selective hearing, but also interpret written words entirely different than their plain meaning. Mr. Malan's email stated as follows: "Please see attached Minute Order Vacating the Receivership for Flip Management Acc XXXXXX7151. Can you please remove the Hold on the Account." [emphasis added.] With all due respect, this is clearly more than in information request from Mr. Malan and, in actuality, is a request to UNFREEZE the Flip account.

Sincerely,

**Maura Griffin**  
Attorney At Law



2221 Camino Del Rio South, Suite 207 | San Diego, CA 92108  
Telephone (619) 444-2244 | Fax (619) 440-2233  
Website [www.elialaw.com](http://www.elialaw.com) | Email [maura@elialaw.com](mailto:maura@elialaw.com)  
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---

**From:** Austin, Gina <[gaustin@austinlegalgroup.com](mailto:gaustin@austinlegalgroup.com)>  
**Sent:** Thursday, August 16, 2018 2:49 PM  
**To:** Maura Griffin <[MG@MauraGriffinLaw.com](mailto:MG@MauraGriffinLaw.com)>; [patrice.perkins@bbva.com](mailto:patrice.perkins@bbva.com)  
**Cc:** Steven Elia <[Steve@EliaLaw.com](mailto:Steve@EliaLaw.com)>; James Joseph <[james@elialaw.com](mailto:james@elialaw.com)>; Maria <[maria@elialaw.com](mailto:maria@elialaw.com)>; [calsur@aol.com](mailto:calsur@aol.com); [rgriswold@griswoldlawsandiego.com](mailto:rgriswold@griswoldlawsandiego.com); Leetham, Tamara <[tamara@austinlegalgroup.com](mailto:tamara@austinlegalgroup.com)>; [sblake@galuppulaw.com](mailto:sblake@galuppulaw.com); Salvatore J. Zimmitti <[szimmitti@nelsonhardiman.com](mailto:szimmitti@nelsonhardiman.com)>; [chasgoria@gmail.com](mailto:chasgoria@gmail.com);



[jeberhardt@griswoldlawsandiego.com](mailto:jeberhardt@griswoldlawsandiego.com); Robert Fuller <[fuller@nelsonhardiman.com](mailto:fuller@nelsonhardiman.com)>

**Subject:** RE: Flip Management, LLC Account No. Ending 7151-Court's August 16, 2018 Minute Order Freezing Accounts

All,

To be clear there has been NO attempt by anyone to withdraw any funds from the FLIP account. Mr. Malan needed information about the contents of the account that neither Social nor Mr. Essary were willing to provide. There was NO order from the court that Mr. Essary is to have control.

This request for information was NOT precluded by the court.

Gina

Gina M. Austin

AUSTIN LEGAL GROUP, APC | 3990 Old Town Ave., Ste A112, San Diego, CA 92110 |

Ofc: 619-924-9600 | Cell 619-368-4800 | Fax 619-881-0045

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---

**From:** Maura Griffin [<mailto:MG@MauraGriffinLaw.com>]

**Sent:** Thursday, August 16, 2018 2:28 PM

**To:** [patrice.perkins@bbva.com](mailto:patrice.perkins@bbva.com)

**Cc:** Steven Elia; James Joseph; Maria; [calsur@aol.com](mailto:calsur@aol.com); [rgriswold@griswoldlawsandiego.com](mailto:rgriswold@griswoldlawsandiego.com); Austin, Gina; Leetham, Tamara; [sblake@galuppolaw.com](mailto:sblake@galuppolaw.com); Salvatore J. Zimmitti; [chasgoria@gmail.com](mailto:chasgoria@gmail.com); [jeberhardt@griswoldlawsandiego.com](mailto:jeberhardt@griswoldlawsandiego.com); Robert Fuller

**Subject:** Flip Management, LLC Account No. Ending 7151-Court's August 16, 2018 Minute Order Freezing Accounts

Ms. Perkins-McShan:

I am one of the attorneys representing Plaintiff Salam Razuki in the case entitled *Razuki v. Malan, et al.* which is also known as SDSC Case No. 37-2018-00034229-CU-BC-CTL (the "Action"). On July 17, 2018, a San Diego Superior Court Judge issued an order authorizing Mike Essary, the court appointed receiver to take possession and control of all receivership assets including, but not limited to, the bank account(s) of Flip Management, LLC ("Flip"), who is a party to the Action. It is my understanding that the BBVA Compass account was eventually transferred to the Receiver's control. The Receiver's counsel forwarded Mr. Malan's e-mail to you which included a copy of the July 14, 2018 order and requesting that you remove the hold on the Flip account.

However, all parties and the Receiver appeared ex parte on August 14, 2018 to discuss the status of the receivership. Ultimately, the Judge scheduled a full hearing for Monday, August 20, 2018 and ordered that, in the meantime, that "As to all parties, no money is to be exchanged [sic] – all accounts are frozen until further order of the Court." A true and correct copy of the Court's August 14<sup>th</sup> Minute Order is attached hereto. Although the Court made mention of certain monies that two entities could use to purchase product, ***THERE IS NO MENTION THAT SAID FUNDS COULD COME FROM FLIP.*** Therefore, we contend and believe that the Flip account is subject to the Court's August 14<sup>th</sup> freeze order pending the August 20<sup>th</sup> hearing.



It is imperative that you continue to deny anyone access to and/or use of the funds held in the Flip account which we understand to be approximately \$26,000. Any release of said funds may expose BBVA Compass to contempt of court. We expect that the Court will determine whether the Flip account is still under the Receivership at Monday's hearing.

Please confirm that no funds have been released to Mr. Malan and that the Flip account is still subject to the Receiver's hold.

If you have any questions or wish to discuss this matter, feel free to call me at the number below.

Thank you for your prompt attention to this matter.

Sincerely,

**Maura Griffin**  
Attorney At Law



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Telephone (619) 444-2244 | Fax (619) 440-2233  
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## Salvatore J. Zimmitti

---

**From:** Austin, Gina <gaustin@austinlegalgroup.com>  
**Sent:** Thursday, August 16, 2018 3:45 PM  
**To:** Salvatore J. Zimmitti; Leetham, Tamara  
**Cc:** Steven Elia; James Joseph; Maria; calsur@aol.com; rgriswold@griswoldlawsandiego.com; sblake@galuppolaw.com; chasgoria@gmail.com; jeberhardt@griswoldlawsandiego.com; Maura Griffin; Robert Fuller; patrice.perkins@bbva.com  
**Subject:** RE: Flip Management, LLC Account No. Ending 7151-Court's August 16, 2018 Minute Order Freezing Accounts

Counsel,

We are bringing product INTO the facility to continue operations as allowed by the Court. There will be NO removal of anything from the property.

Gina  
Gina M. Austin  
AUSTIN LEGAL GROUP, APC | 3990 Old Town Ave., Ste A112, San Diego, CA 92110 |  
Ofc: 619-924-9600 | Cell 619-368-4800 | Fax 619-881-0045

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---

**From:** Salvatore J. Zimmitti [mailto:szimmitti@nelsonhardiman.com]  
**Sent:** Thursday, August 16, 2018 3:43 PM  
**To:** Austin, Gina; Leetham, Tamara  
**Cc:** Steven Elia; James Joseph; Maria; calsur@aol.com; rgriswold@griswoldlawsandiego.com; sblake@galuppolaw.com; chasgoria@gmail.com; jeberhardt@griswoldlawsandiego.com; Maura Griffin; Robert Fuller; patrice.perkins@bbva.com  
**Subject:** RE: Flip Management, LLC Account No. Ending 7151-Court's August 16, 2018 Minute Order Freezing Accounts

Counsel,

I just received word that a U-Haul truck has arrived at the Mira Este facility. Obviously under the circumstances we are concerned that this indicative of some plan to remove money or property. **Please advise immediately.** We would hate to have to alert law enforcement if this is just a simple misunderstanding.

Thank you.

**SALVATORE J. ZIMMITTI** | PARTNER  
T 310.203.2807 | F 310.203.2727  
**NELSONHARDIMAN, LLP**  
11835 West Olympic Blvd, Suite 900 | Los Angeles, CA 90064  
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you have received this message in error, please advise the sender by reply e-mail to [szimmitti@nelsonhardiman.com](mailto:szimmitti@nelsonhardiman.com) and delete the message. Thank you.

---

**From:** Maura Griffin [mailto:MG@MauraGriffinLaw.com]

**Sent:** Thursday, August 16, 2018 3:19 PM

**To:** Austin, Gina

**Cc:** Steven Elia; James Joseph; Maria; calsur@aol.com; rgriswold@griswoldlawsandiego.com; Leetham, Tamara; sblake@galuppolaw.com; Salvatore J. Zimmitti; chasgoria@gmail.com; jeberhardt@griswoldlawsandiego.com; Robert Fuller; patrice.perkins@bbva.com

**Subject:** RE: Flip Management, LLC Account No. Ending 7151-Court's August 16, 2018 Minute Order Freezing Accounts

Ms. Austin:

You have just admitted that Mr. Malan attempted to "unfreeze" the account. The Court ordered all bank accounts to be "frozen" pursuant to the August 14<sup>th</sup> Minute Order. Therefore, Mr. Malan's actions, ***BY YOUR OWN ADMISSION***, was in direct contravention to the Court's order. To be frank, I don't know what Mr. Malan's intentions were in attempting to "unfreeze" the Flip account although I have my suspicions, however, your assertion that he was merely attempting to gather "needed information about the contents of the account that neither So[C]al nor Mr. Essary were willing to provide" is dubious given the Receiver's Interim Report, which was served on all parties on August 10, 2018, includes the amount remaining in said account. To be specific, refer to the Interim Receiver's Report at 3:21-23.

Please rest assured, I will not make any false or inaccurate representations to the Court as it is not my style, although I think there are other attorneys with somewhat looser ethical boundaries. I will simply state the facts as they are and the e-mails speak for themselves.

Sincerely,

**Maura Griffin**  
Attorney At Law



2221 Camino Del Rio South, Suite 207 | San Diego, CA 92108

Telephone (619) 444-2244 | Fax (619) 440-2233

Website [www.elialaw.com](http://www.elialaw.com) | Email [maura@elialaw.com](mailto:maura@elialaw.com)

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---

**From:** Austin, Gina <gaustin@austinlegalgroup.com>  
**Sent:** Thursday, August 16, 2018 3:05 PM  
**To:** Maura Griffin <MG@MauraGriffinLaw.com>  
**Cc:** Steven Elia <Steve@EliaLaw.com>; James Joseph <james@elialaw.com>; Maria <maria@elialaw.com>; calsur@aol.com; rgriswold@griswoldlawsandiego.com; Leetham, Tamara <tamara@austinlegalgroup.com>; sblake@galuppolaw.com; Salvatore J. Zimmitti <szimmitti@nelsonhardiman.com>; chasgoria@gmail.com; jeberhardt@griswoldlawsandiego.com; Robert Fuller <rfuller@nelsonhardiman.com>; patrice.perkins@bbva.com  
**Subject:** RE: Flip Management, LLC Account No. Ending 7151-Court's August 16, 2018 Minute Order Freezing Accounts

Ms. Griffin,

Please avoid the ad hominems and focus on the matter at hand. The only way to get information is to "unfreeze" the account. I expect that you will avoid improper representations in your papers that Mr. Malan attempted to extract money from the account as that would clearly be a false and inaccurate representation to the court.

Gina

Gina M. Austin  
AUSTIN LEGAL GROUP, APC | 3990 Old Town Ave., Ste A112, San Diego, CA 92110 |  
Ofc: 619-924-9600 | Cell 619-368-4800 | Fax 619-881-0045

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**From:** Maura Griffin [<mailto:MG@MauraGriffinLaw.com>]  
**Sent:** Thursday, August 16, 2018 3:01 PM  
**To:** Austin, Gina  
**Cc:** Steven Elia; James Joseph; Maria; [calsur@aol.com](mailto:calsur@aol.com); [rgriswold@griswoldlawsandiego.com](mailto:rgriswold@griswoldlawsandiego.com); Leetham, Tamara; [sblake@galuppolaw.com](mailto:sblake@galuppolaw.com); Salvatore J. Zimmitti; [chasgoria@gmail.com](mailto:chasgoria@gmail.com); [jeberhardt@griswoldlawsandiego.com](mailto:jeberhardt@griswoldlawsandiego.com); Robert Fuller; [patrice.perkins@bbva.com](mailto:patrice.perkins@bbva.com)  
**Subject:** RE: Flip Management, LLC Account No. Ending 7151-Court's August 16, 2018 Minute Order Freezing Accounts

Ms. Austin:

It is clear at this point that Mr. Malan and his counsel not only have selective hearing, but also interpret written words entirely different than their plain meaning. Mr. Malan's email stated as follows: "Please see attached Minute Order Vacating the Receivership



for Flip Management Acc XXXXXX7151. Can you please remove the Hold on the Account?” [emphasis added.] With all due respect, this is clearly more than in information request from Mr. Malan and, in actuality, is a request to UNFREEZE the Flip account.

Sincerely,

**Maura Griffin**  
Attorney At Law



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**From:** Austin, Gina <[gaustin@austinlegalgroup.com](mailto:gaustin@austinlegalgroup.com)>  
**Sent:** Thursday, August 16, 2018 2:49 PM  
**To:** Maura Griffin <[MG@MauraGriffinLaw.com](mailto:MG@MauraGriffinLaw.com)>; [patrice.perkins@bbva.com](mailto:patrice.perkins@bbva.com)  
**Cc:** Steven Elia <[Steve@EliaLaw.com](mailto:Steve@EliaLaw.com)>; James Joseph <[james@elialaw.com](mailto:james@elialaw.com)>; Maria <[maria@elialaw.com](mailto:maria@elialaw.com)>; [calsur@aol.com](mailto:calsur@aol.com); [rgriswold@griswoldlawsandiego.com](mailto:rgriswold@griswoldlawsandiego.com); Leetham, Tamara <[tamara@austinlegalgroup.com](mailto:tamara@austinlegalgroup.com)>; [sblake@galuppolaw.com](mailto:sblake@galuppolaw.com); Salvatore J. Zimmitti <[szimmitti@nelsonhardiman.com](mailto:szimmitti@nelsonhardiman.com)>; [chasgoria@gmail.com](mailto:chasgoria@gmail.com); [jeberhardt@griswoldlawsandiego.com](mailto:jeberhardt@griswoldlawsandiego.com); Robert Fuller <[rfuller@nelsonhardiman.com](mailto:rfuller@nelsonhardiman.com)>  
**Subject:** RE: Flip Management, LLC Account No. Ending 7151-Court's August 16, 2018 Minute Order Freezing Accounts



All,

To be clear there has been NO attempt by anyone to withdraw any funds from the FLIP account. Mr. Malan needed information about the contents of the account that neither Social nor Mr. Essary were willing to provide. There was NO order from the court that Mr. Essary is to have control.

This request for information was NOT precluded by the court.

Gina

Gina M. Austin

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**Subject:** Flip Management, LLC Account No. Ending 7151-Court's August 16, 2018 Minute Order Freezing Accounts

Ms. Perkins-McShan:

I am one of the attorneys representing Plaintiff Salam Razuki in the case entitled *Razuki v. Malan, et al.* which is also known as SDSC Case No. 37-2018-00034229-CU-BC-CTL (the "Action"). On July 17, 2018, a San Diego Superior Court Judge issued an order authorizing Mike Essary, the court appointed receiver to take possession and control of all receivership assets including, but not limited to, the bank account(s) of Flip Management, LLC ("Flip"), who is a party to the Action. It is my understanding that the BBVA Compass account was eventually transferred to the Receiver's control. The Receiver's counsel forwarded Mr. Malan's e-mail to you which included a copy of the July 14, 2018 order and requesting that you remove the hold on the Flip account.

However, all parties and the Receiver appeared ex parte on August 14, 2018 to discuss the status of the receivership. Ultimately, the Judge scheduled a full hearing for Monday, August 20, 2018 and ordered that, in the meantime, that "As to all parties, no money is to be exchanged [sic] – all accounts are frozen until further order of the Court." A true and correct copy of the Court's August 14<sup>th</sup> Minute Order is attached hereto. Although the Court made mention of certain monies that two entities could use to purchase product, **THERE IS NO MENTION THAT SAID FUNDS COULD COME FROM FLIP.** Therefore, we contend and believe that the Flip account is subject to the Court's August 14<sup>th</sup> freeze order pending the August 20<sup>th</sup> hearing.

It is imperative that you continue to deny anyone access to and/or use of the funds held in the Flip account which we understand to be approximately \$26,000. Any release of said funds may expose BBVA Compass to contempt of court. We expect that the Court will determine whether the Flip account is still under the Receivership at Monday's hearing.



Please confirm that no funds have been released to Mr. Malan and that the Flip account is still subject to the Receiver's hold.

If you have any questions or wish to discuss this matter, feel free to call me at the number below.

Thank you for your prompt attention to this matter.

Sincerely,

**Maura Griffin**  
Attorney At Law



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**BUREAU OF CANNABIS CONTROL  
TEXT OF REGULATIONS**

**CALIFORNIA CODE OF REGULATIONS  
TITLE 16  
DIVISION 42. BUREAU OF CANNABIS CONTROL**

**Chapter 1. ALL BUREAU LICENSEES**

**Article 1. Division Definitions**

**§ 5000. Definitions**

For the purposes of this division, the definitions in this section shall govern the construction of this division unless otherwise indicated.

- (a) “Act” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act.
- (b) “Bureau” means the Bureau of Cannabis Control, previously named the Bureau of Marijuana Control, Bureau of Medical Cannabis Regulation, and Bureau of Medical Marijuana Regulation.
- (c) “Cannabis goods” means cannabis, including dried flower, and products containing cannabis.
- (d) “Cannabis waste” means waste that is not hazardous waste, as defined in Public Resources Code section 40141, that contains cannabis and that has been made unusable and unrecognizable in the manner prescribed in sections 5054 and 5055 of this division.
- (e) “Canopy” means the designated area(s) at a licensed ~~premise~~ premises that will contain mature plants at any point in time.
- (f) “Delivery employee” means an individual employed by a retailer who delivers cannabis goods from the retailer premises to a customer at a physical address.
- (g) “Free cannabis goods” means any amount of cannabis goods provided to any person without cost or payment or exchange of any other thing of value.
- (h) “Limited-access area” means an area in which cannabis goods are stored or held and is only accessible to a licensee and its employees and contractors.
- (i) “Lot number” or “batch number” means a distinctive group of numbers, letters, or symbols or any combination of these that is unique to a group of cannabis goods.
- (j) “Medicinal cannabis patient” includes a qualified patient as defined in Health and Safety Code section 11362.7 and a person in possession of a valid identification card issued under Health and Safety Code section 11362.71.



- (7) Laboratory-testing records;
- (8) Warehouse receipts;
- (9) Records relating to tax payments collected and paid under Sections 34011 and 34012 of the Revenue and Taxation Code.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26110 and 26160, Business and Professions Code.

#### **§ 5311. Requirements for the Transportation of Cannabis Goods**

The following requirements apply when transporting cannabis goods between licensees or licensed premises:

- (a) Transportation shall only be conducted by persons holding a distributor license under the Act, or employees of those persons.
- (b) All vehicles transporting cannabis goods for hire shall be required to have a motor carrier permit pursuant to Chapter 2 (commencing with Section 34620) of Division 14.85 of the Vehicle Code.
- (c) Transportation by means of aircraft, watercraft, drone, rail, human powered vehicle, and unmanned vehicle is prohibited.
- (d) Cannabis goods shall only be transported inside of a vehicle or trailer and shall not be visible or identifiable from outside of the vehicle or trailer.
- (e) Cannabis goods shall be locked in a box, container, or cage that is secured to the inside of the vehicle or trailer.
- (f) While left unattended, vehicles and trailers shall be locked and secured.
- (g) A distributor shall not leave a vehicle or trailer containing cannabis goods unattended in a residential area or parked overnight in a residential area.
- (h) At a minimum, a distributor shall have a vehicle alarm system on all transport vehicles and trailers. Motion detectors, pressure switches, duress, panic, and hold-up alarms may also be used.
- (i) Packages or containers holding cannabis goods shall not be tampered with, or opened, during transport.
- (j) A distributor transporting cannabis goods shall only travel between licensees shipping or receiving cannabis goods and its own licensed premises when engaged in the transportation of cannabis goods. The distributor may transport multiple shipments of cannabis goods at once in accordance with applicable laws. A distributor shall not deviate from the travel requirements described in this section, except for necessary rest, fuel, or vehicle repair stops.
- (k) When a distributor holds both an A-license and an M-license, medicinal and adult-use cannabis goods may be transported in the same vehicle only if the cannabis goods are clearly identified and marked as “A” for adult-use cannabis goods, or “M” for medicinal cannabis goods



both on the physical packaging of the cannabis goods and on the shipping manifest. While in transport, the medicinal and adult-use cannabis goods shall be placed in separate boxes or containers in the vehicle. Under no circumstances may non-cannabis goods, except for cannabis accessories as defined in Business and Professions Code section 26001(g), be transported with cannabis goods.

(l) Vehicles and trailers transporting cannabis goods are subject to inspection by the Bureau at any licensed premises or during transport at any time.

(m) Notwithstanding subsections (d) and (e) of this section, if it is not operationally feasible to transport cannabis goods inside of a vehicle or trailer because the licensed premises that the cannabis goods will be transported from and the licensed premises that will be receiving the cannabis goods are located within the same building or on the same parcel of land, the cannabis goods may be transported by foot, hand truck, fork lift, or other similar means. A shipping manifest that complies with this division is required when transporting cannabis goods pursuant to this subsection.

Authority: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

#### **§ 5312. Required Transport Vehicle Information**

(a) In addition to the information required in section 5314 of this division, any distributor who will be or is transporting cannabis goods shall provide the following information to the Bureau:

- (1) Proof of ownership or a valid lease for each vehicle and trailer used to transport cannabis goods;
  - (2) The year, make, model, license plate number, and numerical Vehicle Identification Number (VIN) for each vehicle and trailer used to transport cannabis goods; and
  - (3) Proof of insurance for each vehicle and trailer used to transport cannabis goods.
- (b) The distributor shall provide the Bureau with the information required by this section in writing for any new vehicle or trailer that will be used to transport cannabis goods prior to using the vehicle or trailer to transport cannabis goods.
- (c) The distributor shall provide the Bureau with any changes to the information required by this section in writing within 30 calendar days.

Authority: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

#### **§ 5313. Transport Personnel Requirements**

(a) No person under the age of 21 years old shall be in a commercial vehicle or trailer transporting cannabis goods; and



(b) Only a licensee, an employee of the distributor, or security personnel that meets the requirements of section 5045 of this division, shall be in a vehicle while transporting cannabis goods.

Authority: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

#### **§ 5314. Shipping Manifest**

(a) Prior to transporting cannabis goods, a distributor shall generate a shipping manifest through the track and trace system for the following activities:

- (1) Testing and sampling;
- (2) Sale of cannabis goods to a licensee;
- (3) Destruction or disposal of cannabis goods; and
- (4) Any other activity, as required pursuant to this division, or by any other licensing authority.

(b) The distributor shall transmit the shipping manifest to the Bureau and the licensee that will receive the cannabis goods prior to transporting the cannabis goods.

(c) The distributor shall ensure and verify that the cannabis goods being taken into possession for transport at the originating licensed premises are as described and accurately reflected in the shipping manifest. For purposes of this section, the distributor may verify that the cannabis goods are accurately reflected in the shipping manifest by confirming that the number of boxes of cannabis goods, type of cannabis goods, weight and or units of cannabis goods, matches the label on the boxes containing the cannabis goods.

(1) The distributor shall not take into possession or transport:

- (A) Any cannabis goods that are not on the shipping manifest; or
- (B) Any cannabis goods that are less than or greater than the amount reflected on the shipping manifest.

(2) The distributor is responsible for any discrepancies between the shipping manifest and the cannabis goods in its possession during transport, and subject to any enforcement or disciplinary action related to such discrepancy.

(3) A distributor shall not void or change a shipping manifest after departing from the originating licensed premises.

(d) A shipping manifest shall accompany every transport of cannabis goods.

(e) Notwithstanding subsection (a) of this section, if a transporting distributor has not obtained access to the track and trace system, the distributor shall complete the shipping manifest outside of the track and trace system and transmit it to the Bureau and the licensee receiving the shipment by electronic mail.



(f) If the transporting distributor has access to the track and trace system and the licensee receiving the shipment has not obtained access to the track and trace system, the distributor shall complete the shipping manifest in the track and trace system and transmit it to the Bureau. However, the distributor shall send a copy to the licensee receiving the shipment by electronic mail.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067 and 26070, Business and Professions Code

### § 5315. Distributor Transport Only License

~~(a) A distributor transport only licensee shall be authorized to engage in the transport of cannabis goods between licensees. A distributor transport licensee may transport cannabis goods between licensees however, they shall not transport any cannabis goods except for immature plants and seeds to a retailer or to the retailer portion of a microbusiness.~~

~~(b) Notwithstanding subsection (a) of this section, a distributor transport only licensee shall not be authorized to transport cannabis goods to the premises of a retailer, except when the licensee is transporting only immature plants and seeds from a licensed nursery to a licensed retailer.~~

~~(e)~~ A complete application for a distributor transport only license shall include all the information required in an application for a Type 11-Distributor license.

~~(d)~~ The licensing fee for a distributor transport only license will be based in part upon whether the licensee intends to transport only cannabis goods that the licensee has cultivated or manufactured (self-distribution), or whether the licensee intends to transport cannabis goods cultivated or manufactured by other licensees.

~~(e)~~ A distributor transport only licensee shall comply with all of the requirements for a holder of a Type 11-Distributor license, except for those related to quality assurance and testing.

~~(f)~~ A distributor transport only licensee shall not hold title to any cannabis goods unless the licensee also holds a state-issued cultivation, manufacturing, retailer, or microbusiness license.

~~(g)~~ Holding a distributor transport only license shall not authorize a licensee to:

(1) Engage in the delivery of cannabis goods as defined in Business and Professions Code section 26001(p);

(2) Engage in the wholesale, destruction, packaging, labeling, or storing of cannabis goods; or

(3) Arrange for the testing of cannabis goods by a testing laboratory.

~~(h)~~ Notwithstanding subsection (e) of this section, a distributor transport only licensee that is licensed to engage in self-distribution and whose premises will be on the same property as their licensed cultivation or manufacturing premises shall not be required to comply with the security provisions contained in Article 5 of this division.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26013 and 26070, Business and Professions Code.



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Attorneys for Plaintiffs-in-Intervention  
SoCal Building Ventures, LLC and San Diego  
Building Ventures, LLC

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

SALAM RAZUKI, an individual, ,  
Plaintiff,

v.

NINUS MALAN, et al.,  
Defendants.

CASE NO.: 37-2018-00034229-CU-BC-CTL  
Assigned to: Hon. Eddie E. Sturgeon

**SUPPLEMENTAL DECLARATION OF  
AARON LACHANT IN SUPPORT OF  
PLAINTIFFS-IN-INTERVENTION'S  
OPPOSITION TO *EX PARTE*  
APPLICATION TO VACATE  
RECEIVERSHIP ORDER**

*[Filed concurrently with Declaration of  
Salvatore Zimmitti; Declaration of Daniel J.  
Spillane IV and Declaration of Jim Townsend]*

Action Filed: July 10, 2018

AND RELATED COMPLAINT-IN-  
INTERVENTION

DATE: August 20, 2018  
TIME: 2:00 p.m.  
DEPT: C-67



DECLARATION OF AARON LACHANT

I, Aaron Lachant, declare as follows:

1. I am an attorney at law, duly licensed to practice in the State of California. I am a partner at the law firm of Nelson Hardiman, LLP, and the Chief Executive Officer of the consultancy MMLG, LLC. The following is based on my personal knowledge and I could and would testify to the following if called as a witness.

2. I am familiar with the California Medical and Adult Use Regulation and Safety Act, and the emergency regulations issued as part of its implementation. I am currently working on about 25 licensing projects with the Bureau of Cannabis Control (“BCC”) and am intimately familiar with the California regulations regarding the operations of licensed retailers and manufacturers.

3. On or about July 25, 2018, the receiver, Michael Essary, hired MMLG, LLC to advise him on regulatory issues relating to his receivership in this matter.

4. On information and belief, the appointment of Mr. Essary as receiver complied with state and local regulations. **State regulations specifically contemplate and allow for the appointment of a receiver.** A true and correct copy of the relevant pages from the BCC’s Emergency Regulations is attached hereto as Exhibit A. Specifically, section 5024, the regulations allow for the appointment of a receiver in the event of death, receivership, or in capacity of the owner:

In the event of the death, incapacity, receivership, assignment for the benefit of creditors of an owner, or other event rendering an owner incapable of performing the duties associated with the license, the owner’s successor in interest (e.g., appointed guardian, executor, administrator, receiver, trustee, or assignee) shall notify the Bureau in writing, within 10 business days.

5. Under a plain reading of subsection (a) of section 5024, the court ordered a receivership, rendering the registered owner of the license incapable of performing his duties. Thus, Mr. Essary had an obligation to notify the Bureau of Cannabis control within 10 business days, which he did.

6. On or about July 26, 2018, Michael Essary advised the Bureau of Cannabis Control that Mr. Essary had been appointed receiver of the Licensee. *See* Exhibit 4 to Receiver

DECLARATION OF AARON LACHANT



1 Michael Essary's Interim Receiver's Report. His notice to the State complied with Subsection (b)  
2 of 5024, which provides:

3  
4 To continue operations or surrender the existing license, the successor in interest  
5 shall submit to the Bureau the following: (1) The name of the successor in  
6 interest. (2) The name of the owner for which the successor in interest is  
7 succeeding and the license number; (3) The phone number, mailing address, and  
8 email address of the successor in interest; and (4) Documentation demonstrating  
9 that the owner is incapable of performing the duties associated with the license  
such as a death certificate or a court order finding the owner lacks capacity, and  
documentation demonstrating that the individual making the request is the  
owner's successor in interest such as a court order appointing guardianship or will  
or trust agreement.

10 7. Over the last eight (8) months I have worked on about 2 dozen licensing  
11 applications with the BCC. In that time, I have developed relationships within the BCC and  
12 obtained a working knowledge of how the BCC operates. On or about July 25, 2018, I spoke  
13 with a licensing analyst (a licensing specialist responsible for responding to uncommon  
14 regulatory inquires) about the Balboa property and the appointment of the receiver. **The analyst**  
15 **confirmed that Mr. Essary would need to submit the information required by Section**  
16 **5024(b) and that the Bureau would provide further guidance and instruction upon receipt**  
17 **of the notice.** The BCC licensing analyst did not advise that operations would need to cease at  
18 the location until BCC approved Mr. Essary's operation of the licensee. In accordance with  
19 BCC's instructions, I advised Mr. Essary that he would need to inform BCC of the appointment  
20 of the receivership.

21 8. I also had extensive conversations with Mr. Essary about whether So Cal Building  
22 Ventures LLC ("SoCal") should be listed as an Owner with the state. Mr. Essary determined  
23 that listing SoCal was not appropriate because Mr. Essary, not So Cal Building Ventures, was  
24 ultimately responsible for managing the licensed entity under the court's order.

25 9. Likewise, on or about July 25, 2018, I contacted the City of San Diego via  
26 telephone to inquire what additional actions, if any, Mr. Essary would need to take as a result of  
27 his receivership. The City of San Diego referred me to the Business Development Unit, where I  
28 left a telephone message but I never received a call back from the City. I also reviewed the City  
of San Diego commercial cannabis regulations and did not see any regulation that addressed

DECLARATION OF AARON LACHANT



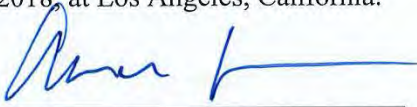
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what action a licensee should take in the event a receiver is appointed. On or about July 31, 2018, Mr. Essary informed me that the court appeared to terminate his receivership and he instructed me to cease all work associated with the project. As a result of this instruction, I abandoned my efforts to seek further regulatory guidance from the City of San Diego.

10. On or about July 26, 2018, I performed an on-site audit of the Balboa location to determine the level of operational compliance at the facility. During the course of my visit, I observed two security guards present during the hours of operation. I also visited the Mira Este property located at 9212 Mira Este Court, San Diego, CA 92126. I observed that the licensed premises did not appear operational and was not in a position to begin operations yet. This led me to believe that Mira Este was still in a buildout and construction phase.

11. Based on the foregoing, I believe that Mr. Essary and SoCal were in compliance with state and local regulations relating to the Balboa and Mira Este facilities.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on August 17, 2018, at Los Angeles, California.

  
\_\_\_\_\_  
Aaron Lachant, Declarant



**BUREAU OF CANNABIS CONTROL  
TEXT OF REGULATIONS**

**CALIFORNIA CODE OF REGULATIONS  
TITLE 16  
DIVISION 42. BUREAU OF CANNABIS CONTROL**

**Chapter 1. ALL BUREAU LICENSEES**

**Article 1. Division Definitions**

**§ 5000. Definitions**

For the purposes of this division, the definitions in this section shall govern the construction of this division unless otherwise indicated.

- (a) “Act” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act.
- (b) “Bureau” means the Bureau of Cannabis Control, previously named the Bureau of Marijuana Control, Bureau of Medical Cannabis Regulation, and Bureau of Medical Marijuana Regulation.
- (c) “Cannabis goods” means cannabis, including dried flower, and products containing cannabis.
- (d) “Cannabis waste” means waste that is not hazardous waste, as defined in Public Resources Code section 40141, and is organic waste, as defined in Public Resources Code section 42649.8, subdivision (c), that contains cannabis and that has been made unusable and unrecognizable in the manner prescribed in sections 5054 and 5055 of this division.
- (e) “Canopy” means the designated area(s) at a licensed premises that will contain mature plants at any point in time.
- (f) “Delivery employee” means an individual employed by a retailer who delivers cannabis goods from the retailer premises to a customer at a physical address.
- (g) “Free cannabis goods” means any amount of cannabis goods provided to any person without cost or payment or exchange of any other thing of value.
- (h) “Limited-access area” means an area in which cannabis goods are stored or held and is only accessible to a licensee and its employees and contractors.
- (i) “Lot number” or “batch number” means a distinctive group of numbers, letters, or symbols or any combination of these that is unique to a group of cannabis goods.
- (j) “Medicinal cannabis patient” includes a qualified patient as defined in Health and Safety Code section 11362.7 and a person in possession of a valid identification card issued under Health and Safety Code section 11362.71.



of owner in section 5003 of this division. A change in ownership does not occur when one or more owners leave the business by transferring their ownership interest to the other existing owner(s). In cases where one or more owners leave the business by transferring their ownership interest to the other existing owner(s), the owner or owners that are transferring their interest shall provide a signed statement to the Bureau confirming that they have transferred their interest.

(d) When there is a change in persons with financial interest(s) in the commercial cannabis business that do not meet the requirements for a new license application under this section, the licensee shall submit the information required by sections 5002(c)(19) and 5004 of this division to the Bureau within 10 business days of the change.

(e) Licensees may request to add an A-designation or M-designation to their license by sending a notification to the Bureau signed by at least one owner as defined in section 5003 of this division. A licensee shall not operate under the requested designation until they have received approval from the Bureau.

(f) Microbusiness licensees may add a commercial cannabis activity to their license or remove a commercial cannabis activity from their license if doing so is consistent with the requirement set forth in section 5500(a) of this division that licensees engage in at least three (3) commercial cannabis activities. Licensees shall request the modification by completing a request to modify the premises pursuant to section 5027 of this division. A licensee shall not engage in a new commercial cannabis activity until they have paid for the modification and received approval from the Bureau.

(g) Licenses may not be transferred from one premises to another. Licensees shall not operate out of a new premises until they have been issued a new license.

Authority: Section 26013, Business and Professions Code. Reference: Sections 136 and 26012, Business and Professions Code.

#### **§ 5024. Death or Incapacity of a Licensee**

(a) In the event of the death, incapacity, receivership, assignment for the benefit of creditors of an owner, or other event rendering an owner incapable of performing the duties associated with the license, the owner's successor in interest (e.g., appointed guardian, executor, administrator, receiver, trustee, or assignee) shall notify the Bureau in writing, within 10 business days.

(b) To continue operations or surrender the existing license, the successor in interest shall submit to the Bureau the following:

- (1) The name of the successor in interest.
- (2) The name of the owner for which the successor in interest is succeeding and the license number;
- (3) The phone number, mailing address, and email address of the successor in interest; and



(4) Documentation demonstrating that the owner is incapable of performing the duties associated with the license such as a death certificate or a court order finding the owner lacks capacity, and documentation demonstrating that the individual making the request is the owner's successor in interest such as a court order appointing guardianship or will or trust agreement.

(c) The Bureau may give the successor in interest written approval to continue operations on the licensed business premises for a period of time specified by the Bureau:

(1) If the successor in interest or another person has applied for a license from the Bureau for the licensed premises and that application is under review;

(2) If the successor in interest needs additional time to destroy or sell cannabis goods; or

(3) At the discretion of the Bureau.

(d) The owner's successor in interest is held subject to all terms and conditions under which a state cannabis license is held pursuant to the Act.

(e) The approval creates no vested right to the issuance of a state cannabis license.

Authority: Section 26013, Business and Professions Code. Reference: Section 26012, Business and Professions Code.

#### **§ 5025. Premises**

(a) Each license shall have a designated premises for the licensee's commercial cannabis activity, which is subject to inspection by the Bureau.

(b) The Bureau may allow a licensee to conduct both adult-use and medicinal commercial cannabis activity on the same licensed premises if all of the following criteria are met:

(1) The licensee holds both an A-designation and M-designation on the license for the identical type of commercial cannabis activity; and

(2) The licensee only conducts one type of commercial cannabis activity on the premises.

(c) Retailers and microbusinesses authorized to conduct retail activities shall only serve customers who are within the licensed premises, or at a delivery address that meets the requirements of this division.

(1) The sale and delivery of cannabis goods shall not occur through a pass-out window or a slide-out tray to the exterior of the premises.

(2) Retailers or microbusinesses shall not operate as or with a drive-in or drive-through at which cannabis goods are sold to persons within or about a motor vehicle.

(3) No cannabis goods shall be sold and/or delivered by any means or method to any person within a motor vehicle.

(d) Alcoholic beverages as defined in Business and Professions Code section 23004 shall not be stored or consumed on a premises.



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4 Attorneys for Defendant CHRIS HAKIM

**FILED**  
Clerk of the Superior Court

AUG 17 2018

By: C. Rein, Clerk

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7 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
8  
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. )

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

(Unlimited Civil Action)

**DEFENDANT CHRIS HAKIM'S  
MEMORANDUM OF POINTS AND  
AUTHORITIES RE EX PARTE  
HEARING ON ORDER VACATING  
APPOINTMENT OF RECEIVER**

Hearing Date: August 20, 2018

Time: 2:00 PM

Dept.: C-67

I/C Judge: Hon. Eddie C. Sturgeon

Complaint Filed: July 10, 2018

Trial Date: Not Set

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PSYCHOLOGICAL

AUG 17 1937

1 Defendant Chris Hakim respectfully submits the following memorandum of points  
2 and authorities relative to the ex parte proceedings involving the appointment of a receiver  
3 and the subsequent vacating of the order appointing the receiver:

4 **1. INTRODUCTION**

5 Notwithstanding the hyperbole in the paperwork submitted by plaintiff in  
6 intervention, SoCal Building Ventures LLC (“SoCal”) and plaintiff Salam Razuki  
7 (“plaintiff”), there is no dispute by any party that defendant Chris Hakim owns 50% of Mira  
8 Este Properties, LLC (“MEP”), which in turn owns all of the property, improvements, and  
9 facility at 9212 Mira Este Court, San Diego (“MEP Facility”). There is likewise no dispute  
10 that defendant Hakim owns 50% of Roselle Properties LLC (“Roselle”), which in turn owns  
11 all of the property and improvements at 10685 Roselle Street, San Diego, California 92121.  
12 There is no basis to appoint a receiver to control and operate Mr. Hakim’s ownership  
13 interest in MEP and Roselle, since no one claims entitlement to Mr. Hakim’s interest in  
14 those assets. Indeed, preliminary or injunctive orders that restrict or curtail Mr. Hakim’s  
15 ownership interests and entitlement to distributions or profits from MEP or Roselle would  
16 likewise be insupportable, since no showing has been or could be made that Mr. Hakim is  
17 not entitled to those profits or distributions.  
18  
19  
20

21 A brief review of the pertinent matters in this litigation involving Mr. Hakim shows  
22 the following:

23 1. Although Mr. Hakim has been named as a defendant, he does not really have a  
24 “dog in the fight” between plaintiff and defendant Ninus Malan. Mr. Hakim has no interest in  
25 the Balboa facility. As noted, Mr. Hakim is a 50% owner of MEP and a 50% owner of Roselle  
26



1 and neither plaintiff, SoCal, nor Mr. Malan disputes Mr. Hakim's ownership interests in  
2 Mira Este or Roselle.

3           2.       When MEP and Roselle were being formed and the properties were being  
4 acquired, plaintiff had every opportunity to “step up” at that time and make his position legal and  
5 of record. He knew when the properties were being acquired because he participated in their  
6 acquisition. Further, plaintiff was actually the owner of Balboa before transferring it to Mr.  
7 Malan in 2017. He now claims that he is entitled to equitable interests in these properties.  
8 However, for various reasons that actually may very well give rise to a defense of unclean hands,  
9 he chose to remain silent.<sup>1</sup> MEP and Roselle were formed and the properties were acquired  
10 without plaintiff’s purported interests being made of record.  
11

12           3.       Mr. Hakim also has no “axe to grind” with SoCal, except that they were not  
13 performing their end of the management agreements with MEP and Roselle. As specified in Mr.  
14 Hakim’s Supplemental Declaration, there were no less than eight defaults by SoCal in payments  
15 that were due in May, June and July 2018. These defaults totaled in excess of \$450,000 relative  
16 to Mira Este alone. The defaults were not cured. Moreover, one of the defaults was the failure  
17 of SoCal to pay for the option in the amount of \$75,000 that was due on March 15, 2018. Any  
18  
19

20 <sup>1</sup> To the extent that Mr. Razuki was trying to avoid his creditors in keeping these properties out of his own name,  
21 equity will not aid him. See, e.g., *Tognazzi v. Wilhelm*, 6 Cal. 2d 123, 125:

22           “(E)quity will not lend its aid to establish a trust or enforce a contract which is tainted with fraud. As  
23 stated in *Saint v. Saint*, 120 Cal. App. 15, 22 [7 Pac. (2d) 374], “he who executes a conveyance of property  
24 for the purpose of hindering, delaying or defrauding his creditors, cannot by any action in equity obtain a  
25 reconveyance from his grantee, nor can anyone claiming under him, except an innocent purchaser”. We  
26 pause to cite but a few of the innumerable authorities containing declarations to this effect: *Bennett v.*  
27 *Brown*, 206 Cal. 424, 428 [274 Pac. 532]; *Faria v. Faria*, 100 Cal. App. 177, 181 [280 Pac. 187]; *Allstead*  
*v. Laumeister*, 16 Cal. App. 59 [116 Pac. 296].

1 claim by SoCal that it still has any option rights relative to MEP is incorrect. Any right of SoCal  
2 to acquire an option in the MEP Facility ended on March 15, 2018, when they failed to pay for  
3 the option. In addition, Mr. Hakim was advised that SoCal employees at the Balboa facility were  
4 caught smoking marijuana on the job. Also, SoCal did not take any action to advance the CUP  
5 regarding the Roselle facility. There are only a very limited number of CUP's that the city is  
6 issuing, and SoCal's failure to take a proactive and diligent effort to obtain a CUP for Roselle  
7 might very well prevent Roselle from even obtaining a CUP. For all of those reasons, SoCal was  
8 terminated on July 10, 2018.  
9

10 4. On July 19, 2018, some nine (9) days after it was terminated, SoCal paid the  
11 receiver \$170,600 on account of and earmarked for the MEP Facility. Notwithstanding that the  
12 \$170,600 was earmarked for Mira Este, the receiver took it upon himself to apply the majority of  
13 that money to other expenses unrelated to the MEP Facility. When it came time to pay the  
14 mortgage on Mira Este on August 5, Mr. Hakim requested that the receiver use this \$170,600 to  
15 pay the loan payments. However, by then, the receiver had "blown through" \$170,600 and there  
16 was only \$15,000, an insufficient amount to cover the mortgage payments on Mira Este.  
17

18 5. In early August 2018, Mr. Hakim entered into a new management agreement for  
19 Mira Este with Synergy Management Partners, LLC ("Synergy"). In the first week of the  
20 management agreement with Synergy, the facility generated in excess of \$200,000 in orders.  
21 Contrariwise, in the more than seven (7) months that SoCal managed the MEP Facility, SoCal  
22 was so dilatory in its performance that it did not get around to even opening the MEP Facility for  
23 operations.  
24

25 6. Under the new management agreement between MEP and Synergy, Synergy has  
26  
27



1 to maintain the strictest of records and accounting. These records and accounting are ample  
2 enough to protect both plaintiff and SoCal's claims in that they will provide a complete and  
3 detailed accounting of all income and expenses of the facility. To the extent that there is any  
4 validity to SoCal's or plaintiff's claims for damages based on lost profits from the MEP Facility,  
5 the detailed accounting will leave intact any claims for damages for lost profits without the need  
6 for an expensive and unnecessary receiver.

7  
8 7. SoCal also claims that it has substantial equipment at the Mira Este facility.  
9 However, the management agreement between MEP and SoCal specifies that all property, both  
10 real and personal, belongs to MEP (at section 4.3.6).

11 As will be seen *infra*, the drastic remedy of a receiver is completely unnecessary and  
12 even counterproductive not only to the interests of Mr. Hakim, but also to the interests of SoCal  
13 and plaintiff. The highly questionable performance of the receiver thus far in misappropriating  
14 monies earmarked for Mira Este and using the funds for alternative purposes, not to mention the  
15 exorbitant fees that the receiver has paid thus far, represents a significant waste of assets to the  
16 detriment of all parties.

17  
18 Further, the prospect of having a receiver supervising the Roselle facility is unreasonable,  
19 to say the least. There is no income from Roselle except for rentals that are not even sufficient to  
20 cover the mortgage payment and other carrying costs.

21  
22 In short, putting a receiver in charge of either Mira Este or Roselle would be completely  
23 unnecessary and even counterproductive because of the cost factor and questionable accounting  
24 practices of the current receiver.

25 **2. CODE OF CIVIL PROCEDURE SECTION 564 DOES NOT AUTHORIZE A**  
26 **RECEIVERSHIP IF THERE ARE OTHER LESS DRASTIC MEANS OF PROTECTING**

1 **ALLEGED RIGHTS OR INTERESTS OF THE PARTY SEEKING THE RECEIVER.**

2 Code of Civil Procedure section 564 authorizes the appointment of a receiver in some  
3 eleven different circumstances. The only basis referenced in the paperwork submitted by SoCal  
4 and plaintiff is the "catchall" provision of CCP section 564(b)(9) that a receiver may be  
5 appointed "where necessary to preserve the property or rights of any party". **However, the**  
6 **appointment of a receiver under section 564 is significantly restricted by the oft-cited rule**  
7 **that because of the drastic nature of a receivership, a less severe remedy will be utilized if**  
8 **adequate to protect the subject property or rights of a party.**

9  
10 In 6 Witkin Cal. Proc. Prov Rem § 420, the author discussed the remedy of receiver as  
11 follows:

12  
13 "The appointment of a receiver is a harsh and drastic remedy, granted only in cases of  
14 extreme necessity and when no other legal or equitable remedy is available. While the  
15 appointment of a receiver is generally within the discretion of the trial court, decisions  
16 upholding the denial of a receiver tend to emphasize the extraordinary nature of the  
17 remedy. It is said to be "harsh" and "drastic," to be granted only in cases of extreme  
18 necessity, when no other legal or equitable remedy is available and the need is great.  
Hence, while it is a discretionary remedy, the discretion to deny is much more likely to be  
upheld than the discretion to grant. (See C.E.B. 2 Civil Proc. Before Trial 4th, §33.7;  
Rutter Group, Civil Proc. Before Trial §9:743 et seq.; 65 Am.Jur.2d (2001 ed.), Receivers  
§18, 19.)

19 The pointed remarks in *Elson v. Nyhan* (1941) 45 C.A.2d 1, 113 P.2d 474, are worth  
20 noting: "Receivers are often legal luxuries, frequently representing an extravagant cost to  
21 a losing litigant. When it appears that no reasonably certain benefit will result to one  
22 litigant, and a distinct disadvantage will result to another, courts should weigh carefully  
23 the propriety of appointing a receiver." (45 C.A.2d 5). . ." (Emphasis added)

24 In *Alhambra-Shumway Mines, Inc. v. Alhambra Gold Mine Corp.*, 116 Cal. App. 2d 869,  
25 the plaintiff asserted that it was the owner of a mine and equipment and that it was entitled to the  
26 possession of the mine and equipment. Plaintiff also asserted that a lease to defendant for the  
27



1 mine and equipment was voidable and that plaintiff had rescinded the lease, but defendant  
2 refused to return possession. On plaintiff's request, the court appointed a receiver. On appeal,  
3 the court of appeal reversed, notwithstanding evidence that defendant continued to operate the  
4 mine and deplete the ore and minerals from the mine. The court of appeal explained that  
5 plaintiff's alleged rights in the mine and equipment could be protected by a far less drastic  
6 procedure than the appointment of a receiver. The court of appeal also determined that plaintiff  
7 had not met its burden of proof that the appointment of a receiver was necessary to protect the  
8 property from being lost, removed, or materially damaged in the event that a judgment was  
9 obtained by the plaintiff. At 116 Cal. App. 2d 873, the court stated:  
10

11 "And because the remedy of receivership is so drastic in character, "Ordinarily, if there is  
12 any other remedy, less severe in its results, which will adequately protect the rights of the  
13 parties, **a court should not take property out of the hands of its owners.** (*A. G. Col Co.*  
14 *v. Superior Court*, 196 Cal. 604 [238 P. 926]; *Fischer v. Superior Court*, 110 Cal. 129  
15 [42 P. 561]; *Dabney Oil Co. v. Providence Oil Co.*, 22 Cal.App. 233 [133 P. 1155]; 53  
16 C.J., p. 25.)" (*Golden State Glass Corp. v. Superior Court*, 13 Cal.2d 384, 393 [90 P.2d  
17 75].) CA(3) (3) Or, as stated in the Dabney case, *supra*, " **Where an injunction will  
18 protect all the rights to which the applicant for the appointment of a receiver appears to  
19 be entitled, a receiver will not be appointed.**" (Citing cases.) (Emphasis added).

20 In the present case, in the present case, the Balboa and Mira Este facilities are  
21 operational. The property and facilities cannot be operated by a receiver as effectively or  
22 inexpensively as they are being operated now. Any purported interest that plaintiff or SoCal may  
23 assert in these facilities can easily be protected by preliminary injunctive orders preventing the  
24 transfer or sale of any assets other than in the normal course of business. Further, any  
25 distributions or profits to which plaintiff or SoCal might be entitled can also be easily protected  
26 based on the detailed records that are required to be kept at Balboa and Mira Este.

27 In regards to Roselle, there is even less a need for any preliminary orders. Roselle is

1 possessed by a third party tenant, and there has been little movement towards turning that facility  
2 into an operational cannabis business. Rentals from the third party tenant can easily be  
3 accounted for and net rental, if any, can be distributed in accordance with ownership interests as  
4 they are determined at a later date.

5 It should also be kept in mind that there is no question that Mr. Hakim is entitled to 50%  
6 of all assets, including profits and distributions, of Mira Este and Roselle. No one disputes that  
7 entitlement. Therefore, there should be no preliminary orders made by the court in regards to  
8 Mr. Hakim's ownership interest in Mira Este and Roselle.

9  
10 **3. THE WITHIN EX PARTE APPLICATION IS WITHOUT MERIT BECAUSE**  
11 **PLAINTIFF HAS NOT PROVIDED ANY SHOWING IN HIS MOVING PAPERS OF**  
12 **ANY IRREPARABLE HARM, IMMEDIATE DANGER, OR OTHER STATUTORY**  
13 **BASIS FOR THE EX PARTE APPOINTMENT OF A RECEIVER AND WITHOUT A**  
14 **NOTICED MOTION OR ORDER TO SHOW CAUSE.**

15 Ex parte applications are governed by California Rules of Court, Rules 3.1201 et sequel.  
16 Rule 3.1202 requires that an applicant "must make an affirmative factual showing in a  
17 declaration containing competent testimony based on personal knowledge of irreparable harm,  
18 immediate danger, or any other statutory basis for granting relief ex parte.) Emphasis added.

19 In the present case, plaintiff has made no showing of irreparable harm or immediate  
20 danger. All monies being generated by the Balboa and Mira Este facilities as well as rent from  
21 Roselle are subject to detailed accounting requirements. Any entitlement of plaintiff or SoCal to  
22 these monies will be compensable in damages without the need for any interim orders. Further,  
23 any right to ownership that plaintiff or SoCal might ultimately be able to prove also does not  
24 require any interim or preliminary orders. Additionally, there has been absolutely no showing  
25 that defendants intend to sell or encumber these properties for the simple reason that no such  
26 intention exists. In short, no judicial intervention is required at this time to protect any



1 questionable rights that either plaintiff or SoCal has in these facilities.

2  
3 Moreover, it has long been the law in California that an ex parte appointment of a  
4 corporate receiver is so dangerous that it should only be done in cases of the greatest emergency  
5 and where, without such appointment, irreparable injury will inevitably result; and where a less  
6 stringent remedy will not protect the rights of all the parties. *Fischer v. Superior Court of San*  
7 *Francisco*, 110 Cal. 129. See, also, 6 Witkin Cal. Proc. Prov Rem § 445, which reads in part as  
8 follows:

9 “It has been pointed out that the remedy of receivership is available only on a strong  
10 showing of necessity and lack of other adequate remedy. (See supra, §420.) **An ex parte**  
11 **order is still more harsh and should be issued only in an emergency that makes**  
12 **immediate action imperative.** Several cases have held the showing insufficient.  
13 (See *A.G. Col Co. v. Superior Court* (1925) 196 C. 604, 613, 238 P. 926, supra,  
14 §422; *McCall v. McCall Bros. Co.* (1933) 135 C.A. 558, 559, 27 P.2d 648; *Rogers v.*  
15 *Smith* (1946) 76 C.A.2d 16, 21, 172 P.2d 365, supra, §422; *Turner v. Superior Court*  
16 (1977) 72 C.A.3d 804, 810, footnote 2, 140 C.R. 475, infra, §456, quoting the text.) (On  
17 preservation of status quo where court does not grant ex parte order, see *Rutter Group,*  
18 *Civil Proc. Before Trial §9:756.*)” (Emphasis added).

19 The showing required to support the appointment of a receiver ex parte was explained at  
20 6 Witkin Cal. Proc. Prov Rem § 446 as follows:

21 “The required showing ... is amplified by C.R.C., Rule 3.1175. In addition to any other  
22 matters, the applicant "must show in detail by verified complaint or declaration" the  
23 following:

- 24 (1) The type of emergency and why the applicant would suffer irreparable injury during  
25 the time needed for a noticed hearing. (C.R.C., Rule 3.1175(a)(1).)
- 26 (2) The names, addresses, and telephone numbers of the individuals in actual possession  
27 of the property for which a receiver is requested, or of the president, manager, or  
principal agent of a corporation in possession. (C.R.C., Rule 3.1175(a)(2).)
- (3) The manner in which the persons in possession are using the property. (C.R.C., Rule  
3.1175(a)(3).)
- (4) If the property is part of the plant, equipment, or stock in trade of a business, the  
nature and approximate size or extent of the business, and facts sufficient to show  
whether the taking of the property by a receiver would stop or seriously interfere with the  
operation of the business. (C.R.C., Rule 3.1175(a)(4).)

If any of these matters is unknown and cannot be ascertained by due diligence, the

1 applicant must specify what information is unknown, and the steps that have been taken  
2 to acquire that information. (C.R.C., Rule 3.1175.)”

3 In the present case, the evidence that plaintiff has submitted is little more than the legal  
4 conclusions and general allegations of his complaint. Omitted from his paperwork is any  
5 information concerning the economics of the property, such as the gross income (or lack thereof  
6 in the case of Mira Este and Roselle), the operating expenses, and what would be left over to pay  
7 and support a receiver. In particular, no showing by plaintiff was made relative to: the type of  
8 emergency and why plaintiff would suffer irreparable injury during the time needed for a noticed  
9 hearing; the names, addresses, and telephone numbers of the individuals in actual possession of  
10 the MEP Facility or Roselle; the property for which a receiver is requested; the manner in which  
11 the persons in possession are using the property; and the nature and approximate size or extent of  
12 the business, and facts sufficient to show whether the taking of the property by a receiver would  
13 stop or seriously interfere with the operation of the business.  
14  
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16 In regards to Roselle, there would be insufficient net income to support the payment of a  
17 receiver even if there was a need to do so.

18 Contrariwise, Mr. Hakim has submitted a detailed recitation of the facts, including the  
19 fact that there is no controversy or factual issue regarding Mr. Hakim's 50% ownership interest  
20 in MEP and Roselle. There is also no factual issue regarding SoCal's defaults, failure to cure,  
21 and termination on July 10, 2018.

22 It can readily be seen from the paperwork submitted in opposition to the appointment of a  
23 receiver that not only would defendants Mr. Malan, Mr. Hakim, and the respective entities  
24 through which they operated be adversely affected by the appointment of a receiver; but plaintiff  
25 himself would be disadvantaged by the appointment of a receiver because of the depletion of net  
26



1 profits necessary to support the receiver and his coterie of "consultants".

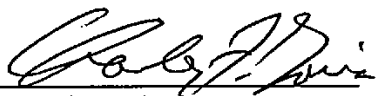
2 **4. CONCLUSION**

3 For all of the foregoing reasons, it is requested that plaintiff's ex parte application for the  
4 appointment of a receiver be denied. If any preliminary injunctive orders are deemed  
5 appropriate, they should be limited such that they do not impact Mr. Hakim's interests in the  
6 assets of the MEP Facility and Roselle.

7  
8 Respectfully submitted,

9  
10 **GORIA, WEBER & JARVIS**

11 Dated: 8/17/2018

12 By:   
13 Charles F. Goria  
14 Attorneys for Defendant  
15 Chris Hakim

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Attorneys for Defendant CHRIS HAKIM

**FILED**  
Clerk of the Superior Court

AUG 17 2018

By: C. Rein, Clerk

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

SALAM RAZUKI, an individual	)	Case No.: 37-2018-00034229-CU-BC-CTL
Plaintiff	)	(Unlimited Civil Action)
vs	)	<b>SUPPLEMENTAL</b>
NINUS MALAN, an individual; CHRIS HAKIM, an individual; MONARCH MANAGEMENT CONSULTING, INC., California corporation; SAN DIEGO UNITED HOLDINGS GROUP, LLC, a California limited liability company; FLIP MANAGEMENT, LLC, a California limited liability company; MIRA ESTE PROPERTIES LLC, a California limited liability company; ROSELLE PROPERTIES, LLC, a California limited 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;	)	<b>DECLARATION OF CHRIS HAKIM RE EX PARTE HEARING ON ORDER VACATING APPOINTMENT OF RECEIVER</b>
Defendants.	)	Hearing Date: August 20, 2018 Time: 2:00 PM Dept.: C-67 I/C Judge: Hon. Eddie C. Sturgeon
	)	Complaint Filed: July 10, 2018 Trial Date: Not Set
	)	<b>IMAGED FILE</b>



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I, Chris Hakim, declare:

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

2. At all times herein mentioned, I have been and still am one of the owners of Mira Esta Properties LLC (MEP). At all times since MEP was formed, I have been and still am the managing member of MEP.

3. As I stated in my prior declaration filed on or about August 13, 2018, beginning on or about August 3, 2018, MEP began operating a business consisting of the production of various byproducts of cannabis for distribution to retail dispensaries and other such establishments. As I also stated in my August 13, 2018 declaration, I negotiated an agreement with Synergy Management Partners. LLC ("Synergy"). Synergy began management activity at Mira Este on or about August 3, 2018. On or about August 10, 2018, the agreement with Synergy was reduced to writing. A true and correct copy of this new management agreement for Mira Este is attached hereto as Exhibit 1 and, by this reference, made a part hereof. As I also specified in my August 13, 2018 declaration, and almost immediately after it began its operations, Synergy generated more than \$200,000 in orders during the first week of its operations. The orders have not as yet been filled, however, so the monies have not been paid to Synergy or to MEP.

3. As specified in the management agreement between Synergy and MEP (at section 3.4 of management agreement), checks drawn on the bank account to be utilized by Synergy requires the signature of both a representative of Synergy and a representative of MEP. For purposes of any preliminary injunctive order, therefore, an order restricting

1 expenditures from the Mira Este operation and directed at MEP will restrict expenditures  
2 from the subject business account notwithstanding that Synergy is not a party to this  
3 litigation.

4 4. I have reviewed the declaration of Jim Townsend, managing member of  
5 SoCal building ventures LLC ("SoCal"), as well as the attachments to that declaration. The  
6 declaration and attachments are noteworthy in several respects. First, Townsend's  
7 declaration and accounting show a transfer of \$170,600 on July 19, 2018 to the receiver for  
8 and on account of MEP. (See Exhibit B to declaration of Jim Townsend). As previously  
9 noted in my August 13, 2018 declaration, these funds were commingled and  
10 misappropriated by the receiver for a number of expenses completely unrelated to MEP. As  
11 a result, the August 2018 mortgage payments due on loans encumbered by MEP's real  
12 property could not be paid by the receiver. I was required to pay them from my personal  
13 funds.  
14  
15

16 5. The declaration of Jim Townsend and attachments thereto are also inaccurate  
17 and also fail to show SoCal's defaults and "bounced" checks that existed at the time that  
18 SoCal was terminated on July 10, 2018. Pursuant to the management agreement between  
19 SoCal and MEP, SoCal agreed to pay expenses, a minimum guarantee, and a management  
20 fee. A true and correct copy of the management agreement between SoCal and MEP is  
21 attached hereto as Exhibit 2 and, by this reference, made a part hereof. SoCal was in default  
22 of that agreement as of July 10, 2018, as follows:  
23

- 24 A. Failure to pay the June 2018 management fee of \$60,300;  
25 B. Failure to pay the May 2018 minimum guarantee payment of \$50,000;  
26



- 1 C. Failure to pay the July 2018 management fee of \$60,300;  
2 D. Failure to pay the June 2018 minimum guarantee payment of \$50,000;  
3 E. Failure to pay utilities in the amount of \$12,000;  
4 F. Failure to pay SoCal's portion of the CUP cost in the amount of  
5 \$18,954 (section 5.5 of Exhibit 3);  
6  
7 G. Failure to pay SoCal's reimbursement of the tenant improvements due  
8 March 2, 2018 of \$125,000 (section 5.4 of Exhibit 3);  
9 H. Failure to pay the option fee of \$75,000 due March 15, 2018 (section  
10 8.1 of Exhibit 3).

11 The total of these defaults as of July 10, 2018, was \$451,554. As previously stated in my  
12 August 13, 2018 declaration, notice of certain of these defaults was specified in  
13 correspondence from my counsel, Gorla, Weber and Jarvis, by David Jarvis, in his letter of  
14 June 1, 2018. These defaults persisted for more than 25 days. That is significant because  
15 the management agreement between SoCal and MEP provides for termination "at the option  
16 of the Company upon the failure of the Manager to make any payments as are required  
17 herein, and such failure has gone uncured for twenty-five (25) days following notice to  
18 Manager by Company and/or Old Operators" (section 6.2, Exhibit 2). Additionally, on or  
19 about June 29, 2018, Mr. Ninus Malan and I sent a letter to SoCal advising SoCal of its  
20 defaults and demanding that they be cured. A true and correct copy of said June 29, 2018  
21 correspondence is attached hereto as Exhibit 3 and, by this reference, made a part hereof.  
22  
23 SoCal failed to cure these defaults at any time before July 10, 2018.  
24  
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1 Exhibit 3. The only alleged dispute or alleged uncertainty is whether or not plaintiff has  
2 some type of claim against Ninus Malan that would allow Mr. Razuki to claim some type of  
3 equitable interest in Mr. Malan's ownership interest in MEP. That dispute or uncertainty  
4 has no bearing whatsoever on SoCal's obligations under the management agreement with  
5 MEP. SoCal's obligations to MEP existed regardless of who the owners of MEP were or  
6 are.  
7

8 10. In various papers and declarations submitted by plaintiff, accusations have  
9 been made that I have conspired with defendant Malan to steal monies from the Balboa  
10 facility. There is no validity to these accusations. I have no ownership interest in the  
11 Balboa facility, and there has been no theft, misappropriation, or embezzlement of funds by  
12 me in connection with the Balboa operation. I located SoCal as a manager, and participated  
13 in the negotiation of the management agreement between SoCal and Balboa. Based on that  
14 work, I was paid one half of the \$35,000 guaranteed monthly payment made by SoCal to  
15 Balboa, or \$17,500, for a period of 5 months. The total amount that I received for locating  
16 and negotiating the management agreement with SoCal was \$87,500. I have not received  
17 any other or further sums in connection with the Balboa operation.  
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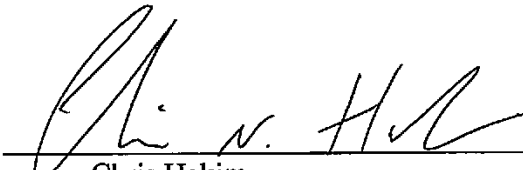
19 11. There is no dispute and plaintiff does not claim otherwise that I am now and  
20 always have been entitled to 50% of all assets, distributions, and profits of MEP. Therefore,  
21 to the extent that the court imposes any type of restraining order or injunctive order during  
22 these proceedings, request is made that the injunctive order not impact monies that would  
23 otherwise be distributed to me. I rely on monies from Mira Este to meet living expenses,  
24

25 ///  
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1 and an interruption of these monies would be extremely detrimental to me.

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

4 This declaration was executed this 16<sup>th</sup> day of August, 2018, at San Diego County,  
5 California.

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9 Chris Hakim

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# EXHIBIT 1

## MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT (the "Agreement") is entered into as of August 3, 2018 (the "Effective Date") in San Diego, California by and between Mira Este Properties, LLC, a California limited liability company (herein the "Company") on the one hand and Synergy Management Partners LLC on (herein "Manager") on the other hand. Each may be referred to herein individually as "Party" or collectively as "Parties."

### RECITALS

*WHEREAS*, the Company has been issued licenses from the state of California ("State") to manufacture and distribute cannabis ("State License") at the real property located at 9212 Mira Este Court, San Diego, CA 92126 (the "Facility");

*WHEREAS*, Manager has expertise managing cannabis manufacturing and distribution operations; and

*WHEREAS*, the Company desires to engage Manager to provide the Services as more fully defined herein, and Manager desires to provide such Services to the Company 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 I.

##### DUTIES AND RESPONSIBILITIES

Section 1.1: Services. The Company hereby engages Manager to provide the following services (collectively, the "Services"), and Manager hereby accepts such appointment Synergy Management Partners LLC will jointly act as Manager with all Manager decisions to be made jointly by them):

- a. Manage the day-to-day operations of the Facility.
- b. Provide all staff necessary to operate the Facility on behalf of the Company pursuant to the terms hereof.
- c. Maintain proper accounts and ledgers of the Facility, including accounts payable and receivable.
- d. Keep all records required by and in accordance with applicable law on the Company's behalf and as the manager of the Facility.
- e. Generate customary reports for the Company, which will be provided no less

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d. Keep all records required by and in accordance with applicable law on the Company's behalf and as the manager of the Facility.

e. Generate customary reports for the Company, which will be provided no less frequently than weekly.

f. Procure all inventory and equipment needed for the Facility on the Company's behalf.

g. Collect, report and remit all taxes required of the Facility on the Company's behalf.

h. Pay all expenses of the Facility on the Company's behalf, subject to the restrictions contained herein.

i. Maintain proper insurance for the Facility on the Company's behalf.

j. Ensure compliance with all conditions and requirements for the State License.

k. Procure for the Company all vehicles necessary for it to operate its distribution division, whether by lease or purchase arrangement; provided that the Company agrees in writing to all such arrangements prior to purchase, lease or rental.

l. Create an operational budget for the Facility.

m. Assist design and maintain a website for the Facility.

n. Promote and market the Facility and its services to customers, vendors and other potential sources of revenue.

o. Solicit licensing partners and customers to use the Facility's services and products.

p. Assist create and implement standard operating procedures for the Facility on behalf of the Company.

q. Provide such additional Services as reasonably requested by the Company.

**Section 1.2: Inherent Services.** The Parties acknowledge and agree that there are functions, responsibilities, activities and tasks not specifically described in this Agreement which are required for the proper performance and provision of the Services and are a necessary, customary or inherent part of, or a necessary sub-part included within, the Services. Manager is empowered to perform such inherent

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functions, responsibilities, activities and tasks to the same extent and in the same manner as if specifically described in this Agreement.

**Section 1.3: Scope of Services.** Manager will provide the Services in substantially the same manner it provides services to its other clients and in accordance with Industry standards. Manager will not be required to devote full time to the Services; however, it shall devote such time to the Services as is necessary to faithfully perform the Services in accordance with this Agreement. The Parties recognize that Manager may now or later render services to, with and on behalf of third parties.

**Section 1.4: Compliance with Laws.** Manager shall, in performing the Services, faithfully observe and comply with all State, and local laws, ordinances and regulations, applicable to the Services to be rendered under this Agreement and shall obtain any permits or licenses required. The Company agrees to faithfully observe and comply with all federal, State, and local laws, ordinances and regulations, applicable to its operation of the Facility and business and shall obtain any permits or licenses required. The Company agrees to faithfully observe and comply with all State, and local laws, ordinances and regulations, applicable to the Services to be rendered under this Agreement and shall obtain any permits or licenses required.

The Parties shall comply with all federal laws applicable to them as a result of this Agreement or operation of the Facility; provided, the Parties expressly acknowledge and agree that (i) the use, possession, cultivation, manufacture, transportation, purchase and sale of cannabis is federally illegal, (ii) the federal laws and certain states' laws regarding the use, possession, cultivation, transportation, manufacture and furnishing of cannabis (the "Industry") are in conflict; (iii) engaging in the lawful conduct of business operations in the Industry under state law may risk criminal or civil forfeiture, violation of federal law, and heightened risk of criminal or civil prosecution, crime and violence; and (iv) such inherent risks are assumed by each Party, and each Party has elected to execute and fulfill this Agreement despite such risks and waives any defense to enforcement of this Agreement based on cannabis being federally illegal. In the event either Party receives a cease and desist letter from the U.S. Government concerning the operation of cannabis businesses at the Facility or otherwise, it shall inform the other party and either party may immediately terminate this Agreement by written notice to the other Party.

**Section 1.5: Exclusive Provider of Services.** The Company shall exclusively utilize Manager for performance and delivery of its Services during the Term of this Agreement.

**Section 1.6: Employee Leasing.** Manager will be responsible for providing all personnel required to provide the Services. All such personnel may be leased to the Company by Manager in accordance with the provisions of this Section 1.6 or shall be employed directly by the Company, as decided agreed by the Parties. If the Parties cannot agree, all personnel will be engaged directly by the Company or through a third-party staffing company of its choosing.

- a. If the Company elects to lease employees from Manager, Manager will use

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commercially reasonable efforts to supply to the Company the services of the persons identified on Exhibit A hereto, incorporated herein by reference ("Assigned Personnel"), which may be amended from time-to-time by the written agreement of the Manager and the Company. Manager shall fill out Exhibit A, either in type or print, including the name, address, email, telephone number, workers' compensation classification, job position, and compensation for each Assigned Personnel, which the Company will confirm and approve. Manager shall be fully responsible for notifying all Assigned Personnel of their leased employee status. Each Assigned Personnel shall be identified according to workers' compensation classification by proper code and according to pay status under the Fair Labor Standards Act or any other rule or regulation that may apply. The Company's signature shall be affixed to Exhibit A to indicate proper classification of workers' compensation code and pay status. No other employees shall become leased to the Company unless specifically agreed by Manager and the Company. Manager shall not be considered an employer for any employee who does not complete a Manager employment application and who is not accepted by Manager as a leased employee. Manager agrees to notify the Company immediately upon the release, termination or cessation of employment of any Assigned Personnel. The Company agrees to cooperate with Manager in all employment matters. Manager shall be responsible for tracking the hours of and processing payroll for all Assigned Personnel. Manager shall maintain a personnel file and personnel records for Assigned Personnel. All Assigned Personnel shall be considered employees of Manager. Manager shall assume sole and exclusive responsibility for the payment of wages to Assigned Personnel. Manager shall, with respect to said personnel, be responsible for withholding federal, state and local income taxes, withholding and paying over the employee share, and paying the employer share, of Social Security and Medicare taxes, unemployment insurance contributions, and any other payroll-related taxes required by law. Manager shall be responsible for maintaining workers' compensation insurance coverage for Assigned Personnel in an amount and under such terms as required by state law. Manager shall be responsible for ensuring that all applications and insurance enrollment forms are fully completed and returned to Manager by the Assigned Personnel.

b. The Company shall comply with all applicable federal, state and local laws in dealings with Assigned Personnel. Manager shall incur no liability for any violation or alleged violation of law or regulation by the Company.

c. In compliance with state law and federal guidelines, Manager shall, after consultation with the Company:

- i. Have a right to recruit, hire, direct and control Assigned Personnel,
- ii. Have a right to discipline, replace, and terminate the employment of Assigned Personnel and designate the date of separation from employment,
- iii. Have a right to reward, promote, reassign, evaluate and determine the wages, hours, terms and conditions of employment,
- iv. Have the right to resolve and decide employee grievances and disputes, and

CH NM-AG JM



v. Supervise and direct Assigned Personnel in a reasonable manner consistent with the practices of similar businesses and enterprises.

d. The Company may retain such sufficient direction and control over the Assigned Personnel as is necessary to conduct the Company's business and without which the Company would be unable to conduct its business, discharge any fiduciary responsibility that it may have, or comply with any applicable licensure, regulatory, or statutory requirement of the Company.

e. It shall be Manager's responsibility to implement a safety and training program that meets the standards of regulations issued by the state of California.

f. The Parties each agree that they will comply with all health and safety laws, right-to-know laws, regulations, ordinances, directives and rules imposed by controlling federal, state, and local government, and that they will immediately report all accidents and injuries to the other party.

g. Environmental factors, equipment, machinery and all other matters which affect employee health and safety shall be maintained in compliance with OSHA standards, which shall be the responsibility of Manager.

h. Roberto Sanz and Jerry Baca shall not be entitled to compensation as Assigned Personnel but rather will be compensated by Manager through its compensation due hereunder.

**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 Facility, if the Parties can come to mutually agreed upon terms. The Parties agree to negotiate such agreement in good faith during the Term of this Agreement. The Parties acknowledge that a long-term agreement would be conditioned upon the results of the Litigation.

**Section 1.8: Prior Agreements.** The Parties acknowledge that the Company 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"). Manager acknowledges and understands that the Litigation could affect Manager's ability to perform under this Agreement or ability to receive timely payment for services, should the court or other parties to the Litigation take certain actions. Excepting the right to indemnification as herein detailed, Manager hereby agrees to waive any breach of this Agreement resulting from the Litigation.

**Section 1.9: Manager Brands.** The Parties acknowledge and agree that the Manager has certain Industry contacts and intends to introduce certain of those contacts to the Company as licensing partners for the Facility to manufacture the contacts' branded cannabis products (the "Manager Brands").

CH W.M. B.G. J.S.

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Initials: \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_

**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 Ninety (90) 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 Company or relating to the Facility to the Company. The provisions of this Agreement relating to confidential information and indemnity shall survive termination of this Agreement. In addition, following termination of this Agreement, Manager shall be entitled to continue to receive compensation as detailed in Article 3 of this Agreement.

**ARTICLE 3.**

**COMPENSATION AND EXPENSES**

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

a. During the term of this Agreement, as compensation for its Services, Manager shall be entitled to receive thirty three percent (33%) of the net profits of the Facility each month ("Management Fee"). For purposes of this Agreement, "net profits" means all revenues generated by the Facility less all costs and expenses of the Facility each month.

b. Following termination of this Agreement, Manager will be entitled to receive two and a half percent (5%) of the net profits of the Facility generated by the Manager Contacts each month.

c. All fees due Manager hereunder will be payable in arrears on the fifth (5<sup>th</sup>) day of the month, beginning the month following the Effective Date.

**Section 3.2: Advances; Reimbursement.** Manager agrees to advance all funds, up to

CH N.M. KJ GJM

\$30,000.00, required by the Facility until the Facility has sufficient revenues to cover its ongoing expenses, which advances will be reimbursed by the Company. In connection with the Services, the Company shall reimburse Manager for any expenses or costs actually and reasonably incurred and paid by Manager on behalf of the Company. Notwithstanding anything to the contrary contained herein, all advances from the Manager for expenses prior to there being sufficient revenues of the Facility shall be reimbursed only sixty seven percent (67%), leaving thirty three percent (33%) of such expenses to be borne directly by the Manager, but only to the extent such reimbursed expenses have not been calculated within the net profits due Manager.

**Section 3.3: Expenses.** The Company shall be responsible for all costs and expenses of operating its Facility and providing products and services to customers, including but not limited to, payment of taxes, the Manager's direct costs associated with the Assigned Personnel, marketing, compliance, insurance, inventory, and rent, whether or not such costs and expenses are to be paid by directly by the Company or by the Manager on the Company's behalf. Otherwise, Manager shall be responsible for its costs associated with provision of its Services. The Parties specifically acknowledge that an entity affiliated with the principal of the Company is entitled to receive \$2,500 per month during the Term of this Agreement for rent, which shall be treated as an expense of the Facility prior to payment of any fee to Manager. (CH) NM 1/14

**Section 3.4: Dedicated Account.** The Company shall establish a dedicated bank account in its name ("Dedicated Account") and each party shall designate one person to act as signatory on such account. All revenues generated from the Facility shall be deposited into the Dedicated Account and all expenses relating to the Facility shall be paid from the Dedicated Account. Manager shall not be permitted to remove or permit an expense from the Dedicated Account in an amount in excess of \$5,000 without the Company's prior written consent. The Manager shall not use the Dedicated Account for its own purposes or for any other client of Manager and shall hold and use all funds in the Dedicated Account in trust for the benefit of the Company. The Company shall have the authority to remove the Manager's signatory from the Dedicated Account upon termination of this Agreement. The Company may not remove the Management Fee from the account without Manager's prior written permission. The Parties may agree to open more than one Dedicated Account; provided, all such accounts are subject to the provisions of this Section.

#### ARTICLE 4.

#### INDEPENDENT CONTRACTOR STATUS

**Section 4.1: Relationship of Parties.** It is understood and agreed that the Manager is an independent contractor in respect to Manager's relationship to Company, and that Manager is not and should not be considered an agent or employee of the Company for any purpose. Manager will have full control and discretion as to the ways and means of performing any and all Services to be provided under this Agreement. It is understood that in the performance of this Agreement, Manager is not in any way

CH NM 1/14 9/3



acting as an employee of Company, and Manager will be responsible for all taxes, social security payments, and other similar payments or contributions due as a result of any payments made pursuant to the terms of this Agreement. As an independent contractor, Manager agrees that Company has no obligation under the state or federal laws regarding employee liability, and that Company's total commitment and liability under this Agreement is the performance of its obligations and the payment of the fees as herein described.

**Section 4.2: Contracts.** Manager may not enter into any contract or binding agreement on behalf of the Company, written or oral, in an amount of \$2,500.00 or more or in duration to extend past the Term of this Agreement, without the prior written consent of the Company. The Company may enter into contracts without Manager's prior consent; however, the Company will consult with Manager prior to entering into any agreement that could materially impact the Facility or Manager's Services. The Parties agree that they will agree on the form manufacturing and distribution agreements to be used by the Facility and Manager will not enter into any manufacturing or distribution agreement substantially different from the forms agreed to by the Parties.

## ARTICLE 5.

### INDEMNIFICATION

**Section 5.1: Company Indemnification.** The Company agrees to indemnify and hold harmless Manager and its subsidiaries, partners, affiliates, principals, directors or agents ("Manager Indemnified Parties") from and against and in respect of any and all liabilities, obligations, assessments, suits, actions, proceedings, claims, or demands asserted against Company and/or Manager or any Manager Indemnified Party or any judgments, damages, losses, including any loss of business or credit costs, expenses and fees, including reasonable attorneys' fees incurred by the Manager Indemnified Parties as a result of the Company's conduct, Litigation or Manager's provision of Services in accordance with this Agreement.

**Section 5.2: Willful Misconduct.** Company will not relieve or indemnify the Manager Indemnified Parties from liability caused by the willful misconduct, material breach of this Agreement, or negligence of Manager Indemnified Parties, their officers, agents, or servants.

**Section 5.3: Manager Indemnification.** The Manager agrees to indemnify and hold harmless the Company and its subsidiaries, partners, affiliates, principals, directors or agents ("Company Indemnified Parties") from and against and in respect of any and all liabilities, obligations, assessments, suits, actions, proceedings, claims, or demands asserted against Company and/or Manager or any Company Indemnified Party or any judgments, damages, losses, including any loss of business or credit costs, expenses and fees, including reasonable attorneys' fees incurred by the Company Indemnified Parties as a result of the Manager's willful misconduct, negligence or material breach of this Agreement.

## ARTICLE 6.

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## GENERAL PROVISIONS

**Section 6.1: Mediation.** The Parties agree that, prior to litigation, any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall first be mediated by the Parties. Mediation shall occur at a mutually agreed upon location in the State of California with a mediator mutually agreed by the Parties. If the Parties cannot agree to a date, location or mediator within ten (10) days from the date any Party gives the other Party written notice of the potential claim or controversy, then the controversy may be submitted directly to a court of appropriate jurisdiction.

**Section 6.2: Attorneys' Fees.** If any legal action is necessary to enforce or interpret the terms of this Agreement, the prevailing Party will be entitled to reasonable attorneys' fees, costs, and necessary disbursements in addition to any other relief to which that party may be entitled. This provision will be construed as applicable to the entire contract.

**Section 6.3: Integration.** This instrument contains the entire Agreement of the Parties with respect to the subject matter hereof and there are no other promised representations or warranties affecting it. This Agreement supersedes any and all other agreements, either oral or in writing, between Manager and Company with respect to the engagement of Manager by Company and contains all of the covenants and agreements between the Parties with respect to that engagement in any manner whatsoever. Each Party to this Agreement acknowledges that no representation, inducements, promises, or agreements, orally or otherwise, have been made by any Party, or anyone acting on behalf of any Party that are not embodied in the Agreement, and that no other agreement, statement, or promise not contained in this Agreement will be valid or binding on either Party.

**Section 6.4: Modification.** Any modification of this Agreement will be effective only if it is in writing and signed by the Party to be changed.

**Section 6.5: Waiver.** The failure of either Party to insist on strict compliance with any of the terms, covenants, or conditions of this Agreement by the other Party will not be deemed a waiver of that term, covenant, or condition, nor will any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

**Section 6.6: Severability.** If any provision in this Agreement is held by a court of competent jurisdiction or arbitrator to be unreasonable, invalid, void, or unenforceable, then this Agreement will be deemed amended to provide for the modification of the unreasonable, invalid, void, or unenforceable provision to the extent that the court or arbitrator finds reasonable, and the remaining provisions of this Agreement will continue in full force without being impaired or invalidated in any way.

**Section 6.7: Governing Law/ No Adverse Construction.** This Agreement will be governed by and construed in accordance with the laws of the State of California. The Parties agree that this Agreement was prepared by all signatories hereto and their counsel, and in case of ambiguity shall not be

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construed more strongly against one than against the others.

**Section 6.8: Notices.** All notices, requests, demands and other communications required or permitted to be given pursuant to this Agreement shall be in writing and deemed duly given, made and received when (a) personally delivered or (b) three (3) business days after said notice, request, demand and other communication is deposited in U.S. Mail, certified mail, return receipt requested or by overnight mail addressed as follows or at such other addresses as either Party may advise the other from time to time in writing in compliance with this section of this Agreement:

**Section 6.9: Counterparts.** This Agreement may be executed by the Parties in one or more counterparts, each of which shall be deemed to be an original, and it shall not be necessary for the same counterpart of this Agreement to be signed by all of the Parties in order for it to be binding upon all of the Parties in accordance with the terms hereof. Electronic or facsimile delivery of this Agreement will be accepted and enforceable.

**Section 6.10: Successors and Assigns.** The terms and conditions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto, and to their shareholders, subsidiaries, related and affiliated entities, representatives, successors, assigns, and every person (whether natural or artificial), firm, or entity now or previously affiliated with any of the Parties hereto, or who may become affiliated with any of the Parties hereto in the future. Notwithstanding, neither Party may assign this Agreement without the written consent of the other Party, and any purported assignment without such written consent shall be null and void.

**Section 6.11: Representation of Authority.** Each Party represents and warrants to the other that the execution and delivery of this Agreement and the performance of such Party's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such Parties and enforceable in accordance with its terms.

**Section 6.12: Further Assurances.** The Parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to carry out the intent and purposes of this Agreement.

**Section 6.13: Confidentiality.** The Parties agree that at no time (either during or subsequent to the term of this Agreement) will any Party disclose or use, except as required to fulfill its obligations under this Agreement, any Proprietary and Confidential Information of the other Party, or any subsidiary or affiliate of the other Party, acquired during the term of this Agreement. The term "Proprietary and Confidential Information" shall mean, but is not limited to, all information which is known or intended to be known only to the disclosing Party, its subsidiaries and affiliates, and their employees, including any document, record, financial or other information of the disclosing Party, or others in a confidential relationship with the disclosing Party, and further relates to specific business matters such as the

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disclosing party's financial information, identity of customers and patients, policies and procedures, fee structures, trade secrets, proprietary know-how, account information, and other information relating to other business of the disclosing Party, its subsidiaries and affiliates, and their employees. Manager agrees not to remove from the Location except with approval of the Company or as necessary to perform services in accordance with the terms of this Agreement, any physical property item, document, record, or other information of the Company or its affiliates.

Each Party agrees to return, immediately upon termination of this agreement hereunder, any and all documentation or physical property and Proprietary and Confidential Information of the other Party that is in the possession of such Party, in whatever format it may be maintained, regardless of who it is, or developed by, and to destroy all said information and documentation if requested by the disclosing Party and provide a certificate of destruction upon request by the disclosing Party.

Notwithstanding the foregoing, the restrictions contained in this section shall not apply to any Proprietary and Confidential Information that is required by law or the order of any court or governmental agency, or in any litigation or similar proceeding to be disclosed; provided that the disclosing party shall, prior to making any such required disclosure, notify the other party with sufficient notice to permit that party to seek an appropriate protective order.

**Section 6.14: Acts of God.** No Party shall be liable in any respect for failure to comply with the terms of this Agreement due wholly or in part to acts of God, acts of the other party, acts or civil or military authority, fires, floods, epidemics, quarantine restrictions, war, armed hostilities, riots, strikes, lockouts, breakdown, differences with workers, accidents to machinery, delays in transportation, or any other cause beyond the reasonable control of the Party.

**Section 6.15: Representation.** The Parties acknowledge and agree that they have jointly drafted this Agreement through joint representation by Austin Legal Group, APC and that, if desired, each Party has had the opportunity to seek, and has sought, its own independent counsel to advise it as to the effects and consequences of entering into this Agreement.

**Section 6.16: Non-Circumvention.** The Parties hereby acknowledge that the Manager will be introducing the Company to certain Assigned Personnel. In consideration of the foregoing, the Company hereby agrees and warrants that it shall not, directly or indirectly, interfere with, circumvent, attempt to circumvent, or obviate or interfere with the relationship of the Manager and its Assigned Personnel for the purpose of gaining any benefit, whether such benefit is monetary or otherwise.

*IN WITNESS WHEREOF*, the Parties hereto have caused this Assignment to be duly executed by their duly authorized representatives as of the date of this Assignment. The undersigned, by their execution of this Agreement, represent and warrant that they have authority to execute this Agreement on behalf of its respective Party.

[Signature Page Follows]


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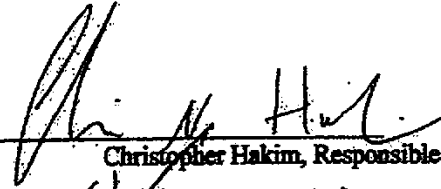
**MANAGER:**  
Synergy Management Partners LLC

Dated: 8-3-18

By:   
Jerry R. Baca, Responsible Party

**COMPANY:**  
Mira Este Properties, LLC

Dated: 8/3/18

By:   
Christopher Hakim, Responsible Party  
Chris (CH)

Dated: 8/3/18

By:   
Nimas Mahan, Responsible Party

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# EXHIBIT 2



Monarch Management Consulting, Inc.  
9212 Mira Este Court  
San Diego, CA 92126

June 29, 2018

Dean Bornstein  
San Diego Building Ventures  
32123 Lindero Canyon Road, Suite 205  
Westlake Village, CA 91361

Re: **Notice Of Failure To Cure/No Agreement To Toll**

Dear Dean:

This letter follows up on our June 1, 2018 correspondence to you, responds to your June 22, 2018 correspondence to us, and outlines serious issues specifically to the Mira Este agreement. As an initial matter, we renew our offer to toll the option on Balboa as outlined in our June 19, 2018 correspondence. We do not agree to toll the options on Mira Este and Roselle.

We have serious concerns about how you handled the claims and allegations made by Salam Razuki; your ability to fund Balboa, Mira Este, and Roselle; the delays in the build-out of the Mira Este facility; and your ability to operate the dispensary in compliance with local and state law.

At all times we have had full authority to enter into agreements for Balboa, Mira Este, Roselle. As your business partners, you should have come to us first about any concern you had, including concerns about Salam Razuki. However, you chose instead to discuss our business dealings, behind our back, with the very individual you are now concerned about. Unfortunately, your failure to directly discuss your concerns with us did nothing but escalate the situation and caused significant problems with us. Put another way, it backfired. This has caused us grave concerns about our ability to rely on what you say, which is exacerbated by your repeated promise to make payments and then failure to make timely on Mira Este.

As you know, you have regularly been late on payments and as of June 1, 2018, you owed us almost \$200,000. To that end, on June 1, 2018, we gave you written notification pursuant to section 6.2 of the Management Services and Option Agreement that you owed an outstanding balance of \$187,500, which triggered your obligation to cure within 25 days, or by June 26, 2018. During that 25 days, additional monies became due that increased the amount owed.

On June 26, 2018, John Yaeger informed us that you had authorized him to issue us a check that would cure all outstanding amounts. Mr. Yaeger agreed to meet us at Mira Este on June 28, 2018 on the representation that he would give us the check for the outstanding amounts owed on Mira Este.

On June 28, 2018, I met Mr. Yaeger at Mira Este with the expectation that we would be receiving a check. I was surprised and disappointed that Mr. Yaeger did not have a check. Instead, he told me that we were going to get a wire from Jim Townsend that day. We waited until close of business today on the wire and there has been no wire. "The check is in the mail" statement is old.

Today, June 29, 2018, 4 days beyond the 25-day cure period pursuant to the terms of the agreement. By July 1, 2018, the outstanding amount owed is approximately \$317,848. Please give us immediate information on your ability to pay this amount. Our failure to receive all outstanding amounts owed by July 1, 2018 will result in the exercise of all available rights and remedies in this matter, including but limited to termination of the agreement(s).

In addition to immediate payment, we must be immediately provided with a set of keys to Mira Este. You are not operating Mira Este as retained pursuant to the agreement, you are not paying, and you have prevented us from operating our own business in our allocated space. This must all be immediately remedied.

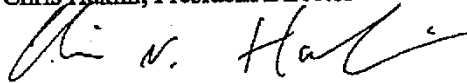
To be clear, Ninus Malan and Salam Razuki had a variety of business dealings that in no way affect operations at Balboa, Mira Este, or Roselle, or the terms and conditions of the related agreements. That Mr. Razuki may allege otherwise is inconsequential and entirely inconsistent with the financial, organizational, and operational history of Balboa, Mira Este, and Roselle.

Please contact me with any questions or comments regarding this matter.

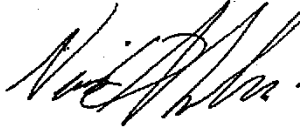
Very truly yours,

Monarch Management Consulting, Inc.

Chris Hakim, President/Director



Ninus Malan, Secretary/Director



# EXHIBIT 3



## MANAGEMENT SERVICES AND OPTION AGREEMENT

This MANAGEMENT SERVICES AND OPTION AGREEMENT (the "Agreement") is made, entered into and effective as of January 2, 2018 (the "Effective Date") by and among SoCal Building Ventures, LLC ("Manager" and "Optionee" as context requires), and California Cannabis Group, a California nonprofit mutual benefit corporation, Devilish Delights, Inc., a California nonprofit mutual benefit corporation, and Mira Este Properties, LLC, a California limited liability company (collectively the "Company" and "Optionor" as context requires), and Chris Hakim, an individual, and Ninus Malan, an individual (together who may also be referred to as the "Old Operators") (collectively, the "Parties").

### RECITALS

WHEREAS,

A. Company consists of the real property owner as well as two California mutual benefit corporations (which may also be referred to herein as the "Nonprofits") which operate a medical marijuana manufacturing operation (the "Operations"), and which are in need of business consulting, accounting, administrative, technological, managerial, human resources, financial, intellectual property, and related services in order to conduct Operations. The Company's Operations are located at 9212 Mira Este Court, San Diego, CA 92126 (the "Facility"), for which a CUP has been submitted with the City of San Diego for such purposes. Mira Este Properties, LLC (which may also be referred to herein as the "Mira Este LLC") owns the Facility in fee simple. The Facility also includes one of the downstairs suites of approximately 1,200 sf for a manufacturing room. The Facility Operations has an existing manager hired by the Nonprofits, namely Monarch Management Consulting, Inc. (which may also be referred to herein as "Monarch") which as part of this Agreement is assigning its management rights and entering into the Assignment and Release appearing as Exhibit A to this Agreement. Chris Hakim and Ninus Malan co-own Monarch and Mira Este LLC, and are also the sole members of the Board of Directors of the Nonprofits.

B. Manager is engaged in the business of providing administrative and management services to health care entities and has the capacity to manage and administer the operations of Company and to furnish Company with appropriate managerial, administrative, financial, and technological support (the "Administrative Services") for the Operations. Manager may assign its obligations hereunder to an affiliate, San Diego Building Ventures, LLC, which shall also be "Manager" hereunder as if an initial party hereto.

C. Company desires management assistance in the Operations. To accomplish this goal, Company desires to (i) ensure Old Operators are compensated to retain their expertise and continued support of the Operations, and (ii) engage Manager to provide Administrative Services as are necessary and appropriate for the day-to-day administration and management of the Operations, and Manager desires to (i) assist Company in retaining the expertise of Monarch, and (ii) provide Administrative Services to Company, all upon the terms and subject to the conditions set forth in this Agreement.

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D. Manager is also seeking an option to acquire a 50% ownership interest in the Facility, and Company is willing to grant such an option as provided herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, the Parties agree as follows:

### TERMS OF AGREEMENT

#### 1. ENGAGEMENT

1.1. Engagement of Manager. Company hereby engages Manager to provide the Administrative Services for the Operations on the terms and conditions described herein, and Manager accepts such engagement. Manager shall be the sole and exclusive provider of the administrative, management, and other services to be provided to or on behalf of Company for the Operations as more particularly outlined herein. Manager in its sole discretion shall determine which services shall be provided to Company from time-to-time so long as the Administrative Services are provided in compliance with this Agreement. For purposes of this Agreement, "Administrative Services" shall not include any management services to Mira Este LLC relating to its ownership of the Facility unless and until Manager exercises the option to purchase 50% of the Facility as more particularly outlined in this Agreement.

1.1.2 Segregated Portion of Facility. The Facility contains two downstairs suites, comprising approximately 3,000 square feet. One of the suites of approximately 1,200 sf is included in this transaction, and the remaining space is outside the scope of this Agreement. Provided, however, the Parties agree to allow the Company or its assignee, designee, or one or more Company Parties to operate in the remaining downstairs suite under all cannabis licenses issued at the Facility, with rent of \$1.00 per month paid to Mira Este LLC for such tenancy, and continuing for a period of 34 years.

1.1.3 No Warranty or Representations. Company acknowledges that Manager has not made and will not make any express or implied warranties or representations that the Administrative Services provided by Manager will result in any particular amount or level of income to the Company. Specifically, Manager has not represented that its Administrative Services will result in higher revenues, lower expenses, greater profits, or growth in the number of clients receiving services or purchasing goods at the Facility.

1.2. Agency. Company hereby appoints Manager as Company's true and lawful agent throughout the Term of this Agreement, and Manager hereby accepts such appointment.

1.3. Power of Attorney. In connection with billing, collection, banking, and related services incident to or under the Administrative Services to be provided hereunder, Company, in accordance with applicable law, hereby grants to Manager a limited power of attorney and appoints Manager as Company's true and lawful agent and attorney-in-fact consistent with Manager's duties under this Agreement, and Manager hereby accepts such special power of attorney and appointment, for the following purposes:

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- i. To collect and deposit all amounts received, including all cash received, patient co-payments, cost reimbursements, co-insurance and deductibles, and accounts receivable, into the "Manager's Account," which shall be and at all times remain in Company's name through accrual on Company's accounting records.
- ii. To make demand with respect to, settle, and compromise such claims and to coordinate with collections agencies in the name of Company or Manager.
- iii. To take possession of and endorse in the name of Company on any note, check, money order, insurance payment or any other instrument received.
- iv. To effectuate the payment of Company expenses, including to the Manager for the Management Fee as it becomes due.
- v. To sign checks, drafts, bank notes or other instruments on behalf of Company and to make withdrawals from the Manager's Account for other payments specified in this Agreement and as determined appropriate by the Manager.

1.4. Documentation to Bank. Upon request of Manager, Company shall execute and deliver to the financial institution wherein the Manager's Account is maintained, such additional documents or instruments as may be necessary to evidence or effect the limited power of attorney granted to Manager. Company will not take any action that interferes with the transfer of funds to or from Manager's Account, nor will Company or its agents remove, withdraw or authorize the removal or withdrawal of any funds from the Manager's Account for any purpose. Manager agrees to hold all funds in the Manager's Account in accordance with California agency law.

1.5. Expiration of Power of Attorney. The power of attorney shall expire on the date this Agreement is terminated. Upon termination or expiration of this Agreement, Manager further agrees to execute any and all documentation confirming the termination of this limited power of attorney.

## 2. DUTIES AND RESPONSIBILITIES OF MANAGER

2.1. General Responsibilities. During the Term of this Agreement Manager shall, in manner determined at Manager's sole discretion, provide such services as are necessary and appropriate for the day-to-day administration and management of Company's business in a manner consistent with good business practice, including without limitation: Human Resources, Information Technology, Equipment and Supplies, Banking, Accounting and Finance, Insurance Procurement, Risk Management, Contract Negotiation, Manufacturing, Marketing, and Licensing of Intellectual Property, Trade Names and Trademarks, as all are more specifically set forth below.

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2.1.1. Personnel. Manager has full right, obligation, and authority to hire and retain personnel and other persons or entities needed to perform the Administrative Services for Manager under this Agreement. All personnel will be employees, agents, or independent contractors of the Company, and all costs (including payroll and withholding taxes and expenses, any employment insurance costs, health insurance expenses and insurance, and other customary expenses) associated with such personnel shall be paid by Manager from Company funds managed by Manager, or by Manager if such funds are insufficient.

2.1.2. Manager Personnel. Manager may employ or contract with and provide all necessary personnel ("Manager Personnel") it reasonably needs to provide the Administrative Services hereunder. Such personnel shall be under the direction, supervision, and control of Manager, and shall be employees of Manager. Manager shall be responsible for setting and paying the compensation and providing the fringe benefits of all Manager Personnel. Company shall be not responsible in any way for Manager Personnel, and Manager indemnifies, defends, and holds Company harmless from any such liability.

2.1.3. Training. Manager shall provide reasonable training to personnel in all aspects of the Operations material to the role of such personnel, including but not limited to administrative, financial, and equipment maintenance matters.

2.1.4. Insurance. Manager shall assist Company in Company's purchase of necessary insurance coverage, with the cost of such insurance paid from Company's funds managed by Manager.

2.1.5. Accounting. Manager shall establish and administer accounting procedures and controls and systems for the development, preparation, and keeping of records and books of accounting related to the business and financial affairs of Company. Such books and records shall at all times be accessible and available to Company and the Old Operators.

2.1.6. Tax Matters. Manager shall oversee the preparation of the annual report and tax information returns required to be filed by Company. All of Company's tax obligations shall be paid by Manager out of Company's funds managed by Manager. Manager shall provide such information, compilations, and other relevant information to Company on a timely basis in order to file all returns with the taxing agencies. . Company shall also make such reserves and set asides for taxes as directed by Manager throughout the year.

2.1.7. Reports and Information. Manager shall furnish Company in a timely fashion quarterly or more frequent operating reports and other business reports as reasonably requested by Company, including without limitation (i) copies of bank statements and checks relating to Company's bank accounts and (ii) all other financial information and financial statements relating to Operations.

2.1.8. Budgets. Manager shall prepare for review and approval by Company, all capital and annual operating budgets as needed, and such approval shall not be unreasonably withheld.

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2.1.9. Expenditures. Manager shall manage all cash receipts and disbursements of Company, including the payment on behalf of Company for any of the items set forth in this Article 2, such as taxes, assessments, licensing fees, and other fees of any nature whatsoever in connection with the operation of the Operations as the same become due and payable, unless payment thereof is being contested in good faith by Company.

2.1.10. Contract Negotiations. Manager shall advise Company with respect to and negotiate, either directly or on Company's behalf, as appropriate and permitted by applicable law, such contractual arrangements with third Parties as are reasonably necessary and appropriate for Company's Operations.

2.1.11. Billing and Collection. On behalf of and for the account of Company, Manager shall establish and maintain credit and billing and collection policies and procedures, and shall exercise reasonable efforts to bill and collect in a timely manner all professional and other fees for all billable services provided by Company.

2.1.12. All Other Matters Reasonably Needed for Operations. The Manager shall perform all tasks required for the good governance and operation of the Operations, including making reasonable repairs, at Company's expense, for any facility used in the Operations as may be required under any lease or mortgage that encumbers the property, or to protect public safety.

2.1.13. Company Approval of Various Actions Relating to Operations. The parties agree Manager has authority to make decisions relating to the day-to-day business operations of the Operations and execute on behalf of Operations all instruments and documents needed in the course of the customary and ordinary operation of Operations, including the payment of ordinary expenses incurred during Operations and other related payments. Manager shall also coordinate any public statements or press interactions.

2.2. Responsibilities as Agent. In connection with the appointment of Manager as Agent of Company under Section 2.1 above, Manager shall further undertake the following:

2.2.1. Billing. Manager shall bill, in Company's name and on Company's behalf, any claims for reimbursement, cost offset, or indemnification from members or customers, insurance companies and plans, all state or federally funded benefit plans, and all other third party payors or fiscal intermediaries.

2.2.2. Collections. Manager shall collect and receive on Company's behalf, all accounts receivable generated by such billings and claims for reimbursement, to take possession of, and deposit into the Manager's Account (accruing such deposits on the general ledger of Company) any cash, notes, checks, money orders, insurance payments, and any other instruments received in payment of accounts receivable, to administer such accounts including, but not limited to, extending the time or payment of any such accounts for cash, credit or otherwise; discharging or releasing the obligors of any such accounts; assigning or selling at a discount such accounts to collection agencies; or taking other measures to require the payment of any such accounts.

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2.2.3. Banking. The Parties shall cooperate in opening such bank accounts as shall be required for prudent administration of the Operations, including a Manager's Account, opened by and under the control and domain of Manager for the deposit of collections and the disbursement of expenses and other purposes as set forth herein, and (ii) such other accounts as Manager determines in its sole discretion are reasonable and necessary. Manager shall sign checks, drafts, bank notes or other instruments on behalf of Company, and make withdrawals from Manager's Account for payments specified in this Agreement. Manager, in its sole discretion, may make a pledge or assignment of Company's accounts to support financing instruments.

2.2.4. Litigation Management. Manager shall, in consultation with Company, (a) manage and direct the defense of all claims, actions, proceedings or investigations against Company or any of its officers, directors, employees or agents in their capacity as such, and (b) manage and direct the initiation and prosecution of all claims, actions, proceedings or investigations brought by Company against any person other than Manager.

2.2.5. Marketing, Advertising, and Public Relations Programs. Manager shall propose, with Company's consultation, marketing and advertising programs to be implemented by Company to effectively notify the community of the services offered by Company. Manager shall advise and implement such marketing and advertising programs, including, but not limited to, analyzing the effectiveness of such programs, preparing marketing and advertising materials, negotiating marketing and advertising contracts on Company's behalf, and obtaining services necessary to produce and present such marketing and advertising programs. Manager and Company agree that all marketing and advertising programs shall be conducted in compliance with all applicable standards of ethics, laws, and regulations.

2.2.6. Information Technology and Computer Systems. Manager shall set up workstations and other information technology required for the Operations.

2.2.7. Supplies. Manager shall order and purchase all supplies in connection with the Administrative Services and the Operations, including all necessary forms, supplies and postage, provided that all such supplies acquired shall be reasonably necessary in connection with the Operations.

2.2.8. Retention Payments. From Company funds managed by the Manager or as otherwise provided herein, Manager shall make payments to Monarch in the aggregate of \$50,000 per month (the "Mira-Guaranteed Payment") which shall begin accruing on October 1, 2017. The first payment of \$75,000 (the first half of the total Mira-Guaranteed Payments from October 1, 2017 to December 31, 2017) shall be paid upon execution of this Agreement; the second payment of \$75,000 (the second half of the total Mira-Guaranteed Payments from October 1, 2017 to December 31, 2017) shall be paid on February 28, 2018. Thereafter each monthly payment shall be due on the 15<sup>th</sup> of the subsequent month starting on January 1, 2018. The Mira-Guaranteed Payment shall be increased to \$56,250 per month on October 1, 2018, and increased again on December 1, 2019 to \$63,280 per month. Monarch shall be responsible for all income and other taxes due relating to the monthly Mira-Guaranteed Payment paid to Monarch. Further provided, the Mira Guaranteed Payment shall continue to be paid to Monarch from and

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after Manager's exercise of the Option, and by execution of this Agreement the Company consents to all such payments to Monarch.

### 3. RELATIONSHIP OF THE PARTIES

3.1. Relationship of the Parties. Nothing contained herein shall be construed as creating a partnership, trustee, fiduciary joint venture, or employment relationship between Manager and Company. In performing all services required hereunder, Manager shall be in the relation of an independent contractor to Company, providing Administrative Services to the Operations operated by Company.

### 4. RESPONSIBILITIES OF COMPANY

4.1. General Responsibilities of Company. Company shall own and operate the Operations during the Term of this Agreement, with Manager managing the day-to-day Operations as provided herein. At all times during this Agreement, the Manager and Company shall coordinate to obtain and maintain in full force and effect all available and necessary licenses, approvals, permits and/or certificates (collectively "Approvals") required under any and all local and state laws allowing the Company to engage in the Operations at the Facility, and the Company's performance of its respective obligations pursuant to this Agreement. Company agrees to promptly deliver to Manager any notice of denial or revocation of any such Approvals within three (3) calendar days of receipt by the Company. From and after the Effective Date, Company and Manager shall coordinate and insure, at Company's expense, that the Operations are in compliance with all Approvals issued by any and all local or state government regarding the Company's legal standing and ability to engage in the Operations at the Facility, including but not limited to all requirements of any insurance or underwriters or any other body which may exercise similar functions. Company agrees to promptly deliver to Manager any notice of violation of any said Approvals within three (3) calendar days of receipt by the Company.

4.2. Exclusivity. During the Term of this Agreement, Manager shall serve as Company's sole and exclusive manager and provider of the Administrative Services, and Company shall not engage any other person or entity to furnish Company with any sites for conduct of its Operations, any policies or procedures for conduct of the Operations, or any of the financial or other services provided hereunder by Manager. Manager may assign its rights hereunder to manage the operations (but not under the Option) to San Diego Building Ventures, LLC, or such other entity formed for such purpose by Manager, and Company and Old Operators acknowledge its approval of such assignment.

#### 4.3. Representations and Warranties of Company.

4.3.1. Company represents and warrants to Manager as follows:

4.3.2. Company is a duly organized, validly existing and in good standing under the laws of California. The Company represents and warrants that, to Company's knowledge, it holds all required approvals, which for purposes of this Agreement means collectively all applicable California San Diego City and San Diego County

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licenses, approvals, permits, authorizations, registrations and the like required by any governmental organization or unit having jurisdiction over Company or the Facility necessary to permit the Company to own and operate the Facility as a cannabis manufacturing facility.

- 4.3.3. The Company has full power, authority and legal right to execute, perform and timely observe all of the provisions of this Agreement. The Company's execution, delivery and performance of this Agreement have been duly authorized.
- 4.3.4. This Agreement constitutes a valid and binding obligation of the Company and does not and will not constitute a breach of or default under the charter documents, membership agreements or bylaws as the case may be of Company or the terms, conditions, or provisions of any law, order, rule, regulation, judgment, decree, agreement, or instrument to which Company is a party or by which it or any of its assets is bound or affected.
- 4.3.5. Company shall, at its own expense, keep in full force and effect its legal existence; and Company shall make commercially reasonable efforts to obtain, as and when required for the performance of its obligations under this Agreement, and to maintain the Approvals required for it timely to observe all of the terms and conditions of this Agreement.
- 4.3.6. Company is the sole owner of the real property on which the Facility is located and is the sole owner of the improvements comprising the Facility and all real and personal property located therein. The Company has full power, authority and legal right to own such real and personal property.
- 4.3.7. There is no litigation or proceeding pending or threatened against Company that could reasonably be expected to adversely affect the validity of this Agreement or the ability of Company to comply with its obligations under this Agreement.
- 4.3.8. The Company nor any of its agents or subsidiaries has received any notice of revocation, modification, denial or legal or administrative proceedings relating to the denial, revocation or modification of any local or state approvals, which, singly or in the aggregate, would prohibit the Company's Operations at the Facility.

## 5. FINANCIAL ARRANGEMENTS

5.1 All net income, revenue, cash flow, and other distributions from Operations will be held by Manager as a Management Fee, subject to Manager's further obligations to make payments and pay rent and expenses as otherwise provided herein.

5.2 Prior to the time that the "Option" is exercised, such payments by Manager shall include payment to the Nonprofits of \$55,500 necessary to make rental payment to Mira Este, LLC. Such rental payment shall increase to \$60,300 upon receipt of the certificate of occupancy.

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5.3 Both before and after the closing of Manager's exercise of the Option, such monthly payments by Manager shall include (i) the monthly Mire Este-Guaranteed Payments payable to Monarch, (ii) reimbursement to any party as a preferential payment the reimbursement of sums spent for tenant improvements, and (iii) Manager's Operations expenses. Prior to the closing of Manager's exercise of the Option, one third (1/3) of any remaining net income is to be paid to Company (it being understood and agreed that the Mire Este-Guaranteed Payments are credited toward this payment of 1/3 of remaining net income sharing.) All such payments constitute a material part of Manager's obligations under this Agreement.

5.4 To the extent that Old Operators provide receipts for tenant improvements made to the 1,200 sf manufacturing room, the certificate of occupancy is received, and this Agreement is executed, then Manager shall reimburse the Old Operators for \$125,000 representing 50% of the tenant improvements incurred for the 1,200 sf manufacturing room. Such payment for tenant improvements shall be due thirty (30) days after receipt of the certificate of occupancy.

5.5 Notwithstanding anything else herein, upon execution of this Agreement, the Old Operators and Manager will split the costs of CUP and other mitigations 50/50, and once the Option is exercised, the Manager (or its assignee) and the Old Operators will own the property and cash flows from Manager on a 50/50 basis.

## 6. TERM AND TERMINATION

6.1 Term. Subject to the provisions contained in this Agreement, this Agreement shall commence as of the Effective Date and continue in full force and effect for a period of twenty (20) years.

6.2 Termination. Except as provided herein, this Agreement is not terminable by any Party and may only be not renewed at the option of the Manager at the expiration of the term hereunder through the provision of ninety (90) days' advance written notice. This Agreement may be terminated through mutual consent of Manager and Company. This Agreement may also be terminated at the option of the Manager if the Operations fail to obtain either (i) any CUP or other local approvals, or (ii) the required California State permissions and licenses, in each case to allow the conduct of Operations at the Facility. This Agreement may be terminated at the option of the Company upon the failure by Manager to make any payments as are required herein, and such failure has gone uncured for twenty-five (25) days following notice to Manager by Company and/or the Old Operators.

## 7. RECORDS AND RECORD KEEPING

7.1 Access to Information. Company hereby authorize and grants to Manager full and complete access to all information, instruments, and documents relating to Company which may be reasonably requested by Manager to perform its obligations hereunder, and shall disclose and make available to representatives of Manager for review and photocopying all relevant books, agreements, papers, and records of Company. Manager shall further timely provide Company with all books and records generated from Operations. This shall be a continuing

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obligation of the Parties following the termination of this Agreement to the extent needed to implement the terms contained herein.

## 8. OPTION TO PURCHASE

8.1 Grant of Option. Company hereby grants Manager an option to acquire a 50% interest in the Facility, as well as 50% of all applicable permits and rights thereto, that constitutes the land, buildings and improvements owned by the Company at and for the Facility location ("Option"). The Option is granted for and in consideration of Manager's payment of a non-refundable Option fee towards the Option Exercise Price of Seventy Five Thousand Dollars (\$75,000.00), which \$75,000 shall be paid to Old Operators on March 15, 2018, regardless of whether Option has been exercised.

- a. The Old Operators and Manager acknowledge that the real estate interest shall not be conveyed free and clear of all liens, but that existing liens on the real estate will remain in effect. The Old Operators agree that they will be personally responsible for the existing at the time of Closing of Escrow as follows:
- i. The Old Operators will cause the property owner to satisfy, pay, and discharge, within ten days of Closing of Escrow, the second lien of approximately \$1.4 million
  - ii. The Old Operators will be solely and personally responsible for paying in a timely fashion and ultimately paying off, the first lien of approximately \$1.975 million. They hereby indemnify Manager and its successors from and against any and all claims, damages, or payments that the lien holder or its successor may seek in enforcing its security interest and lien rights with respect to the property.

8.2 Option Exercise Price. The Option for this 50% interest shall be exercised by the Manager sending notice of exercise to the Company. Thereafter, before the Closing Date, Manager shall deposit into Escrow the following amounts (each an independent "Option Exercise Price") depending upon the date of the notice of exercise as follows:

<u>Date of Option Exercise:</u>	<u>Option Exercise Price for 50% of Facility:</u>
December 31, 2017 (or prior)	\$4,500,000
March 31, 2018 (or prior)	\$4,750,000
June 30, 2018 (or prior)	\$5,000,000

8.3 Closing of Escrow. Escrow shall close on the Date of the Option Exercise, at the mutual direction of the Parties, with a qualified escrow company located in San Diego County. The Parties shall cooperate and execute such documents as are required to transfer the

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50% interest in the land, building, and improvements to the Manager at the time of Closing, with the protections for Manager against lien holders as stated in 8.1a, above.

8.4 Expiration of Option. If Manager does not exercise the Option prior to July 1, 2018, all of Manager's rights to exercise this Option shall expire. The expiration of the Option shall not affect or alter the non-Option related terms of this Agreement.

8.5 Manager's Operating Agreement – Old Operator's Ownership in Manager. It is the intent of the Parties to, upon exercise of the option hereunder at Section 8.1, grant Old Operators, or their designee, a 33% ownership interest in the Series applicable to the Mira Este Facility in San Diego Building Ventures, LLC, a Delaware Series Limited Liability Company. Such ownership interest shall become effective as of the closing of the Option, and the Parties shall incorporate into that Operating Agreement Series such terms as are reflected in that certain LOI dated October 17, 2017 among the Parties with respect to Managers of the Series and related issues set forth therein. The terms of the Operating Agreement for San Diego Building Ventures, LLC shall govern the operations of the Mira Este Facility and the Manager upon the closing of the Option. The Parties shall cooperate on the final structural decisions and documentation consistent with the terms contained in the LOI. From and after the closing of Manager's exercise of the Option, this new management company shall further take over all of the Manager's duties and responsibilities as outlined in this Agreement.

8.6. Grant of CUP. Notwithstanding anything else contained in this Agreement, no obligation, passage of time, date, or other matter with respect to the Option shall become effective until the City of San Diego has granted the Facility a conditional use permit ("CUP") permitting the Company's Operations to the satisfaction of Manager. In that regard each of the dates set forth in Section 8.2 above are tolled until the 30<sup>th</sup>, 90<sup>th</sup>, and 150<sup>th</sup> day, respectively, following the granting of the CUP, to Manager's satisfaction. The expiration date of the Option in section 8.4, above, is similarly tolled.

## 9. GENERAL

9.1. Conversion. At the option of Manager and in consultation with the Old Operators, any Nonprofit may be converted into a for-profit entity and owned as the Parties may otherwise agree, and as is required for compliance with law.

### 9.2. Indemnification.

9.2.1. Indemnification by Company. Company hereby agree to indemnify, defend, and hold harmless Manager, its officers, directors, owners, members, employees, agents, affiliates, and subcontractors, from and against any and all claims, damages, demands, diminution in value, losses, liabilities, actions, lawsuits and other proceedings, judgments, fines, assessments, penalties, awards, costs, and expenses (including reasonable attorneys' fees) related to third party claims, whether or not covered by insurance, arising from or relating to any willful misconduct relating to the breach of this Agreement by Company. The provisions of this Section shall survive termination or expiration of this Agreement. Company shall immediately notify

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Manager of any lawsuits or actions, or any threat thereof, that are known or become known to Company that might adversely affect any interest of Company or Manager whatsoever.

9.2.2. Indemnification by Manager. Manager hereby agrees to indemnify, defend, and hold harmless Company, their respective officers, directors, shareholders, employees and agents from and against any and all claims, damages, demands, diminution in value, losses, liabilities, actions, lawsuits and other proceedings, judgments, fines, assessments, penalties, and awards, costs, and expenses (including reasonable attorneys' fees), whether or not covered by insurance, arising from or relating to (a) any material breach of this Agreement by Manager, (b) any acts or omissions by Manager and its employees to the extent that such is not paid or covered by the proceeds of insurance, and (c) all other Operations conduct at the Facility as part of Manager providing Administrative Services to the Company. The provisions of this Section shall survive termination or expiration of this Agreement. Notwithstanding the foregoing, Manager shall not indemnify Company for the acts or omissions of others employed or engaged by Company, or for matters relating to operations at the two downstairs suites unless due to the gross negligence of the Manager. Manager shall immediately notify Company of any lawsuits or actions, or any threat thereof, that are known or become known to Manager that might adversely affect any interest of Manager or Company whatsoever.

9.3. Dispute Resolution. In the event that any disagreement, dispute or claim arises among the Parties hereto with respect to the enforcement or interpretation of this Agreement or any specific terms and provisions hereof or with respect to whether an alleged breach or default hereof has or has not occurred (collectively, a "Dispute"), such Dispute shall be settled in accordance with the following procedures:

9.3.1. Meet and Confer. In the event of a Dispute among the Parties hereto, a Party may give written notice to all other Parties setting forth the nature of such Dispute (the "Dispute Notice"). The Parties shall meet and confer in San Diego County to discuss the Dispute in good faith within five (5) days following the other Parties' receipt of the Dispute Notice in an attempt to resolve the Dispute. All representatives shall meet at such date(s) and time(s) as are mutually convenient to the representatives of each participant within the "Meet and Confer Period" (as defined herein below).

9.3.2. Mediation. If the Parties are unable to resolve the Dispute within ten (10) days following the date of receipt of the Dispute Notice by the other parties (the "Meet and Confer Period"), then the parties shall attempt in good faith to settle the Dispute through nonbinding mediation under the Rules of Practice and Procedures (the "Rules") of ADR Services, Inc. ("ADR Services") in San Diego County within thirty (30) days of delivery of the initial Dispute Notice. A single disinterested third-party mediator shall be selected by ADR Services in accordance with its then current Rules. The Parties to the Dispute shall share the expenses of the mediator and the other costs of mediation on a pro rata basis.

9.3.3. Arbitration. Any Dispute which cannot be resolved by the Parties as outlined above, such Dispute shall be resolved by final and binding arbitration (the "Arbitration"). The Arbitration shall be initiated and administered by and in accordance with the then current Rules of ADR Services, Inc. The Arbitration shall be held in San Diego County,

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unless the parties mutually agree to have such proceeding in some other locale; the exact time and location shall be decided by the arbitrator(s) selected in accordance with the then current Rules of ADR Services, Inc. The arbitrator(s) shall apply California substantive law, or federal substantive law where state law is preempted. The arbitrator(s) selected shall have the power to enforce the rights, remedies, duties, liabilities, and obligations of discovery by the imposition of the same terms, conditions, and penalties as can be imposed in like circumstances in a civil action by a court of competent jurisdiction of the State of California. The arbitrator(s) shall have the power to grant all legal and equitable remedies provided by California law and award compensatory damages provided by California law, except that punitive damages shall not be awarded. The arbitrator(s) shall prepare in writing and provide to the Parties an award including factual findings and the legal reasons on which the award is based. The arbitration award may be enforced through an action thereon brought in the Superior Court for the State of California in San Diego County. The prevailing party in any Arbitration hereunder shall be awarded reasonable attorneys' fees, expert and nonexpert witness costs and any other expenses incurred directly or indirectly with said Arbitration, including without limitation the fees and expenses of the arbitrator(s).

THIS ELECTION OF AN ALTERNATIVE DISPUTE PROCESS IS AN AFFIRMATIVE WAIVER OF THE PARTIES' RIGHTS TO A JURY TRIAL UNDER CALIFORNIA LAW, Cal. C. Civ. Pro. Sec 631. BY SIGNING BELOW, EACH PARTY IS EXPLICITLY WAIVING JURY TRIAL AND AUTHORIZING ANY AND ALL PARTIES TO FILE THIS WAIVER WITH ANY COURT AS THE WAIVER REQUIRED UNDER Cal. C. Civ. Proc. Sec. 631(f)(2):

JURY TRIAL WAIVED:

Company

By: *[Signature]*

By: *[Signature]*

By: \_\_\_\_\_

Manager

By: *[Signature]*

Old Operators:

By: *[Signature]*

By: *[Signature]*

9.4. Entire Agreement; Amendment. This Agreement constitutes the entire agreement among the Parties related to the subject matter hereof and supersedes all prior agreements, understandings, and letters of intent relating to the subject matter hereof. This Agreement may be amended or supplemented only by a writing executed by all Parties. The Recitals of this Agreement are incorporated herein by this reference.

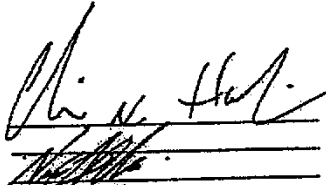
9.5. Notices. All notices, requests, demands or consents hereunder shall be in writing and shall be deemed given and received when delivered, if delivered in person, or four (4) days after being mailed by certified or registered mail, postage prepaid, return receipt requested, or one (1) day after being sent by overnight courier such as Federal Express, to and by the Parties at the following addresses, or at such other addresses as the Parties may designate by written notice in the manner set forth herein:

If to Manager:


SoCal Building Ventures, LLC  
32123 Linden Canyon Rd #210  
Westlake Village, CA 91361



If to Company:



If to Old Operators:



9.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which, when taken together, will constitute one and the same instrument.

9.7. Governing Law. This Agreement shall be construed and governed in accordance with the laws of the State of California, without reference to conflict of law principles.

9.8. Assignment. Unless expressly set forth to the contrary hereinabove, this Agreement shall not be assignable by any Party hereto without the express written consent of the other Parties; provided, however, Old Operators may assign their holding interest to Monarch or another legal entity owned by the Old Operators, and SoCal Building Ventures, LLC may assign all or a portion of its rights and obligations to San Diego Building Ventures, LLC.

9.9. Waiver. Waiver of any agreement or obligation set forth in this Agreement by either Party shall not prevent that party from later insisting upon full performance of such agreement or obligation and no course of dealing, partial exercise or any delay or failure on the part of any Party hereto in exercising any right, power, privilege, or remedy under this Agreement or any related agreement or instrument shall impair or restrict any such right, power,

privilege or remedy or be construed as a waiver thereof. No waiver shall be valid against any Party unless made in writing and signed by the Party against whom enforcement of such waiver is sought.

9.10. Binding Effect. Subject to the provisions set forth in this Agreement, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and upon their respective successors and assigns.

9.11. Waiver of Rule of Construction. Each Party has had the opportunity to consult with its own legal counsel in connection with the review, drafting, and negotiation of this Agreement. Accordingly, the rule of construction that any ambiguity in this Agreement shall be construed against the drafting party shall not apply.

9.12. Severability. If anyone or more of the provisions of this Agreement is adjudged to any extent invalid, unenforceable, or contrary to law by a court of competent jurisdiction, each and all of the remaining provisions of this Agreement will not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

9.13. Force Majeure. Any Party shall be excused for failures and delays in performance of its respective obligations under this Agreement due to any cause beyond the control and without the fault of such party, including without limitation, any act of God, war, terrorism, bio-terrorism, riot or insurrection, law or regulation, strike, flood, earthquake, water shortage, fire, explosion or inability due to any of the aforementioned causes to obtain necessary labor, materials or facilities. This provision shall not release such Party from using its best efforts to avoid or remove such cause and such Party shall continue performance hereunder with the utmost dispatch whenever such causes are removed. Upon claiming any such excuse or delay for non-performance, such Party shall give prompt written notice thereof to the other Party, provided that failure to give such notice shall not in any way limit the operation of this provision.

9.14. Authorization for Agreement. The execution and performance of this Agreement by Company and Manager have been duly authorized by all necessary laws, resolutions, and corporate or partnership action, and this Agreement constitutes the valid and enforceable obligations of Company and Manager in accordance with its terms.

9.15. Duty to Cooperate. The Parties acknowledge that the Parties' mutual cooperation is critical to the ability of Manager and Company to perform successfully and efficiently its duties hereunder. Accordingly, each party agrees to cooperate fully with the other in formulating and implementing goals and objectives which are in Company's best interests.

9.16. Proprietary and Confidential Information. The Parties agree with regard to Confidential Information that Manager may be given or obtain as a result of Manager's performance under this Agreement, or vice versa, such Confidential Information is secret, confidential and proprietary, and shall be utilized only for those purposes of this Agreement or as otherwise directed or agreed to in writing. The term "Confidential Information" means any information or knowledge concerning or in any way related to the practices, pricing, activities, strategies, business plans, financial plans, trade secrets, relationships and methodology of

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Operations of the business, performance of the Administrative Services, or other matter relating to the business. The Parties shall take appropriate action to ensure that all employees permitted access to Confidential Information are aware of its confidential and proprietary nature and the restrictions placed on its use. The Parties shall not reproduce or copy the Confidential Information of the Company, or any part thereof, in any manner other than is necessary to perform under this Agreement, and no Party shall disclose or otherwise make the Confidential Information available to any other person, corporation, or other entity, except to the other Party, or as otherwise required by law.

9.16.1 All Confidential Information constitutes a valuable, confidential, special and unique asset. The Parties recognize that the disclosure of Confidential Information may give rise to irreparable injury or damage that are difficult to calculate, and which cannot be adequately compensated by monetary damages. Accordingly, in the event of any violation or threatened violation of the confidentiality provisions of this Agreement, a non-violating Party shall be entitled to an injunction restraining such violation.

9.17 Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the Parties; provided, however, at the request of either Party, the other Party shall execute such additional instruments and take such additional acts as are reasonable and as the requesting Party may deem necessary to effectuate this Agreement.

9.18 Consents, Approvals, and Exercise of Discretion. Whenever this requires any consent or approval to be given by either Party, or either Party must or may exercise discretion, and except where specifically set forth to the contrary, the Parties agree that such consent or approval shall not be unreasonably withheld or delayed, and that such discretion shall be reasonably exercised.

9.19 Third Party Beneficiaries. Except as otherwise provided herein, this Agreement shall not confer any rights or remedies upon any person other than Manager and Owner and their respective successors and permitted assigns.

[signatures to follow]

398369.2

CH - N/A

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J.D.

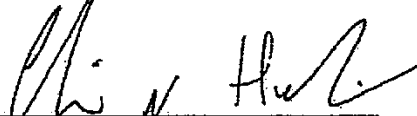


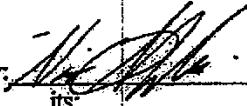
IN WITNESS WHEREOF, the Parties agree to the foregoing terms of agreement through the execution below by their respective, duly authorized representatives as of the Effective Date.

**"COMPANY"**


Mira Este Properties, LLC

California Cannabis Group

By:   
Its:


By:   
Its:

Devilish Delights, Inc.

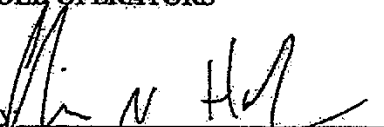
By:   
Its:

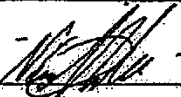
**"MANAGER"**

SoCal Building Ventures, LLC

By:   
Its: *managing member*

**"OLD OPERATORS"**

By: 

By: 

Monarch Management Consulting, Inc.

By: Chin Hui  
Its: [Signature]

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# EXHIBIT 4



Western Alliance Bank

Member FDIC

PO Box 26237 • Las Vegas, NV 89126-0237  
Return Service Requested

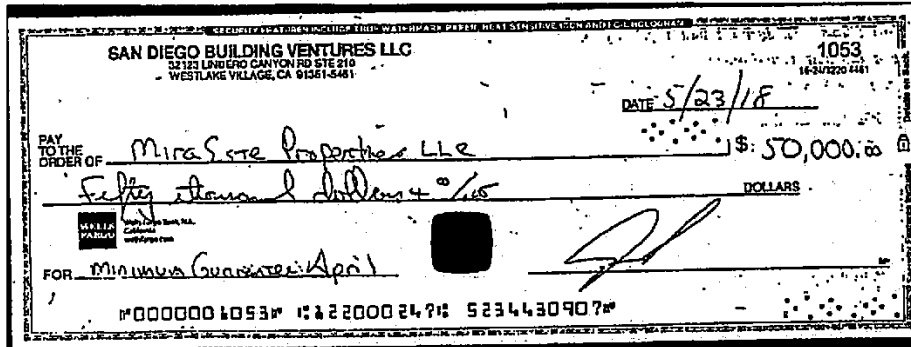
# Notice of Special Handling CHARGEBACK

MIRA ESTE PROPERTIES LLC  
8865 BALBOA AVE SUITE A  
SAN DIEGO CA 92123-1528

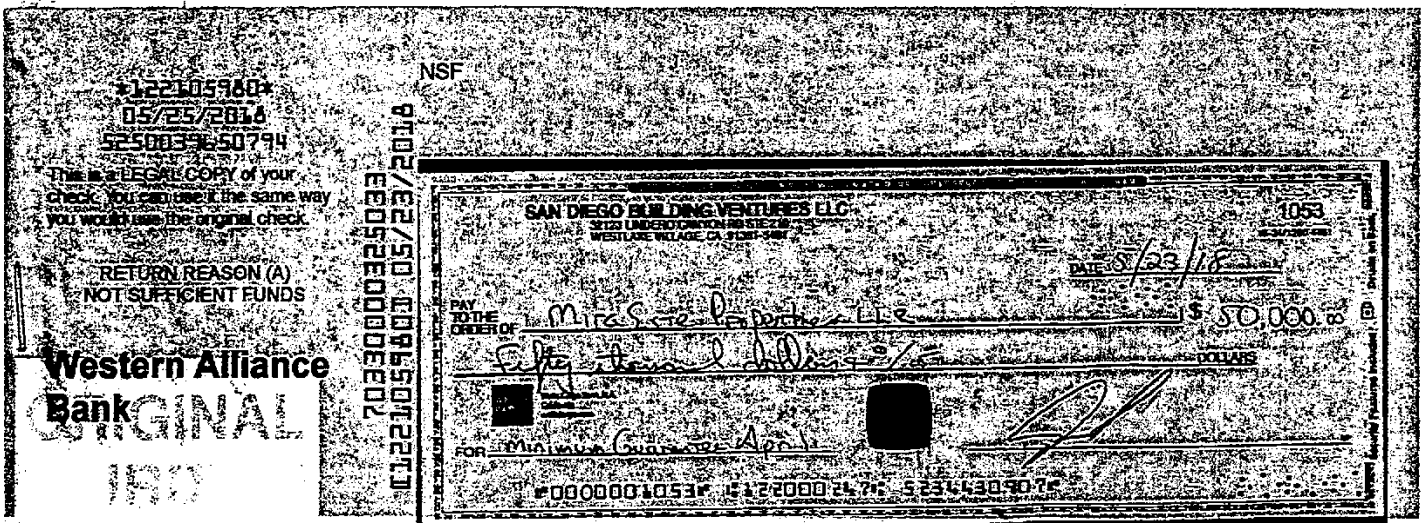
Account: \*\*\*1802264  
Date: 05/25/18

Your account has been charged for the amount of the attached returned check plus the applicable Returned Item Charge, per the Schedule of Fees and Charges previously provided to you.

Date	Amount	Reference#	Deposit Amt	Reason
05/23/2018	50,000.00	70330000325033	83,330.00	NSF - Not Sufficient Funds



Item# S250039650794 05/25/2018 \$50,000.00  
Reason: NSF - Not Sufficient Funds







Western Alliance Bank

Member FDIC

PO Box 26237 • Las Vegas, NV 89126-0237

Return Service Requested

# Notice of Special Handling CHARGEBACK

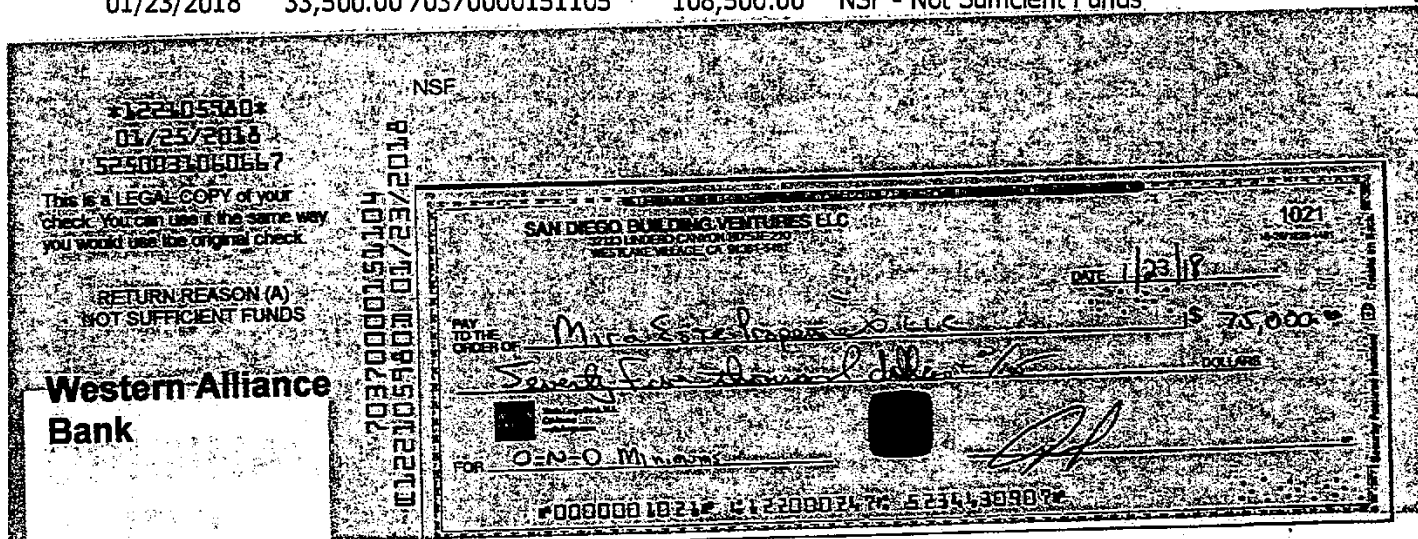
MIRA ESTE PROPERTIES LLC  
1545 HOTEL CIR S STE 145  
SAN DIEGO CA 92108-3415

Account: \*\*\*1802264

Date: 01/25/18

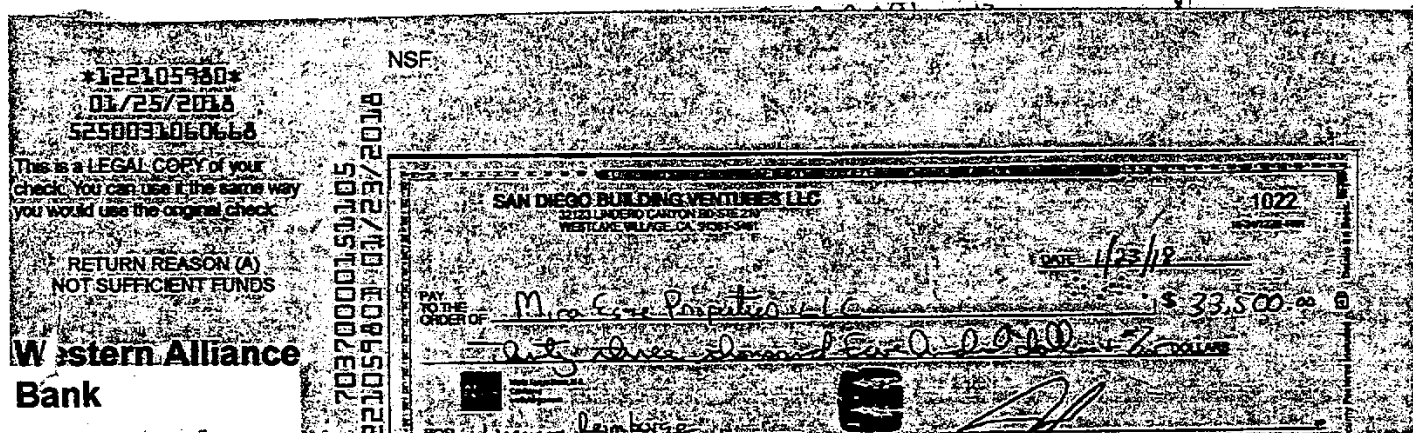
Your account has been charged for the amount of the attached returned check plus the applicable Returned Item Charge, per the Schedule of Fees and Charges previously provided to you.

Date	Amount	Reference#	Deposit Amt	Reason
01/23/2018	75,000.00	70370000151104	108,500.00	NSF - Not Sufficient Funds
01/23/2018	33,500.00	70370000151105	108,500.00	NSF - Not Sufficient Funds



⑈0000001021⑈4⑈122000247⑈5234430907⑈

0007500000



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

4 Attorneys for Defendant  
5 Chris Hakim

**FILED**  
Clerk of the Superior Court

AUG 17 2018

By: C. Rein, Clerk

6  
7  
8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
9 **COUNTY OF SAN DIEGO, CENTRAL DIVISION**

10  
11 SALAM RAZUKI, an individual  
12 Plaintiff

13 vs

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

24 Defendants.  
25  
26

) 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  
27

1 I, Charles F. Gorla, declare that: I am, and was at the time of service of the papers herein  
2 referred to, over the age of eighteen years, not a party to this action, and am employed in the County  
3 of San Diego, California, in which County the within mentioned mailing occurred. My business  
4 address is 1011 Camino del Rio South, Suite 210, San Diego, California 92108.

5 I served the following document(s):

- 6 • Supplemental Declaration of Chris Hakim re Ex Parte Hearing on Order Vacating  
Appointment of Receiver
- 7 • Memorandum of Points and Authorities of Chris Hakim re Ex Parte Hearing on Order  
Vacating Appointment of Receiver

8 on the following addressees:

9 Steven A. Elia ( <a href="mailto:steve@elialaw.com">steve@elialaw.com</a> ) 10 Marua Griffin ( <a href="mailto:maura@elialaw.com">maura@elialaw.com</a> ) 11 James Joseph ( <a href="mailto:james@elialaw.com">james@elialaw.com</a> ) 12 Law Offices of Steven Elia 2221 Camino del Rio S., #207 San Diego, CA 92108 Tel. (619) 444-2244 Fax (619) 440-2233 Attorneys for Plaintiff	Robert Fuller ( <a href="mailto:rfuller@nelsonhardiman.com">rfuller@nelsonhardiman.com</a> ) Salvatore J. Zimmitt ( <a href="mailto:szimmitt@nelsonhardiman.com">szimmitt@nelsonhardiman.com</a> ) Nelson Hardiman LLP 11835 West Olympic Blvd., Suite 900 Los Angeles, CA 90064 Tel. (310) 203-2807 Fax (310) 203-2727 Attorneys for Intervenor SoCal Building Ventures LLC
14 Gina M. Austin 15 ( <a href="mailto:gaustin@austinlegalgroup.com">gaustin@austinlegalgroup.com</a> ) 16 Tamara M. Leetham ( <a href="mailto:tamara@austinlegalgroup.com">tamara@austinlegalgroup.com</a> ) Austin legal Group 3990 Old Town Avenue, Suite A-112 San Diego, CA 92110 Tel. (619) 924-9600 Fax. (619) 881-0045 Attorneys for Defendants Ninus Malan et al.	Richardson C. Griswold ( <a href="mailto:rgriswold@griswoldlawsandiego.com">rgriswold@griswoldlawsandiego.com</a> ) Griswold Law 444 S. Cedros Avenue, Suite 250 Solana Beach, CA 92075 Tel. (858) 481-1300 Fax. (888) 624-9177 Attorney for Receiver Michael Essary

20 XX (BY ELECTRONIC MAIL) by transmitting same electronically by computer  
21 transmission to each said addressee, addressed to each such addressee at the above electronic mail  
22 address, pursuant to the parties' practice, customs, agreement, and/or stipulation that service by  
electronic mail of the above items would suffice for all purposes, at San Diego County, California,  
on August 17, 2018.

23 I declare under penalty of perjury that the foregoing is true and correct.

24 Executed on August 17, 2018, at San Diego County, California.

25   
26 CHARLES F. GORLA

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): Robert Fuller, SBN 171770 / Salvatore Zimmitti, SBN 245678 NELSON HARDIMAN LLP 11835 W. Olymopic Boulevard, Suite 900 Los Angeles, California 90064 TELEPHONE NO.: (310) 203-2800 FAX NO. (Optional): (310) 203-2727 E-MAIL ADDRESS (Optional): rfuller@nelsonhardiman.com/szimmitti@nelsonhardiman.com ATTORNEY FOR (Name): Intervenors SoCal Building Ventures, LLC, 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, California 92101 BRANCH NAME: Hall of Justice	
PLAINTIFF/PETITIONER: Salam Razuki  DEFENDANT/RESPONDENT: Ninus Malan, et al.	CASE NUMBER: 37-2018-00034229-CU-BC-CTL  JUDICIAL OFFICER: Hon. Eddie C. Sturgeon
NOTICE OF CHANGE OF ADDRESS OR OTHER CONTACT INFORMATION	DEPT.: C-67

1. Please take notice that, as of (date): AUGUST 27, 2018

- the following self-represented party or
- the attorney for:

- a.  plaintiff (name):
- b.  defendant (name):
- c.  petitioner (name):
- d.  respondent (name):
- e.  other (describe): Intervenors SoCal Building Ventures, LLC and San Diego Building Ventures, LLC

has changed his or her address for service of notices and documents or other contact information in the above-captioned action.

A list of additional parties represented is provided in Attachment 1.

2. The new address or other contact information for (name):

is as follows:

- a. Street: 1100 Glendon Avenue, Suite 1400
- b. City: Los Angeles
- c. Mailing address (if different from above):
- d. State and zip code: California 90024
- e. Telephone number: (310) 203-2800
- f. Fax number (if available): (310) 203-2727
- g. E-mail address (if available): szimmitti@nelsonhardiman.com

3. All notices and documents regarding the action should be sent to the above address.

Date: August 23, 2018

Salvatore Zimmitti

(TYPE OR PRINT NAME)

  
 (SIGNATURE OF PARTY OR ATTORNEY)



PLAINTIFF/PETITIONER: Salam Razuki	CASE NUMBER: 37-2018-00034229-CU-BC-CTL
DEFENDANT/RESPONDENT: Ninus Malan, et al.	

**PROOF OF SERVICE BY FIRST-CLASS MAIL  
NOTICE OF CHANGE OF ADDRESS OR OTHER CONTACT INFORMATION**

*(NOTE: This page may be used for proof of service by first-class mail of the Notice of Change of Address or Other Contact Information. Please use a different proof of service, such as Proof of Service—Civil (form POS-040), if you serve this notice by a method other than first class-mail, such as by fax or electronic service. You cannot serve the Notice of Change of Address or Other Contact Information if you are a party in the action. The person who served the notice must complete this proof of service.)*

1. At the time of service, I was at least 18 years old and **not a party to this action.**
2. I am a resident of or employed in the county where the mailing took place. My residence or business address is (*specify*):  
11835 W. Olympic Boulevard, Suite 900, Los Angeles, California 90064
3. I served a copy of the *Notice of Change of Address or Other Contact Information* by enclosing it in a sealed envelope addressed to the persons at the addresses listed in item 5 and (*check one*):
  - a.  deposited the sealed envelope with the United States Postal Service with postage fully prepaid.
  - b.  placed the sealed envelope for collection and for mailing, following our ordinary business practices. I am readily familiar with this business's practice for collecting and processing correspondence for mailing. On the same day correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service in a sealed envelope with postage fully prepaid.
4. The *Notice of Change of Address or Other Contact Information* was placed in the mail:
  - a. on (*date*): August 23, 2018
  - b. at (*city and state*): Los Angeles, California 90064
5. The envelope was addressed and mailed as follows:
 

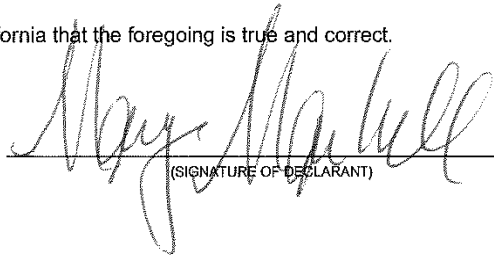
<ol style="list-style-type: none"> <li>a. Name of person served: James Joseph, Law Offs of Steven A. Elia, APC Street address: 2221 Camino Del Rio So., Ste 207 City: San Diego State and zip code: CA 92108</li> <li>b. Name of person served: Tamara Leetham, AUSTIN LEGAL GROUP, APC Street address: 3990 Old Town Ave, Ste A112 City: San Diego State and zip code: CA 92110</li> </ol>	<ol style="list-style-type: none"> <li>c. Name of person served: Steven W. Blake, GALUPPO &amp; BLAKE Street address: 2792 Gateway Road, Suite 102 City: Carlsbad State and zip code: CA 92009</li> <li>d. Name of person served: David Jarvis, GORIA &amp; WEBER Street address: 1011 Camino Del Rio S., #210 City: San Diego State and zip code: CA 92108</li> </ol>
---	--

Names and addresses of additional persons served are attached. (*You may use form POS-030(P).*)

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: August 23, 2018

Mary Markwell  
\_\_\_\_\_  
(TYPE OR PRINT NAME OF DECLARANT)

  
 \_\_\_\_\_  
 (SIGNATURE OF DECLARANT)

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**PROOF OF SERVICE**

I am a citizen of the United States and employed in Los Angeles County, California. I am over the age of 18 and not a party to the within action. My business address is 11835 West Olympic Boulevard, 9<sup>th</sup> Floor, Los Angeles, California 90064.

On **August 23, 2018**, I served on the interested parties the document(s) described as **NOTICE OF CHANGE OF ADDRESS** by transmitting through ONE LEGAL ATTORNEY SERVICE a true copy thereof as follows:

Steven A. Elia, Esq.  
Maura Griffin, Esq.  
James Joseph, Esq.  
LAW OFFICES OF STEVEN A. ELIA, APC  
2221 Camino Del Rio South, Suite 207  
San Diego CA 92108  
steve@elialaw.com  
james@elialaw.com  
mg@mauragriffinlaw.com

Steven W. Blake, Esq.  
Andrew E. Hall, Esq.  
Daniel Watts, Esq.  
**GALUPPO & BLAKE**  
A Professional Law Corporation  
2792 Gateway Road, Suite 102  
Carlsbad, CA 92009  
sblake@galuppolaw.com  
ahall@galupplaw.com  
dwatts@galuppolaw.com

Gina M. Austin, Esq.  
Tamara Marie Leetham, Esq.  
AUSTIN LEGAL GROUP, APC  
3990 Old Town Avenue, Suite A112  
San Diego, CA 92110  
admin@austinlegalgroup.com  
tamara@austinlegalgroup.com  
gaustin@austinlegalgroup.com

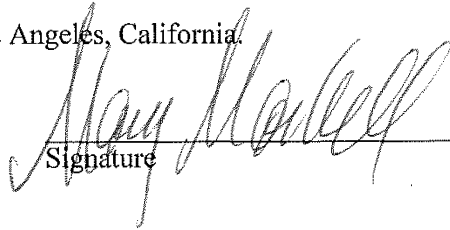
Charles Gorla, Esq.  
David Jarvis, Esq.  
GORIA & WEBER  
1011 Camino Del Rio S., #210  
San Diego, Ca 92108  
chasgoria@gmail.com  
davejarvisii@yahoo.com

**(BY E-SERVICE – ONE LEGAL ATTORNEY SERVICE)** I caused a copy of the above-referenced document to be transmitted to the interested parties set forth above via One Legal Attorney Service

(State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed **August 23, 2018** at Los Angeles, California.

Mary Markwell  
Please Print Name

  
Signature

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

12 SALAM RAZUKI, an individual,  
13 Plaintiff,

14 v.

15 NINUS MALAN, an individual; CHRIS  
16 HAKIM, an individual; MONARCH  
17 MANAGEMENT CONSULTING, INC. a  
18 California corporation; SAN DIEGO UNITED  
19 HOLDING GROUP, LLC, a California limited  
20 liability company; FLIP MANAGEMENT,  
21 LLC, a California limited liability company;  
22 MIRA ESTE PROPERTIES, LLC, a California  
23 limited liability company; ROSELLE  
24 PROPERTIES, LLC, , a California limited  
25 liability company; BALBOA AVE  
26 COOPERATIVE, a California nonprofit mutual  
27 benefit corporation; CALIFORNIA CANNABIS  
28 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

**DECLARATION OF RICHARDSON  
GRISWOLD REGARDING SUBMISSION  
OF PROPOSED ORDER ON AUGUST 20,  
2018 HEARING**

Judge: Hon. Eddie C. Sturgeon  
Dept: C-67  
Date: August 20, 2018  
Time: 2:00 p.m.

**DECLARATION OF RICHARDSON GRISWOLD**

I, RICHARDSON GRISWOLD, hereby declare as follows:

1. I am an attorney at law at the law firm of Griswold Law, APC and counsel for Court-Appointed Receiver Michael Essary in the above-captioned matter ("Action"). I have personal

1 knowledge of the matters set forth herein, and if called upon as a witness, I could and would testify  
2 competently thereto.

3 2. At the conclusion of the August 20, 2018 hearing, this Court directed me to prepare  
4 and submit a proposed order for this Court's review and signature.

5 3. On the morning of August 22, 2018, I circulated a draft proposed order via email to  
6 counsel for all parties and invited comments, revisions and objections.

7 4. Attached hereto as **Exhibit A** is the [Proposed] Order I submit per the request of this  
8 Court for review and signature. It is my belief that it memorializes the intent and orders of the Court  
9 and provides the necessary provisions to effectuate the intent of the Court. Further, I undertook  
10 serious consideration of the comments and objections of all counsel and parties and made revisions  
11 to my original draft to address some of the proposed revisions I felt were appropriate.

12 5. In response to my August 22, 2018 email, attorney Daniel Watts (counsel for  
13 Defendant Ninus Malan) sent an email to me objecting to the content of the proposed order.  
14 Attached hereto as **Exhibit B** is a true and correct copy of Mr. Watt's email with his objections.

15 6. In response to my August 22, 2018 email, attorney Charles Gorla (counsel for  
16 Defendant Chris Hakim) sent an email to me objecting to the content of the proposed order and  
17 provided a redlined revised version of my proposed order with his suggested revisions. Attached  
18 hereto as **Exhibit C** is a true and correct copy of Mr. Gorla's revised version of the proposed order.  
19 The Court will notice that many, but not all, of Mr. Gorla's proposed revisions were adopted and  
20 incorporated into the proposed order I now submit. Mr. Gorla requested I include his redlined  
21 version with my filing in the event I did not incorporate all of his proposed changes.

22 7. In response to my August 22, 2018 email, attorney Salvatore Zimmitti (counsel for  
23 Plaintiff-In-Intervention SoCal Building Ventures, LLC & San Diego Building Ventures, LLC) sent  
24 an email to me objecting to the revisions proposed by attorney Charles Gorla (counsel for Defendant  
25 Chris Hakim). Attached hereto as **Exhibit D** is a true and correct copy of Mr. Zimmitti's email with  
26 his objections.

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1           8.       In response to my August 22, 2018 email, attorney James Joseph (counsel for  
2 Plaintiff Salam Razuki) sent an email to me objecting to the revisions proposed by attorney Charles  
3 Gorla (counsel for Defendant Chris Hakim). Attached hereto as **Exhibit E** is a true and correct copy  
4 of Mr. Joseph's email with his objections.

5           9.       In response to my August 22, 2018 email, attorney Gina Austin and attorney Tamara  
6 Leetham of Austin Legal Group, APC (counsel for Defendant Ninus Malan and related Defendant  
7 entities) sent an email to me on the afternoon of August 22, 2018 and requested I wait on submitting  
8 my proposed order until they were able to obtain a copy of the reporter's transcript of the August 20,  
9 2018 hearing. On the morning of August 23, 2018, counsel provided me with a rough copy of the  
10 transcript of the final segment of the hearing when the Court made its orders. In addition, Ms.  
11 Leetham sent an email to me objecting to the content of the proposed order and provided a redlined  
12 revised version of my proposed order with her suggested revisions. Attached hereto as **Exhibit F** is  
13 a true and correct copy of Ms. Leetham's revised version of the proposed order. The Court will notice  
14 that many, but not all, of Ms. Leetham's proposed revisions were adopted and incorporated into the  
15 proposed order I now submit. I am including her redlined version with my filing due to the fact that  
16 I did not incorporate all of her proposed changes.

17           I declare, under penalty of perjury under the laws of the State of California, that the foregoing  
18 is true and correct.

19           Executed this 23rd day of August 2018 at San Diego, California.

20 

21 \_\_\_\_\_  
22 Richardson Griswold, Esq.  
23 GRISWOLD LAW, APC  
24 Counsel for  
25 Court-Appointed Receiver Michael Essary  
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# Exhibit A

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SUPERIOR COURT OF CALIFORNIA  
FOR THE COUNTY OF SAN DIEGO

SALAM RAZUKI, an individual,

Plaintiff,

v.

NINUS MALAN, an individual; CHRIS HAKIM, an individual; MONARCH MANAGEMENT CONSULTING, INC. a California corporation; SAN DIEGO UNITED HOLDING GROUP, LLC, a California limited liability company; FLIP MANAGEMENT, LLC, a California limited liability company; MIRA ESTE PROPERTIES, LLC, a California limited liability company; ROSELLE PROPERTIES, LLC, , a California limited 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

**[PROPOSED] ORDER APPOINTING RECEIVER**

Judge: Hon. Eddie C. Sturgeon

Dept: C-67

Date: August 20, 2018

Time: 2:00 p.m.

This matter came on for hearing on August 20, 2018 at 2:00 p.m. in Department C-67, the Honorable Judge Eddie C. Sturgeon, presiding. Upon reviewing the papers and records filed in this matter and taking into account argument by counsel at the hearing, and good cause appearing,

1 NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

2 1. Michael W. Essary is hereby appointed as Receiver in this matter and shall  
3 immediately take control and possession of the following business entities:

- 4 a. San Diego United Holdings Group, LLC;
- 5 b. Mira Este Properties, LLC;
- 6 c. Balboa Ave Cooperative;
- 7 d. California Cannabis Group;
- 8 e. Devilish Delights, Inc.;
- 9 f. Flip Management, LLC.

10 Collectively, these business entities will be referred to as the “Marijuana Operations.”

11 2. Receiver has already filed his Oath of Receiver and proof of Receiver’s Bond, in the  
12 previously-ordered amount of \$10,000, with the Court.

13 3. Defendant Roselle Properties, LLC and the property located at 10685 Roselle Street,  
14 San Diego, California 92121 (“Roselle Property”) will not be under the Receiver’s control at this  
15 time. Defendant Roselle Properties, LLC and Defendant Chris Hakim are prohibited from  
16 transferring or selling any portion of the Roselle Property until further order of this Court.

17 4. Receiver shall maintain and oversee the current management agreement in place with  
18 Far West Management, LLC for the marijuana dispensary operations at the property located at 8861  
19 Balboa Avenue, Suite B, San Diego, California 92123 and 8863 Balboa Avenue, Suite E, San Diego,  
20 California 92123 (“Balboa Ave Dispensary”). The Court permits Receiver to pay the management  
21 fee and/or minimum guarantee payments, according to the management agreement, if funds are  
22 available.

23 5. Receiver shall maintain and oversee the current management agreement in place with  
24 Synergy Management Partners, LLC for the production facility operations at the property located at  
25 9212 Mira Este Court, San Diego, California 92126 (“Mira Este Property”). The Court permits  
26 Receiver to pay the management fee and/or minimum guarantee payments, according to the  
27 management agreement, if funds are available.

28



1           6.       Plaintiff-In-Intervention SoCal Building Ventures, LLC's Management Service and  
2 Option Agreement for the management of the Balboa Ave Cooperative is stayed until further order  
3 of this Court. Plaintiff-In-Intervention SoCal Building Ventures, LLC's Management Service and  
4 Option Agreement for the management of the production facility at the Mira Este Property is stayed  
5 until further order of this Court. Plaintiff-In-Intervention SoCal Building Ventures, LLC's  
6 Management Service and Option Agreement for the management of the Roselle Property is stayed  
7 until further order of this Court.

8           7.       Receiver shall interview and consider retaining Certified Public Accountant Justus  
9 Henkus IV to provide accounting services for the Marijuana Operations, specifically including the  
10 active operations at the Balboa Ave Dispensary and the Mira Este Property. In the event Receiver  
11 decides against retaining Mr. Henkus, Receiver shall retain Brian Brinig of Brinig Taylor Zimmer,  
12 Inc. to provide accounting services for the Balboa Ave Dispensary and the Mira Este Property.

13           8.       From the proceeds that shall come into Receiver's possession from the Balboa Ave  
14 Dispensary, Receiver shall apply and disburse said monies in the following general order, subject to  
15 Receiver's discretion:

- 16                   a. To pay the expenses and charges of Receiver, and his counsel Richardson  
17                    Griswold of Griswold Law, APC, in the carrying out of Receiver's Court-ordered  
18                    duties and obligations;
- 19                   b. To pay all expenses reasonably necessary or incidental to the continued operation,  
20                    care, preservation and maintenance of the Balboa Ave Dispensary to maintain the  
21                    status quo;
- 22                   c. To pay all installments of principal and interest presently due or to become due  
23                    pursuant to notes secured against the Balboa Ave Dispensary property.

24           9.       From the proceeds that shall come into Receiver's possession from the Mira Este  
25 Property, Receiver shall apply and disburse said monies in the following general order, subject to  
26 Receiver's discretion:

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- a. To pay the expenses and charges of Receiver, and his counsel Richardson Griswold of Griswold Law, APC, in the carrying out of Receiver’s Court-ordered duties and obligations;
- b. To pay all expenses reasonably necessary or incidental to the continued operation, care, preservation and maintenance of the Mira Este Property to maintain the status quo;
- c. To pay all installments of principal and interest presently due or to become due pursuant to notes secured against the Mira Este Property.

10. Receiver shall hold all proceeds derived from the Marijuana Operations, less all costs, expenses and payments outlined above.

11. To the greatest extent reasonably possible, Receiver shall ensure the Marijuana Operations remain operating at status quo until the hearing in this matter on September 7, 2018. All parties to this matter shall cooperate with Receiver and keep the Receiver informed regarding all updates, statuses, notices or otherwise regarding the Marijuana Operations.

12. Receiver shall take possession of all funds held for or arising out of the real property owned by any of the Marijuana Operations, the operation of the Marijuana Operations, and/or on deposit in any and all bank and savings demand deposit accounts, including without limitation, money on deposit at any bank, or located elsewhere, certificates of deposit, warrants, Letter(s) of Credit, drafts, notes, deeds of trust and other negotiable instruments, choses in action, chattel paper, accounts receivable, collateral of any kind and otherwise, in the name of, or held for the benefit of the Marijuana Operations. All of the foregoing shall include, without limitation, such accounts and/or instruments held in the name of the Marijuana Operations for which any director, officer or employee of the Marijuana Operations is a signatory or authorized agent of the Marijuana Operations, notwithstanding the actual name under which the account or instrument is held. The Receiver shall exercise full control over said assets and Receiver shall have the right to assume any existing accounts.

1           13.     Each and every banking, savings and thrift institution having funds on deposit for, or  
2 held for the benefit of the Marijuana Operations, shall deliver all of such funds and accrued interest,  
3 if any, and all certificates and/or books, statements and records of account representing said funds,  
4 directly to the Receiver without further inquiry or impediment to the exercise of the powers of the  
5 Receiver herein. Receiver shall establish new bank accounts and transfer existing Marijuana  
6 Operations account funds from their current account locations into the new bank accounts  
7 established by Receiver. Receiver is empowered to establish such accounts as he may deem  
8 necessary at such federally insured bank(s) as he may determine appropriate. Specifically, Receiver  
9 shall open and maintain one bank account for the operations at the Balboa Ave Dispensary and shall  
10 open and maintain one bank account for the operations at the Mira Este Property.

11           14.     All rents, issues and profits that may accrue from the Marijuana Operations,  
12 Marijuana Operations Property, or any part thereof, or which may be received or receivable from  
13 any hiring, operating, letting, leasing, sub-hiring, using, subletting, subleasing, renting thereof shall  
14 be subject to this Order and controlled by the Receiver. Rents, issues and profits shall include,  
15 without limitation, gross receipts from business operations, all rental proceeds of the Marijuana  
16 Operations' premises, if any, discounts and rebates of every kind, any right arising from the  
17 operation of the Marijuana Operations and/or Marijuana Operations Property and payment for  
18 storage, product development and preparation of any kind, equipment rental, delivery, commercial  
19 rental of any Marijuana Operations Property and any other service or rental rendered, whether or not  
20 yet earned by performance including, but not limited to, accounts arising from the operations of the  
21 Marijuana Operations Property, rent, security and advance deposits for use and/or hiring, in any  
22 manner, of the Marijuana Operations, and to payment(s) from any consumer, credit/charge card  
23 organization or entity (hereinafter collectively called "Rents and Profits").

24           15.     Receiver is empowered to execute and prepare all documents and to perform all  
25 necessary acts, whether in the name of the Marijuana Operations, named parties in this matter and/or  
26 directors, officers, or members of the Marijuana Operations or in the Receiver's own name, that are  
27 necessary and incidental to demanding, collecting and receiving said money, obligations, funds,  
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1 licenses, Rents and Profits and payments due the Marijuana Operations and/or named parties in this  
2 matter and subject to enforcement under this Order.

3 16. Receiver is authorized to endorse and deposit into his receiver account(s) all of said  
4 funds, cash, checks, warrants, drafts and other instruments of payment payable to the Marijuana  
5 Operations, named parties in this matter and/or the agents of the Marijuana Operations as such  
6 payments relate to the Marijuana Operations.

7 17. Plaintiff, Plaintiff-In-Intervention, Defendants, and members of the Marijuana  
8 Operations and their servants, agents, attorneys, accountants, employees, successors-in-interest and  
9 assigns, and all other persons acting under and/or in concert with any of them shall provide, turn  
10 over and deliver to the Receiver within forty-eight (48) hours of entry of this Order any and all  
11 instruments, profit and loss statements, income and expense statements, documents, ledgers, receipts  
12 and disbursements journals, books and records of accounts, including canceled checks and bank  
13 statements, for all Marijuana Operations and Marijuana Operations Property, including electronic  
14 records consisting of hard and floppy disks, checking and savings records, cash register tapes and  
15 sales slips and all check book disbursement registers and memoranda and savings passbooks.

16 18. Plaintiff, Plaintiff-In-Intervention, Defendants, and/or any of the directors, officers,  
17 members of the Marijuana Operations shall notify the Receiver forthwith whether there is sufficient  
18 insurance coverage in force on the Marijuana Operations Property, including the Marijuana  
19 Operations premises, if any. Said persons shall inform the Receiver of the name, address and  
20 telephone number of all insurance agents and shall be responsible for and are ordered to cause the  
21 Receiver to be named as an additional insured on such policy(ies) of liability, casualty, property loss  
22 and Worker's Compensation for the period the Receiver shall be in possession of the Marijuana  
23 Operations and the Marijuana Operations Property, if any such insurance exists.

24 19. If there is insufficient or no insurance, the Receiver shall have thirty (30) business  
25 days from entry of this Order within which to procure such insurance, if possible, provided he has  
26 funds from the business to do so. During this "procurement" period, the Receiver shall not be  
27 personally liable for any and all claims arising from business operations nor for the procurement of  
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1 said insurance. The cost thereof shall be payable by and become an obligation of the receivership,  
2 and not at the personal expense of the Receiver. If there is insufficient operating revenue to pay for  
3 such insurance, the Receiver shall apply to the Court for instructions.

4 20. Plaintiff, Plaintiff-In-Intervention, Defendants, and their respective agents,  
5 employees, servants, representatives, and all other persons and entities acting in concert with them  
6 or under their direction or control, or any of them, shall be, and hereby are, enjoined and restrained  
7 from engaging in or performing, directly or indirectly, any of the following acts:

8 a) Expending, disbursing, transferring, assigning, selling, conveying, devising,  
9 pledging, mortgaging, creating a security interest in, encumbering, concealing, or in any manner  
10 whatsoever disposing of the whole or any part of the Marijuana Operations or Marijuana Operations  
11 Property, without the written consent of the Receiver first obtained;

12 b) Doing any act which will, or which will tend to impair, defeat, divert, prevent  
13 or prejudice the preservation of the proceeds of the Marijuana Operations or the receivership's  
14 interest in the subject Marijuana Operations Property in whatever form the interest is held or used;  
15 and,

16 c) Destroying, concealing, transferring, or failing to preserve any document  
17 which evidences, reflects or pertains to any aspect of the Marijuana Operations or Marijuana  
18 Operations Property.

19 21. Receiver is authorized to make entry onto any and all business premises utilized by  
20 the Marijuana Operations and/or the Marijuana Operations Property.

21 22. This Court will hold a hearing regarding an Order To Show Cause why the  
22 Appointment of Receiver should not be confirmed and an Order To Show Cause why a preliminary  
23 injunction should not be granted on September 7, 2018 at 1:30 p.m. in Department C-67 before the  
24 Honorable Judge Eddie C. Sturgeon, presiding.

25 23. The parties, if they choose to, are required to file and serve additional briefing,  
26 including briefing on the amount required for Plaintiff's bond in the event this Court grants a  
27 preliminary injunction, on or before September 4, 2018.  
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24. Receiver shall file and serve his Receiver's Report on or before September 5, 2018.

25. Additional Orders: \_\_\_\_\_

\_\_\_\_\_  
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IT IS SO ORDERED.

Dated: \_\_\_\_\_, 2018

\_\_\_\_\_  
Judge of the Superior Court

## Exhibit B



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## Objections to proposed order (Razuki v. Malan)

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Daniel T. Watts <dwatts@galuppolaw.com>

Wed, Aug 22, 2018 at 2:16 PM

To: "rgriswold@griswoldlawsandiego.com" <rgriswold@griswoldlawsandiego.com>

Cc: "Leetham, Tamara" <tamara@austinlegalgroup.com>, "Austin, Gina" <gaustin@austinlegalgroup.com>, "Steven W. Blake" <sblake@galuppolaw.com>, Ninus Malan <ninusmalan@yahoo.com>

Mr. Griswold,

This section of the proposed order is a problem:

7. From the proceeds that shall come into Receiver's possession, from whatever source, Receiver shall apply and disburse said monies in the following general order, subject to Receiver's discretion:

- a. To pay the expenses and charges of Receiver, and his counsel Richardson Griswold of Griswold Law, APC, in the carrying out of Receiver's Court-ordered duties and obligations;
- b. To pay all expenses reasonably necessary or incidental to the continued operation, care, preservation and maintenance of the Marijuana Operations to maintain the status quo;
- c. To pay all installments of principal and interest presently due or to become due pursuant to notes secured against the Balboa Ave Dispensary property and the Mira Este property.

8. Receiver shall hold all proceeds derived from the Marijuana Operations, less all costs, expenses and payments outlined above.

**First:** The receiver is supposed to make all payments that the businesses are supposed to make, including "minimum guaranteed" payments. He's not supposed to "hold all proceeds" except for those in 7(a)-(c), he's supposed to pay the bills – all the bills. The court specifically said if there's money to pay minimum guarantees, the receiver needs to make those payments.

The order should also specify that Tamara Leetham and Gina Austin are allowed to keep working for the LLCs and the businesses. Their attorney fees should be mentioned in paragraph 7 alongside the receiver's.

**Second:** The receiver shouldn't have "discretion" on which payments to make. He needs to pay the bills, including the mortgages, interest on the mortgage, HOA fees, taxes, minimum guarantees, etc. He shouldn't have "discretion" to refuse to pay bills or comply with minimum guaranteed payments required by the agreements governing the properties.

Paragraphs 12 and 14 have the same problem. Paragraph 12 says the receiver will control "all rents, issues and profits" from the businesses, and paragraph 14 says the receiver will take all money payable to "named parties in this matter... as such payments relate to the Marijuana Operations." In other words, these



paragraphs instruct the receiver to stop making payments due under the agreements. He needs to follow the agreements, or else he's putting the businesses at risk for breach of contract. He needs to make all payments required by the agreements.

Paragraphs 16 and 17 immunize the receiver against personal liability for failing to obtain insurance and should be deleted. The judge never ordered that. The paragraphs should be deleted.

SoCal's contract, if there is one, was ordered suspended. You should add that in there because the judge ordered it.

-Daniel Watts

Attorney

**Galuppo & Blake**

**A Professional Law Corporation**

Tel: 760.431.4575

Fax: 760.431.4579

# Exhibit C

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SUPERIOR COURT OF CALIFORNIA  
FOR THE COUNTY OF SAN DIEGO

SALAM RAZUKI, an individual,  
Plaintiff,

v.

NINUS MALAN, an individual; CHRIS HAKIM, an individual; MONARCH MANAGEMENT CONSULTING, INC. a California corporation; SAN DIEGO UNITED HOLDING GROUP, LLC, a California limited liability company; FLIP MANAGEMENT, LLC, a California limited liability company; MIRA ESTE PROPERTIES, LLC, a California limited liability company; ROSELLE PROPERTIES, LLC, a California limited 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

**[PROPOSED] ORDER APPOINTING RECEIVER**

Judge: Hon. Eddie C. Sturgeon  
Dept: C-67  
Date: August 20, 2018  
Time: 2:00 p.m.

This matter came on for hearing on August 20, 2018 at 2:00 p.m. in Department C-67, the Honorable Judge Eddie C. Sturgeon, presiding. Upon reviewing the papers and recorded filed in this matter and taking into account argument by counsel at the hearing, and good cause appearing, NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

- 1           1. Michael W. Essary is hereby appointed as Receiver in this matter and shall  
2 immediately take control and possession of the following business entities:  
3           a. RM Properties Holdings, LLC;  
4           b. San Diego United Holdings Group, LLC;  
5           c. Mira Este Properties, LLC;  
6           d. Balboa Ave Cooperative;  
7           e. California Cannabis Group;  
8           f. Devilish Delights, Inc.;  
9           g. Flip Management, LLC.

10 Collectively, these business entities will be referred to as the "Marijuana Operations."

11           2. Receiver has already filed his Oath of Receiver and proof of Receiver's Bond, in the  
12 amount previously-ordered amount of \$10,000, with the Court.

13           3. Defendant Roselle Properties, LLC and the property located at 10685 Roselle Street,  
14 San Diego, California 92121 ("Roselle Property") will not be under the Receiver's control at this  
15 time. Defendant Roselle Properties, LLC and Defendant Chris Hakim are prohibited from  
16 transferring or selling any portion of the Roselle Property until further order of this Court.

17           4. Receiver shall maintain and oversee the current management agreement in place with  
18 Far West Management, LLC for the marijuana dispensary operations at the property located at 8861  
19 Balboa Avenue, Suite B, San Diego, California 92123 and 8863 Balboa Avenue, Suite E, San Diego,  
20 California 92123 ("Balboa Ave Dispensary").

21           5. Receiver shall maintain and oversee the current management agreement in place with  
22 Synergy Management Partners, LLC for the production facility operations at the property located at  
23 9212 Mira Este Court, San Diego, California 92126 ("Mira Este Property").

24           6. Receiver shall interview and consider retaining Certified Public Accountant Justus  
25 Henkus IV to provide accounting services for the Marijuana Operations, specifically including the  
26 active operations at the Balboa Ave Dispensary and the Mira Este Property. In the event Receiver  
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1 decides against retaining Mr. Henkus, Receiver shall retain Brian Brinig of Brinig Taylor Zimmer,  
2 Inc. to provide accounting services for the Balboa Ave Dispensary and the Mira Este Property.

3 7. From the proceeds that shall come into Receiver's possession, from the Balboa Ave  
4 Cooperative, whatever source, Receiver shall apply and disburse said monies in the following  
5 general order, subject to Receiver's discretion:

- 6 a. To pay the expenses and charges of Receiver, and his counsel Richardson  
7 Griswold of Griswold Law, APC, in the carrying out of Receiver's Court-ordered  
8 duties and obligations;
- 9 b. To pay all expenses reasonably necessary or incidental to the continued operation,  
10 care, preservation and maintenance of the Balboa Ave Cooperative Marijuana  
11 Operations to maintain the status quo;
- 12 c. To pay all installments of principal and interest presently due or to become due  
13 pursuant to notes secured against the Balboa Ave Dispensary property ~~and the~~  
14 ~~Mira Este property~~;
- 15 d. Receiver shall forthwith open two bank accounts, one for the Balboa Dispensary  
16 ("Balboa account") and one for the Mira Este property ("Mira Este account");
- 17 e. All revenues received by the Receiver from the Balboa Dispensary shall be  
18 deposited into the Balboa account, and all expenses incurred relative to the  
19 operation of the Balboa Dispensary shall be paid from the Balboa account;
- 20 e-f. Receiver shall not be entitled to utilize or expend any revenues received relative  
21 to the Balboa Dispensary on any other property or facility under the control of  
22 the Receiver.

23 8. From the proceeds that shall come into Receiver's possession, from the Mira Este  
24 property, Receiver shall apply and disburse said monies in the following general order, subject to  
25 Receiver's discretion;

**Commented [cg1]:** The court specifically ordered that separate accounts shall be set up for Mira Este and Balboa, with income and expenses segregated. In other words, revenues from Mira Este cannot be used to pay Balboa expenses, and vice versa. In fact, Mr. Essary agreed to this at the August 20 hearing.

- 1                   a. To pay the expenses and charges of Receiver, and his counsel Richardson  
2                   Griswold of Griswold Law, APC, in the carrying out of Receiver's Court-ordered  
3                   duties and obligations;  
4                   b. To pay all expenses reasonably necessary or incidental to the continued operation,  
5                   care, preservation and maintenance of the Mira Este facility to maintain the status  
6                   quo;  
7                   c. To pay all installments of principal and interest presently due or to become due  
8                   pursuant to notes secured against the Mira Este facility;  
9                   d. All revenues received by the Receiver from the Mira Este facility shall be  
10                  deposited into the Mira Este account, and all expenses incurred relative to the  
11                  operation of the Mira Este account;  
12                  e. Receiver shall not be entitled to utilize or expend any revenues received relative  
13                  to the Mira Este facility on any other property or facility under the control of the  
14                  Receiver.

15                  ~~8-9.~~ Receiver shall hold all proceeds derived from the Marijuana Operations, less all costs,  
16 expenses and payments outlined above.

17                  ~~9-10.~~ To the greatest extent reasonably possible, Receiver shall ensure the Marijuana  
18 Operations remain operating at status quo until the hearing in this matter on September 7, 2018. All  
19 parties to this matter shall cooperate with Receiver and keep the Receiver informed regarding all  
20 updates, statuses, notices or otherwise regarding the Marijuana Operations.

21                  ~~10-11.~~ Subject to sections 7 and 8 above, Receiver shall take possession of all funds held for  
22 or arising out of the real property owned by any of the Marijuana Operations, the operation of the  
23 Marijuana Operations, and/or on deposit in any and all bank and savings demand deposit accounts,  
24 including without limitation, money on deposit at any bank, or located elsewhere, certificates of  
25 deposit, warrants, Letter(s) of Credit, drafts, notes, deeds of trust and other negotiable instruments,  
26 choses in action, chattel paper, accounts receivable, collateral of any kind and otherwise, in the name  
27 of, or held for the benefit of the Marijuana Operations. All of the foregoing shall include, without  
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1 limitation, such accounts and/or instruments held in the name of the Marijuana Operations for which  
2 any director, officer or employee of the Marijuana Operations is a signatory or authorized agent of  
3 the Marijuana Operations, notwithstanding the actual name under which the account or instrument  
4 is held. Subject to sections 7 and 8 above. The Receiver shall exercise full control over said assets  
5 and Receiver shall have the right to assume any existing accounts.

6 ~~11-12. Subject to sections 7 and 8 above, e~~ Each and every banking, savings and thrift  
7 institution having funds on deposit for, or held for the benefit of the Marijuana Operations, shall  
8 deliver all of such funds and accrued interest, if any, and all certificates and/or books, statements  
9 and records of account representing said funds, directly to the Receiver without further inquiry or  
10 impediment to the exercise of the powers of the Receiver herein. ~~Subject to Receiver's discretion,~~  
11 ~~Receiver shall determine whether to maintain and control existing Marijuana Operations bank~~  
12 ~~accounts and/or establish new bank accounts and transfer existing Marijuana Operations account~~  
13 ~~funds from their current account locations into the new bank accounts established by Receiver.~~  
14 ~~Receiver is empowered to establish such accounts as he may deem necessary at such federally~~  
15 ~~insured bank(s) as he may determine appropriate.~~

16 ~~12-13. Subject to sections 7 and 8 above, a~~ All rents, issues and profits that may accrue from  
17 the Marijuana Operations, Marijuana Operations Property, or any part thereof, or which may be  
18 received or receivable from any hiring, operating, letting, leasing, sub-hiring, using, subletting,  
19 subleasing, renting thereof shall be subject to this Order and controlled by the Receiver. Rents,  
20 issues and profits shall include, without limitation, gross receipts from business operations, all rental  
21 proceeds of the Marijuana Operations' premises, if any, discounts and rebates of every kind, any  
22 right arising from the operation of the Marijuana Operations and/or Marijuana Operations Property  
23 and payment for storage, product development and preparation of any kind, equipment rental,  
24 delivery, commercial rental of any Marijuana Operations Property and any other service or rental  
25 rendered, whether or not yet earned by performance including, but not limited to, accounts arising  
26 from the operations of the Marijuana Operations Property, rent, security and advance deposits for  
27 use and/or hiring, in any manner, of the Marijuana Operations, and to payment(s) from any  
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1 consumer, credit/charge card organization or entity (hereinafter collectively called "Rents and  
2 Profits").

3 ~~13.14. Subject to sections 7 and 8 above.~~ Receiver is empowered to execute and prepare all  
4 documents and to perform all necessary acts, whether in the name of the Marijuana Operations,  
5 named parties in this matter and/or directors, officers, or members of the Marijuana Operations or  
6 in the Receiver's own name, that are necessary and incidental to demanding, collecting and receiving  
7 said money, obligations, funds, licenses, Rents and Profits and payments due the Marijuana  
8 Operations and/or named parties in this matter and subject to enforcement under this Order.

9 ~~14.15. Subject to sections 7 and 8 above.~~ Receiver is authorized to endorse and deposit into  
10 his receiver account(s) all of said funds, cash, checks, warrants, drafts and other instruments of  
11 payment payable to the Marijuana Operations, named parties in this matter and/or the agents of the  
12 Marijuana Operations as such payments relate to the Marijuana Operations.

13 ~~15. — Plaintiff, Plaintiff-In-Intervention, Defendants, and members of the Marijuana  
14 Operations and their servants, agents, attorneys, accountants, employees, successors-in-interest and  
15 assigns, and all other persons acting under and/or in concert with any of them shall provide, turn  
16 over and deliver to the Receiver within forty-eight (48) hours of entry of this Order any and all  
17 instruments, profit and loss statements, income and expense statements, documents, ledgers, receipts  
18 and disbursements journals, books and records of accounts, including canceled checks and bank  
19 statements, for all Marijuana Operations and Marijuana Operations Property, including electronic  
20 records consisting of hard and floppy disks, checking and savings records, cash register tapes and  
21 sales slips and all check book disbursement registers and memoranda and savings passbooks.~~

22 ~~16. Plaintiff, Plaintiff-In-Intervention, Defendants, and/or any of the directors, officers,  
23 members of the Marijuana Operations shall notify the Receiver forthwith whether there is sufficient  
24 insurance coverage in force on the Marijuana Operations Property, including the Marijuana  
25 Operations premises, if any. Said persons shall inform the Receiver of the name, address and  
26 telephone number of all insurance agents and shall be responsible for and are ordered to cause the  
27 Receiver to be named as an additional insured on such policy(ies) of liability, casualty, property loss~~

Commented [cg2]: 15 and 16 go beyond what the court ordered and impose too much of a burden on the parties before a preliminary injunction appointing a receiver is made. These additional issues are more properly addressed at the preliminary injunction hearing and not at the ex parte stage.

1 ~~and Worker's Compensation for the period the Receiver shall be in possession of the Marijuana~~  
2 ~~Operations and the Marijuana Operations Property, if any such insurance exists.~~

3 17. If there is insufficient or no insurance, the Receiver shall have thirty (30) business  
4 days from entry of this Order within which to procure such insurance, if possible, provided he has  
5 funds from the business to do so. During this "procurement" period, the Receiver shall not be  
6 personally liable for any and all claims arising from business operations nor for the procurement of  
7 said insurance. The cost thereof shall be payable by and become an obligation of the receivership,  
8 and not at the personal expense of the Receiver. If there is insufficient operating revenue to pay for  
9 such insurance, the Receiver shall apply to the Court for instructions.

10 18. Plaintiff, Plaintiff-In-Intervention, Defendants, and their respective agents,  
11 employees, servants, representatives, and all other persons and entities acting in concert with them  
12 or under their direction or control, or any of them, shall be, and hereby are, enjoined and restrained  
13 from engaging in or performing, directly or indirectly, any of the following acts:

14 a) Expending, disbursing, transferring, assigning, selling, conveying, devising,  
15 pledging, mortgaging, creating a security interest in, encumbering, concealing, or in any manner  
16 whatsoever disposing of the whole or any part of the Marijuana Operations or Marijuana Operations  
17 Property, without the written consent of the Receiver first obtained;

18 b) Doing any act which will, or which will tend to impair, defeat, divert, prevent  
19 or prejudice the preservation of the proceeds of the Marijuana Operations or the receivership's  
20 interest in the subject Marijuana Operations Property in whatever form the interest is held or used;  
21 and,

22 c) Destroying, concealing, transferring, or failing to preserve any document  
23 which evidences, reflects or pertains to any aspect of the Marijuana Operations or Marijuana  
24 Operations Property.

25 19. Receiver is authorized to make entry onto any and all business premises utilized by  
26 the Marijuana Operations and/or the Marijuana Operations Property.

27 20. This Court will hold a hearing regarding an Order To Show Cause why the  
28 Appointment of Receiver should not be confirmed and an Order To Show Cause why a preliminary



1 injunction should not be granted on September 7, 2018 at 1:30 p.m. in Department C-67 before the  
2 Honorable Judge Eddie C. Sturgeon, presiding.

3 21. The parties, if they choose to, are required to file and serve **additional briefing**  
4 ~~regarding the amount required for Plaintiff's bond, in the event this Court grants a preliminary~~  
5 ~~injunction~~ on or before September 4, 2018.

6 22. Receiver shall file and serve his Receiver's Report on or before September 5, 2018.

7  
8 IT IS SO ORDERED.

9  
10 Dated: \_\_\_\_\_, 2018

\_\_\_\_\_  
Judge of the Superior Court

**Commented [cg3]:** My recollection is that the court did not limit the briefing solely to the amount required for the bond. The court opened it up for any additional briefing, which is the appropriate procedure in advance of a hearing on a preliminary injunction after a temporary restraining order appointing a receiver is made.

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# Exhibit D



Richardson Griswold <rgriswold@griswoldlawsandiego.com>

---

## Razuki/Malan: Proposed Order re 8/20 Hearing

---

Salvatore J. Zimmitti <szimmitti@nelsonhardiman.com>

Wed, Aug 22, 2018 at 2:35 PM

To: James Joseph <james@elialaw.com>, Charles Goria <chasgoria@gmail.com>, Richardson Griswold <rgriswold@griswoldlawsandiego.com>

Cc: Steven Elia <Steve@elialaw.com>, Maura Griffin <MG@mauragriffinlaw.com>, "Daniel T. Watts (dwatts@galuppolaw.com)" <dwatts@galuppolaw.com>, "Leetham, Tamara" <tamara@austinlegalgroup.com>, "Austin, Gina" <gaustin@austinlegalgroup.com>, Mike <Calsur@aol.com>, Jamie Eberhardt <jeberhardt@griswoldlawsandiego.com>

Counsel,

SoCal also vigorously objects to any attempt to remove or attenuate paragraphs 15 and 16 as written. This is precisely the type of financial transparency that Judge Sturgeon indicated was necessary for the receivership and we disagree that providing this information (much less evidence of insurance coverage) would amount to "too much of a burden."

SALVATORE J. ZIMMITTI | PARTNER

T 310.203.2807 | F 310.203.2727

NELSONHARDIMAN, LLP

11835 West Olympic Blvd, Suite 900 | Los Angeles, CA 90064

[www.nelsonhardiman.com](http://www.nelsonhardiman.com)

This message contains information that may be confidential and privileged. Unless you are the addressee (or authorized to receive e-mails for the addressee), you may not use, copy, or disclose to anyone this message or any information contained in this message. If you have received this message in error, please advise the sender by reply e-mail to [szimmitti@nelsonhardiman.com](mailto:szimmitti@nelsonhardiman.com) and delete the message. Thank you.

[Quoted text hidden]

# Exhibit E



**Razuki/Malan: Proposed Order re 8/20 Hearing**

James Joseph <james@elialaw.com>

Wed, Aug 22, 2018 at 1:48 PM

To: charles gorla <chasgorla@gmail.com>, Richardson Griswold <rgriswold@griswoldlawsandiego.com>  
Cc: Steven Elia <Steve@elialaw.com>, Maura Griffin <MG@mauragriffinlaw.com>, "Salvatore J. Zimmitti" <szimmitti@nelsonhardiman.com>, "Daniel T. Watts (dwatts@galuppolaw.com)" <dwatts@galuppolaw.com>, "Leetham, Tamara" <tamara@austinlegalgroup.com>, "Austin, Gina" <gaustin@austinlegalgroup.com>, Mike <Calsur@aol.com>, Jamie Eberhardt <jeberhardt@griswoldlawsandiego.com>

Mr. Gorla,

We would have strong objections to striking paragraphs 15 and 16.

Para 15 requires that the parties turn over:

"instruments, profit and loss statements, income and expense statements, documents, ledgers, receipts and disbursements journals, books and records of accounts, including canceled checks and bank statements, for all Marijuana Operations and Marijuana Operations Property, including electronic records consisting of hard and floppy disks, checking and savings records, cash register tapes and sales slips and all check book disbursement registers and memoranda and savings passbooks."

The Court made it clear, the receiver must have all information to determine the cash-flow and financial standing of the businesses. The listed documents are essential for that task.

Para 16 relates to having proper insurance coverage for the businesses. There should already be insurance for the operations. If there isn't, the receiver must be able to protect those assets. This is especially important since SoCal's equipment is still at Mira Este. Ensuring proper coverage is essential to maintain the status quo.

The necessity of these provisions outweighs any concern for the potential burden on the parties.

James Joseph  
Attorney At Law

2221 Camino Del Rio South, Suite 207 | San Diego, CA 92108  
Telephone (619) 444-2244 | Fax (619) 440-2233  
Website www.elialaw.com | Email james@elialaw.com

\*\*\*\*\* CONFIDENTIALITY NOTICE/IRS DISCLOSURE\*\*\*\*\*

Confidentiality Notice: This electronic message contains information from The Law Offices of Steven A. Elia, A Professional corporation, which may be confidential or protected by the attorney-client privilege and/or the work product doctrine and is intended solely for the use of the addressee listed above. If you are neither the intended recipient nor the employee or agent responsible for delivering this electronic message to the intended recipient, you are hereby notified that any disclosure, copying, distribution or the use of the content of this electronic message is strictly prohibited. If you have received this electronic message in error, please (i) do not read it, (ii) immediately notify us by replying to this message, and (iii) erase or destroy the message.

IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, please be advised



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-----Original Message-----

From: charles goria [mailto:chasgoria@gmail.com]

Sent: Wednesday, August 22, 2018 11:15 AM

To: Richardson Griswold <rgriswold@griswoldlawsandiego.com>

Cc: Steven Elia <Steve@EliaLaw.com>; Maura Griffin <MG@MauraGriffinLaw.com>; James Joseph <james@elialaw.com>; Salvatore J. Zimmitti <szimmitti@nelsonhardiman.com>; Daniel T. Watts (dwatts@galuppolaw.com) <dwatts@galuppolaw.com>; Leetham, Tamara <tamara@austinlegalgroup.com>; Austin, Gina <gaustin@austinlegalgroup.com>; Mike <Calsur@aol.com>; Jamie Eberhardt <jeberhardt@griswoldlawsandiego.com>

Subject: Re: Razuki/Malan: Proposed Order re 8/20 Hearing

[Quoted text hidden]

# Exhibit F

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SUPERIOR COURT OF CALIFORNIA  
FOR THE COUNTY OF SAN DIEGO

SALAM RAZUKI, an individual,  
Plaintiff,

v.

NINUS MALAN, an individual; CHRIS HAKIM, an individual; MONARCH MANAGEMENT CONSULTING, INC. a California corporation; SAN DIEGO UNITED HOLDING GROUP, LLC, a California limited liability company; FLIP MANAGEMENT, LLC, a California limited liability company; MIRA ESTE PROPERTIES, LLC, a California limited liability company; ROSELLE PROPERTIES, LLC, a California limited 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

**[PROPOSED] ORDER APPOINTING RECEIVER**

Judge: Hon. Eddie C. Sturgeon  
Dept: C-67  
Date: August 20, 2018  
Time: 2:00 p.m.

This matter came on for hearing on August 20, 2018 at 2:00 p.m. in Department C-67, the Honorable Judge Eddie C. Sturgeon, presiding. Upon reviewing the papers and recorded filed in this matter and taking into account argument by counsel at the hearing, and good cause appearing, NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

-1-  
[PROPOSED] ORDER APPOINTING RECEIVER

1           1.     Michael W. Essary is hereby appointed as Receiver in this matter until the Order to  
2 Show Cause hearing on September 7, 2018 and shall immediately take control and possession of the  
3 following business entities:

- 4           a. ~~RM Properties Holdings, LLC;~~  
5           b. ~~a~~ San Diego United Holdings Group, LLC;  
6           e. ~~b~~ Mira Este Properties, LLC;  
7           d. ~~c~~ Balboa Ave Cooperative;  
8           e. ~~d~~ California Cannabis Group;  
9           f. ~~e~~ Devilish Delights, Inc.;  
10          g. ~~f~~ Flip Management, LLC.

11 Collectively, these business entities will be referred to as the “Marijuana Operations.”

12           2.     Receiver has already filed his Oath of Receiver and proof of Receiver’s Bond, in the  
13 ~~amount~~ previously-ordered amount of \$10,000, with the Court.

14           3.     Defendant Roselle Properties, LLC and the property located at 10685 Roselle Street,  
15 San Diego, California 92121 (“Roselle Property”) will not be under the Receiver’s control at this  
16 time. Defendant Roselle Properties, LLC and Defendant Chris Hakim are prohibited from  
17 transferring, ~~or selling, or encumbering the -any portion of the-~~ Roselle Property until further order  
18 of this Court.

19           4.     Receiver shall maintain and oversee the current management agreement in place with  
20 Far West Management, LLC for the marijuana dispensary operations at the property located at 8861  
21 Balboa Avenue, Suite B, San Diego, California 92123 and 8863 Balboa Avenue, Suite E, San Diego,  
22 California 92123 (“Balboa Ave Dispensary”). The Court permits the Receiver to pay the  
23 management fee payments for the next 21 days if the funds are available.

24           5.     Receiver shall maintain and oversee the current management agreement in place with  
25 Synergy Management Partners, LLC for the production facility operations at the property located at  
26 9212 Mira Este Court, San Diego, California 92126 (“Mira Este Property”).  
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Commented [t1]: RM is not a party to the litigation and the Court has not jurisdiction over control over the entity

Commented [t2]: See rough reporter’s transcript at page 12, lines 11-13/

1           6.     Receiver shall interview and consider retaining Certified Public Accountant Justus  
2 Henkus IV to provide accounting services for the Marijuana Operations, specifically including the  
3 active operations at the Balboa Ave Dispensary and the Mira Este Property. In the event Receiver  
4 decides against retaining Mr. Henkeus, Receiver shall retain Brian Brinig of Brinig Taylor Zimmer,  
5 Inc. to provide accounting services for the Balboa Ave Dispensary and the Mira Este Property.

6           7.     From the proceeds that shall come into Receiver's possession, from whatever source,  
7 Receiver shall apply and disburse said monies in the following general order, subject to Receiver's  
8 discretion:

9           a.     To pay the expenses and charges of Receiver, and his counsel Richardson  
10           Griswold of Griswold Law, APC, in the carrying out of Receiver's Court-ordered  
11           duties and obligations;

12           b.     To pay all expenses reasonably necessary or incidental to the continued operation,  
13           care, preservation and maintenance of the Marijuana Operations to maintain the  
14           status quo;

15           c.     To pay all installments of principal and interest presently due or to become due  
16           pursuant to notes secured against the Balboa Ave Dispensary property and the  
17           Mira Este property.

18           8.     Receiver shall hold all proceeds derived from the Marijuana Operations, less all costs,  
19 expenses and payments outlined above.

20           9.     To the greatest extent reasonably possible, Receiver shall ensure the Marijuana  
21 Operations remain operating at status quo until the hearing in this matter on September 7, 2018. All  
22 parties to this matter shall cooperate with Receiver and keep the Receiver informed regarding all  
23 updates, statuses, notices or otherwise regarding the Marijuana Operations.

24           10.    Receiver shall take possession of all funds held for or arising out of the real property  
25 owned by any of the Marijuana Operations, the operation of the Marijuana Operations, and/or on  
26 deposit in any and all bank and savings demand deposit accounts, including without limitation,  
27 money on deposit at any bank, or located elsewhere, certificates of deposit, warrants, Letter(s) of  
28



1 Credit, drafts, notes, deeds of trust and other negotiable instruments, choses in action, chattel paper,  
2 accounts receivable, collateral of any kind and otherwise, in the name of, or held for the benefit of  
3 the Marijuana Operations. All of the foregoing shall include, without limitation, such accounts  
4 and/or instruments held in the name of the Marijuana Operations for which any director, officer or  
5 employee of the Marijuana Operations is a signatory or authorized agent of the Marijuana  
6 Operations, notwithstanding the actual name under which the account or instrument is held. The  
7 Receiver shall exercise full control over said assets and Receiver shall have the right to assume any  
8 existing accounts.

9 11. Each and every banking, savings and thrift institution having funds on deposit for, or  
10 held for the benefit of the Marijuana Operations, shall deliver all of such funds and accrued interest,  
11 if any, and all certificates and/or books, statements and records of account representing said funds,  
12 directly to the Receiver without further inquiry or impediment to the exercise of the powers of the  
13 Receiver herein. Subject to Receiver's discretion, Receiver shall determine whether to maintain and  
14 control existing Marijuana Operations bank accounts and/or establish new bank accounts and  
15 transfer existing Marijuana Operations account funds from their current account locations into the  
16 new bank accounts established by Receiver. Receiver is empowered to establish such accounts as  
17 he may deem necessary at such federally insured bank(s) as he may determine appropriate.

18 12. All rents, issues and profits that may accrue from the Marijuana Operations,  
19 Marijuana Operations Property, or any part thereof, or which may be received or receivable from  
20 any hiring, operating, letting, leasing, sub-hiring, using, subletting, subleasing, renting thereof shall  
21 be subject to this Order and controlled by the Receiver. Rents, issues and profits shall include,  
22 without limitation, gross receipts from business operations, all rental proceeds of the Marijuana  
23 Operations' premises, if any, discounts and rebates of every kind, any right arising from the  
24 operation of the Marijuana Operations and/or Marijuana Operations Property and payment for  
25 storage, product development and preparation of any kind, equipment rental, delivery, commercial  
26 rental of any Marijuana Operations Property and any other service or rental rendered, whether or not  
27 yet earned by performance including, but not limited to, accounts arising from the operations of the  
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1 Marijuana Operations Property, rent, security and advance deposits for use and/or hiring, in any  
2 manner, of the Marijuana Operations, and to payment(s) from any consumer, credit/charge card  
3 organization or entity (hereinafter collectively called "Rents and Profits").

4 13. Receiver is empowered to execute and prepare all documents and to perform all  
5 necessary acts, whether in the name of the Marijuana Operations, named parties in this matter and/or  
6 directors, officers, or members of the Marijuana Operations or in the Receiver's own name, that are  
7 necessary and incidental to demanding, collecting and receiving said money, obligations, funds,  
8 licenses, Rents and Profits and payments due the Marijuana Operations and/or named parties in this  
9 matter and subject to enforcement under this Order.

10 14. Receiver is authorized to endorse and deposit into his receiver account(s) all of said  
11 funds, cash, checks, warrants, drafts and other instruments of payment payable to the Marijuana  
12 Operations, named parties in this matter and/or the agents of the Marijuana Operations as such  
13 payments relate to the Marijuana Operations.

14 15. Plaintiff, Plaintiff-In-Intervention, Defendants, and members of the Marijuana  
15 Operations and their servants, agents, attorneys, accountants, employees, successors-in-interest and  
16 assigns, and all other persons acting under and/or in concert with any of them shall provide, turn  
17 over and deliver to the Receiver within forty-eight (48) hours of entry of this Order any and all  
18 instruments, profit and loss statements, income and expense statements, documents, ledgers, receipts  
19 and disbursements journals, books and records of accounts, including canceled checks and bank  
20 statements, for all Marijuana Operations and Marijuana Operations Property, including electronic  
21 records consisting of hard and floppy disks, checking and savings records, cash register tapes and  
22 sales slips and all check book disbursement registers and memoranda and savings passbooks.

23 16. Plaintiff, Plaintiff-In-Intervention, Defendants, and/or any of the directors, officers,  
24 members of the Marijuana Operations shall notify the Receiver forthwith whether there is sufficient  
25 insurance coverage in force on the Marijuana Operations Property, including the Marijuana  
26 Operations premises, if any. Said persons shall inform the Receiver of the name, address and  
27 telephone number of all insurance agents and shall be responsible for and are ordered to cause the  
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1 Receiver to be named as an additional insured on such policy(ies) of liability, casualty, property loss  
2 and Worker's Compensation for the period the Receiver shall be in possession of the Marijuana  
3 Operations and the Marijuana Operations Property, if any such insurance exists.

4 17. If there is insufficient or no insurance, the Receiver shall have thirty (30) business  
5 days from entry of this Order within which to procure such insurance, if possible, provided he has  
6 funds from the business to do so. During this "procurement" period, the Receiver shall not be  
7 personally liable for any and all claims arising from business operations nor for the procurement of  
8 said insurance. The cost thereof shall be payable by and become an obligation of the receivership,  
9 and not at the personal expense of the Receiver. If there is insufficient operating revenue to pay for  
10 such insurance, the Receiver shall apply to the Court for instructions.

11 18. Plaintiff, Plaintiff-In-Intervention, Defendants, and their respective agents,  
12 employees, servants, representatives, and all other persons and entities acting in concert with them  
13 or under their direction or control, or any of them, shall be, and hereby are, enjoined and restrained  
14 from engaging in or performing, directly or indirectly, any of the following acts:

15 a) Expending, disbursing, transferring, assigning, selling, conveying, devising,  
16 pledging, mortgaging, creating a security interest in, encumbering, concealing, or in any manner  
17 whatsoever disposing of the whole or any part of the Marijuana Operations or Marijuana Operations  
18 Property, without the written consent of the Receiver first obtained;

19 b) Doing any act which will, or which will tend to impair, defeat, divert, prevent  
20 or prejudice the preservation of the proceeds of the Marijuana Operations or the receivership's  
21 interest in the subject Marijuana Operations Property in whatever form the interest is held or used;  
22 and,

23 c) Destroying, concealing, transferring, or failing to preserve any document  
24 which evidences, reflects or pertains to any aspect of the Marijuana Operations or Marijuana  
25 Operations Property.

26 19. Receiver is authorized to make entry onto any and all business premises utilized by  
27 the Marijuana Operations and/or the Marijuana Operations Property.  
28



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 *August 23, 2018*, I served the documents described as **DECLARATION OF**  
7 **RICHARDSON GRISWOLD REGARDING SUBMISSION OF PROPOSED ORDER ON**  
8 **AUGUST 20, 2018 HEARING; [PROPOSED] ORDER APPOINTING RECEIVER** on each  
interested party, as follows:

9 **SEE ATTACHED SERVICE LIST**

10  
11    **(VIA MAIL)** I placed a true and correct copy(ies) of the foregoing document in a sealed  
12 envelope(s) addressed to each interested party as set forth above. I caused each such envelope, with  
13 postage thereon fully prepaid, to be deposited with the United States Postal Service. I am readily  
14 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.

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

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

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

22 I declare under penalty of perjury under the laws of the State of California that the foregoing  
23 is true and correct. Executed on *August 23, 2018*, in Solana Beach, California.

24   
25 Katie Westendorf



1 SERVICE LIST

2 Counsel for Plaintiff Salam Razuki

3 Steven A. Elia, Esq.  
4 Maura Griffin, Esq.  
5 LAW OFFICES OF STEVEN A. ELIA, APC  
6 2221 Camino Del Rio South, Suite 207  
7 San Diego, CA 92108  
8 Email: [steve@elialaw.com](mailto:steve@elialaw.com); [MG@mauragriffinlaw.com](mailto:MG@mauragriffinlaw.com)

7 Counsel for Defendant Ninus Malan

8 Steven Blake, Esq.  
9 Daniel Watts, Esq.  
10 GALUPPO & BLAKE, APLC  
11 2792 Gateway Road, Suite 102  
12 Carlsbad, CA 92009  
13 Email: [sblake@galuppolaw.com](mailto:sblake@galuppolaw.com); [dwatts@galuppolaw.com](mailto:dwatts@galuppolaw.com)

12 Gina M. Austin, Esq.  
13 Tamara M. Leetham, Esq.  
14 AUSTIN LEGAL GROUP, APC  
15 3990 Old Town Avenue, Suite A-112  
16 San Diego, CA 92110  
17 Email: [gaustin@austinlegalgroup.com](mailto:gaustin@austinlegalgroup.com); [tamara@austinlegalgroup.com](mailto:tamara@austinlegalgroup.com)

16 Counsel for Defendant Chris Hakim

17 Charles F. Gorla, Esq.  
18 GORIA, WEBER & JARVIS  
19 1011 Camino del Rio South, #210  
20 San Diego, CA 92108  
21 Email: [chasgoria@gmail.com](mailto:chasgoria@gmail.com)

20 Counsel for SoCal Building Ventures, LLC

21 Robert Fuller, Esq.  
22 Salvatore Zimmitti, Esq.  
23 NELSON HARDIMAN LLP  
24 11835 W Olympic Blvd., Suite 900  
25 Los Angeles, CA 90064  
26 Email: [rfuller@nelsonhardiman.com](mailto:rfuller@nelsonhardiman.com); [szimmitti@nelsonhardiman.com](mailto:szimmitti@nelsonhardiman.com)

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SUPERIOR COURT OF CALIFORNIA  
FOR THE COUNTY OF SAN DIEGO

SALAM RAZUKI, an individual,  
Plaintiff,

v.

NINUS MALAN, an individual; CHRIS HAKIM, an individual; MONARCH MANAGEMENT CONSULTING, INC. a California corporation; SAN DIEGO UNITED HOLDING GROUP, LLC, a California limited liability company; FLIP MANAGEMENT, LLC, a California limited liability company; MIRA ESTE PROPERTIES, LLC, a California limited liability company; ROSELLE PROPERTIES, LLC, , a California limited 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

**[PROPOSED] ORDER APPOINTING RECEIVER**

Judge: Hon. Eddie C. Sturgeon  
Dept: C-67  
Date: August 20, 2018  
Time: 2:00 p.m.

This matter came on for hearing on August 20, 2018 at 2:00 p.m. in Department C-67, the Honorable Judge Eddie C. Sturgeon, presiding. Upon reviewing the papers and records filed in this matter and taking into account argument by counsel at the hearing, and good cause appearing,

1 NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

2 1. Michael W. Essary is hereby appointed as Receiver in this matter and shall  
3 immediately take control and possession of the following business entities:

- 4 a. San Diego United Holdings Group, LLC;
- 5 b. Mira Este Properties, LLC;
- 6 c. Balboa Ave Cooperative;
- 7 d. California Cannabis Group;
- 8 e. Devilish Delights, Inc.;
- 9 f. Flip Management, LLC.

10 Collectively, these business entities will be referred to as the “Marijuana Operations.”

11 2. Receiver has already filed his Oath of Receiver and proof of Receiver’s Bond, in the  
12 previously-ordered amount of \$10,000, with the Court.

13 3. Defendant Roselle Properties, LLC and the property located at 10685 Roselle Street,  
14 San Diego, California 92121 (“Roselle Property”) will not be under the Receiver’s control at this  
15 time. Defendant Roselle Properties, LLC and Defendant Chris Hakim are prohibited from  
16 transferring or selling any portion of the Roselle Property until further order of this Court.

17 4. Receiver shall maintain and oversee the current management agreement in place with  
18 Far West Management, LLC for the marijuana dispensary operations at the property located at 8861  
19 Balboa Avenue, Suite B, San Diego, California 92123 and 8863 Balboa Avenue, Suite E, San Diego,  
20 California 92123 (“Balboa Ave Dispensary”). The Court permits Receiver to pay the management  
21 fee and/or minimum guarantee payments, according to the management agreement, if funds are  
22 available.

23 5. Receiver shall maintain and oversee the current management agreement in place with  
24 Synergy Management Partners, LLC for the production facility operations at the property located at  
25 9212 Mira Este Court, San Diego, California 92126 (“Mira Este Property”). The Court permits  
26 Receiver to pay the management fee and/or minimum guarantee payments, according to the  
27 management agreement, if funds are available.

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1           6.       Plaintiff-In-Intervention SoCal Building Ventures, LLC’s Management Service and  
2 Option Agreement for the management of the Balboa Ave Cooperative is stayed until further order  
3 of this Court. Plaintiff-In-Intervention SoCal Building Ventures, LLC’s Management Service and  
4 Option Agreement for the management of the production facility at the Mira Este Property is stayed  
5 until further order of this Court. Plaintiff-In-Intervention SoCal Building Ventures, LLC’s  
6 Management Service and Option Agreement for the management of the Roselle Property is stayed  
7 until further order of this Court.

8           7.       Receiver shall interview and consider retaining Certified Public Accountant Justus  
9 Henkus IV to provide accounting services for the Marijuana Operations, specifically including the  
10 active operations at the Balboa Ave Dispensary and the Mira Este Property. In the event Receiver  
11 decides against retaining Mr. Henkus, Receiver shall retain Brian Brinig of Brinig Taylor Zimmer,  
12 Inc. to provide accounting services for the Balboa Ave Dispensary and the Mira Este Property.

13           8.       From the proceeds that shall come into Receiver’s possession from the Balboa Ave  
14 Dispensary, Receiver shall apply and disburse said monies in the following general order, subject to  
15 Receiver’s discretion:

- 16                   a. To pay the expenses and charges of Receiver, and his counsel Richardson  
17                    Griswold of Griswold Law, APC, in the carrying out of Receiver’s Court-ordered  
18                    duties and obligations;
- 19                   b. To pay all expenses reasonably necessary or incidental to the continued operation,  
20                    care, preservation and maintenance of the Balboa Ave Dispensary to maintain the  
21                    status quo;
- 22                   c. To pay all installments of principal and interest presently due or to become due  
23                    pursuant to notes secured against the Balboa Ave Dispensary property.

24           9.       From the proceeds that shall come into Receiver’s possession from the Mira Este  
25 Property, Receiver shall apply and disburse said monies in the following general order, subject to  
26 Receiver’s discretion:

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- a. To pay the expenses and charges of Receiver, and his counsel Richardson Griswold of Griswold Law, APC, in the carrying out of Receiver’s Court-ordered duties and obligations;
- b. To pay all expenses reasonably necessary or incidental to the continued operation, care, preservation and maintenance of the Mira Este Property to maintain the status quo;
- c. To pay all installments of principal and interest presently due or to become due pursuant to notes secured against the Mira Este Property.

10. Receiver shall hold all proceeds derived from the Marijuana Operations, less all costs, expenses and payments outlined above.

11. To the greatest extent reasonably possible, Receiver shall ensure the Marijuana Operations remain operating at status quo until the hearing in this matter on September 7, 2018. All parties to this matter shall cooperate with Receiver and keep the Receiver informed regarding all updates, statuses, notices or otherwise regarding the Marijuana Operations.

12. Receiver shall take possession of all funds held for or arising out of the real property owned by any of the Marijuana Operations, the operation of the Marijuana Operations, and/or on deposit in any and all bank and savings demand deposit accounts, including without limitation, money on deposit at any bank, or located elsewhere, certificates of deposit, warrants, Letter(s) of Credit, drafts, notes, deeds of trust and other negotiable instruments, choses in action, chattel paper, accounts receivable, collateral of any kind and otherwise, in the name of, or held for the benefit of the Marijuana Operations. All of the foregoing shall include, without limitation, such accounts and/or instruments held in the name of the Marijuana Operations for which any director, officer or employee of the Marijuana Operations is a signatory or authorized agent of the Marijuana Operations, notwithstanding the actual name under which the account or instrument is held. The Receiver shall exercise full control over said assets and Receiver shall have the right to assume any existing accounts.



1           13. Each and every banking, savings and thrift institution having funds on deposit for, or  
2 held for the benefit of the Marijuana Operations, shall deliver all of such funds and accrued interest,  
3 if any, and all certificates and/or books, statements and records of account representing said funds,  
4 directly to the Receiver without further inquiry or impediment to the exercise of the powers of the  
5 Receiver herein. Receiver shall establish new bank accounts and transfer existing Marijuana  
6 Operations account funds from their current account locations into the new bank accounts  
7 established by Receiver. Receiver is empowered to establish such accounts as he may deem  
8 necessary at such federally insured bank(s) as he may determine appropriate. Specifically, Receiver  
9 shall open and maintain one bank account for the operations at the Balboa Ave Dispensary and shall  
10 open and maintain one bank account for the operations at the Mira Este Property.

11           14. All rents, issues and profits that may accrue from the Marijuana Operations,  
12 Marijuana Operations Property, or any part thereof, or which may be received or receivable from  
13 any hiring, operating, letting, leasing, sub-hiring, using, subletting, subleasing, renting thereof shall  
14 be subject to this Order and controlled by the Receiver. Rents, issues and profits shall include,  
15 without limitation, gross receipts from business operations, all rental proceeds of the Marijuana  
16 Operations' premises, if any, discounts and rebates of every kind, any right arising from the  
17 operation of the Marijuana Operations and/or Marijuana Operations Property and payment for  
18 storage, product development and preparation of any kind, equipment rental, delivery, commercial  
19 rental of any Marijuana Operations Property and any other service or rental rendered, whether or not  
20 yet earned by performance including, but not limited to, accounts arising from the operations of the  
21 Marijuana Operations Property, rent, security and advance deposits for use and/or hiring, in any  
22 manner, of the Marijuana Operations, and to payment(s) from any consumer, credit/charge card  
23 organization or entity (hereinafter collectively called "Rents and Profits").

24           15. Receiver is empowered to execute and prepare all documents and to perform all  
25 necessary acts, whether in the name of the Marijuana Operations, named parties in this matter and/or  
26 directors, officers, or members of the Marijuana Operations or in the Receiver's own name, that are  
27 necessary and incidental to demanding, collecting and receiving said money, obligations, funds,  
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1 licenses, Rents and Profits and payments due the Marijuana Operations and/or named parties in this  
2 matter and subject to enforcement under this Order.

3 16. Receiver is authorized to endorse and deposit into his receiver account(s) all of said  
4 funds, cash, checks, warrants, drafts and other instruments of payment payable to the Marijuana  
5 Operations, named parties in this matter and/or the agents of the Marijuana Operations as such  
6 payments relate to the Marijuana Operations.

7 17. Plaintiff, Plaintiff-In-Intervention, Defendants, and members of the Marijuana  
8 Operations and their servants, agents, attorneys, accountants, employees, successors-in-interest and  
9 assigns, and all other persons acting under and/or in concert with any of them shall provide, turn  
10 over and deliver to the Receiver within forty-eight (48) hours of entry of this Order any and all  
11 instruments, profit and loss statements, income and expense statements, documents, ledgers, receipts  
12 and disbursements journals, books and records of accounts, including canceled checks and bank  
13 statements, for all Marijuana Operations and Marijuana Operations Property, including electronic  
14 records consisting of hard and floppy disks, checking and savings records, cash register tapes and  
15 sales slips and all check book disbursement registers and memoranda and savings passbooks.

16 18. Plaintiff, Plaintiff-In-Intervention, Defendants, and/or any of the directors, officers,  
17 members of the Marijuana Operations shall notify the Receiver forthwith whether there is sufficient  
18 insurance coverage in force on the Marijuana Operations Property, including the Marijuana  
19 Operations premises, if any. Said persons shall inform the Receiver of the name, address and  
20 telephone number of all insurance agents and shall be responsible for and are ordered to cause the  
21 Receiver to be named as an additional insured on such policy(ies) of liability, casualty, property loss  
22 and Worker's Compensation for the period the Receiver shall be in possession of the Marijuana  
23 Operations and the Marijuana Operations Property, if any such insurance exists.

24 19. If there is insufficient or no insurance, the Receiver shall have thirty (30) business  
25 days from entry of this Order within which to procure such insurance, if possible, provided he has  
26 funds from the business to do so. During this "procurement" period, the Receiver shall not be  
27 personally liable for any and all claims arising from business operations nor for the procurement of  
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1 said insurance. The cost thereof shall be payable by and become an obligation of the receivership,  
2 and not at the personal expense of the Receiver. If there is insufficient operating revenue to pay for  
3 such insurance, the Receiver shall apply to the Court for instructions.

4 20. Plaintiff, Plaintiff-In-Intervention, Defendants, and their respective agents,  
5 employees, servants, representatives, and all other persons and entities acting in concert with them  
6 or under their direction or control, or any of them, shall be, and hereby are, enjoined and restrained  
7 from engaging in or performing, directly or indirectly, any of the following acts:

8 a) Expending, disbursing, transferring, assigning, selling, conveying, devising,  
9 pledging, mortgaging, creating a security interest in, encumbering, concealing, or in any manner  
10 whatsoever disposing of the whole or any part of the Marijuana Operations or Marijuana Operations  
11 Property, without the written consent of the Receiver first obtained;

12 b) Doing any act which will, or which will tend to impair, defeat, divert, prevent  
13 or prejudice the preservation of the proceeds of the Marijuana Operations or the receivership's  
14 interest in the subject Marijuana Operations Property in whatever form the interest is held or used;  
15 and,

16 c) Destroying, concealing, transferring, or failing to preserve any document  
17 which evidences, reflects or pertains to any aspect of the Marijuana Operations or Marijuana  
18 Operations Property.

19 21. Receiver is authorized to make entry onto any and all business premises utilized by  
20 the Marijuana Operations and/or the Marijuana Operations Property.

21 22. This Court will hold a hearing regarding an Order To Show Cause why the  
22 Appointment of Receiver should not be confirmed and an Order To Show Cause why a preliminary  
23 injunction should not be granted on September 7, 2018 at 1:30 p.m. in Department C-67 before the  
24 Honorable Judge Eddie C. Sturgeon, presiding.

25 23. The parties, if they choose to, are required to file and serve additional briefing,  
26 including briefing on the amount required for Plaintiff's bond in the event this Court grants a  
27 preliminary injunction, on or before September 4, 2018.  
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24. Receiver shall file and serve his Receiver's Report on or before September 5, 2018.

25. Additional Orders: \_\_\_\_\_

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IT IS SO ORDERED.

Dated: \_\_\_\_\_, 2018

\_\_\_\_\_  
Judge of the Superior Court

1 Richardson C. Griswold, Esq. (CA Bar No. 246837)  
GRISWOLD LAW, APC  
2 444 S. Cedros Avenue, Suite 250  
Solana Beach, California 92075  
3 Phone: (858) 481-1300  
4 Fax: (888) 624-9177

5 Attorney for Court-Appointed Receiver  
**MICHAEL W. ESSARY**

6  
7  
8 SUPERIOR COURT OF CALIFORNIA  
9 FOR THE COUNTY OF SAN DIEGO  
10

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 UNITED  
16 HOLDING GROUP, LLC, a California limited  
liability company; FLIP MANAGEMENT,  
17 LLC, a California limited liability company;  
MIRA ESTE PROPERTIES, LLC, a California  
18 limited liability company; ROSELLE  
PROPERTIES, LLC, , a California limited  
19 liability company; BALBOA AVE  
COOPERATIVE, a California nonprofit mutual  
20 benefit corporation; CALIFORNIA CANNABIS  
GROUP, a California nonprofit mutual benefit  
21 corporation; DEVILISH DELIGHTS, INC., a  
California nonprofit mutual benefit corporation;  
22 and DOES 1-100, inclusive,

23 Defendants.  
24

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

**NOTICE OF ENTRY OF ORDER**

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

25 TO ALL INTERESTED PARTIES AND COUNSEL OF RECORD:

26 PLEASE TAKE NOTICE that the Court in the above-entitled matter signed the Order  
27 Appointing Receiver.

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Attached hereto as **Exhibit 1** is a copy of the Court's signed Order.

Dated: August 28, 2018

Respectfully Submitted,



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Richardson C. Griswold, Esq.  
Attorney for Court-Appointed Receiver,  
Michael W. Essary

# EXHIBIT 1

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**ELECTRONICALLY FILED**  
Superior Court of California,  
County of San Diego  
**08/28/2018** at 12:53:00 PM  
Clerk of the Superior Court  
By Ines Quirarte, Deputy Clerk

SUPERIOR COURT OF CALIFORNIA  
FOR THE COUNTY OF SAN DIEGO

SALAM RAZUKI, an individual,  
Plaintiff,

v.

NINUS MALAN, an individual; CHRIS  
HAKIM, an individual; MONARCH  
MANAGEMENT CONSULTING, INC. a  
California corporation; SAN DIEGO UNITED  
HOLDING GROUP, LLC, a California limited  
liability company; FLIP MANAGEMENT,  
LLC, a California limited liability company;  
MIRA ESTE PROPERTIES, LLC, a California  
limited liability company; ROSELLE  
PROPERTIES, LLC, , a California limited  
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

**[PROPOSED] ORDER APPOINTING  
RECEIVER**

Judge: Hon. Eddie C. Sturgeon  
Dept: C-67  
Date: August 20, 2018  
Time: 2:00 p.m.

This matter came on for hearing on August 20, 2018 at 2:00 p.m. in Department C-67, the  
Honorable Judge Eddie C. Sturgeon, presiding. Upon reviewing the papers and records filed in this  
matter and taking into account argument by counsel at the hearing, and good cause appearing,

1 NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

2 1. Michael W. Essary is hereby appointed as Receiver in this matter and shall  
3 immediately take control and possession of the following business entities:

4 a. San Diego United Holdings Group, LLC;

5 b. Mira Este Properties, LLC;

6 c. Balboa Ave Cooperative;

7 d. California Cannabis Group;

8 e. Devilish Delights, Inc.;

9 f. Flip Management, LLC.

10 Collectively, these business entities will be referred to as the "Marijuana Operations."

11 2. Receiver has already filed his Oath of Receiver and proof of Receiver's Bond, in the  
12 previously-ordered amount of \$10,000, with the Court.

13 3. Defendant Roselle Properties, LLC and the property located at 10685 Roselle Street,  
14 San Diego, California 92121 ("Roselle Property") will not be under the Receiver's control at this  
15 time. Defendant Roselle Properties, LLC and Defendant Chris Hakim are prohibited from  
16 transferring or selling any portion of the Roselle Property until further order of this Court.

17 4. Receiver shall maintain and oversee the current management agreement in place with  
18 Far West Management, LLC for the marijuana dispensary operations at the property located at 8861  
19 Balboa Avenue, Suite B, San Diego, California 92123 and 8863 Balboa Avenue, Suite E, San Diego,  
20 California 92123 ("Balboa Ave Dispensary"). The Court permits Receiver to pay the management  
21 fee and/or minimum guarantee payments, according to the management agreement, if funds are  
22 available.

23 5. Receiver shall maintain and oversee the current management agreement in place with  
24 Synergy Management Partners, LLC for the production facility operations at the property located at  
25 9212 Mira Este Court, San Diego, California 92126 ("Mira Este Property"). The Court permits  
26 Receiver to pay the management fee and/or minimum guarantee payments, according to the  
27 management agreement, if funds are available.

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1           6.       Plaintiff-In-Intervention SoCal Building Ventures, LLC's Management Service and  
2 Option Agreement for the management of the Balboa Ave Cooperative is stayed until further order  
3 of this Court. Plaintiff-In-Intervention SoCal Building Ventures, LLC's Management Service and  
4 Option Agreement for the management of the production facility at the Mira Este Property is stayed  
5 until further order of this Court. Plaintiff-In-Intervention SoCal Building Ventures, LLC's  
6 Management Service and Option Agreement for the management of the Roselle Property is stayed  
7 until further order of this Court.

8           7.       Receiver shall interview and consider retaining Certified Public Accountant Justus  
9 Henkus IV to provide accounting services for the Marijuana Operations, specifically including the  
10 active operations at the Balboa Ave Dispensary and the Mira Este Property. In the event Receiver  
11 decides against retaining Mr. Henkus, Receiver shall retain Brian Brinig of Brinig Taylor Zimmer,  
12 Inc. to provide accounting services for the Balboa Ave Dispensary and the Mira Este Property.

13           8.       From the proceeds that shall come into Receiver's possession from the Balboa Ave  
14 Dispensary, Receiver shall apply and disburse said monies in the following general order, subject to  
15 Receiver's discretion:

- 16                   a. To pay the expenses and charges of Receiver, and his counsel Richardson  
17                   Griswold of Griswold Law, APC, in the carrying out of Receiver's Court-ordered  
18                   duties and obligations;
- 19                   b. To pay all expenses reasonably necessary or incidental to the continued operation,  
20                   care, preservation and maintenance of the Balboa Ave Dispensary to maintain the  
21                   status quo;
- 22                   c. To pay all installments of principal and interest presently due or to become due  
23                   pursuant to notes secured against the Balboa Ave Dispensary property.

24           9.       From the proceeds that shall come into Receiver's possession from the Mira Este  
25 Property, Receiver shall apply and disburse said monies in the following general order, subject to  
26 Receiver's discretion:

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- a. To pay the expenses and charges of Receiver, and his counsel Richardson Griswold of Griswold Law, APC, in the carrying out of Receiver’s Court-ordered duties and obligations;
- b. To pay all expenses reasonably necessary or incidental to the continued operation, care, preservation and maintenance of the Mira Este Property to maintain the status quo;
- c. To pay all installments of principal and interest presently due or to become due pursuant to notes secured against the Mira Este Property.

10. Receiver shall hold all proceeds derived from the Marijuana Operations, less all costs, expenses and payments outlined above.

11. To the greatest extent reasonably possible, Receiver shall ensure the Marijuana Operations remain operating at status quo until the hearing in this matter on September 7, 2018. All parties to this matter shall cooperate with Receiver and keep the Receiver informed regarding all updates, statuses, notices or otherwise regarding the Marijuana Operations.

12. Receiver shall take possession of all funds held for or arising out of the real property owned by any of the Marijuana Operations, the operation of the Marijuana Operations, and/or on deposit in any and all bank and savings demand deposit accounts, including without limitation, money on deposit at any bank, or located elsewhere, certificates of deposit, warrants, Letter(s) of Credit, drafts, notes, deeds of trust and other negotiable instruments, choses in action, chattel paper, accounts receivable, collateral of any kind and otherwise, in the name of, or held for the benefit of the Marijuana Operations. All of the foregoing shall include, without limitation, such accounts and/or instruments held in the name of the Marijuana Operations for which any director, officer or employee of the Marijuana Operations is a signatory or authorized agent of the Marijuana Operations, notwithstanding the actual name under which the account or instrument is held. The Receiver shall exercise full control over said assets and Receiver shall have the right to assume any existing accounts.

1           13. Each and every banking, savings and thrift institution having funds on deposit for, or  
2 held for the benefit of the Marijuana Operations, shall deliver all of such funds and accrued interest,  
3 if any, and all certificates and/or books, statements and records of account representing said funds,  
4 directly to the Receiver without further inquiry or impediment to the exercise of the powers of the  
5 Receiver herein. Receiver shall establish new bank accounts and transfer existing Marijuana  
6 Operations account funds from their current account locations into the new bank accounts  
7 established by Receiver. Receiver is empowered to establish such accounts as he may deem  
8 necessary at such federally insured bank(s) as he may determine appropriate. Specifically, Receiver  
9 shall open and maintain one bank account for the operations at the Balboa Ave Dispensary and shall  
10 open and maintain one bank account for the operations at the Mira Este Property.

11           14. All rents, issues and profits that may accrue from the Marijuana Operations,  
12 Marijuana Operations Property, or any part thereof, or which may be received or receivable from  
13 any hiring, operating, letting, leasing, sub-hiring, using, subletting, subleasing, renting thereof shall  
14 be subject to this Order and controlled by the Receiver. Rents, issues and profits shall include,  
15 without limitation, gross receipts from business operations, all rental proceeds of the Marijuana  
16 Operations' premises, if any, discounts and rebates of every kind, any right arising from the  
17 operation of the Marijuana Operations and/or Marijuana Operations Property and payment for  
18 storage, product development and preparation of any kind, equipment rental, delivery, commercial  
19 rental of any Marijuana Operations Property and any other service or rental rendered, whether or not  
20 yet earned by performance including, but not limited to, accounts arising from the operations of the  
21 Marijuana Operations Property, rent, security and advance deposits for use and/or hiring, in any  
22 manner, of the Marijuana Operations, and to payment(s) from any consumer, credit/charge card  
23 organization or entity (hereinafter collectively called "Rents and Profits").

24           15. Receiver is empowered to execute and prepare all documents and to perform all  
25 necessary acts, whether in the name of the Marijuana Operations, named parties in this matter and/or  
26 directors, officers, or members of the Marijuana Operations or in the Receiver's own name, that are  
27 necessary and incidental to demanding, collecting and receiving said money, obligations, funds,  
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1 licenses, Rents and Profits and payments due the Marijuana Operations and/or named parties in this  
2 matter and subject to enforcement under this Order.

3 16. Receiver is authorized to endorse and deposit into his receiver account(s) all of said  
4 funds, cash, checks, warrants, drafts and other instruments of payment payable to the Marijuana  
5 Operations, named parties in this matter and/or the agents of the Marijuana Operations as such  
6 payments relate to the Marijuana Operations.

7 17. Plaintiff, Plaintiff-In-Intervention, Defendants, and members of the Marijuana  
8 Operations and their servants, agents, attorneys, accountants, employees, successors-in-interest and  
9 assigns, and all other persons acting under and/or in concert with any of them shall provide, turn  
10 over and deliver to the Receiver within forty-eight (48) hours of entry of this Order any and all  
11 instruments, profit and loss statements, income and expense statements, documents, ledgers, receipts  
12 and disbursements journals, books and records of accounts, including canceled checks and bank  
13 statements, for all Marijuana Operations and Marijuana Operations Property, including electronic  
14 records consisting of hard and floppy disks, checking and savings records, cash register tapes and  
15 sales slips and all check book disbursement registers and memoranda and savings passbooks.

16 18. Plaintiff, Plaintiff-In-Intervention, Defendants, and/or any of the directors, officers,  
17 members of the Marijuana Operations shall notify the Receiver forthwith whether there is sufficient  
18 insurance coverage in force on the Marijuana Operations Property, including the Marijuana  
19 Operations premises, if any. Said persons shall inform the Receiver of the name, address and  
20 telephone number of all insurance agents and shall be responsible for and are ordered to cause the  
21 Receiver to be named as an additional insured on such policy(ies) of liability, casualty, property loss  
22 and Worker's Compensation for the period the Receiver shall be in possession of the Marijuana  
23 Operations and the Marijuana Operations Property, if any such insurance exists.

24 19. If there is insufficient or no insurance, the Receiver shall have thirty (30) business  
25 days from entry of this Order within which to procure such insurance, if possible, provided he has  
26 funds from the business to do so. During this "procurement" period, the Receiver shall not be  
27 personally liable for any and all claims arising from business operations nor for the procurement of  
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1 said insurance. The cost thereof shall be payable by and become an obligation of the receivership,  
2 and not at the personal expense of the Receiver. If there is insufficient operating revenue to pay for  
3 such insurance, the Receiver shall apply to the Court for instructions.

4 20. Plaintiff, Plaintiff-In-Intervention, Defendants, and their respective agents,  
5 employees, servants, representatives, and all other persons and entities acting in concert with them  
6 or under their direction or control, or any of them, shall be, and hereby are, enjoined and restrained  
7 from engaging in or performing, directly or indirectly, any of the following acts:

8 a) Expending, disbursing, transferring, assigning, selling, conveying, devising,  
9 pledging, mortgaging, creating a security interest in, encumbering, concealing, or in any manner  
10 whatsoever disposing of the whole or any part of the Marijuana Operations or Marijuana Operations  
11 Property, without the written consent of the Receiver first obtained;

12 b) Doing any act which will, or which will tend to impair, defeat, divert, prevent  
13 or prejudice the preservation of the proceeds of the Marijuana Operations or the receivership's  
14 interest in the subject Marijuana Operations Property in whatever form the interest is held or used;  
15 and,

16 c) Destroying, concealing, transferring, or failing to preserve any document  
17 which evidences, reflects or pertains to any aspect of the Marijuana Operations or Marijuana  
18 Operations Property.

19 21. Receiver is authorized to make entry onto any and all business premises utilized by  
20 the Marijuana Operations and/or the Marijuana Operations Property.

21 22. This Court will hold a hearing regarding an Order To Show Cause why the  
22 Appointment of Receiver should not be confirmed and an Order To Show Cause why a preliminary  
23 injunction should not be granted on September 7, 2018 at 1:30 p.m. in Department C-67 before the  
24 Honorable Judge Eddie C. Sturgeon, presiding.

25 23. The parties, if they choose to, are required to file and serve additional briefing,  
26 including briefing on the amount required for Plaintiff's bond in the event this Court grants a  
27 preliminary injunction, on or before September 4, 2018.  
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24. Receiver shall file and serve his Receiver's Report on or before September 5, 2018.

25. Additional Orders: \_\_\_\_\_

IT IS SO ORDERED.

Dated: **August 28**, 2018

*Eddie C. Sturgeon*

Judge Eddie C Sturgeon

Judge of the Superior Court



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 *August 28, 2018*, I served the documents described as **NOTICE OF ENTRY OF**  
7 **ORDER** 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    **(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  
19 listed on the attached service list.

20    **(BY FACSIMILE)** I transmitted a true and correct copy(ies) of the foregoing documents via  
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 *August 28, 2018*, in Solana Beach, California.

23   
24 Katie Westendorf

**SERVICE LIST**

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Counsel for Plaintiff Salam Razuki  
Steven A. Elia, Esq.  
Maura Griffin, Esq.  
LAW OFFICES OF STEVEN A. ELIA, APC  
2221 Camino Del Rio South, Suite 207  
San Diego, CA 92108  
Email: [steve@elialaw.com](mailto:steve@elialaw.com); [MG@mauragriffinlaw.com](mailto:MG@mauragriffinlaw.com)

Counsel for Defendant Ninus Malan  
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<p>SUPERIOR COURT OF CALIFORNIA, COUNTY OF San Diego                  STREET ADDRESS: 330 W Broadway                  MAILING ADDRESS:                  CITY AND ZIP CODE: San Diego, CA 92101                  BRANCH NAME: Central</p>	
<p>PLAINTIFF/PETITIONER: Razuki                  DEFENDANT/RESPONDENT: Malan, et al.</p>	
<p><b>NOTICE AND ACKNOWLEDGMENT OF RECEIPT—CIVIL</b></p>	

TO (insert name of party being served): Flip Management, LLC

**NOTICE**

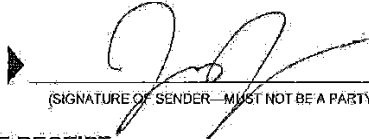
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James Joseph

(TYPE OR PRINT NAME)



(SIGNATURE OF SENDER—MUST NOT BE A PARTY IN THIS CASE)

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2.  Other (specify):

First Amended Complaint and Amended Summons

(To be completed by recipient):

Date this form is signed:

\_\_\_\_\_  
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<p>ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address):                  Stevn A. Elia (SBN 217200)   James Joseph (309883)                  LAW OFFICES OF STEVEN A. ELIA, APC                  2221 Camino Del Rio S, Ste 207, San Diego, CA 92108</p> <p>TELEPHONE NO.: 619-444-2244 FAX NO. (Optional): 619-440-2233                  E-MAIL ADDRESS (Optional): steve@elialaw.com   james@elialaw.com                  ATTORNEY FOR (Name): Salam Razuki</p>	<p>FOR COURT USE ONLY</p> <p>CASE NUMBER: 37-2018-00034229-CU-BC-CTL</p>
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<p><b>NOTICE AND ACKNOWLEDGMENT OF RECEIPT—CIVIL</b></p>	

TO (insert name of party being served): Ninus Malan

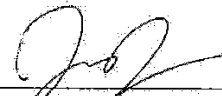
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(TYPE OR PRINT NAME)

  
(SIGNATURE OF SENDER—MUST NOT BE A PARTY IN THIS CASE)

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(TYPE OR PRINT YOUR NAME AND NAME OF ENTITY, IF ANY, ON WHOSE BEHALF THIS FORM IS SIGNED)

  
(SIGNATURE OF PERSON ACKNOWLEDGING RECEIPT, WITH TITLE IF ACKNOWLEDGMENT IS MADE ON BEHALF OF ANOTHER PERSON OR ENTITY)

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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; )

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



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1 Defendant Chris Hakim respectfully submits the following points and authorities in  
2 opposition to defendants' request for the appointment of a receiver relative to the Mira Este  
3 facility:

4 **1. INTRODUCTION**

5 The court's re-appointment of the receiver at the hearing on August 20, 2018, has had  
6 dire consequences for the cannabis manufacturing and production facility at 9212 Mira Este,  
7 San Diego, California ("Mira Este Facility" or "Facility"). Unless the court discontinues the  
8 receivership over the Mira Este Facility, it will almost certainly fail, and all parties will  
9 suffer. A brief review of the pertinent background matters in this litigation, with particular  
10 attention to the events happening since August 20, 2018 shows the following:

11 1. Mira Este Properties LLC ("MEP") consists of managing member Chris  
12 Hakim ("Hakim") and member Ninus Malan ("Malan"). MEP acquired the property and  
13 improvements commonly described as 9212 Mira Este Court, San Diego, California ("Mira  
14 Este Property") in August 2016 for the purchase price of approximately \$2,625,000.00. As  
15 indicated in the accompanying Declaration of John Lloyd, the principal of The Loan  
16 Company that made the loan to enable MEP to acquire the Mira Este Property, the loan of  
17 approximately \$2 million was made because of Hakim's participation as the qualified  
18 borrower. The purchase price consisted of a down payment of approximately \$637,500.00,  
19 and a new loan in the approximate amount of \$1,987,500.00. **Hakim paid from his own**  
20 **personal funds the amount of \$420,000.00 towards the down payment of \$637,500.00.**  
21 Plaintiff Salam Razuki and Defendant Malan paid the rest of the down payment.  
22

23  
24 2. The operating agreement of MEP provides that Hakim would receive one-half  
25 of the net profits, and the other one half would be distributed to Malan. Plaintiff has never  
26

1 made any claim or contention that Hakim was **not entitled** to one-half of the net profits of  
2 the Mira Este Facility. When the Mira Este Property was acquired, Hakim did not know any  
3 of the details of the arrangements or agreements between Plaintiff and Defendant Malan,  
4 other than that: (a) Plaintiff did not want to be part of the management or operation of Mira  
5 Este; and (b) Plaintiff and Defendant Malan had their own arrangements or agreements for  
6 allocating their ½ share of the net profits from the Mira Este Facility. Plaintiff and  
7 Defendant Malan also had their own arrangements or agreements for the operation of the  
8 Balboa dispensary, in which Hakim had no interest. **In that regard, the Balboa**  
9 **dispensary is a retail facility that sells cannabis products to the public. By contrast, the**  
10 **Mira Este Facility is a manufacturing and production facility that does not sell to the**  
11 **public. The business model of MEP is therefore completely separate and different**  
12 **from that of the Balboa dispensary.**

15 3. The existing licensing at the Mira Este Facility allows it to operate as a  
16 cannabis manufacturing and production facility until 2019. There are very few cannabis  
17 production facilities currently in operation in San Diego County. Hakim has made  
18 application for and on behalf of the Facility for a new conditional use permit, and that is in  
19 process. It is anticipated that the new conditional use permit will be issued before the  
20 existing licensing expires.

22 4. As MEP's managing member, Hakim negotiated the management agreements  
23 with SoCal Building Ventures, LLC ("SoCal"). In or about May 2018, however, SoCal  
24 stopped making its required payments under its management agreement with MEP. As a  
25 result of that as well as other defaults and breaches, SoCal was terminated in July 2018.





1 20, 2018, not one of these producers and manufacturers with whom Baca and Hakim  
2 were negotiating continued negotiations. But for the appointment of the receiver on or  
3 about August 20, 2018, there was no doubt that the Mira Este Facility would already be  
4 fully occupied with sub licensees, paying at least substantial minimum payments to MEP as  
5 Edipure is doing.  
6

7 7. Because Edipure is the only sub licensee at the Mira Este Property, the  
8 operation of the Facility cannot be sustained for very long. The debt service and overhead  
9 of 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, property taxes and insurance alone  
12 are approximately \$30,000 per month. There is also additional and extensive overhead for  
13 the Mira Este Property beyond debt service. Overhead expenses include staffing, security,  
14 maintenance, and testing services that are required to be provided to sub licensees regardless  
15 of the number of sub licensees at the Facility.  
16

17 8. Hakim remains ready, willing and able to oversee the Mira Este Facility with  
18 synergy, as he has done since the Mira Este Property was acquired in August 2016. Further,  
19 the Synergy management agreement requires that Synergy maintain extensive accounting,  
20 recordkeeping, and reporting requirements on a monthly basis and pay itself management  
21 fees and distributions on the 5<sup>th</sup> of each month. Synergy has hired a Certified Public  
22 Accountant to handle the accounting required by the management agreement. Under the  
23 management agreement with Synergy, all revenues are to be deposited into a "**Dedicated**  
24  
25  
26  
27

1 **Bank Account". Any checks or withdrawals from the Dedicated Bank Account must**  
2 **be signed by both a representative of MEP and Synergy.**

3 9. With the accounting requirements of the Synergy management agreement,  
4 Plaintiff's position regarding the Mira Este Property and MEP can be adequately protected if  
5 the net profits otherwise to be divided between Plaintiff and Mr. Malan are simply left in the  
6 Dedicated Bank Account pending further proceedings. A court order to that effect will be  
7 more than sufficient to protect whatever interest Plaintiff has in those monies; and still allow  
8 for Baca and Hakim to resume negotiations with sub licensees without the damaging  
9 involvement or presence of the receiver. The rights of all parties will be preserved by this  
10 arrangement, and will allow for the operation of the Mira Este Facility business model as it  
11 was designed.  
12

13  
14 **2. THE COURT SHOULD NOT APPOINT A RECEIVER IN THIS ACTION**  
15 **BECAUSE AN APPOINTMENT WOULD BE AN ABUSE OF DISCRETION IN THAT**  
16 **THE MIRA ESTE FACILITY IS LIKELY TO BE IRREPARABLY DAMAGED IF THE**  
17 **RECEIVER REMAINS IN PLACE, AND INJUNCTIVE RELIEF IN THE FORM OF**  
18 **ORDERS TO PROTECT PLAINTIFF'S INTEREST IN THE PROFITS OF THE MIRA**  
19 **ESTE FACILITY IS AVAILABLE THAT WOULD ALLOW FOR THE FACILITY TO**  
20 **RE-OPEN NEGOTIATIONS WITH PRODUCERS AND MANUFACTURERS.**

21 Because the appointment of a receiver is a drastic remedy, a court should carefully weigh  
22 the propriety of appointment in exercising its discretion to appoint a receiver and should not  
23 make the appointment when a remedy less drastic in nature and scope will adequately protect the  
24 interests of the litigants (*A.G. Col Co. v. Superior Court*, 196 Cal. 604, 613; *Dabney Oil Co. v.*  
25 *Providence Oil Co.*, 22 Cal. App 233, 239; and *Golden State Glass Corp. v. Superior Ct.*, 13 Cal.  
26 2d 384).

1           In *A.G. Col Co. v. Superior Court*, supra, plaintiff corporation, the real party in interest,  
2 brought an action against defendant petitioners. Plaintiff alleged that defendant directors  
3 converted stock of one of defendant corporations to their own uses as part of a conspiracy to  
4 defraud plaintiff of its property, that another of defendant corporations was brought into  
5 existence for the purpose of cheating plaintiff of its property, and that the latter corporation was  
6 in imminent danger of insolvency. Plaintiff sought, among other relief, the appointment of a  
7 receiver to take charge of and manage the business of both corporations in order to preserve and  
8 protect plaintiff's rights and interests. Based on the complaint and a supporting affidavit, the trial  
9 court issued an ex parte order appointing a receiver of the corporations. Petitioners then moved  
10 the court, ex parte, for an order setting aside the order appointing the receiver. The trial court  
11 denied this ex parte motion but after a hearing on petitioners' subsequent noticed motion to set  
12 aside, set aside the appointment of the original receiver and appointed another to take his place.  
13 Petitioners then sought a writ of prohibition in the Supreme Court to vacate the trial court's  
14 orders appointing the receivers, both ex parte and after notice and hearing. The Supreme Court  
15 granted the petition and ordered the trial court to vacate its orders appointing both receivers. The  
16 Court found it clear that every presumed right of plaintiff corporation for which it sought relief in  
17 the complaint could have been fully protected and made available by either injunctive relief or  
18 other statutory remedies which the Court did not identify (*196 Cal. 604, 614*). The Court held it a  
19 well-established rule that a receiver should not be appointed when a remedy less drastic in nature  
20 and scope is available to insure adequate protection of the rights of the litigants (*196 Cal. 604,*  
21 **613**). **The Court found that there was no emergency, pending or imminent, that required so**  
22 **harsh a remedy as ousting the regularly qualified, acting, and financially successful officers**  
23 **of defendant corporations and substituting a receiver for the management and control of**  
24 **the business of the corporations** (*196 Cal. 604, 614*).

25           In the present case as well, Hakim as managing member of MEP was successfully  
26 handling the management of the Mira Este Facility. Initially, he negotiated a management  
27 agreement with SoCal. During the time that SoCal performed, the MEP facility was generating  
sufficient monthly income to more than meet the demands of the Facility's debt service. When  
SoCal failed to open the Facility and ultimately defaulted in its monthly obligations, Hakim

1 replaced it with Synergy. Synergy immediately opened the Facility for sublicensing. Synergy  
2 then proceeded to procure Edipure as the first sub licensee, and was on the verge of procuring a  
3 number of other sub licensees which would have generated even more revenue than SoCal was  
4 providing. However, the intervening appointment of the receiver immediately blocked any  
5 further sublicensing negotiations, as made clear by the declaration of Jerry Baca. The existence  
6 of the receiver at the Mira Este Facility threatens to render that Facility insolvent, to the  
detriment of all parties including Plaintiff.

7 In *Alhambra-Shumway Mines, Inc. v. Alhambra Gold Mine Corp.*, 116 Cal. App. 2d 869,  
8 the plaintiff asserted that it was the owner of a mine and equipment and that a lease to defendant  
9 for the mine and equipment was voidable. Plaintiff rescinded the lease, but defendant refused to  
10 return possession. On plaintiff's request, the court appointed a receiver. On appeal, the court of  
11 appeal reversed. The court of appeal ruled that in order for plaintiff to invoke the power of the  
12 court to appoint a receiver, it was necessary for it to show: **its joint interest with defendant in**  
13 **the property; that plaintiff's right to possession was probable; and that the property was in**  
14 **danger of being lost, removed or materially injured.** The court of appeal determined that  
15 even if it were conceded that plaintiff had a joint interest with defendant in the property and that  
16 plaintiff's right to possession was probable, **the plaintiff had failed to establish by a**  
17 **preponderance of the evidence that the appointment of the receiver was necessary to**  
18 **protect the property from being lost, removed or materially damaged thereby securing it to**  
19 **plaintiff in case of a judgment in its favor.**

20 In the present case, the unanticipated consequence of the appointment of the receiver is  
21 that producers and manufacturers will not transact business there so long as a receiver is  
22 overseeing the Mira Este Facility. The Facility will in fact be lost or materially damaged if the  
23 appointment of the receiver is sustained. As such, Plaintiff has not and cannot show that the  
24 appointment of the receiver is necessary to protect the Mira Este Facility from "being lost,  
25 removed or materially damaged" if it is left under the management of MEP and Synergy.

26 **3. THE COURT SHOULD NOT APPOINT A RECEIVER IN THIS ACTION**  
27 **BECAUSE AN APPOINTMENT WOULD BE AN ABUSE OF DISCRETION IN THAT**  
**NO REASONABLY CERTAIN BENEFIT WILL RESULT TO PLAINTIFF FROM THE**

1 **APPOINTMENT, AND A DISTINCT DISADVANTAGE WILL RESULT TO NOT**  
2 **ONLY DEFENDANTS BUT EVEN TO PLAINTIFF IF A RECEIVER REMAINS.**

3 When it appears that no reasonably certain benefit will result to one litigant and a distinct  
4 disadvantage will result to another, courts should weigh carefully the propriety of appointing a  
5 receiver, and should not make the appointment when there is no benefit or advantage to be  
6 gained thereby (*Elson v. Nyhan*, 45 Cal. App. 2d 1, 5; *Lowe v. Copeland* 125 Cal. App 315, 324.)

7 In *Elson v. Nyhan*,, *supra*, the court of appeal affirmed the ruling in the trial court  
8 rejecting the appointment of a receiver and held that when it appears that **no reasonably certain**  
9 **benefit** will result to one litigant, and a distinct disadvantage will result to another, courts should  
10 weigh carefully the propriety of appointing a receiver. The court noted that receivers are often  
11 legal luxuries, frequently representing an extravagant cost to a losing litigant (*45 Cal. App. 2d 1,*  
12 *5*).

13 In *Lowe v. Copeland*, 125 Cal. App 315, an action for declaratory relief, plaintiff sought a  
14 decree declaring him to be the owner of certain shares of stock in one of defendant corporations  
15 and enjoining the individual defendant and the other corporate defendant from transferring  
16 certain patent rights. In the alternative, plaintiff sought damages and the appointment of a  
17 receiver of the business of one of defendant corporations. The trial court refused to appoint the  
18 receiver and, after trial, entered judgment denying plaintiff the relief prayed for in his complaint.  
19 Plaintiff appealed from the judgment, contending that portions of the trial court's findings were  
20 unsupported and that the findings did not support the judgment. The court of appeal affirmed the  
21 judgment and the trial court's refusal to appoint a receiver. The court held that the trial court did  
22 not err, because a receiver should not be appointed when no benefit or advantage is to be gained  
23 thereby. The court found that there was no advantage to be gained by any party by placing the  
24 business of the corporation in receivership. (*125 Cal. App 315, 324*).

25 Here, the Mira Este Facility was close to becoming a very profitable enterprise before the  
26 August 20 appointment occurred. MEP and Synergy had negotiated one sublicense agreement  
27 with Edipure, and were on the verge of negotiating a number of other sublicenses which would  
have filled the Mira Este Facility with manufacturing sub licensees. Each of them would have  
paid a minimum of \$20,000 per month guarantee, as against 10% of their gross revenues. This

1 would have led to a profitable outcome for all parties, including plaintiff.

2 Moreover, plaintiff's interest, which consists only of an alleged right to a share of the  
3 profits of the Mira Este Facility, can easily be protected by a far less drastic remedy, namely, an  
4 order requiring that one half of the net profits generated at the Mira Este Facility be retained in  
5 the designated account. For that reason as well, the receiver's appointment over the Mira Este  
6 Facility should be ended.

7 **4. THE COURT SHOULD NOT APPOINT A RECEIVER IN THIS ACTION**  
8 **BECAUSE PLAINTIFF AS ALLEGEDLY OWNING AN INTEREST IN THE MIRA**  
9 **ESTE FACILITY HAS NOT SHOWN THAT THE FACILITY OR PROPERTY IS IN**  
10 **DANGER OF LOSS, REMOVAL, OR MATERIAL INJURY IF NO RECEIVER IS**  
11 **APPOINTED.**

12 In order for a receiver to be appointed under Code of Civil Procedure Section 564(b)(1),  
13 it is necessary that the party show that the property is in danger of loss, removal, or material  
14 injury (*Dabney Oil Co. v. Providence Oil Co.*, 22 Cal. App. 233, 237; *Alhambra-Shumway*  
15 *Mines, Inc. v. Alhambra Gold Mine Corp.*, 116 Cal. App. 2d 869, 873).

16 In *Dabney Oil Co. v. Providence Oil Co.*, supra,, plaintiff corporation attempted to place  
17 in receivership two parcels of real property, one parcel of which was oil-producing and leased to  
18 defendant corporation, and the other parcel of which was undeveloped and unproved oil land  
19 owned by defendant corporation. In reversing the trial court's order appointing the receiver, the  
20 court of appeal found that the case clearly fell within the provisions of Code Civ. Proc.  
21 § 564(b)(1), as an action to recover property, together with a fund consisting of the proceeds  
22 derived from the operation of the property. As such, the trial court had no power to appoint a  
23 receiver unless it was satisfied that plaintiff's right in the property or fund or its proceeds was  
24 probable and that the property or fund, or its proceeds, was in danger of loss, removal, or  
25 material injury (22 Cal. App. 233, 237). Conceding that the record justified the trial court's  
26 conclusion that plaintiff had a probable right to the property and the fund, the court of appeal  
27 nonetheless found that the property was not in danger of being lost, removed, or materially  
injured. The only purpose of the order appointing the receiver was to sequester the property's net  
income by requiring defendants to pay it to the receiver (22 Cal. App. 233, 238). Because this



1 purpose could have been achieved by injunctive relief, the court found the appointment of the  
2 receiver to be an abuse of discretion on the part of the trial court (22 Cal. App. 233, 239)

3 In the present case as well, the order appointing a receiver would amount to no more  
4 than an order to sequester all income of the Mira Este Facility, including net income that even  
5 Plaintiff does not claim. The protection of plaintiffs alleged interest in a one-half share of the  
6 profits from the Mira Este Facility could easily be achieved by injunctive relief requiring that  
7 one half of the net profits from the Mira Este Facility be retained in the designated account  
8 pending further order of the court or agreement of the parties. The appointment of a receiver to  
9 oversee the entire Mira Este Facility and take control of the entire flow of funds would be an  
10 abuse of discretion. This is all the more so given the dire consequences that will result if the  
11 receiver is kept in place, i.e., no further sub licensees will risk working with the receiver as made  
12 clear by the declaration of Jerry Baca.

13 In *Rondos v. Superior Court*, 151 Cal. App. 2d 190, the court of appeal granted  
14 defendant's writ of prohibition to prevent the trial court from enforcing its order appointing a  
15 receiver. The court of appeal held that it was apparent from the record that plaintiff neither  
16 alleged nor showed that even if plaintiff had any interest in the partnership business, there was  
17 any danger of loss, removal, or material injury to that interest (151 Cal. App. 2d 190, 194). A  
18 party seeking appointment must demonstrate both that he or she has a probable right to or  
19 interest in the property, fund, or the proceeds sought to be placed in receivership, and that the  
20 property is in danger of loss, removal, or material injury (151 Cal. App. 2d 190, 195).

21 Similarly, in *Thornburg v. Rais*, 111 Cal. App. 2d 304, two joint venturers sought a  
22 declaration as to the rights, duties, and obligations of themselves and their co-venturers, the  
23 defendants, relative to the funds and property of the joint venture. The property of the joint  
24 venture consisted of 16 lots of residential rental property, together with the rental income  
25 generated by the property. Plaintiffs' complaint also sought to dissolve the venture, obtain a  
26 partition of the property of the venture, and place the property in receivership. The trial court  
27 appointed a receiver of the property, and defendants appealed from the order of appointment.  
The court of appeal reversed the trial judge's order appointing the receiver. The court ruled that  
plaintiffs did not show that the joint venture property or the funds were in danger of being lost,

1 removed, or materially injured. As this showing is a prerequisite under Code Civ. Proc.  
2 § 564(b)(1) for an order appointing a receiver, the appointment of the receiver was unwarranted.  
3 The court based its conclusion on the fact that at the time the receiver was appointed, 14 multiple  
4 dwellings located throughout the 16 lots had been completed and were all rented. When the  
5 monthly rentals on the dwellings were collected, they were deposited in a bank account to the  
6 credit of two members of the joint venture, one of whom was plaintiff and the other of whom  
7 was defendant. These funds could only be withdrawn by check bearing the signatures of both  
8 venturers. Additionally, the funds in the bank account at all times exceeded any amounts payable  
9 on the deeds of trust against the property and on all other fixed charges against the property (*111*  
*Cal. App. 2d 304, 305*).

10 In the present case as well, funds being drawn from the designated account require the  
11 signatures of both the manager, Synergy, and MEP. An injunctive order requiring that monies  
12 representing one half of the net profits from the Mira Este Facility be retained in the designated  
13 account would fully protect plaintiff's interest, since plaintiff only claims a one half interest in  
14 net profits from the Mira Este Facility. Similarly, an order that precludes any further  
15 encumbrancing or sale of the Mira Este Facility would lock in the protection afforded to plaintiff  
16 without the dire consequences of a receiver. Indeed, the appointment of a receiver will likely and  
17 irreparably damage the Mira Este Facility. Prospective producers and manufacturers are  
18 essentially "lining up" to see if this court will remove the receiver on September 7, 2018, so that  
19 they can proceed with their negotiations and sublicenses.. If the court continues the receivership,  
20 the sub licensees will simply go elsewhere.

21 Further, the evidence in the present case that plaintiff has submitted regarding the  
22 operation of the Mira Este Facility consists of little more than legal conclusions and unsupported  
23 generalizations. Omitted from his paperwork is any information concerning the economics of  
24 the property, such as the debt service and operating expenses of Mira Este, what profits are being  
25 generated from which a receiver will be paid, and what would happen if the Mira Este Facility is  
26 left with a receiver and no sub licensees other than Edipure. **Indeed, it is an inescapable  
27 conclusion that there will be insufficient net income from the Mira Este Facility to support  
the payment of a receiver, even if there was a need for a receiver in the first place.**

1  
2 **5. GIVEN THE GRAVE THREAT TO THE CONTINUED EXISTENCE OF THE**  
3 **MIRA ESTE FACILITY IF THE RECEIVER IS LEFT IN PLACE, THE BOND**  
4 **SHOULD BE IN AN AMOUNT THAT WILL EQUATE TO THE VALUE OF THE**  
5 **FACILITY BASED ON THE SOCIAL MANAGEMENT AGREEMENT'S OPTION**  
6 **PRICE OF \$10 MILLION.**

7 In *ABBA Rubber Co. v. Seaquist*, 235 Cal. App. 3d 1, 11, the court reviewed the general  
8 rules on the amount of a preliminary injunction bond as follows:

9 "Furthermore, the defendants are entitled, not merely to any undertaking, but to an  
10 undertaking in an amount sufficient to pay the defendants "such damages . . . as [they]  
11 may sustain by reason of the injunction, if the court finally decides that the applicant was  
12 not entitled to the injunction." (§ 529, subd. (a).) Once again, this is an obligation  
13 imposed upon the trial court by statute, independent of any request from the party to be  
14 restrained."

15 See, also, Cal Code Civ Proc § 529(a):

16 "(a) On granting an injunction, the court or judge **must require** an undertaking on  
17 the part of the applicant to the effect that the applicant will pay to the party enjoined any  
18 damages, not exceeding an amount to be specified, the party **may sustain** by reason of  
19 the injunction, if the court finally decides that the applicant was not entitled to the  
20 injunction. Within five days after the service of the injunction, the person enjoined may  
21 object to the undertaking. If the court determines that the applicant's undertaking is  
22 insufficient and a sufficient undertaking is not filed within the time required by statute,  
23 the order granting the injunction must be dissolved." (Emphasis added).

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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

1 in the profits of the Mira Este Facility is available that would allow for the facility to re-open  
2 negotiations with producers and manufacturers.;

3 (2) The court should not appoint a receiver in this action because an appointment  
4 would be an abuse of discretion in that no reasonably certain benefit will result to plaintiff from  
5 the appointment, and a distinct disadvantage will result not only to defendants but even to  
6 plaintiff if a receiver remains;

7 (3) The court should not appoint a receiver in this action because the Mira Este Facility  
8 under the management of MEP and Synergy is not in any danger of loss, removal, or material  
9 injury if no receiver is appointed;

10 (4) If the Court nonetheless decides to appoint a receiver pendente lite over the Mira Este  
11 Facility, given the grave threat to the continued existence of the Mira Este Facility if the receiver  
12 is left in place, the bond should be in an amount that will equate to the value of the facility based  
13 on the SoCal management agreement of \$10 million.

14 Respectfully submitted,

15 **GORIA, WEBER & JARVIS**

16 Dated: 9/3/18

17 By: 

18 Charles F. Goria  
19 Attorneys for Defendant  
20 Chris Hakim

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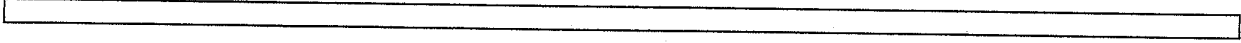
4 Attorneys for Defendant CHRIS HAKIM  
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8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
9 **COUNTY OF SAN DIEGO, CENTRAL DIVISION**

10	SALAM RAZUKI, an individual	)	Case No.: 37-2018-00034229-CU-BC-CTL
11	Plaintiff	)	
12	vs	)	(Unlimited Civil Action)
13	NINUS MALAN, an individual; CHRIS	)	<b>DECLARATION OF ROBERT</b>
14	HAKIM, an individual; MONARCH	)	<b>TORRALES IN OPPOSITION TO</b>
15	MANAGEMENT CONSULTING, INC.,	)	<b>DEFENDANT'S APPLICATION FOR</b>
16	California corporation; SAN DIEGO	)	<b>APPOINTMENT OF RECEIVER</b>
17	UNITED HOLDINGS GROUP, LLC, a	)	
18	California limited liability company; FLIP	)	Hearing Date: September 7, 2018
19	MANAGEMENT, LLC, a California limited	)	Time: 1:30 PM
20	liability company; MIRA ESTE PROPERTIES	)	Dept.: C-67
21	LLC, a California limited liability company;	)	I/C Judge: Hon. Eddie C. Sturgeon
22	ROSELLE PROPERTIES, LLC, a California	)	
23	limited liability company; BALBOA AVE	)	
24	COOPERATIVE, a California nonprofit mutual	)	Complaint Filed: July 10, 2018
25	benefit corporation; CALIFORNIA	)	Trial Date: Not Set
26	CANNABIS GROUP, a California nonprofit	)	
27	mutual benefit corporation; DEVILISH	)	
	DELIGHTS, INC. a California nonprofit mutual	)	
	benefit corporation; and DOES 1-100, inclusive;	)	
	Defendants.	)	
		)	IMAGED FILE
		)	
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I, Robert Torrales declare:

1. I am over the age of 18 years.

2. I have been in the cannabis industry for several years. I am one of the principals and operate a reputable company known as Conscious Flowers that specializes in the production and distribution of cannabis products. Information concerning Conscious Flowers is referenced at <http://www.consciousflowers.com/>.

3. I have been working with Chris Hakim to find a suitable space at the Mira Este Facility at 9212 Mira Este Court, San Diego, California ("Mira Este Facility") to grow my existing business. We were extremely close in putting together an agreement but I recently found out I would be dealing with a third party receiver instead of Chris Hakim. Cannabis is a sensitive business, and I have several trade secrets I would not want exposed to a third party receiver. At this time, all negotiations have been on hold until the receiver is definitely removed from the Mira Este Facility.

I declare under penalty of perjury that the foregoing is true and correct. This declaration was executed on 8/31/18 at Riverside County, California.

Robert Torrales

1 Charles F. Gorla, Esq. (SBN68944)  
2 GORIA, WEBER & JARVIS  
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7 Attorneys for Defendant CHRIS HAKIM

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

10 SALAM RAZUKI, an individual )  
11 Plaintiff )

12 vs )

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NINUS MALAN, an individual; CHRIS HAKIM, an individual; MONARCH MANAGEMENT CONSULTING, INC., California corporation; SAN DIEGO UNITED HOLDINGS GROUP, LLC, a California limited liability company; FLIP MANAGEMENT, LLC, a California limited liability company; MIRA ESTE PROPERTIES LLC, a California limited liability company; ROSELLE PROPERTIES, LLC, a California limited 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

(Unlimited Civil Action)

**DECLARATION OF JERRY BACA IN  
OPPOSITION TO DEFENDANT'S  
APPLICATION 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 I, Jerry Baca, declare:

2 1. I am over the age of 18.

3 2. I am the managing member (and sole member) of Synergy Management  
4 Partners, LLC ("Synergy"). Since approximately August 1, 2018, Synergy has managed the  
5 Facility at 9212 Mira Este Court, San Diego, California ("Mira Este Facility" or "Facility")  
6 for and on behalf of Mira Este Properties, LLC ("MEP").  
7

8 3. I have been employed in the cannabis industry for more than 6 years. Among  
9 other past experiences in the cannabis industry, I have owned and operated a cannabis  
10 dispensary; and I have owned and operated a business in three states that facilitated the  
11 physician evaluation of patients for possible cannabis prescriptions.

12 4. In connection with Synergy's management of the Mira Este Facility, Synergy  
13 is responsible for the day-to-day operations of the Facility, including staffing for the  
14 building, installation of utilities, Internet service, and other services, providing security for  
15 the Facility, and providing a compliance manager to oversee production at that Facility.  
16

17 5. The business model at the Mira Este Facility consists of at least 3 different  
18 activities, none of which involve the retail sale of cannabis products. First, the Mira Este  
19 Facility, consisting of approximately 16,000 square feet of space, is a licensed cannabis  
20 manufacturer. As such, the Mira Este Facility has the opportunity to enter into sub-license  
21 agreements with other producers and manufacturers so long as the safeguards and practices  
22 and procedures at the Mira Este Facility are followed. Those safeguards include providing  
23 security at the Facility 7 days a week and 24 hours a day. It also includes documenting all  
24 items that come into the Facility by manifest, taking control of those items, and placing  
25

1 them in a safe. When a sub licensee producer or manufacturer requires those items for the  
2 manufacture of its product, Synergy handles the paperwork, including the documenting of  
3 the release of such materials with at least two (2) persons present at all times. Additionally,  
4 Synergy coordinates the testing of products with an outside testing company, again with two  
5 (2) witnesses present at all times. As noted, Synergy also provides staffing for the building,  
6 which includes not only security and a compliance manager, but also all maintenance and  
7 cleaning staff. Synergy has also prepared formal written practices and policies that all sub  
8 licensees are required to follow. The second business activity at the Facility involves  
9 Synergy's distribution of cannabis products for the sub licensees. The third business  
10 activity involves the production by MEP of its own set of cannabis products for distribution.  
11

12 6. The primary source of income to MEP is from sub licensees and is generated  
13 by a minimum guarantee as against a percentage of gross revenues earned by the sub  
14 licensee. Income from the distribution of cannabis products or MEP's manufacture of  
15 cannabis products are nonexistent because of the presence of the receiver.  
16

17 7. In regards to income from sub licensees, that is also virtually nonexistent as  
18 explained below because of the presence of the receiver. The business model with sub  
19 licensees involved a guarantee per month of no less than \$20,000, as against a percentage of  
20 business of the sub licensee of no less than 10%. Therefore, and by way of example, the  
21 first and only producer/sub licensee procured by Synergy was a company known as Edipure.  
22 Edipure expended tens of thousands of dollars in preparation for the start of its production  
23 activities at the Facility. It also entered into a sublicense agreement to utilize approximately  
24 4000 square feet at the Facility. The sublicense agreement was made after the receiver was  
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1 removed on or about July 31, 2018 and before the receiver was re-appointed on or about  
2 August 20, 2018. During that time, Edipure generated approximately \$200,000 in “pre—  
3 orders”. Since 10% of that amount or \$20,000 was less than the \$30,000 per month  
4 minimum guarantee under the sublicense agreement with Edipure, Edipure will be  
5 responsible to pay the sum of \$30,000 to continue its operations at the Facility for the first  
6 month of its operation. At this time, Edipure is the one and only sub licensee. The Facility  
7 cannot survive on Edipure’s \$30,000 per month, given the extensive overhead that is  
8 involved in the operation of the Facility.  
9

10 8. The minimum space requirements of a sub licensee is approximately 2000  
11 square feet. The maximum is approximately 4000 square feet. As noted, no other sub  
12 licensee or manufacturer has entered into a sublicense agreement for reasons outlined below.  
13 When fully utilized, the Mira Este Facility can accommodate between 4 and 8 sub licensees  
14 or manufacturers at any given time. It is therefore anticipated that the Mira Este Facility  
15 could generate a minimum of \$120,000 per month and a maximum of \$400,000 per month  
16 in guarantees, depending upon the amount of the minimum guarantee and the amount of  
17 space that is required by sub licensees.  
18

19 9. The normal cost of improvements and other start-up costs that a sub licensee  
20 or producer would need to expend in order to begin operations at the Facility is  
21 approximately \$50,000 to \$100,000. Therefore, sub licensees are understandably cautious  
22 and careful before entering into sublicense agreements of the type made by Edipure.  
23

24 10. Based on our respective contacts in the cannabis industry, Chris Hakim and I  
25 developed a list of producers and manufacturers for sublicensing at the Mira Este Facility.  
26  
27

1 Through a series of ongoing discussions that we have had with these contacts in efforts to  
2 procure them as sub licensees for the Facility over the last several weeks, the existence of a  
3 receivership over the Facility essentially blocks these potential sub licensees from entering  
4 into sublicense agreements of the type made by Edipure. Before the receiver was appointed,  
5 almost all of our contacts expressed significant interest and willingness to enter into a  
6 sublicense agreement. After the receiver was re-appointed on or about August 20, 2018,  
7 none of our contacts expressed interest or a willingness to enter into a sublicense agreement  
8 when it was disclosed that a receiver was overseeing the Facility. Without sub licensees and  
9 producers and manufacturers such as Edipure, the Mira Este Facility will become insolvent.  
10 The following is a list of the companies with whom Mr. Hakim and I had discussions about  
11 a sublicense agreement (also included are a description of cannabis products made by the  
12 company, comments by company principals once it was disclosed that a receiver was in  
13 charge of the Facility, and potential revenues lost):  
14  
15

16 A. Conscious Flowers (see accompanying declaration of Robert Torrales).

17  
18 B. Eureka Oil (Vape Cartridges): I was told by the principal of Eureka Oil that  
19 having a third-party receiver would be a "deal breaker." He made it clear he will only  
20 work directly with Mr. Hakim. Potential revenues lost amount to more than \$40,000 per  
21 month based on anticipated sales.

22 C. Bomb Xtracts (Vape Cartridges, Pre Rolls, Flower, Moonrocks, Candy,  
23 Concentrates, Drinks, Edibles and chip). I was told by the principal that he refused to  
24 work with any receiver. He stated that his company had too many trade secrets and  
25 recipes that could potentially be monitored and copied by a receiver. Potential revenues  
26 lost amount to more than \$70,000 per month based on anticipated sales.  
27



1  
2 D. 10X (Cannabis infused drinks). I was told by the principal that he was not willing  
3 to share trade secret to the knowledge of the business with a third party receiver.  
4 Potential lost revenue amounts to approximately \$20,000 per month.

5 E. Cannabis PROS ((Candy Company). I was told by the principal that any  
6 sublicense agreement would have to wait until all legal issues are resolved and  
7 ownership other than the receiver is in place. Potential lost revenue amounts to  
8 approximately \$25,000 per month.

9  
10 F. Royal Vape (Vape Cartridges, Pre Rolls, Edibles). I was told by the principal that  
11 he was unwilling to work with the receiver. He did not give a reason. Potential lost  
12 revenue amounts to more than \$30,000 per month.

13 G. LOL Edibles (Candy, Chips and more). I was told by the principal that he was  
14 not pleased about having to work with a receiver and is still waiting to decide whether or  
15 not to proceed with the sublicense agreement. Potential lost revenue is more than  
16 \$30,000 per month.

17 H. Xtreme Vape (Vape Oil manufacturing and Vape Cartridges). I was told by the  
18 principal that he is not willing to work with a receiver. Negotiations for sublicense  
19 agreement will be restarted once the receiver is removed or the lawsuit is complete.  
20 Potential lost revenue is more than \$20,000 per month.

21  
22 I. Bloom Farms (Vape Cartridges). I was told by the principal that because of the  
23 turmoil caused by the litigation, he has decided to go elsewhere for his production  
24 facility. Potential lost revenue is more than \$30,000 per month.  
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1 J. Cannabis Presidentials (Premium Pre Rolls, Vape Cartridges, Flower, Moonrocks,  
2 Candies). I was told by the principal that he is not willing to work with a third-party  
3 receiver and that "once things are cleared up", they would be willing to sign a sublicense  
4 agreement. I was also told by the principal that he is concerned that his company's trade secrets  
5 would be jeopardized with a receiver or other third-party overseeing the Facility. Potential lost  
6 revenue is between \$40,000 and \$70,000 per month.

7 11. I am informed and believe and thereon declare that there is a dispute about  
8 ownership of equipment that SoCal delivered to the Mira Este Facility. All of the  
9 equipment that SoCal delivered has been isolated and is largely kept in pressure – wrapped  
10 plastic. None of the equipment has been used. All of the equipment is secure and is  
11 guarded by armed security guards 7 days a week, 24 hours a day.

12 12. On or about August 28, 2018, Synergy entered into an accounting agreement  
13 and paid a retainer of \$2000 to Justus H Henkes IV, Inc. and Justus "Judd" Henkes IV, CPA for  
14 accounting and bookkeeping services at the Mira Este Facility.

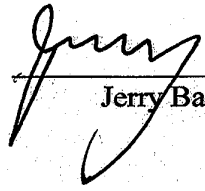
15 13. The management agreement between Synergy and MEP requires all revenues to  
16 be deposited into a bank account, with withdrawals to be made only with two (2) signatories, one  
17 by Synergy and the other by MEP. On the 5<sup>th</sup> of each month, the management fees to Synergy  
18 are paid along with distribution of net profits to MEP. I understand that the net profits payable  
19 to Ninus Malan, one of the members of MEP, is in dispute. I also understand that there is no  
20 dispute that one half of the net profits of MEP is to go to Chris Hakim.

21 14. A receiver to oversee the operations at the Mira Este Facility would not only be  
22 unnecessary, but would probably destroy the Facility as a marijuana production Facility because  
23 of the refusal of producers and manufacturers to want to work with a receiver. As an alternative  
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1 to having a receiver in place over the management of the Mira Este Facility, I would strongly  
2 urge the court to allow Mr. Hakim to remain as the managing member and continue to supervise  
3 the Mira Este Facility. The dispute involving one half of the net profits of MEP can easily be  
4 preserved by having one half of the net profits otherwise payable to Mr. Malan and/or Mr.  
5 Razuki be retained in the account requiring dual signatures. No portion of those net profits  
6 would be disbursed without a court order or an agreement of the parties. Under that  
7 arrangement, I am informed and believe and thereon declare that manufacturing or sublicensing  
8 agreements could be reached with most if not all of the above – listed companies.  
9

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

12 This declaration was executed on 9-3-18 at San Diego County, California.  
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17 Jerry Baca  
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5  
6  
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 Defendants. )  
24 )  
25 )

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

(Unlimited Civil Action)

DECLARATION OF JOHN LLOYD IN  
OPPOSITION TO DEFENDANT'S  
APPLICATION 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 I, John Lloyd declare:

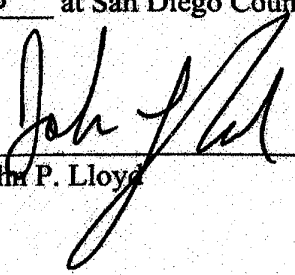
2 1. I am over the age of 18 years.

3 2. I am president of Corporate GP, the general partner of The Loan Company. On  
4 behalf of The Loan Company, I participated in the loan to Chris Hakim and Mira Este Properties  
5 LLC to acquire the property at 9212 Mira Este Court, San Diego, California 92126 in or about  
6 August 2016. The loan made by The Loan Company was almost \$2 million.  
7

8 3. I was acquainted with Mr. Hakim, and considered him to be a qualified borrower.  
9 Mr. Hakim paid a down payment of approximately \$420,000.00. There were additional sums  
10 paid by others that made up the balance of the down payment of approximately \$600,000.00.  
11

12 4. The loan was funded by The Loan Company because of the participation of Mr.  
13 Hakim as the qualified borrower, as well as his payment of approximately \$420,000.00 towards  
14 the down payment.

15 I declare under penalty of perjury that the foregoing is true and correct. This  
16 declaration was executed on 8/31/18 at San Diego County, California.

17  
18   
19 \_\_\_\_\_  
20 John P. Lloyd  
21  
22  
23  
24  
25  
26  
27

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

5 Attorneys for Defendant CHRIS HAKIM

6  
7  
8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
9 **COUNTY OF SAN DIEGO, CENTRAL DIVISION**  
10

11 SALAM RAZUKI, an individual )	Case No.: 37-2018-00034229-CU-BC-CTL
12 Plaintiff )	(Unlimited Civil Action)
13 vs )	
14 NINUS MALAN, an individual; CHRIS )	<b>DECLARATION OF DEFENDANT</b>
15 HAKIM, an individual; MONARCH )	<b>CHRIS HAKIM IN OPPOSITION TO</b>
16 MANAGEMENT CONSULTING, INC., )	<b>APPLICATION FOR PRELIMINARY</b>
17 California corporation; SAN DIEGO )	<b>INJUNCTION FOR APPOINTMENT OF</b>
18 UNITED HOLDINGS GROUP, LLC, a )	<b>RECEIVER</b>
19 California limited liability company; FLIP )	Hearing Date: September 7, 2018
20 MANAGEMENT, LLC, a California limited )	Time: 1:30 PM
21 liability company; MIRA ESTE )	Dept.: C-67
22 PROPERTIES LLC, a California limited )	I/C Judge: Hon. Eddie C. Sturgeon
23 liability company; ROSELLE PROPERTIES, )	
24 LLC, a California limited liability company; )	Complaint Filed: July 10, 2018
25 BALBOA AVE COOPERATIVE, a )	Trial Date: Not Set
26 California nonprofit mutual benefit )	
corporation; CALIFORNIA CANNABIS )	
27 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. The assets of MEP consist of certain real estate located  
7 at 9212 Mira Este Court, San Diego, California 92126 ("Mira Este Property"). The real  
8 estate is improved with a structure in the nature of a warehouse.

9  
10 3. MEP acquired the Mira Este Property in August 2016 for the purchase price  
11 of approximately \$2,625,000.00. As indicated in the accompanying Declaration of John  
12 Lloyd, the principal of The Loan Company that made the loan to enable MEP to acquire the  
13 Mira Este Property, the loan of approximately \$2 million was made because of my  
14 participation as the qualified borrower. The purchase price consisted of a down payment of  
15 approximately \$637,500.00, and a new loan in the approximate amount of \$1,987,500.00. I  
16 **paid \$420,000.00 from my own personal towards the down payment of \$637,500.00.**  
17 Plaintiff and Defendant Ninus Malan paid the rest of the down payment. A true and correct  
18 copy of the Closing Statement on the purchase of Mira Este Property is attached hereto as  
19 Exhibit 1 and by this reference made a part hereof.  
20

21  
22 4. The operating agreement of MEP provided that I would receive one-half of  
23 the net profits, and the other one half would be distributed to Mr. Malan, the other member  
24 of MEP. **Plaintiff has never made any claim or contention that I was not entitled to**  
25 **one-half of the net profits of the Mira Este Facility.** When the Mira Este Property was  
26

1 acquired, I did not know any of the details of any arrangements or agreements between  
2 Plaintiff and Defendant Malan, other than that: (a) Plaintiff did not want to be part of the  
3 management or operation of Mira Este; and (b) Plaintiff and Defendant Malan had their own  
4 arrangements or agreements for allocating their ½ share of the net profits from the Mira Este  
5 Facility. I also knew that Plaintiff and Defendant Malan had their own arrangements or  
6 agreements for the operation of the Balboa dispensary. **In that regard, the Balboa**  
7 **dispensary is a retail facility that sells cannabis products to the public. By contrast, the**  
8 **Mira Este Facility is a manufacturing and production facility that does not sell to the**  
9 **public. The business model of MEP is therefore completely separate and different**  
10 **from that of the Balboa dispensary.**

11  
12 5. The existing Business Tax Certificate and State licensing allows the Mira Este  
13 Facility to operate as a cannabis manufacturing, production, and distribution facility until  
14 November 2019. There are very few cannabis production facilities currently operating under a  
15 business tax certificate that has been "grandfathered in", such as the Mira Este Facility. I have  
16 made application for and on behalf of the Facility for a conditional use permit, and that is in  
17 process. It is anticipated that the conditional use permit will be issued before the existing permit  
18 expires.  
19

20  
21 6. As previously stated in my prior declarations in this proceeding, I negotiated  
22 the management agreements with SoCal Building Ventures, LLC ("SoCal"). The SoCal  
23 management agreement with the Mira Este Facility was operating relatively successfully  
24 although SoCal was dilatory in opening the Facility and contracting with other producers  
25 and manufacturers, as Synergy is doing now. However, SoCal stopped making its required  
26

1 and manufacturers, as Synergy is doing now. However, SoCal stopped making its required  
2 payments under its management agreement with MEP in or about May 2018, and largely as  
3 a result of that as well as other defaults and breaches, SoCal was terminated in July 2018.

4           7. At that time, I again was put in the position of needing to negotiate a  
5 management agreement for the Mira Este Facility with a new manager. I contracted with  
6 Synergy in early August 2018. Almost immediately, and in sharp contrast to SoCal, Synergy  
7 opened the Facility and contracted with a sub licensee, Edipure, for its use of the Facility.  
8 As soon as the sub license agreement with Edipure was made, Edipure invested between  
9 \$50,000 and \$100,000 in equipping its space at the Mira Este facility. Under its sub license  
10 agreement, Edipure is paying approximately \$30,000 per month or 10% of its revenues,  
11 whichever is greater for its use of the Facility. Since it had initial sales or "pre-orders" of  
12 \$200,000, Edipure is obligated to pay the sum of \$30,000 for its first month of occupancy.  
13 Also, the sublicense agreement entitles Edipure to occupy approximately 4000 square feet of  
14 space at the Mira Este Facility. It also specifies that the Facility will provide security,  
15 staffing, testing, and other overhead as outlined in the Declaration of Jerry Baca. The sub  
16 license agreement with Edipure was entered into after the order for initial appointment of  
17 the receiver was vacated and before the current appointment of the receiver was made on or  
18 about August 20, 2018.  
19  
20  
21

22           8. Over the years, both Mr. Baca at Synergy and I have developed a number of  
23 contacts among producers and manufacturers in the cannabis industry. In addition to  
24 Edipure, we also had a number of other contacts who communicated to us a strong interest  
25 in locating their production and manufacturing activities to the Mira Este Facility. As  
26  
27

1 specified in the Declaration of Jerry Baca, many of these producers and manufacturers were  
2 very close to reaching an agreement for a sub license agreement with MEP similar to  
3 Edipure's sub license agreement before the receiver was appointed on August 20, 2018. As  
4 a result of the appointment of the receiver on August 20, 2018, not one of these producers  
5 and manufacturers with whom we were negotiating continued negotiating with us. But for  
6 the appointment of the receiver on or about August 20, 2018, I have no doubt that the Mira  
7 Este Facility would already be fully occupied with sub licensees, paying at least substantial  
8 minimum payments to MEP as Edipure is doing.

9  
10 9. Because Edipure is the only one sub licensee at the Mira Este Property, the  
11 operation of the Facility cannot be sustained for very long. Debt service and overhead of the  
12 Mira Este Facility cannot be maintained if the receiver remains in place, since no other sub  
13 licensees will commit to locating at the Facility with a receiver involved in any way. The  
14 debt service, including taxes and insurance, is approximately \$30,000 per month. There is  
15 also additional and extensive overhead for the Mira Este Property beyond debt service.  
16 Overhead expenses include staffing, security, maintenance, and testing services that are  
17 required to be provided to sub licensees regardless of the number of sub licensees at the  
18 Facility.  
19

20  
21 10. I have been and remain ready, willing and able to oversee the Mira Este  
22 Facility, as I have done since the Mira Este Property was acquired in August 2016. I am  
23 capable of managing the Mira Este Property in conjunction with Synergy and without the  
24 need for a receiver. Contrariwise, Plaintiff has never been involved in the Mira Este Facility  
25 since the Mira Este Property was acquired. He has never assisted in bringing in producers or  
26

1 manufacturers; he has never made a single payment towards the monthly debt service; he has  
2 never paid any money towards any tenant improvements; and he has never assisted with applying  
3 for State Licensing or Conditional Use Permit.

4 11. As previously noted, the Synergy management agreement (attached hereto as  
5 Exhibit 2 and by this reference made a part hereof) requires that Synergy maintain extensive  
6 accounting, recordkeeping, and reporting requirements on a monthly basis and pay itself  
7 management fees and distributions on the 5<sup>th</sup> of each month. Synergy has hired a Certified  
8 Public Accountant to handle the accounting required by the management agreement. Under  
9 the management agreement, at section 1.1., Synergy is required to maintain proper accounts  
10 and ledgers of the Facility, including accounts payable and receivable; to keep all records  
11 required by and in accordance with applicable law on behalf of MEP and Synergy as  
12 manager of the Facility; to generate customary reports for MEP which will be provided  
13 weekly; collect, report and remit all taxes required of the Facility on behalf of MEP; to  
14 maintain proper insurance for MEP; to ensure compliance with all conditions and  
15 requirements for the state license; and to create an operational budget for the Facility. At  
16 section 3.4, the Synergy management agreement specifies that all revenues shall be  
17 deposited into a "**Dedicated Bank Account**". Any checks or withdrawals from the  
18 Dedicated Bank Account must be signed by both a representative of MEP and  
19 Synergy.

20  
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22  
23 12. With the accounting requirements of the Synergy management agreement,  
24 Plaintiff's position regarding the Mira Este Property and MEP can be adequately protected if  
25 the net profits otherwise to be divided between Plaintiff and Mr. Malan are simply left in the  
26

1 Dedicated Bank Account pending further proceedings. A court order to that effect will be  
2 more than sufficient to protect whatever interest Plaintiff has in those monies; and still allow  
3 for Mr. Baca and me to resume our negotiations with sub licensees without the damaging  
4 involvement or presence of the receiver. The rights of all parties will be preserved by this  
5 arrangement, and will allow for the operation of the Mira Este Facility business model as it  
6 was designed.  
7

8 13. As noted, it is very doubtful that the Mira Este Facility will survive with the  
9 receiver in place. Therefore, if the court continues the receivership over the Mira Este  
10 Facility, an appropriate amount for a bond would be the value of the Mira Este Facility,  
11 because its demise would almost certainly follow. A valuation of the Mira Este Facility is  
12 contained in the arms-length management agreement between MEP and SoCal. At section  
13 8.2 of the agreement (a copy of which is attached hereto as Exhibit 3 and, by this reference,  
14 made a part hereof), SoCal agreed to pay between \$4.5 million and \$5 million as the  
15 exercise price of its option to purchase an undivided one half interest in the Facility. For a  
16 100% interest, therefore, the amount of \$10 million represents a fair valuation of the  
17 Facility. The court should therefore set the bond amount at \$10 million if the court  
18 continues the receivership on the Mira Este Facility.  
19

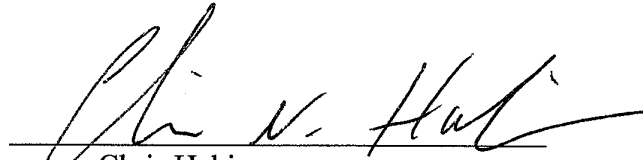
20 14. Since acquiring the Mira Este Property in 2016, I have spent the majority of  
21 my working time trying to get the Mira Este Facility in an operational mode. This has  
22 meant spending countless hours with applications for permits, hearings with the city and  
23 state, negotiations with managers such as SoCal and Synergy, and negotiating with potential  
24 sub licensees such as Edipure. Because of the reluctance of potential sub licensees to even  
25  
26  
27



1 negotiate if the receiver is involved, all of my efforts at creating a viable manufacturing and  
2 production facility at the Mira Este Property will be seriously jeopardized if the receiver is  
3 allowed to remain.

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

6 This declaration was executed on 9/3/18, at San Diego County,  
7 California.  
8

9  
10   
11 Chris Hakim

# EXHIBIT 1

# FIDELITY NATIONAL TITLE COMPANY

4370 La Jolla Village Dr., Suite 240, San Diego, CA 92122

Phone: (858) 597-2090 Fax: (858) 597-2097

## Buyers/Borrowers Settlement Statement Final

**Escrow No:** 23081046 - 005 SM1      **Close Date:** 08/25/2016      **Proration Date:** 08/25/2016      **Disbursement Date:**

**Buyer(s)/Borrower(s):** Mira Este Properties, LLC, a California limited liability company

**Seller(s):** Investment Property Exchange Services, Inc., as QI for BMP16, LLC

**Lender:** The Loan Company of San Diego      **Loan #:**

**Property:** 9212 Mira Este Court  
San Diego, CA 92126

Description	Debit	Credit
<b>TOTAL CONSIDERATION:</b>		
Total Consideration	2,625,000.00	
Salam Razuki		70,000.00
Pau's Place LLC		100,000.00
Razuki Investments, LLC		70,000.00
Commission Credit to Buyer from Big Block Realty, Inc. (\$65,625.00 less \$135.00)		65,490.00
CHRIS N HAKIM		420,000.00
PAU'S PLACE LLC		14,780.94
<b>NEW AND EXISTING ENCUMBRANCES:</b>		
New Loan from The Loan Company of San Diego		1,987,500.00
<b>NEW LOAN CHARGES: - The Loan Company of San Diego</b>		
Appraisal Fee to The Loan Company of San Diego	2,763.00	
Loan Documentation Fee to The Loan Company of San Diego	895.00	
Tax Service to LERETA, LLC	360.00	
Wire Fee to The Loan Company of San Diego	35.00	
Legal Documenation to Doss Law	1,000.00	
Broker Fee (3 points) to The Loan Company of San Diego	59,625.00	
Attorney Fee for Opinion Letter to Law Offices of Sean Jones	1,000.00	
<b>ESCROW CHARGES:</b>		
Escrow Charge to Fidelity National Title Company	1,700.00	
Loan Tie-In Fee to Fidelity National Title Company	150.00	
<b>TITLE CHARGES:</b>		
Lenders Policy for \$1,987,500.00 to Fidelity National Title Company	1,640.00	
UCC Filing Fees to Fidelity National Title Company	100.00	
Inspection Fee to Fidelity National Title Company	80.00	
<b>RECORDING FEES:</b>		
Recording Fee to Fidelity National Title Company	188.00	
<b>ADDITIONAL CHARGES:</b>		
Legal Invoice to Law Office of Gorla, Weber & Jarvis	4,954.00	
Non-Applicable Extension Deposit Funds from 7/21-8/22 per June 15th Amendment	25,000.00	
Buyer credit to Seller for moving out of Tenant in unit 210- Lease Termination Agmt signed	2,000.00	
Insurance Invoice to Travelers	3,221.00	
<b>PRORATIONS AND ADJUSTMENTS:</b>		
Rent Unit 211 from 8/25/2016 to 9/1/2016 based on the Monthly amount of \$500.00		100.00
Security Deposit Unit 211		500.00
1st 1/2 2016-2017 Property Taxes based on latest tax bill 2015-2016 from 7/1/2016 to 8/25/2016 based on the Semi-Annual amount of \$9,406.88		2,822.06
<b>Sub Totals</b>	<b>2,729,711.00</b>	<b>2,731,193.00</b>
<b>Refund Due Buyer /Borrower</b>	<b>1,482.00</b>	
<b>Totals</b>	<b>2,731,193.00</b>	<b>2,731,193.00</b>

2549

# EXHIBIT 2

**MANAGEMENT SERVICES AGREEMENT**

THIS MANAGEMENT SERVICES AGREEMENT (the "Agreement") is entered into as of August 3, 2018 (the "Effective Date") in San Diego, California by and between Mira Este Properties, LLC, a California limited liability company (herein the "Company") on the one hand and Synergy Management Partners LLC on (herein "Manager") on the other hand. Each may be referred to herein individually as "Party" or collectively as "Parties."

**RECITALS**

**WHEREAS**, the Company has been issued licenses from the state of California ("State") to manufacture and distribute cannabis ("State License") at the real property located at 9212 Mira Este Court, San Diego, CA 92126 (the "Facility");

**WHEREAS**, Manager has expertise managing cannabis manufacturing and distribution operations; and

**WHEREAS**, the Company desires to engage Manager to provide the Services as more fully defined herein, and Manager desires to provide such Services to the Company 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 Company hereby engages Manager to provide the following services (collectively, the "Services"), and Manager hereby accepts such appointment (Synergy Management Partners LLC will jointly act as Manager with all Manager decisions to be made jointly by them):

- a. Manage the day-to-day operations of the Facility.
- b. Provide all staff necessary to operate the Facility on behalf of the Company pursuant to the terms hereof.
- c. Maintain proper accounts and ledgers of the Facility, including accounts payable and receivable.
- d. Keep all records required by and in accordance with applicable law on the Company's behalf and as the manager of the Facility.
- e. Generate customary reports for the Company, which will be provided no less

CH      JMS      NM      [Signature]

d. Keep all records required by and in accordance with applicable law on the Company's behalf and as the manager of the Facility.

e. Generate customary reports for the Company, which will be provided no less frequently than weekly.

f. Procure all inventory and equipment needed for the Facility on the Company's behalf.

g. Collect, report and remit all taxes required of the Facility on the Company's behalf.

h. Pay all expenses of the Facility on the Company's behalf, subject to the restrictions contained herein.

i. Maintain proper insurance for the Facility on the Company's behalf.

j. Ensure compliance with all conditions and requirements for the State License.

k. Procure for the Company all vehicles necessary for it to operate its distribution division, whether by lease or purchase arrangement, provided that, the Company agrees in writing to all such arrangements prior to purchase, lease or rental.

l. Create an operational budget for the Facility.

m. Assist design and maintain a website for the Facility.

n. Promote and market the Facility and its services to customers, vendors and other potential sources of revenue.

o. Solicit licensing partners and customers to use the Facility's services and products.

p. Assist create and implement stand operating procedures for the Facility on behalf of the Company.

q. Provide such additional Services as reasonably requested by the Company.

**Section 1.2: Inherent Services.** The Parties acknowledge and agree that there are functions, responsibilities, activities and tasks not specifically described in this Agreement which are required for the proper performance and provision of the Services and are a necessary, customary or inherent part of, or a necessary sub-part included within, the Services. Manager is empowered to perform such inherent

CH W.M. P. H. J.

Page 2 of 10

Initials: \_\_\_\_\_



functions, responsibilities, activities and tasks to the same extent and in the same manner as if specifically described in this Agreement.

**Section 1.3: Scope of Services.** Manager will provide the Services in substantially the same manner it provides services to its other clients and in accordance with Industry standards. Manager will not be required to devote full time to the Services; however, it shall devote such time to the Services as is necessary to faithfully perform the Services in accordance with this Agreement. The Parties recognize that Manager may now or later render services to, with and on behalf of third parties.

**Section 1.4: Compliance with Laws.** Manager shall, in performing the Services, faithfully observe and comply with all State, and local laws, ordinances and regulations, applicable to the Services to be rendered under this Agreement and shall obtain any permits or licenses required. The Company agrees to faithfully observe and comply with all federal, State, and local laws, ordinances and regulations, applicable to its operation of the Facility and business and shall obtain any permits or licenses required. The Company agrees to faithfully observe and comply with all State, and local laws, ordinances and regulations, applicable to the Services to be rendered under this Agreement and shall obtain any permits or licenses required.

The Parties shall comply with all federal laws applicable to them as a result of this Agreement or operation of the Facility; provided, the Parties expressly acknowledge and agree that (i) the use, possession, cultivation, manufacture, transportation, purchase and sale of cannabis is federally illegal, (ii) the federal laws and certain states' laws regarding the use, possession, cultivation, transportation, manufacture and furnishing of cannabis (the "Industry") are in conflict; (iii) engaging in the lawful conduct of business operations in the Industry under state law may risk criminal or civil forfeiture, violation of federal law, and heightened risk of criminal or civil prosecution, crime and violence; and (iv) such inherent risks are assumed by each Party, and each Party has elected to execute and fulfill this Agreement despite such risks and waives any defense to enforcement of this Agreement based on cannabis being federally illegal. In the event either Party receives a cease and desist letter from the U.S. Government concerning the operation of cannabis businesses at the Facility or otherwise, it shall inform the other party and either party may immediately terminate this Agreement by written notice to the other Party.

**Section 1.5: Exclusive Provider of Services.** The Company shall exclusively utilize Manager for performance and delivery of its Services during the Term of this Agreement.

**Section 1.6: Employee Leasing.** Manager will be responsible for providing all personnel required to provide the Services. All such personnel may be leased to the Company by Manager in accordance with the provisions of this Section 1.6 or shall be employed directly by the Company, as decided agreed by the Parties. If the Parties cannot agree, all personnel will be engaged directly by the Company or through a third-party staffing company of its choosing.

a. If the Company elects to lease employees from Manager, Manager will use

CH NM R4 JG

Page 3 of 10

Initials: \_\_\_\_\_

commercially reasonable efforts to supply to the Company the services of the persons identified on Exhibit A hereto, incorporated herein by reference ("Assigned Personnel"), which may be amended from time-to-time by the written agreement of the Manager and the Company. Manager shall fill out Exhibit A, either in type or print, including the name, address, email, telephone number, workers' compensation classification, job position, and compensation for each Assigned Personnel, which the Company will confirm and approve. Manager shall be fully responsible for notifying all Assigned Personnel of their leased employee status. Each Assigned Personnel shall be identified according to workers' compensation classification by proper code and according to pay status under the Fair Labor Standards Act or any other rule or regulation that may apply. The Company's signature shall be affixed to Exhibit A to indicate proper classification of workers' compensation code and pay status. No other employees shall become leased to the Company unless specifically agreed by Manager and the Company. Manager shall not be considered an employer for any employee who does not complete a Manager employment application and who is not accepted by Manager as a leased employee. Manager agrees to notify the Company immediately upon the release, termination or cessation of employment of any Assigned Personnel. The Company agrees to cooperate with Manager in all employment matters. Manager shall be responsible for tracking the hours of and processing payroll for all Assigned Personnel. Manager shall maintain a personnel file and personnel records for Assigned Personnel. All Assigned Personnel shall be considered employees of Manager. Manager shall assume sole and exclusive responsibility for the payment of wages to Assigned Personnel. Manager shall, with respect to said personnel, be responsible for withholding federal, state and local income taxes, withholding and paying over the employee share, and paying the employer share, of Social Security and Medicare taxes, unemployment insurance contributions, and any other payroll-related taxes required by law. Manager shall be responsible for maintaining workers' compensation insurance coverage for Assigned Personnel in an amount and under such terms as required by state law. Manager shall be responsible for ensuring that all applications and insurance enrollment forms are fully completed and returned to Manager by the Assigned Personnel.

b. The Company shall comply with all applicable federal, state and local laws in dealings with Assigned Personnel. Manager shall incur no liability for any violation or alleged violation of law or regulation by the Company.

c. In compliance with state law and federal guidelines, Manager shall, after consultation with the Company:

- i. Have a right to recruit, hire, direct and control Assigned Personnel.
- ii. Have a right to discipline, replace, and terminate the employment of Assigned Personnel and designate the date of separation from employment.
- iii. Have a right to reward, promote, reassign, evaluate and determine the wages, hours, terms and conditions of employment.
- iv. Have the right to resolve and decide employee grievances and disputes, and

CH *Mr. [unclear]* *[unclear]*

v. Supervise and direct Assigned Personnel in a reasonable manner consistent with the practices of similar businesses and enterprises.

d. The Company may retain such sufficient direction and control over the Assigned Personnel as is necessary to conduct the Company's business and without which the Company would be unable to conduct its business, discharge any fiduciary responsibility that it may have, or comply with any applicable licensure, regulatory, or statutory requirement of the Company.

e. It shall be Manager's responsibility to implement a safety and training program that meets the standards of regulations issued by the state of California.

f. The Parties each agree that they will comply with all health and safety laws, right-to-know laws, regulations, ordinances, directives and rules imposed by controlling federal, state, and local government, and that they will immediately report all accidents and injuries to the other party.

g. Environmental factors, equipment, machinery and all other matters which affect employee health and safety shall be maintained in compliance with OSHA standards, which shall be the responsibility of Manager.

h. Roberto Sanz and Jerry Baca shall not be entitled to compensation as Assigned Personnel but rather will be compensated by Manager through its compensation due hereunder.

**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 Facility, if the Parties can come to mutually agreed upon terms. The Parties agree to negotiate such agreement in good faith during the Term of this Agreement. The Parties acknowledge that a long-term agreement would be conditioned upon the results of the Litigation.

**Section 1.8: Prior Agreements.** The Parties acknowledge that the Company 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"). Manager acknowledges and understands that the Litigation could affect Manager's ability to perform under this Agreement or ability to receive timely payment for services, should the court or other parties to the Litigation take certain actions. Excepting the right to indemnification as herein detailed, Manager hereby agrees to waive any breach of this Agreement resulting from the Litigation.

**Section 1.9: Manager Brands.** The Parties acknowledge and agree that the Manager has certain Industry contacts and intends to introduce certain of those contacts to the Company as licensing partners for the Facility to manufacture the contacts' branded cannabis products (the "Manager Brands").

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**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 Ninety (90) 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 Company or relating to the Facility to the Company. The provisions of this Agreement relating to confidential information and indemnity shall survive termination of this Agreement. In addition, following termination of this Agreement, Manager shall be entitled to continue to receive compensation as detailed in Article 3 of this Agreement.

**ARTICLE 3.**

**COMPENSATION AND EXPENSES**

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

a. During the term of this Agreement, as compensation for its Services, Manager shall be entitled to receive thirty three percent (33%) of the net profits of the Facility each month ("Management Fee"). For purposes of this Agreement, "net profits" means all revenues generated by the Facility less all costs and expenses of the Facility each month.

b. Following termination of this Agreement, Manager will be entitled to receive two and a half percent (5%) of the net profits of the Facility generated by the Manager Contacts each month.

c. All fees due Manager hereunder will be payable in arrears on the fifth (5<sup>th</sup>) day of the month, beginning the month following the Effective Date.

**Section 3.2: Advances; Reimbursement.** Manager agrees to advance all funds, up to

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\$30,000.00, required by the Facility until the Facility has sufficient revenues to cover its ongoing expenses, which advances will be reimbursed by the Company. In connection with the Services, the Company shall reimburse Manager for any expenses or costs actually and reasonably incurred and paid by Manager on behalf of the Company. Notwithstanding anything to the contrary contained herein, all advances from the Manager for expenses prior to there being sufficient revenues of the Facility shall be reimbursed only sixty seven percent (67%), leaving thirty three percent (33%) of such expenses to be borne directly by the Manager, but only to the extent such reimbursed expenses have not been calculated within the net profits due Manager.

**Section 3.3: Expenses.** The Company shall be responsible for all costs and expenses of operating its Facility and providing products and services to customers, including but not limited to, payment of taxes, the Manager's direct costs associated with the Assigned Personnel, marketing, compliance, insurance, inventory, and rent, whether or not such costs and expenses are to be paid by directly by the Company or by the Manager on the Company's behalf. Otherwise, Manager shall be responsible for its costs associated with provision of its Services. The Parties specifically acknowledge that an entity affiliated with the principal of the Company is entitled to receive \$2,500 per month during the Term of this Agreement for rent, which shall be treated as an expense of the Facility prior to payment of any fee to Manager. (CH) ~~2,500~~ 33,000

**Section 3.4: Dedicated Account.** The Company shall establish a dedicated bank account in its name ("Dedicated Account") and each party shall designate one person to act as signatory on such account. All revenues generated from the Facility shall be deposited into the Dedicated Account and all expenses relating to the Facility shall be paid from the Dedicated Account. Manager shall not be permitted to remove or permit an expense from the Dedicated Account in an amount in excess of \$5,000 without the Company's prior written consent. The Manager shall not use the Dedicated Account for its own purposes or for any other client of Manager and shall hold and use all funds in the Dedicated Account in trust for the benefit of the Company. The Company shall have the authority to remove the Manager's signatory from the Dedicated Account upon termination of this Agreement. The Company may not remove the Management Fee from the account without Manager's prior written permission. The Parties may agree to open more than one Dedicated Account; provided, all such accounts are subject to the provisions of this Section.

#### ARTICLE 4.

#### INDEPENDENT CONTRACTOR STATUS

**Section 4.1: Relationship of Parties.** It is understood and agreed that the Manager is an independent contractor in respect to Manager's relationship to Company, and that Manager is not and should not be considered an agent or employee of the Company for any purpose. Manager will have full control and discretion as to the ways and means of performing any and all Services to be provided under this Agreement. It is understood that in the performance of this Agreement, Manager is not in any way

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acting as an employee of Company, and Manager will be responsible for all taxes, social security payments, and other similar payments or contributions due as a result of any payments made pursuant to the terms of this Agreement. As an independent contractor, Manager agrees that Company has no obligation under the state or federal laws regarding employee liability, and that Company's total commitment and liability under this Agreement is the performance of its obligations and the payment of the fees as herein described.

**Section 4.2: Contracts.** Manager may not enter into any contract or binding agreement on behalf of the Company, written or oral, in an amount of \$2,500.00 or more or in duration to extend past the Term of this Agreement, without the prior written consent of the Company. The Company may enter into contracts without Manager's prior consent; however, the Company will consult with Manager prior to entering into any agreement that could materially impact the Facility or Manager's Services. The Parties agree that they will agree on the form manufacturing and distribution agreements to be used by the Facility and Manager will not enter into any manufacturing or distribution agreement substantially different from the forms agreed to by the Parties.

#### ARTICLE 5.

#### INDEMNIFICATION

**Section 5.1: Company Indemnification.** The Company agrees to indemnify and hold harmless Manager and its subsidiaries, partners, affiliates, principals, directors or agents ("Manager Indemnified Parties") from and against and in respect of any and all liabilities, obligations, assessments, suits, actions, proceedings, claims, or demands asserted against Company and/or Manager or any Manager Indemnified Party or any judgments, damages, losses, including any loss of business or credit costs, expenses and fees, including reasonable attorneys' fees incurred by the Manager Indemnified Parties as a result of the Company's conduct, Litigation or Manager's provision of Services in accordance with this Agreement.

**Section 5.2: Willful Misconduct.** Company will not relieve or indemnify the Manager Indemnified Parties from liability caused by the willful misconduct, material breach of this Agreement, or negligence of Manager Indemnified Parties, their officers, agents, or servants.

**Section 5.3: Manager Indemnification.** The Manager agrees to indemnify and hold harmless the Company and its subsidiaries, partners, affiliates, principals, directors or agents ("Company Indemnified Parties") from and against and in respect of any and all liabilities, obligations, assessments, suits, actions, proceedings, claims, or demands asserted against Company and/or Manager or any Company Indemnified Party or any judgments, damages, losses, including any loss of business or credit costs, expenses and fees, including reasonable attorneys' fees incurred by the Company Indemnified Parties as a result of the Manager's willful misconduct, negligence or material breach of this Agreement.

#### ARTICLE 6.

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## GENERAL PROVISIONS

**Section 6.1: Mediation.** The Parties agree that, prior to litigation, any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall first be mediated by the Parties. Mediation shall occur at a mutually agreed upon location in the State of California with a mediator mutually agreed by the Parties. If the Parties cannot agree to a date, location or mediator within ten (10) days from the date any Party gives the other Party written notice of the potential claim or controversy, then the controversy may be submitted directly to a court of appropriate jurisdiction.

**Section 6.2: Attorneys' Fees.** If any legal action is necessary to enforce or interpret the terms of this Agreement, the prevailing Party will be entitled to reasonable attorneys' fees, costs, and necessary disbursements in addition to any other relief to which that party may be entitled. This provision will be construed as applicable to the entire contract.

**Section 6.3: Integration.** This instrument contains the entire Agreement of the Parties with respect to the subject matter hereof and there are no other promised representations or warranties affecting it. This Agreement supersedes any and all other agreements, either oral or in writing, between Manager and Company with respect to the engagement of Manager by Company and contains all of the covenants and agreements between the Parties with respect to that engagement in any manner whatsoever. Each Party to this Agreement acknowledges that no representation, inducements, promises, or agreements, orally or otherwise, have been made by any Party, or anyone acting on behalf of any Party that are not embodied in the Agreement, and that no other agreement, statement, or promise not contained in this Agreement will be valid or binding on either Party.

**Section 6.4: Modification.** Any modification of this Agreement will be effective only if it is in writing and signed by the Party to be charged.

**Section 6.5: Waiver.** The failure of either Party to insist on strict compliance with any of the terms, covenants, or conditions of this Agreement by the other Party will not be deemed a waiver of that term, covenant, or condition, nor will any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

**Section 6.6: Severability.** If any provision in this Agreement is held by a court of competent jurisdiction or arbitrator to be unreasonable, invalid, void, or unenforceable, then this Agreement will be deemed amended to provide for the modification of the unreasonable, invalid, void, or unenforceable provision to the extent that the court or arbitrator finds reasonable, and the remaining provisions of this Agreement will continue in full force without being impaired or invalidated in any way.

**Section 6.7: Governing Law/ No Adverse Construction.** This Agreement will be governed by and construed in accordance with the laws of the State of California. The Parties agree that this Agreement was prepared by all signatories hereto and their counsel, and in case of ambiguity shall not be

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construed more strongly against one than against the others.

**Section 6.8: Notices.** All notices, requests, demands and other communications required or permitted to be given pursuant to this Agreement shall be in writing and deemed duly given, made and received when (a) personally delivered or (b) three (3) business days after said notice, request, demand and other communication is deposited in U.S. Mail, certified mail, return receipt requested or by overnight mail addressed as follows or at such other addresses as either Party may advise the other from time to time in writing in compliance with this section of this Agreement:

**Section 6.9: Counterparts.** This Agreement may be executed by the Parties in one or more counterparts, each of which shall be deemed to be an original, and it shall not be necessary for the same counterpart of this Agreement to be signed by all of the Parties in order for it to be binding upon all of the Parties in accordance with the terms hereof. Electronic or facsimile delivery of this Agreement will be accepted and enforceable.

**Section 6.10: Successors and Assigns.** The terms and conditions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto, and to their shareholders, subsidiaries, related and affiliated entities, representatives, successors, assigns, and every person (whether natural or artificial), firm, or entity now or previously affiliated with any of the Parties hereto, or who may become affiliated with any of the Parties hereto in the future. Notwithstanding, neither Party may assign this Agreement without the written consent of the other Party, and any purported assignment without such written consent shall be null and void.

**Section 6.11: Representation of Authority.** Each Party represents and warrants to the other that the execution and delivery of this Agreement and the performance of such Party's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such Parties and enforceable in accordance with its terms.

**Section 6.12: Further Assurances.** The Parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to carry out the intent and purposes of this Agreement.

**Section 6.13: Confidentiality.** The Parties agree that at no time (either during or subsequent to the term of this Agreement) will any Party disclose or use, except as required to fulfill its obligations under this Agreement, any Proprietary and Confidential Information of the other Party, or any subsidiary or affiliate of the other Party, acquired during the term of this Agreement. The term "Proprietary and Confidential Information" shall mean, but is not limited to, all information which is known or intended to be known only to the disclosing Party, its subsidiaries and affiliates, and their employees, including any document, record, financial or other information of the disclosing Party, or others in a confidential relationship with the disclosing Party, and further relates to specific business matters such as the

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disclosing party's financial information, identity of customers and patients, policies and procedures, fee structures, trade secrets, proprietary know-how, account information, and other information relating to other business of the disclosing Party, its subsidiaries and affiliates, and their employees. Manager agrees not to remove from the Location except with approval of the Company or as necessary to perform services in accordance with the terms of this Agreement, any physical property item, document, record, or other information of the Company or its affiliates.

Each Party agrees to return, immediately upon termination of this agreement hereunder, any and all documentation or physical property and Proprietary and Confidential Information of the other Party that is in the possession of such Party, in whatever format it may be maintained, regardless of who it is, or developed by, and to destroy all said information and documentation if requested by the disclosing Party and provide a certificate of destruction upon request by the disclosing Party.

Notwithstanding the foregoing, the restrictions contained in this section shall not apply to any Proprietary and Confidential Information that is required by law or the order of any court or governmental agency, or in any litigation or similar proceeding to be disclosed; provided that the disclosing party shall, prior to making any such required disclosure, notify the other party with sufficient notice to permit that party to seek an appropriate protective order.

**Section 6.14: Acts of God.** No Party shall be liable in any respect for failure to comply with the terms of this Agreement due wholly or in part to acts of God, acts of the other party, acts or civil or military authority, fires, floods, epidemics, quarantine restrictions, war, armed hostilities, riots, strikes, lockouts, breakdown, differences with workers, accidents to machinery, delays in transportation, or any other cause beyond the reasonable control of the Party.

**Section 6.15: Representation.** The Parties acknowledge and agree that they have jointly drafted this Agreement through joint representation by Austin Legal Group, APC and that, if desired, each Party has had the opportunity to seek, and has sought, its own independent counsel to advise it as to the effects and consequences of entering into this Agreement.

**Section 6.16: Non-Circumvention.** The Parties hereby acknowledge that the Manager will be introducing the Company to certain Assigned Personnel. In consideration of the foregoing, the Company hereby agrees and warrants that it shall not, directly or indirectly, interfere with, circumvent, attempt to circumvent, or obviate or interfere with the relationship of the Manager and its Assigned Personnel for the purpose of gaining any benefit, whether such benefit is monetary or otherwise.

**IN WITNESS WHEREOF**, the Parties hereto have caused this Assignment to be duly executed by their duly authorized representatives as of the date of this Assignment. The undersigned, by their execution of this Agreement, represent and warrant that they have authority to execute this Agreement on behalf of its respective Party.

[Signature Page Follows]


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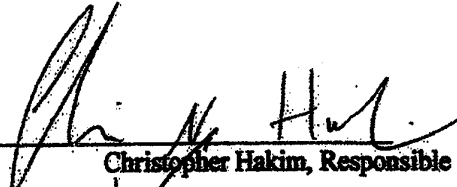
**MANAGER:**  
Synergy Management Partners LLC

Dated: 8-3-18

By:   
Jerry R. Baca, Responsible Party

**COMPANY:**  
Mira Este Properties, LLC

Dated: 8/3/18

By:   
Christopher Hakim, Responsible Party  
Chris (CH)

Dated: 8/3/18

By:   
Ninus Malan, Responsible Party

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# EXHIBIT 3

## MANAGEMENT SERVICES AND OPTION AGREEMENT

This MANAGEMENT SERVICES AND OPTION AGREEMENT (the "Agreement") is made, entered into and effective as of January 2, 2018 (the "Effective Date") by and among SoCal Building Ventures, LLC ("Manager" and "Optionee" as context requires), and California Cannabis Group, a California nonprofit mutual benefit corporation, Devilish Delights, Inc., a California nonprofit mutual benefit corporation, and Mira Este Properties, LLC, a California limited liability company (collectively the "Company" and "Optionor" as context requires), and Chris Hakim, an individual, and Ninus Malan, an individual (together who may also be referred to as the "Old Operators") (collectively, the "Parties").

### RECITALS

WHEREAS,

A. Company consists of the real property owner as well as two California mutual benefit corporations (which may also be referred to herein as the "Nonprofits") which operate a medical marijuana manufacturing operation (the "Operations"), and which are in need of business consulting, accounting, administrative, technological, managerial, human resources, financial, intellectual property, and related services in order to conduct Operations. The Company's Operations are located at 9212 Mira Este Court, San Diego, CA 92126 (the "Facility"), for which a CUP has been submitted with the City of San Diego for such purposes. Mira Este Properties, LLC (which may also be referred to herein as the "Mira Este LLC") owns the Facility in fee simple. The Facility also includes one of the downstairs suites of approximately 1,200 sf for a manufacturing room. The Facility Operations has an existing manager hired by the Nonprofits, namely Monarch Management Consulting, Inc. (which may also be referred to herein as "Monarch") which as part of this Agreement is assigning its management rights and entering into the Assignment and Release appearing as Exhibit A to this Agreement. Chris Hakim and Ninus Malan co-own Monarch and Mira Este LLC, and are also the sole members of the Board of Directors of the Nonprofits.

B. Manager is engaged in the business of providing administrative and management services to health care entities and has the capacity to manage and administer the operations of Company and to furnish Company with appropriate managerial, administrative, financial, and technological support (the "Administrative Services") for the Operations. Manager may assign its obligations hereunder to an affiliate, San Diego Building Ventures, LLC, which shall also be "Manager" hereunder as if an initial party hereto.

C. Company desires management assistance in the Operations. To accomplish this goal, Company desires to (i) ensure Old Operators are compensated to retain their expertise and continued support of the Operations, and (ii) engage Manager to provide Administrative Services as are necessary and appropriate for the day-to-day administration and management of the Operations, and Manager desires to (i) assist Company in retaining the expertise of Monarch, and (ii) provide Administrative Services to Company, all upon the terms and subject to the conditions set forth in this Agreement.

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D. Manager is also seeking an option to acquire a 50% ownership interest in the Facility, and Company is willing to grant such an option as provided herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, the Parties agree as follows:

### TERMS OF AGREEMENT

#### 1. ENGAGEMENT

1.1. Engagement of Manager. Company hereby engages Manager to provide the Administrative Services for the Operations on the terms and conditions described herein, and Manager accepts such engagement. Manager shall be the sole and exclusive provider of the administrative, management, and other services to be provided to or on behalf of Company for the Operations as more particularly outlined herein. Manager in its sole discretion shall determine which services shall be provided to Company from time-to-time so long as the Administrative Services are provided in compliance with this Agreement. For purposes of this Agreement, "Administrative Services" shall not include any management services to Mira Este LLC relating to its ownership of the Facility unless and until Manager exercises the option to purchase 50% of the Facility as more particularly outlined in this Agreement.

1.1.2 Segregated Portion of Facility. The Facility contains two downstairs suites, comprising approximately 3,000 square feet. One of the suites of approximately 1,200 sf is included in this transaction, and the remaining space is outside the scope of this Agreement. Provided, however, the Parties agree to allow the Company or its assignee, designee, or one or more Company Parties to operate in the remaining downstairs suite under all cannabis licenses issued at the Facility, with rent of \$1.00 per month paid to Mira Este LLC for such tenancy, and continuing for a period of 34 years.

1.1.3 No Warranty or Representations. Company acknowledges that Manager has not made and will not make any express or implied warranties or representations that the Administrative Services provided by Manager will result in any particular amount or level of income to the Company. Specifically, Manager has not represented that its Administrative Services will result in higher revenues, lower expenses, greater profits, or growth in the number of clients receiving services or purchasing goods at the Facility.

1.2. Agency. Company hereby appoints Manager as Company's true and lawful agent throughout the Term of this Agreement, and Manager hereby accepts such appointment.

1.3. Power of Attorney. In connection with billing, collection, banking, and related services incident to or under the Administrative Services to be provided hereunder, Company, in accordance with applicable law, hereby grants to Manager a limited power of attorney and appoints Manager as Company's true and lawful agent and attorney-in-fact consistent with Manager's duties under this Agreement, and Manager hereby accepts such special power of attorney and appointment, for the following purposes:

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- i. To collect and deposit all amounts received, including all cash received, patient co-payments, cost reimbursements, co-insurance and deductibles, and accounts receivable, into the "Manager's Account," which shall be and at all times remain in Company's name through accrual on Company's accounting records.
- ii. To make demand with respect to, settle, and compromise such claims and to coordinate with collections agencies in the name of Company or Manager.
- iii. To take possession of and endorse in the name of Company on any note, check, money order, insurance payment or any other instrument received.
- iv. To effectuate the payment of Company expenses, including to the Manager for the Management Fee as it becomes due.
- v. To sign checks, drafts, bank notes or other instruments on behalf of Company and to make withdrawals from the Manager's Account for other payments specified in this Agreement and as determined appropriate by the Manager.

1.4. Documentation to Bank. Upon request of Manager, Company shall execute and deliver to the financial institution wherein the Manager's Account is maintained, such additional documents or instruments as may be necessary to evidence or effect the limited power of attorney granted to Manager. Company will not take any action that interferes with the transfer of funds to or from Manager's Account, nor will Company or its agents remove, withdraw or authorize the removal or withdrawal of any funds from the Manager's Account for any purpose. Manager agrees to hold all funds in the Manager's Account in accordance with California agency law.

1.5. Expiration of Power of Attorney. The power of attorney shall expire on the date this Agreement is terminated. Upon termination or expiration of this Agreement, Manager further agrees to execute any and all documentation confirming the termination of this limited power of attorney.

## 2. DUTIES AND RESPONSIBILITIES OF MANAGER

2.1. General Responsibilities. During the Term of this Agreement Manager shall, in manner determined at Manager's sole discretion, provide such services as are necessary and appropriate for the day-to-day administration and management of Company's business in a manner consistent with good business practice, including without limitation: Human Resources, Information Technology, Equipment and Supplies, Banking, Accounting and Finance, Insurance Procurement, Risk Management, Contract Negotiation, Manufacturing, Marketing, and Licensing of Intellectual Property, Trade Names and Trademarks, as all are more specifically set forth below.

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2.1.1. Personnel. Manager has full right, obligation, and authority to hire and retain personnel and other persons or entities needed to perform the Administrative Services for Manager under this Agreement. All personnel will be employees, agents, or independent contractors of the Company, and all costs (including payroll and withholding taxes and expenses, any employment insurance costs, health insurance expenses and insurance, and other customary expenses) associated with such personnel shall be paid by Manager from Company funds managed by Manager, or by Manager if such funds are insufficient.

2.1.2. Manager Personnel. Manager may employ or contract with and provide all necessary personnel ("Manager Personnel") it reasonably needs to provide the Administrative Services hereunder. Such personnel shall be under the direction, supervision, and control of Manager, and shall be employees of Manager. Manager shall be responsible for setting and paying the compensation and providing the fringe benefits of all Manager Personnel. Company shall be not responsible in any way for Manager Personnel, and Manager indemnifies, defends, and holds Company harmless from any such liability.

2.1.3. Training. Manager shall provide reasonable training to personnel in all aspects of the Operations material to the role of such personnel, including but not limited to administrative, financial, and equipment maintenance matters.

2.1.4. Insurance. Manager shall assist Company in Company's purchase of necessary insurance coverage, with the cost of such insurance paid from Company's funds managed by Manager.

2.1.5. Accounting. Manager shall establish and administer accounting procedures and controls and systems for the development, preparation, and keeping of records and books of accounting related to the business and financial affairs of Company. Such books and records shall at all times be accessible and available to Company and the Old Operators.

2.1.6. Tax Matters. Manager shall oversee the preparation of the annual report and tax information returns required to be filed by Company. All of Company's tax obligations shall be paid by Manager out of Company's funds managed by Manager. Manager shall provide such information, compilations, and other relevant information to Company on a timely basis in order to file all returns with the taxing agencies. . Company shall also make such reserves and set asides for taxes as directed by Manager throughout the year.

2.1.7. Reports and Information. Manager shall furnish Company in a timely fashion quarterly or more frequent operating reports and other business reports as reasonably requested by Company, including without limitation (i) copies of bank statements and checks relating to Company's bank accounts and (ii) all other financial information and financial statements relating to Operations.

2.1.8. Budgets. Manager shall prepare for review and approval by Company, all capital and annual operating budgets as needed, and such approval shall not be unreasonably withheld.

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2.1.9. Expenditures. Manager shall manage all cash receipts and disbursements of Company, including the payment on behalf of Company for any of the items set forth in this Article 2, such as taxes, assessments, licensing fees, and other fees of any nature whatsoever in connection with the operation of the Operations as the same become due and payable, unless payment thereof is being contested in good faith by Company.

2.1.10. Contract Negotiations. Manager shall advise Company with respect to and negotiate, either directly or on Company's behalf, as appropriate and permitted by applicable law, such contractual arrangements with third Parties as are reasonably necessary and appropriate for Company's Operations.

2.1.11. Billing and Collection. On behalf of and for the account of Company, Manager shall establish and maintain credit and billing and collection policies and procedures, and shall exercise reasonable efforts to bill and collect in a timely manner all professional and other fees for all billable services provided by Company.

2.1.12. All Other Matters Reasonably Needed for Operations. The Manager shall perform all tasks required for the good governance and operation of the Operations, including making reasonable repairs, at Company's expense, for any facility used in the Operations as may be required under any lease or mortgage that encumbers the property, or to protect public safety.

2.1.13. Company Approval of Various Actions Relating to Operations. The parties agree Manager has authority to make decisions relating to the day-to-day business operations of the Operations and execute on behalf of Operations all instruments and documents needed in the course of the customary and ordinary operation of Operations, including the payment of ordinary expenses incurred during Operations and other related payments. Manager shall also coordinate any public statements or press interactions.

2.2. Responsibilities as Agent. In connection with the appointment of Manager as Agent of Company under Section 2.1 above, Manager shall further undertake the following:

2.2.1. Billing. Manager shall bill, in Company's name and on Company's behalf, any claims for reimbursement, cost offset, or indemnification from members or customers, insurance companies and plans, all state or federally funded benefit plans, and all other third party payors or fiscal intermediaries.

2.2.2. Collections. Manager shall collect and receive on Company's behalf, all accounts receivable generated by such billings and claims for reimbursement, to take possession of, and deposit into the Manager's Account (accruing such deposits on the general ledger of Company) any cash, notes, checks, money orders, insurance payments, and any other instruments received in payment of accounts receivable, to administer such accounts including, but not limited to, extending the time or payment of any such accounts for cash, credit or otherwise; discharging or releasing the obligors of any such accounts; assigning or selling at a discount such accounts to collection agencies; or taking other measures to require the payment of any such accounts.

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2.2.3. Banking. The Parties shall cooperate in opening such bank accounts as shall be required for prudent administration of the Operations, including a Manager's Account, opened by and under the control and domain of Manager for the deposit of collections and the disbursement of expenses and other purposes as set forth herein, and (ii) such other accounts as Manager determines in its sole discretion are reasonable and necessary. Manager shall sign checks, drafts, bank notes or other instruments on behalf of Company, and make withdrawals from Manager's Account for payments specified in this Agreement. Manager, in its sole discretion, may make a pledge or assignment of Company's accounts to support financing instruments.

2.2.4. Litigation Management. Manager shall, in consultation with Company, (a) manage and direct the defense of all claims, actions, proceedings or investigations against Company or any of its officers, directors, employees or agents in their capacity as such, and (b) manage and direct the initiation and prosecution of all claims, actions, proceedings or investigations brought by Company against any person other than Manager.

2.2.5. Marketing, Advertising, and Public Relations Programs. Manager shall propose, with Company's consultation, marketing and advertising programs to be implemented by Company to effectively notify the community of the services offered by Company. Manager shall advise and implement such marketing and advertising programs, including, but not limited to, analyzing the effectiveness of such programs, preparing marketing and advertising materials, negotiating marketing and advertising contracts on Company's behalf, and obtaining services necessary to produce and present such marketing and advertising programs. Manager and Company agree that all marketing and advertising programs shall be conducted in compliance with all applicable standards of ethics, laws, and regulations.

2.2.6. Information Technology and Computer Systems. Manager shall set up workstations and other information technology required for the Operations.

2.2.7. Supplies. Manager shall order and purchase all supplies in connection with the Administrative Services and the Operations, including all necessary forms, supplies and postage, provided that all such supplies acquired shall be reasonably necessary in connection with the Operations.

2.2.8. Retention Payments. From Company funds managed by the Manager or as otherwise provided herein, Manager shall make payments to Monarch in the aggregate of \$50,000 per month (the "Mira-Guaranteed Payment") which shall begin accruing on October 1, 2017. The first payment of \$75,000 (the first half of the total Mira-Guaranteed Payments from October 1, 2017 to December 31, 2017) shall be paid upon execution of this Agreement; the second payment of \$75,000 (the second half of the total Mira-Guaranteed Payments from October 1, 2017 to December 31, 2017) shall be paid on February 28, 2018. Thereafter each monthly payment shall be due on the 15<sup>th</sup> of the subsequent month starting on January 1, 2018. The Mira-Guaranteed Payment shall be increased to \$56,250 per month on October 1, 2018, and increased again on December 1, 2019 to \$63,280 per month. Monarch shall be responsible for all income and other taxes due relating to the monthly Mira-Guaranteed Payment paid to Monarch. Further provided, the Mira Guaranteed Payment shall continue to be paid to Monarch from and

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after Manager's exercise of the Option, and by execution of this Agreement the Company consents to all such payments to Monarch.

### 3. RELATIONSHIP OF THE PARTIES

3.1. Relationship of the Parties. Nothing contained herein shall be construed as creating a partnership, trustee, fiduciary joint venture, or employment relationship between Manager and Company. In performing all services required hereunder, Manager shall be in the relation of an independent contractor to Company, providing Administrative Services to the Operations operated by Company.

### 4. RESPONSIBILITIES OF COMPANY

4.1. General Responsibilities of Company. Company shall own and operate the Operations during the Term of this Agreement, with Manager managing the day-to-day Operations as provided herein. At all times during this Agreement, the Manager and Company shall coordinate to obtain and maintain in full force and effect all available and necessary licenses, approvals, permits and/or certificates (collectively "Approvals") required under any and all local and state laws allowing the Company to engage in the Operations at the Facility, and the Company's performance of its respective obligations pursuant to this Agreement. Company agrees to promptly deliver to Manager any notice of denial or revocation of any such Approvals within three (3) calendar days of receipt by the Company. From and after the Effective Date, Company and Manager shall coordinate and insure, at Company's expense, that the Operations are in compliance with all Approvals issued by any and all local or state government regarding the Company's legal standing and ability to engage in the Operations at the Facility, including but not limited to all requirements of any insurance or underwriters or any other body which may exercise similar functions. Company agrees to promptly deliver to Manager any notice of violation of any said Approvals within three (3) calendar days of receipt by the Company.

4.2. Exclusivity. During the Term of this Agreement, Manager shall serve as Company's sole and exclusive manager and provider of the Administrative Services, and Company shall not engage any other person or entity to furnish Company with any sites for conduct of its Operations, any policies or procedures for conduct of the Operations, or any of the financial or other services provided hereunder by Manager. Manager may assign its rights hereunder to manage the operations (but not under the Option) to San Diego Building Ventures, LLC, or such other entity formed for such purpose by Manager, and Company and Old Operators acknowledge its approval of such assignment.

#### 4.3. Representations and Warranties of Company.

4.3.1. Company represents and warrants to Manager as follows:

4.3.2. Company is a duly organized, validly existing and in good standing under the laws of California. The Company represents and warrants that, to Company's knowledge, it holds all required approvals, which for purposes of this Agreement means collectively all applicable California San Diego City and San Diego County

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licenses, approvals, permits, authorizations, registrations and the like required by any governmental organization or unit having jurisdiction over Company or the Facility necessary to permit the Company to own and operate the Facility as a cannabis manufacturing facility.

- 4.3.3. The Company has full power, authority and legal right to execute, perform and timely observe all of the provisions of this Agreement. The Company's execution, delivery and performance of this Agreement have been duly authorized.
- 4.3.4. This Agreement constitutes a valid and binding obligation of the Company and does not and will not constitute a breach of or default under the charter documents, membership agreements or bylaws as the case may be of Company or the terms, conditions, or provisions of any law, order, rule, regulation, judgment, decree, agreement, or instrument to which Company is a party or by which it or any of its assets is bound or affected.
- 4.3.5. Company shall, at its own expense, keep in full force and effect its legal existence; and Company shall make commercially reasonable efforts to obtain, as and when required for the performance of its obligations under this Agreement, and to maintain the Approvals required for it timely to observe all of the terms and conditions of this Agreement.
- 4.3.6. Company is the sole owner of the real property on which the Facility is located and is the sole owner of the improvements comprising the Facility and all real and personal property located therein. The Company has full power, authority and legal right to own such real and personal property.
- 4.3.7. There is no litigation or proceeding pending or threatened against Company that could reasonably be expected to adversely affect the validity of this Agreement or the ability of Company to comply with its obligations under this Agreement.
- 4.3.8. The Company nor any of its agents or subsidiaries has received any notice of revocation, modification, denial or legal or administrative proceedings relating to the denial, revocation or modification of any local or state approvals, which, singly or in the aggregate, would prohibit the Company's Operations at the Facility.

## 5. FINANCIAL ARRANGEMENTS

5.1 All net income, revenue, cash flow, and other distributions from Operations will be held by Manager as a Management Fee, subject to Manager's further obligations to make payments and pay rent and expenses as otherwise provided herein.

5.2 Prior to the time that the "Option" is exercised, such payments by Manager shall include payment to the Nonprofits of \$55,500 necessary to make rental payment to Mira Este, LLC. Such rental payment shall increase to \$60,300 upon receipt of the certificate of occupancy.

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5.3 Both before and after the closing of Manager's exercise of the Option, such monthly payments by Manager shall include (i) the monthly Mire Este-Guaranteed Payments payable to Monarch, (ii) reimbursement to any party as a preferential payment the reimbursement of sums spent for tenant improvements, and (iii) Manager's Operations expenses. Prior to the closing of Manager's exercise of the Option, one third (1/3) of any remaining net income is to be paid to Company (it being understood and agreed that the Mire Este-Guaranteed Payments are credited toward this payment of 1/3 of remaining net income sharing.) All such payments constitute a material part of Manager's obligations under this Agreement.

5.4 To the extent that Old Operators provide receipts for tenant improvements made to the 1,200 sf manufacturing room, the certificate of occupancy is received, and this Agreement is executed, then Manager shall reimburse the Old Operators for \$125,000 representing 50% of the tenant improvements incurred for the 1,200 sf manufacturing room. Such payment for tenant improvements shall be due thirty (30) days after receipt of the certificate of occupancy.

5.5 Notwithstanding anything else herein, upon execution of this Agreement, the Old Operators and Manager will split the costs of CUP and other mitigations 50/50, and once the Option is exercised, the Manager (or its assignee) and the Old Operators will own the property and cash flows from Manager on a 50/50 basis.

## 6. TERM AND TERMINATION

6.1 Term. Subject to the provisions contained in this Agreement, this Agreement shall commence as of the Effective Date and continue in full force and effect for a period of twenty (20) years.

6.2 Termination. Except as provided herein, this Agreement is not terminable by any Party and may only be not-renewed at the option of the Manager at the expiration of the term hereunder through the provision of ninety (90) days' advance written notice. This Agreement may be terminated through mutual consent of Manager and Company. This Agreement may also be terminated at the option of the Manager if the Operations fail to obtain either (i) any CUP or other local approvals, or (ii) the required California State permissions and licenses, in each case to allow the conduct of Operations at the Facility. This Agreement may be terminated at the option of the Company upon the failure by Manager to make any payments as are required herein, and such failure has gone uncured for twenty-five (25) days following notice to Manager by Company and/or the Old Operators.

## 7. RECORDS AND RECORD KEEPING

7.1 Access to Information. Company hereby grants and complete access to all information, instruments, and documents, and may be reasonably requested by Manager to perform its duties and make available to representatives of Manager for review books, agreements, papers, and records of Company. Manager shall maintain Company with all books and records generated from Oper

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obligation of the Parties following the termination of this Agreement to the extent needed to implement the terms contained herein.

## 8. OPTION TO PURCHASE

8.1 Grant of Option. Company hereby grants Manager an option to acquire a 50% interest in the Facility, as well as 50% of all applicable permits and rights thereto, that constitutes the land, buildings and improvements owned by the Company at and for the Facility location ("Option"). The Option is granted for and in consideration of Manager's payment of a non-refundable Option fee towards the Option Exercise Price of Seventy Five Thousand Dollars (\$75,000.00), which \$75,000 shall be paid to Old Operators on March 15, 2018, regardless of whether Option has been exercised.

- a. The Old Operators and Manager acknowledge that the real estate interest shall not be conveyed free and clear of all liens, but that existing liens on the real estate will remain in effect. The Old Operators agree that they will be personally responsible for the existing at the time of Closing of Escrow as follows:
- i. The Old Operators will cause the property owner to satisfy, pay, and discharge, within ten days of Closing of Escrow, the second lien of approximately \$1.4 million
  - ii. The Old Operators will be solely and personally responsible for paying in a timely fashion and ultimately paying off, the first lien of approximately \$1.975 million. They hereby indemnify Manager and its successors from and against any and all claims, damages, or payments that the lien holder or its successor may seek in enforcing its security interest and lien rights with respect to the property.

8.2 Option Exercise Price. The Option for this 50% interest shall be exercised by the Manager sending notice of exercise to the Company. Thereafter, before the Closing Date, Manager shall deposit into Escrow the following amounts (each an independent "Option Exercise Price") depending upon the date of the notice of exercise as follows:

<u>Date of Option Exercise:</u>	<u>Option Exercise Price for 50% of Facility:</u>
December 31, 2017 (or prior)	\$4,500,000
March 31, 2018 (or prior)	\$4,750,000
June 30, 2018 (or prior)	\$5,000,000

8.3 Closing of Escrow. Escrow shall close on the Date of the Option Exercise, at the mutual direction of the Parties, with a qualified escrow company located in San Diego County. The Parties shall cooperate and execute such documents as are required to transfer the

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50% interest in the land, building, and improvements to the Manager at the time of Closing, with the protections for Manager against lien holders as stated in 8.1a, above.

8.4 Expiration of Option. If Manager does not exercise the Option prior to July 1, 2018, all of Manager's rights to exercise this Option shall expire. The expiration of the Option shall not affect or alter the non-Option related terms of this Agreement.

8.5 Manager's Operating Agreement - Old Operator's Ownership in Manager. It is the intent of the Parties to, upon exercise of the option hereunder at Section 8.1, grant Old Operators, or their designee, a 33% ownership interest in the Series applicable to the Mira Este Facility in San Diego Building Ventures, LLC, a Delaware Series Limited Liability Company. Such ownership interest shall become effective as of the closing of the Option, and the Parties shall incorporate into that Operating Agreement Series such terms as are reflected in that certain LOI dated October 17, 2017 among the Parties with respect to Managers of the Series and related issues set forth therein. The terms of the Operating Agreement for San Diego Building Ventures, LLC shall govern the operations of the Mira Este Facility and the Manager upon the closing of the Option. The Parties shall cooperate on the final structural decisions and documentation consistent with the terms contained in the LOI. From and after the closing of Manager's exercise of the Option, this new management company shall further take over all of the Manager's duties and responsibilities as outlined in this Agreement.

8.6. Grant of CUP. Notwithstanding anything else contained in this Agreement, no obligation, passage of time, date, or other matter with respect to the Option shall become effective until the City of San Diego has granted the Facility a conditional use permit ("CUP") permitting the Company's Operations to the satisfaction of Manager. In that regard each of the dates set forth in Section 8.2 above are tolled until the 30<sup>th</sup>, 90<sup>th</sup>, and 150<sup>th</sup> day, respectively, following the granting of the CUP, to Manager's satisfaction. The expiration date of the Option in section 8.4, above, is similarly tolled.

## 9. GENERAL

9.1. Conversion. At the option of Manager and in consultation with the Old Operators, any Nonprofit may be converted into a for-profit entity and owned as the Parties may otherwise agree, and as is required for compliance with law.

### 9.2. Indemnification.

9.2.1. Indemnification by Company. Company hereby agree to indemnify, defend, and hold harmless Manager, its officers, directors, owners, members, employees, agents, affiliates, and subcontractors, from and against any and all claims, damages, demands, diminution in value, losses, liabilities, actions, lawsuits and other proceedings, judgments, fines, assessments, penalties, awards, costs, and expenses (including reasonable attorneys' fees) related to third party claims, whether or not covered by insurance, arising from or relating to any willful misconduct relating to the breach of this Agreement by Company. The provisions of this Section shall survive termination or expiration of this Agreement. Company shall immediately notify

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Manager of any lawsuits or actions, or any threat thereof, that are known or become known to Company that might adversely affect any interest of Company or Manager whatsoever.

9.2.2. Indemnification by Manager. Manager hereby agrees to indemnify, defend, and hold harmless Company, their respective officers, directors, shareholders, employees and agents from and against any and all claims, damages, demands, diminution in value, losses, liabilities, actions, lawsuits and other proceedings, judgments, fines, assessments, penalties, and awards, costs, and expenses (including reasonable attorneys' fees), whether or not covered by insurance, arising from or relating to (a) any material breach of this Agreement by Manager, (b) any acts or omissions by Manager and its employees to the extent that such is not paid or covered by the proceeds of insurance, and (c) all other Operations conduct at the Facility as part of Manager providing Administrative Services to the Company. The provisions of this Section shall survive termination or expiration of this Agreement. Notwithstanding the foregoing, Manager shall not indemnify Company for the acts or omissions of others employed or engaged by Company, or for matters relating to operations at the two downstairs suites unless due to the gross negligence of the Manager. Manager shall immediately notify Company of any lawsuits or actions, or any threat thereof, that are known or become known to Manager that might adversely affect any interest of Manager or Company whatsoever.

9.3. Dispute Resolution. In the event that any disagreement, dispute or claim arises among the Parties hereto with respect to the enforcement or interpretation of this Agreement or any specific terms and provisions hereof or with respect to whether an alleged breach or default hereof has or has not occurred (collectively, a "Dispute"), such Dispute shall be settled in accordance with the following procedures:

9.3.1. Meet and Confer. In the event of a Dispute among the Parties hereto, a Party may give written notice to all other Parties setting forth the nature of such Dispute (the "Dispute Notice"). The Parties shall meet and confer in San Diego County to discuss the Dispute in good faith within five (5) days following the other Parties' receipt of the Dispute Notice in an attempt to resolve the Dispute. All representatives shall meet at such date(s) and time(s) as are mutually convenient to the representatives of each participant within the "Meet and Confer Period" (as defined herein below).

9.3.2. Mediation. If the Parties are unable to resolve the Dispute within ten (10) days following the date of receipt of the Dispute Notice by the other parties (the "Meet and Confer Period"), then the parties shall attempt in good faith to settle the Dispute through nonbinding mediation under the Rules of Practice and Procedures (the "Rules") of ADR Services, Inc. ("ADR Services") in San Diego County within thirty (30) days of delivery of the initial Dispute Notice. A single disinterested third-party mediator shall be selected by ADR Services in accordance with its then current Rules. The Parties to the Dispute shall share the expenses of the mediator and the other costs of mediation on a pro rata basis.

9.3.3. Arbitration. Any Dispute which cannot be resolved by the Parties as outlined above, such Dispute shall be resolved by final and binding arbitration (the "Arbitration"). The Arbitration shall be initiated and administered by and in accordance with the then current Rules of ADR Services, Inc. The Arbitration shall be held in San Diego County,

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unless the parties mutually agree to have such proceeding in some other locale; the exact time and location shall be decided by the arbitrator(s) selected in accordance with the then current Rules of ADR Services, Inc. The arbitrator(s) shall apply California substantive law, or federal substantive law where state law is preempted. The arbitrator(s) selected shall have the power to enforce the rights, remedies, duties, liabilities, and obligations of discovery by the imposition of the same terms, conditions, and penalties as can be imposed in like circumstances in a civil action by a court of competent jurisdiction of the State of California. The arbitrator(s) shall have the power to grant all legal and equitable remedies provided by California law and award compensatory damages provided by California law, except that punitive damages shall not be awarded. The arbitrator(s) shall prepare in writing and provide to the Parties an award including factual findings and the legal reasons on which the award is based. The arbitration award may be enforced through an action thereon brought in the Superior Court for the State of California in San Diego County. The prevailing party in any Arbitration hereunder shall be awarded reasonable attorneys' fees, expert and nonexpert witness costs and any other expenses incurred directly or indirectly with said Arbitration, including without limitation the fees and expenses of the arbitrator(s).

THIS ELECTION OF AN ALTERNATIVE DISPUTE PROCESS IS AN AFFIRMATIVE WAIVER OF THE PARTIES' RIGHTS TO A JURY TRIAL UNDER CALIFORNIA LAW, Cal. C. Civ. Pro. Sec 631. BY SIGNING BELOW, EACH PARTY IS EXPLICITLY WAIVING JURY TRIAL AND AUTHORIZING ANY AND ALL PARTIES TO FILE THIS WAIVER WITH ANY COURT AS THE WAIVER REQUIRED UNDER Cal. C. Civ. Proc. Sec. 631(f)(2):

JURY TRIAL WAIVED:

Company

Manager

By:

By:

By:

By:

Old Operators:

By:

By:

9.4. Entire Agreement Amendment. This Agreement constitutes the entire agreement among the Parties related to the subject matter hereof and supersedes all prior agreements, understandings, and letters of intent relating to the subject matter hereof. This Agreement may be amended or supplemented only by a writing executed by all Parties. The Recitals of this Agreement are incorporated herein by this reference.

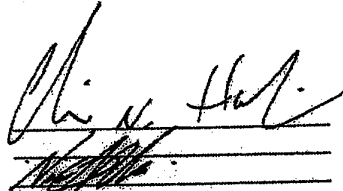
9.5. Notices. All notices, requests, demands or consents hereunder shall be in writing and shall be deemed given and received when delivered, if delivered in person, or four (4) days after being mailed by certified or registered mail, postage prepaid, return receipt requested, or one (1) day after being sent by overnight courier such as Federal Express, to and by the Parties at the following addresses, or at such other addresses as the Parties may designate by written notice in the manner set forth herein:

If to Manager:

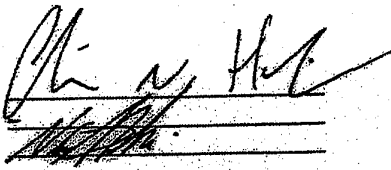
SoCal Building Ventures, LLC  
32123 Lindero Canyon Rd #210  
Westlake Village, CA 91361



If to Company:



If to Old Operators:



9.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which, when taken together, will constitute one and the same instrument.

9.7. Governing Law. This Agreement shall be construed and governed in accordance with the laws of the State of California, without reference to conflict of law principles.

9.8. Assignment. Unless expressly set forth to the contrary hereinabove, this Agreement shall not be assignable by any Party hereto without the express written consent of the other Parties; provided, however, Old Operators may assign their holding interest to Monarch or another legal entity owned by the Old Operators, and SoCal Building Ventures, LLC may assign all or a portion of its rights and obligations to San Diego Building Ventures, LLC.

9.9. Waiver. Waiver of any agreement or obligation set forth in this Agreement by either Party shall not prevent that party from later insisting upon full performance of such agreement or obligation and no course of dealing, partial exercise or any delay or failure on the part of any Party hereto in exercising any right, power, privilege, or remedy under this Agreement or any related agreement or instrument shall impair or restrict any such right, power,

privilege or remedy or be construed as a waiver therefor. No waiver shall be valid against any Party unless made in writing and signed by the Party against whom enforcement of such waiver is sought.

9.10. Binding Effect. Subject to the provisions set forth in this Agreement, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and upon their respective successors and assigns.

9.11. Waiver of Rule of Construction. Each Party has had the opportunity to consult with its own legal counsel in connection with the review, drafting, and negotiation of this Agreement. Accordingly, the rule of construction that any ambiguity in this Agreement shall be construed against the drafting party shall not apply.

9.12. Severability. If anyone or more of the provisions of this Agreement is adjudged to any extent invalid, unenforceable, or contrary to law by a court of competent jurisdiction, each and all of the remaining provisions of this Agreement will not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

9.13. Force Majeure. Any Party shall be excused for failures and delays in performance of its respective obligations under this Agreement due to any cause beyond the control and without the fault of such party, including without limitation, any act of God, war, terrorism, bio-terrorism, riot or insurrection, law or regulation, strike, flood, earthquake, water shortage, fire, explosion or inability due to any of the aforementioned causes to obtain necessary labor, materials or facilities. This provision shall not release such Party from using its best efforts to avoid or remove such cause and such Party shall continue performance hereunder with the utmost dispatch whenever such causes are removed. Upon claiming any such excuse or delay for non-performance, such Party shall give prompt written notice thereof to the other Party, provided that failure to give such notice shall not in any way limit the operation of this provision.

9.14. Authorization for Agreement. The execution and performance of this Agreement by Company and Manager have been duly authorized by all necessary laws, resolutions, and corporate or partnership action, and this Agreement constitutes the valid and enforceable obligations of Company and Manager in accordance with its terms.

9.15. Duty to Cooperate. The Parties acknowledge that the Parties' mutual cooperation is critical to the ability of Manager and Company to perform successfully and efficiently its duties hereunder. Accordingly, each party agrees to cooperate fully with the other in formulating and implementing goals and objectives which are in Company's best interests.

9.16. Proprietary and Confidential Information. The Parties agree with regard to Confidential Information that Manager may be given or obtain as a result of Manager's performance under this Agreement, or vice versa, such Confidential Information is secret, confidential and proprietary, and shall be utilized only for those purposes of this Agreement or as otherwise directed or agreed to in writing. The term "Confidential Information" means any information or knowledge concerning or in any way related to the practices, pricing, activities, strategies, business plans, financial plans, trade secrets, relationships and methodology of

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Operations of the business, performance of the Administrative Services, or other matter relating to the business. The Parties shall take appropriate action to ensure that all employees permitted access to Confidential Information are aware of its confidential and proprietary nature and the restrictions placed on its use. The Parties shall not reproduce or copy the Confidential Information of the Company, or any part thereof, in any manner other than is necessary to perform under this Agreement, and no Party shall disclose or otherwise make the Confidential Information available to any other person, corporation, or other entity, except to the other Party, or as otherwise required by law.

9.16.1 All Confidential Information constitutes a valuable, confidential, special and unique asset. The Parties recognize that the disclosure of Confidential Information may give rise to irreparable injury or damage that are difficult to calculate, and which cannot be adequately compensated by monetary damages. Accordingly, in the event of any violation or threatened violation of the confidentiality provisions of this Agreement, a non-violating Party shall be entitled to an injunction restraining such violation.

9.17 Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the Parties; provided, however, at the request of either Party, the other Party shall execute such additional instruments and take such additional acts as are reasonable and as the requesting Party may deem necessary to effectuate this Agreement.

9.18 Consents, Approvals, and Exercise of Discretion. Whenever this requires any consent or approval to be given by either Party, or either Party must or may exercise discretion, and except where specifically set forth to the contrary, the Parties agree that such consent or approval shall not be unreasonably withheld or delayed, and that such discretion shall be reasonably exercised.

9.19 Third Party Beneficiaries. Except as otherwise provided herein, this Agreement shall not confer any rights or remedies upon any person other than Manager and Owner and their respective successors and permitted assigns.

[signatures to follow]

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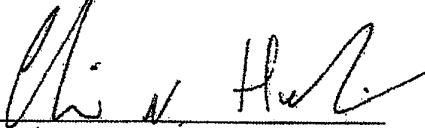
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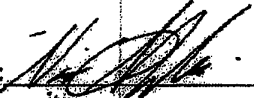
IN WITNESS WHEREOF, the Parties agree to the foregoing terms of agreement through the execution below by their respective, duly authorized representatives as of the Effective Date.

**"COMPANY"**


Mira Este Properties, LLC

California Cannabis Group

By:   
Its:


By:   
Its:

Devilish Delights, Inc.

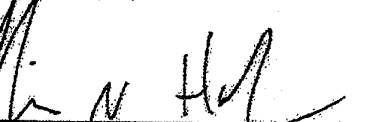
By:   
Its:

**"MANAGER"**

SoCal Building Ventures, LLC

By:   
Its: *managing Member*

**"OLD OPERATORS"**

By: 

By: 

Monarch Management Consulting, Inc.

By: Chris Hill  
Its: [Signature]

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

4 Attorneys for Defendant  
5 Chris Hakim

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

9 SALAM RAZUKI, an individual )  
10 Plaintiff )

11 vs )

12 )  
13 NINUS MALAN, an individual; CHRIS )  
HAKIM, an individual; MONARCH )  
14 MANAGEMENT CONSULTING, INC., )  
California corporation; SAN DIEGO )  
15 UNITED HOLDINGS GROUP, LLC, a )  
California limited liability company; FLIP )  
16 MANAGEMENT, LLC, a California limited )  
liability company; MIRA ESTE )  
17 PROPERTIES LLC, a California limited )  
liability company; ROSELLE PROPERTIES, )  
18 LLC, a California limited liability company; )  
BALBOA AVE COOPERATIVE, a )  
19 California nonprofit mutual benefit )  
corporation; CALIFORNIA CANNABIS )  
20 GROUP, a California nonprofit mutual )  
benefit corporation; DEVILISH DELIGHTS, )  
21 INC. a California nonprofit mutual benefit )  
corporation; and DOES 1-100, inclusive; )

22 )  
23 Defendants. )

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

24  
25 I, Charles F. Gorla, declare that: I am, and was at the time of service of the papers herein  
26 referred to, over the age of eighteen years, not a party to this action, and am employed in the County

1 of San Diego, California, in which County the within mentioned mailing occurred. My business  
2 address is 1011 Camino del Rio South, Suite 210, San Diego, California 92108.

3 I served the following document(s):

- 4 • Declaration of Chris Hakim in Opposition to Application for Preliminary Injunction for Appointment of Receiver;
- 5 • Declaration of Jerry Baca in Opposition to Application for Preliminary Injunction for Appointment of Receiver;
- 6 • Declaration of John Lloyd in Opposition to Application for Preliminary Injunction for Appointment of Receiver;
- 7 • Declaration of Robert Torrales in Opposition to Application for Preliminary Injunction for Appointment of Receiver;
- 8 • Memorandum of Points and Authorities in Opposition to Application for Preliminary Injunction for Appointment of Receiver;
- 9

10 on the following addressees:

11 Steven A. Elia ( <a href="mailto:steve@elialaw.com">steve@elialaw.com</a> ) 12 Marua Griffin ( <a href="mailto:maura@elialaw.com">maura@elialaw.com</a> ) 13 James Joseph ( <a href="mailto:james@elialaw.com">james@elialaw.com</a> ) 14 Law Offices of Steven Elia 2221 Camino del Rio S., #207 San Diego, CA 92108 Tel. (619) 444-2244 Fax (619) 440-2233 Attorneys for Plaintiff	Robert Fuller ( <a href="mailto:rfuller@nelsonhardiman.com">rfuller@nelsonhardiman.com</a> ) Salvatore J. Zimmitt ( <a href="mailto:szimmitt@nelsonhardiman.com">szimmitt@nelsonhardiman.com</a> ) Nelson Hardiman LLP 11835 West Olympic Blvd., Suite 900 Los Angeles, CA 90064 Tel. (310) 203-2807 Fax (310) 203-2727 Attorneys for Intervenor SoCal Building Ventures LLC
16 Gina M. Austin ( <a href="mailto:gaustin@austinlegalgroup.com">gaustin@austinlegalgroup.com</a> ) 17 Tamara M. Leetham ( <a href="mailto:tamara@austinlegalgroup.com">tamara@austinlegalgroup.com</a> ) Austin legal Group 3990 Old Town Avenue, Suite A-112 San Diego, CA 92110 Tel. (619) 924-9600 Fax. (619) 881-0045 Attorneys for Defendants Ninus Malan et al.	Richardson C. Griswold ( <a href="mailto:rgriswold@griswoldlawsandiego.com">rgriswold@griswoldlawsandiego.com</a> ) Griswold Law 444 S. Cedros Avenue, Suite 250 Solana Beach, CA 92075 Tel. (858) 481-1300 Fax. (888) 624-9177 Attorney for Receiver Michael Essary

21 XX (BY ELECTRONIC MAIL) by transmitting same electronically by computer  
22 transmission to each said addressee, addressed to each such addressee at the above electronic mail  
23 address, pursuant to the parties' practice, customs, agreement, and/or stipulation that service by  
electronic mail of the above items would suffice for all purposes, at San Diego County, California,  
on September 4, 2018.

24 I declare under penalty of perjury that the foregoing is true and correct. Executed on  
25 September 4, 2018, at San Diego County, California.

26   
27 CHARLES F. GORLA

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

1 Gina M. Austin (SBN 246833)  
E-mail: *gaustin@austinlegallgroup.com*  
2 Tamara M. Leetham (SBN 234419)  
E-mail: *tamara@austinlegallgroup.com*  
3 AUSTIN LEGAL GROUP, APC  
3990 Old Town Ave, Ste A-112  
4 San Diego, CA 92110  
Phone: (619) 924-9600  
5 Facsimile: (619) 881-0045

6 Attorneys for Defendants  
Ninus Malan

7  
8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
9 **COUNTY OF SAN DIEGO- CENTRAL DIVISION**  
10

11 SALAM RAZUKI, an individual,

12 Plaintiff,

13 vs.

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

23 Defendants.  
24

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

SUPPLEMENTAL DECLARATION OF  
GINA M. AUSTIN FOR SEPTEMBER 7,  
2018 HEARING

[Imaged File]

1 I, Gina M. Austin, declare:  
2 1. I am attorney admitted to practice before this Court and all California courts and,  
3 along with Tamara M. Leetham, represent defendant Ninus Malan (“Malan”) in this matter. I  
4 make this supplemental declaration in support of Malan’s application to vacate order appointing  
5 receiver. Unless otherwise stated, all facts testified to are within my personal knowledge and, if  
6 called as a witness, I would and could competently testify to them.  
7 2. I am an expert in cannabis licensing and entitlement at the state and local levels  
8 and regularly speak on the topic across the nation.  
9 3. My firm also performs additional legal services for these defendants to include  
10 corporate transactions and structuring, land use entitlements and regulations related to cannabis,  
11 and state compliance related to cannabis.  
12 4. The purpose of this declaration is to provide additional information related to the  
13 events that have transpired since the last hearing on August 20, 2018. All of the facts previously  
14 testified to in my declaration of June 30, 2018 and August 20, 2018 remain true and accurate.  
15 5. I spoke with Mr. Essary immediately after the hearing in this matter on August 20,  
16 2018 and suggested that an independent cannabis expert not affiliated with either the plaintiff or  
17 defendant would be a better solution in order to avoid an actual or apparent conflict of interest by  
18 Mr. Lachant. I informed Mr. Essary that while I could provide any cannabis licensing  
19 information he required, both sides would probably appreciate an independent third party. I  
20 recommended Pamela Epstein of Greenwise Consulting.  
21 6. Both Ninus Malan and Pamela Epstein informed me on August 27, 2018 that Mr.  
22 Essary was going to continue to use Mr. Lachant despite our objections. On August 27, 2018 I  
23 followed up with an email to Mr. Essary that we oppose the use of Mr. Lachant given the fact that  
24 Mr. Lachant is a partner with Nelson Hardiman and counsel for plaintiff-in-intervention. A true  
25 and correct copy of the email is attached hereto as Exhibit A.  
26 7. There is no need for Mr. Essary to manage or control any part of state application  
27 process. The only fee associated with the Balboa Dispensary state license will not occur until the  
28 annual license is issued. Based upon expected revenues of \$2.5 to \$7.5 the fee to the Bureau of



1 Cannabis Control will be \$64,000. So long as Ninus Malan and Balboa Ave Cooperative are the  
2 identified “owners” and applicants for the state licensing for the Balboa Dispensary there is no  
3 need to change any information at the state level. However, if a consultant is needed I am willing  
4 to provide the necessary assistance.

5 8. If Mr. Essary remains the receiver he would be deemed an “owner” of the Balboa  
6 Dispensary and an additional application would need to be filed pursuant to Section 5024 (c) of  
7 Title 16 Division 42 of the California Code of Regulations. This additional application would  
8 unnecessarily increase expenses for the Balboa Dispensary as the application would need to be  
9 submitted anew with the receiver as an “owner” and then again once the litigation is complete. It  
10 will also cause a delay that could potentially prevent the Balboa Dispensary from operating in  
11 2019 if the annual application is not approved. If SB 1459 is signed by the governor (allowing  
12 for provisional licenses for those who hold temporary licenses) the change of ownership may also  
13 affect the ability of Balboa Ave Cooperative to obtain a provision license.

14 9. There is no need for Mr. Essary to manage or control any part of state application  
15 process for the distribution or manufacturing license at the Mira Este property. The only fee  
16 associated with the Mira Este state licenses will not occur until the annual licenses are issued.  
17 The fees will be \$7,500 to California Department of Public Health for manufacturing so long as  
18 revenue is not over \$500,000 and \$1,200 for distribution so long as annual revenue is not over  
19 \$3,000,000 for manufacturing. As long as Ninus Malan, Chis Hakim and California Cannabis  
20 Group are the identified “owners” and applicants for the state licensing for the Mira Este property  
21 there is no need to change any information at the state level. However, if a consultant is needed I  
22 am willing to provide the necessary assistance.

23 10. If Mr. Essary remains the receiver he would be deemed an “owner” and additional  
24 filing requirements must be met for both the distribution and manufacturing applications.

25 11. During the time that SoCal was operating the Balboa Dispensary they were using a  
26 point of sale system called Treez. The City of San Diego through its contractor MGO is in the  
27 middle of a tax and compliance audit of the Balboa dispensary. I have been working with MGO  
28 to determine what information is required to be provided and have agreed on what is to be

1 produced. On August 24, 2018 I received the sales report from Treez for the sales occurring  
2 during January through March 2018 while SoCal was operating the dispensary. A true and  
3 correct copy of the email is attached hereto as Exhibit B. I did not attach the excel spread sheets  
4 as they are over 1000 pages.

5 12. I immediately forwarded this information to MGO for their review. Mr. Grigor  
6 Gevorgyan of MGO informed me that there is a discrepancy between the tax form that was filed  
7 by Mr. Essary and the sales data reported on the spreadsheets of approximately \$100,000. A true  
8 and correct copy of the email from Mr. Gevorgyan is attached hereto as Exhibit C.

9 13. I informed Mr. Essary of the discrepancy. On August 27, 2018 Mr. Essary sent an  
10 email stating that he would have to contact Mr. Yaeger to determine why there is a discrepancy.  
11 As of the drafting of this declaration MGO has not received a response from Mr. Yaeger or Mr.  
12 Essary as to the basis for the discrepancy. A true and correct copy of MGO's request for  
13 clarification is attached hereto as Exhibit D.

14 14. On August 15, 2018, I was attending the hearing for the Conditional Use Permit  
15 for a marijuana production facility located on 8859 Balboa Ave, Suites A-E. San Diego United  
16 Holdings, LLC is the applicant. The application was approved and was not appealed. The permit  
17 will be recorded by the City of San Diego within the next 10 business days. The temporary and  
18 annual state application for this location must be prepared. The expense for the application  
19 process is \$25,000. This expense will be covered by the operating group that San Diego United  
20 Holdings contracts with to conduct operations at this facility. It is critical that the operating entity  
21 be secured as quickly as possible to allow for the timely filing of a state application. All of the  
22 potential operating entities that we have had conversations with will not enter into an agreement  
23 so long as there is a receiver in control.

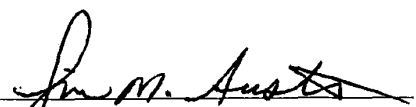
24 15. An application for a Conditional Use Permit by Mira Este Properties, LLC for a  
25 marijuana production facility located at 9212 Mira Este Court is set to go before the Hearing  
26 Officer on October 3, 2018. It is highly likely that the permit will be appealed to the Planning  
27 Commission because the City will only be issuing 40 licenses and approximately half will have  
28 been issued by this time. It is my opinion that successful approval of this application is

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

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contingent on our office attending the hearing.

I declare under penalty of perjury under California state law that the foregoing is true and correct. Executed in San Diego, California on September 4, 2018.

  
Gina M. Austin

# EXHIBIT A

2589

## **Austin, Gina**

---

**From:** Austin, Gina  
**Sent:** Monday, August 27, 2018 1:52 PM  
**To:** Mike (calsur@aol.com); Richardson Griswold (rgriswold@griswoldlawsandiego.com)  
**Cc:** Leetham, Tamara; Daniel T. Watts (dwatts@galuppolaw.com); charles gorla (chasgoria@gmail.com)  
**Subject:** Cannabis consultant

Mike,

I spoke with Pamela Epstein today on a different matter and she stated that you may not be engaging her as you have a rapport with Adam at MMLG. While I appreciate MMLG as a cannabis consultant generally, we vehemently oppose the retention of any cannabis consultant affiliated Nelson Hardiman and Adam is a partner with the Nelson Hardiman firm. For the same reasons that it is inappropriate to use our firm as your advisor it is inappropriate to use an arm of Nelson Hardiman.

In the hearing on the 31st the court was very specific that ALG was to continue to process the applications so I am not sure what questions you actually have. There is no need for a receiver to get involved in the application processing at any level as there are no fees or monies that need to be transferred at this time. In addition, it is our position is that it would detrimentally impact the application process.

In light of the above, on behalf of all entities that Ninus Malan has an interest in, we object to the receiver using any funds to retain, pay, engage or otherwise utilize the services of MMLG or Adam Lachant. If you choose to do so despite our opposition, please include a copy of this email with your report to the court.

Thank you

Gina

Gina M. Austin  
AUSTIN LEGAL GROUP, APC | 3990 Old Town Ave., Ste A112, San Diego, CA 92110 |  
Ofc: 619-924-9600 | Cell 619-368-4800 | Fax 619-881-0045

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# EXHIBIT B

2591

## Austin, Gina

---

**From:** Hope Le <hope@treez.io>  
**Sent:** Friday, August 24, 2018 12:53 PM  
**To:** Mike E  
**Cc:** Don Jennings; Austin, Gina; rgriswold@griswoldlawsandiego.com  
**Subject:** Re: Balboa?  
**Attachments:** BALBOAINVENTORY.xlsx; BALBOASALES.xlsx

Hey All,

Please find the requested sales and inventory reports attached for Treehouse Balboa. As I understand it, these two reports are for the City.

Can an expected timeframe be provided for the "data dump" as it will require some assistance from our engineers?

Best,

Hope

**Hope Le**

833.497.4500 ext. 109

Customer Success



On Fri, Aug 24, 2018 at 10:41 AM, <calstur@aol.com> wrote:  
Muchas Gracias Don - appreciate the help!

Mike

In a message dated 8/24/2018 10:20:18 AM Pacific Standard Time, [don@treez.io](mailto:don@treez.io) writes:

Mike,

I am still in Mexico. I have briefed Hope Le, our support manager (cc'd). She will help with the user I'd  
And is scoping the "data dump" and report.

Best,

Don

Sent from [BlueMail](#)



On Aug 24, 2018, at 10:53 AM, [calsur@aol.com](mailto:calsur@aol.com) wrote:  
Any updates on this Gina/Don?

Thanks

Mike

In a message dated 8/23/2018 5:25:48 PM Pacific Standard Time, [gaustin@austinlegalgroup.com](mailto:gaustin@austinlegalgroup.com) writes:

Don,

No one has contacted me or provided the requisite information. The City is getting ready to fine us. I need that information asap. Do you have an eta?

Gina

Gina M. Austin

AUSTIN LEGAL GROUP, APC | [3990 Old Town Ave., Ste A112, San Diego, CA 92110](https://www.austinlegalgroup.com) |

Ofc: [619-924-9600](tel:619-924-9600) | Cell [619-368-4800](tel:619-368-4800) | Fax [619-881-0045](tel:619-881-0045)

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# EXHIBIT C

2594

## Austin, Gina

---

**From:** Grigor Gevorgyan <ggevorgyan@mgocpa.com>  
**Sent:** Friday, August 24, 2018 3:20 PM  
**To:** Austin, Gina; Jasmine Costa  
**Subject:** RE: SD - Balboa Coop.

Hi Gina,

We would like to have all of the documents uploaded onto ShareFile, our secure file sharing site to ensure sensitive documents are not transferred through email.

I have given you access to the site (you will receive an invite link to register) and the direct link is:  
<https://mgocpa.sharefile.com/f/fo135507-ae4a-4298-8f74-0b6e577276a8>

Also, at a glance, the sales detail does not appear to have the full three months of data. Per the remittance forms to the City, I noted a total of \$599,075.08 while the sales detail shows \$497,813.47 (from Jan. to March).

Thank you,

**GRIGOR GEVORGYAN, CPA**  
**SENIOR CONSULTANT**

+1 (213) 408-8671  
[ggevorgyan@mgocpa.com](mailto:ggevorgyan@mgocpa.com)  
[mgocpa.com](http://mgocpa.com)

---

**From:** Austin, Gina [<mailto:gaustin@austinlegalgroup.com>]  
**Sent:** Friday, August 24, 2018 1:43 PM  
**To:** Grigor Gevorgyan <[ggevorgyan@mgocpa.com](mailto:ggevorgyan@mgocpa.com)>; Jasmine Costa <[jcosta@mgocpa.com](mailto:jcosta@mgocpa.com)>  
**Subject:** Balboa

Good afternoon Grigor,

I have finally received these two files from Treez. I have no idea what you mean by the secure site. However, I wanted to provide them to you as soon as we received them.

Gina

Gina M. Austin  
AUSTIN LEGAL GROUP, APC | 3990 Old Town Ave., Ste A112, San Diego, CA 92110 |  
Ofc: 619-924-9600 | Cell 619-368-4800 | Fax 619-881-0045

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**From:** Hope Le [mailto:hope@treez.io]  
**Sent:** Friday, August 24, 2018 12:53 PM  
**To:** Mike E  
**Cc:** Don Jennings; Austin, Gina; [rgriswold@griswoldlawsandiego.com](mailto:rgriswold@griswoldlawsandiego.com)  
**Subject:** Re: Balboa?

Hey All,

Please find the requested sales and inventory reports attached for Treehouse Balboa. As I understand it, these two reports are for the City.

Can an expected timeframe be provided for the "data dump" as it will require some assistance from our engineers?

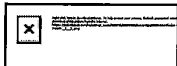
Best,

Hope

**Hope Le**

833.497.4500 ext. 109

**Customer Success**



# EXHIBIT D

2597

## Austin, Gina

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**From:** Grigor Gevorgyan <ggevorgyan@mgocpa.com>  
**Sent:** Tuesday, September 4, 2018 8:44 AM  
**To:** calsur@aol.com; Austin, Gina; ninusmalan@yahoo.com;  
rgriswold@griswoldlawsandiego.com  
**Cc:** Jasmine Costa  
**Subject:** RE: SD - Balboa Coop.

Good morning Michael,

I appreciate you forwarding my request to John. Please let me know if there are any questions regarding my inquiry.

Thank you,

**GRIGOR GEVORGYAN, CPA**  
**SENIOR CONSULTANT**

+1 (213) 408-8671  
[ggevorgyan@mgocpa.com](mailto:ggevorgyan@mgocpa.com)  
mgocpa.com

**From:** [calsur@aol.com](mailto:calsur@aol.com) [<mailto:calsur@aol.com>]  
**Sent:** Monday, August 27, 2018 8:17 AM  
**To:** [gaustin@austinlegalgroup.com](mailto:gaustin@austinlegalgroup.com); Grigor Gevorgyan <[ggevorgyan@mgocpa.com](mailto:ggevorgyan@mgocpa.com)>; Jasmine Costa <[jcosta@mgocpa.com](mailto:jcosta@mgocpa.com)>; [ninusmalan@yahoo.com](mailto:ninusmalan@yahoo.com); [rgriswold@griswoldlawsandiego.com](mailto:rgriswold@griswoldlawsandiego.com)  
**Subject:** Re: SD - Balboa Coop.

Grigor,

This is Michael Essary the court receiver. That filing was prepared by John Yaegar. I will forward your comments to him for response/correction.

Mike

In a message dated 8/25/2018 5:45:17 PM Pacific Standard Time, [gaustin@austinlegalgroup.com](mailto:gaustin@austinlegalgroup.com) writes:

Grigor,

That isn't something this office would be doing. I will coordinate with the receiver to see who he wants to deal with these tasks. As he directed someone to file the tax return I will have to seek an explanation of the sales discrepancy from them.

My goal was simply to get you data as soon as possible to avoid any penalties.

Gina

Sent from my T-Mobile 4G LTE Device

1 Gina M. Austin (SBN 246833)  
E-mail: *gaustin@austinlegalgroup.com*  
2 Tamara M. Leetham (SBN 234419)  
E-mail: *tamara@austinlegalgroup.com*  
3 AUSTIN LEGAL GROUP, APC  
3990 Old Town Ave, Ste A-112  
4 San Diego, CA 92110  
Phone: (619) 924-9600  
5 Facsimile: (619) 881-0045

6 Attorneys for Defendants  
Ninus Malan

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

10  
11 SALAM RAZUKI, an individual,

12 Plaintiff,

13 vs.

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

23 Defendants.  
24

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

**SECOND SUPPLEMENTAL DECLARATION  
OF TAMARA M. LEETHAM IN SUPPORT OF  
SEPTEMBER 7, 2018 HEARING AND  
DEFENDANTS NINUS MALAN, SAN DIEGO  
UNITED HOLDINGS GROUP, BALBOA AVE  
COOPERATIVE, CALIFORNIA CANNABIS  
GROUP, AND FLIP MANAGERMENTS  
REQUEST TO VACATE RECEIVERSHIP  
ORDER**

[Imaged File]

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I, Tamara M. Leetham, declare:

1. I am attorney admitted to practice before this Court and all California courts and, along with Gina M. Austin, represent defendant Ninus Malan (“Malan”) in this matter. I make this second supplemental declaration in support of the September 7, 2018 hearing and Defendants Ninus Malan, San Diego United Holdings Group, LLC, Balboa Ave Cooperative, California Cannabis Group, and Flip Management’s Request to Vacate Receivership Order. Unless otherwise stated, all facts testified to are within my personal knowledge and, if called as a witness, I would and could competently testify to them.

2. Attached as Exhibit A is a true and correct copy of the California Department of Tax and Fee Administration’s Demand for Immediate Payment to Ninus Malan [“Malan” is misspelled as “Malam”] and Balboa Ave Cooperative, dated August 22, 2018. The amount owed is \$173,772.86.

3. Attached as Exhibit B is a true and correct copy of the approved City of San Diego Conditional Use Permit No. 2068552 for the project “MPF 8859 Balboa Ave Project No. 585435” to San Diego United Holdings Group, LLC as owner/permittee, dated August 15, 2018.

4. Attached as Exhibit C is a true and correct copy of the Notice of Lodged Documents in Support of petitioner Dennise Gurfinkel Civil Harassment Packet, in the San Diego Superior Court case *Gurfinkel v. Razuki*.

5. Attached as Exhibit D is a true and correct copy of American Lending and Holdings, LLC’s entity detail page on the California Secretary of State’s website, along with the stamp-filed Articles of Organization for American Lending and Holdings, LLC and the 2015 Statement of Information.

6. Attached as Exhibit E is a true and correct copy of the complaint filed by American Lending and Holdings, LLC against Dennise Gurfinkiel d/b/a Starting Point Realty and SLS Management Services, Edgardo Masanes d/b/a Starting Point Realty, and Joey Soriano d/b/a Starting Point Realty, San Diego County Superior Court case number 37-2016-00022168-CU-BC-CTL.

7. Attached as Exhibit F is a true and correct copy of the Amendment to Complaint,

1 filed July 14, 2016, whereby D’Kiel Group, LLC was named as “Doe 1” in the above-entitled  
2 case, *American Lending and Holdings, LLC v. Dennise Gurfinkiel, et al.*

3 8. Attached as Exhibit G is a true and correct copy of San Diego Private Investments,  
4 LLC’s entity detail page on the California Secretary of State’s website, along with the stamp-filed  
5 Articles of Organization for San Diego Private Investments, LLC and its 2016 Statement of  
6 Information.

7 9. Attached as Exhibit H is a true and correct copy of the complaint filed by San  
8 Diego Private Investments, LLC against D’Kiel Group, LLC, Alison McCloskey Escrow  
9 Company, Del Toro Loan Servicing, Inc., Sequoian Investments, Inc., and Dennise Gurfinkiel,  
10 San Diego County Superior Court case number 37-2016-+00043277-CU-OR-CTL.

11 10. Attached as Exhibit I is a true and correct copy of the Deed of Trust with  
12 Assignment of Rents, document number 2016-0719759, made December 30, 2016, between San  
13 Diego Private Investments LLC as Trustor, and NM Investment Corp as Beneficiary, for the APN  
14 538-751-15-00.

15 11. Attached as Exhibit J is a true and correct copy of the Deed of Trust with  
16 Assignment of Rents, document number 2016-0719758, made December 30, 2016, between San  
17 Diego Private Investments LLC as trustor, and NM Investment Corp as Beneficiary, for the APN  
18 538-751-15-00.

19 12. Attached as Exhibit K is a true and correct copy of the Stipulation for Entry of  
20 Judgment Against D’Kiel Group, LLC, filed by American Lending and Holdings, LLC in the San  
21 Diego County Superior Court case number 37-2016-00022168-CU-BC-CTL, signed by Ninus  
22 Malan on behalf of American Lending and Holdings, LLC and Salam Razuki on behalf of D’Kiel  
23 Group, LLC.

24 13. Attached as Exhibit L is a true and correct copy of the United States Trustee’s  
25 Motion for Sanctions against George Panagiotou and the Costa Law Group pursuant to Federal  
26 Rule of Bankruptcy Procedure 9011; Request for Referral to the Disciplinary Committee of the  
27 United States District Court, in the action *In re: Rodrigo Marquez*, United States Bankruptcy  
28 Court, Southern District of California, case number 16-07541-LT13, on April 5, 2017.

1           14. Attached as Exhibit M is a true and correct copy of the Grant Deed whereby  
2 American Lending and Holdings, LLC granted to San Diego Private Investments, LLC the  
3 property located on APN 586-120-11-00, document number 2017-0224563, and recorded on May  
4 18, 2017 with the San Diego County Recorder.

5           15. Attached as Exhibit N is a true and correct copy of the Grant Deed whereby  
6 American Lending and Holdings, LLC granted to San Diego Private Investments, LLC the  
7 property located on APN 168-600-20-00, document number 2017-0224555, and recorded on May  
8 18, 2017 with the San Diego County Recorder.

9           16. Attached as Exhibit O is a true and correct copy of the Grant Deed whereby  
10 American Lending and Holdings, LLC granted to San Diego Private Investments, LLC the  
11 property located on APN 185-273-11-00, document number 2017-0224558, and recorded on May  
12 18, 2017 with the San Diego County Recorder.

13           17. Attached as Exhibit P is a true and correct copy of the Grant Deed whereby Wafa  
14 Katto granted to Wafa Katto and Ninus Malan, as Joint Tenants, the property located on APN  
15 538-340-26-00, document number 2017-0271404, and recorded on June 16, 2017 with the San  
16 Diego County Recorder.

17           18. Attached as Exhibit Q is a true and correct copy of the Declaration of Salam  
18 Razuki in support of Defendants Balboa Ave Cooperative, San Diego United Holdings Group,  
19 LLC, and Ninus Malan's opposition to Plaintiff's Motion for Preliminary Injunction, filed in the  
20 San Diego County Superior Court case number 37-02017-00019384-CU-CO-CTL, titled  
21 *Montgomery Filed Business Condominiums Association v. Balboa Ave Cooperative, San Diego*  
22 *United Holdings Group, LLC, Ninus Malan, Razuki Investments, LLC, and Salam Razuki*, dated  
23 September 6, 2017.

24           19. Attached as Exhibit R is a true and correct copy of the Deposition of Salam  
25 Razuki, dated Monday, March 26, 2018, in the San Diego County Superior Court case *Ninus*  
26 *Malan v. Hank Sybrandy, Gary Kent, Solymar Real Estate, and Keller Williams La Jolla*, case  
27 number 37-2016-00006980.

28           20. Attached as Exhibit S is a true and correct copy of the Complaint filed June 13,

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

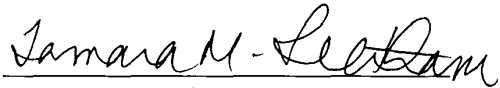
1 2018, in the San Diego County Superior Court case *San Diego Private Investments, LLC v.*  
2 *Allison-McCloskey Escrow Company*, case number 37-2018-00029303-CU-BT-CTL.

3 21. Attached as Exhibit T is a true and correct copy of San Diego United Holding  
4 Group's Verified Cross-Complaint filed June 27, 2018 in the San Diego County Superior Court  
5 case *Avail Shipping, Inc. v. Razuki Investments, LLC, Salam Razuki, Ninus Malan, Marvin*  
6 *Razuki, American Lending and Holdings, LLC, San Diego Private Investments, LLC, SH*  
7 *Westpoint Group, LLC, and San Diego United Holdings Group, LLC.*

8 22. Attached as Exhibit U is a true and correct copy of the Transcript of Proceedings  
9 on August 14, 2018, in the San Diego County Superior Court case *Salam Razuki v. Ninus Malan,*  
10 *Monarch Management Consulting, Inc., San Diego United Holding Group, LLC, Mira Este*  
11 *Properties, LLC, and Roselle Properties, LLC*, case number 37-2018-00034229-CU-BC-CTL.

12 23. Attached as Exhibit V is a true and correct copy of the Transcript of Proceedings  
13 on August 20, 2018, in the San Diego County Superior Court case *Salam Razuki v. Ninus Malan,*  
14 *Monarch Management Consulting, Inc., San Diego United Holding Group, LLC, Mira Este*  
15 *Properties, LLC, and Roselle Properties, LLC*, case number 37-2018-00034229-CU-BC-CTL

16 I declare under penalty of perjury under California state law that the foregoing is true and  
17 correct. Executed in San Diego, California, on September 4, 2018.

18  
19 

20 Tamara M. Leetham  
21  
22  
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# EXHIBIT A

2604



## CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

450 N STREET SACRAMENTO CA 95814  
PO Box 942879, SACRAMENTO, CA 94279-0001  
1-800-400-7115 • FAX 1-916-928-6241  
www.cdtfa.ca.govMARYBEL BATJER  
Secretary, Government Operations AgencyNICOLAS MADUROS  
DirectorNINUS MALAM  
BALBOA AVE COOPERATIVE  
8863 BALBOA AVE STE E  
SAN DIEGO CA 92123-1547Letter Date: August 22, 2018  
Letter ID: L0001082827  
Account Type: Sales and Use Tax  
Account Number: 103-009445  
Limited Access Code: t514132m  
Period Begin: July 1, 2017  
Period End: June 30, 2018

## DEMAND FOR IMMEDIATE PAYMENT

**Why we are contacting you:**

The California Department of Tax and Fee Administration (CDTFA) records show you have an outstanding balance. Additional interest will accrue if the tax is not paid in full. Details of the balance are shown below.

**What you must do:**

Payment is due in full. To pay online, go to our website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov) and select *Make a Payment*.

**What will happen if you do not comply:**

Failure to pay this demand may result in additional penalties, interest, and/or collection fees. We may make a legal claim on your property, bank account, or income.

Tax	\$157,142.00
Interest	916.66
Penalty	15,714.20
Other	0.00
Payments/Credit	0.00
<b>Total</b>	<b>\$173,772.86</b>

**PAYMENT OPTIONS**

Payments can be made online at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov) and select *Make a Payment*. If you are paying by check, please write your account number and Letter ID (shown above), on the check and include the attached Statement of Account payment voucher. Keep the original demand for your records. Make your check payable to the California Department of Tax and Fee Administration and mail to P.O. Box 942879, Sacramento, CA 94279-3535. If you need additional help, please call the telephone number listed above.

**COLLECTION FEE**

After 90 days from the date of this demand, collection fees will apply to amounts over \$250. For more information, including how to avoid the fee, visit our Collection Cost Recovery Fee page at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov).

**INTEREST**

Interest included in this demand has been computed to the date stated above, after which additional interest will accrue. Additional interest will accrue on the unpaid tax each month at the rate of 7 percent annually. Interest of \$916.66 will accrue if the tax is not paid on or before August 31, 2018.



# EXHIBIT B

2606



**RECORDING REQUESTED BY  
CITY OF SAN DIEGO  
DEVELOPMENT SERVICES  
PERMIT INTAKE, MAIL STATION  
501**

**WHEN RECORDED MAIL TO  
PROJECT MANAGEMENT  
PERMIT CLERK  
MAIL STATION 501**

INTERNAL ORDER NUMBER: 24007568

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Conditional Use Permit No. 2068552  
**MPF 8859 BALBOA AVE PROJECT NO. 585435**  
Hearing Officer

This Conditional Use Permit No. 2068552 is granted by the Hearing Officer of the City of San Diego to SAN DIEGO UNITED HOLDINGS GROUP, LLC, a California limited liability company, Owner/Permittee, pursuant to San Diego Municipal Code [SDMC] section 126.0305. The 2.51-acre site is located at 8859 Balboa Avenue, Suites A-E in the IL-3-1 zone of the Kearny Mesa Community Plan. The project site is legally described as Parcel 1: an undivided 5/64<sup>th</sup> interest in and to the southwesterly 219.55 feet of the northeasterly 413.55 feet of Lot 9, in the City of San Diego Industrial Park Unity No. 2, according to Map thereof No. 4113, filed March 12, 1959.

Subject to the terms and conditions set forth in this Permit, permission is granted to Owner/Permittee to operate a Marijuana Production Facility within existing suites A-E comprising of an operational area of 4,998 square feet within an existing 39,675 square foot industrial building located at 8859 Balboa Avenue in the Kearny Mesa Community Plan area described and identified by size, dimension, quantity, type, and location on the approved exhibits [Exhibit "A"] dated August 15, 2018, on file in the Development Services Department.

The project shall include:

- a. Operation of a Marijuana Production Facility within existing suites A-E, comprising an operational area of 4,998 square feet within an existing 39,675 square foot industrial building. The operation shall include the production of marijuana products consistent with the requirements of the State of California statutes and the California Departments of Food and Agriculture, Consumer Affairs and Public Health regulations; and the manufacturing, storing, and distributing of cannabis products to State of California licensed outlets. Cultivation and retail sales are prohibited;
- b. The Marijuana Production Facility operations will include the following areas:

Secured Entry – This entry will be used by employees to enter and exit the building. It will also serve as a visitor entrance/exit. The external door to the Entry Lobby is open to visitors. A bell rings alerting staff that a visitor has arrived. The exterior door from the

Secured Entries to the secure areas have an electronic key pad entry. All employees will have a unique digital electronic key code for entry through this door.

Manager's Room – This office will be locked and only managers will be allowed in the manager's office. It has a key lock. This room is also where any cash will be securely stored, if needed.

Secured Product Storage Room - Product that has been manufactured, tested, packaged, labeled, and quality assurance checked will be stored in this room. It will be separately locked with access by manager's only. Product stored here is waiting distribution.

Break Room – The employee break room will be used for breaks, lunches, etc. It is not separately locked.

Packaging & Distribution Room – After manufacturing, products will be moved to this room for packaging, labeling, and preparation for distribution. This will also be the room used for the quality control procedure.

Raw Material Storage – When raw cannabis is received, inspected, and accepted from cultivators the raw material is moved and stored in this room until processing is ready for it. There will be shelves in this room that allow for separate storage of batches.

Extraction Room – Cannabinoids will be extracted in this room through a variety of processes. Batches are kept separate during the extraction process.

Post Processing Room – This room will be where the raw extract is further processed through a variety of methods into a more refined oil or extract. This room is also where batches will be stored awaiting the laboratory testing process. The lab testing licensee performs the sampling of batches in this room. The manufactured product will remain in this room until lab test results are returned. If a batch passes testing, the product will be moved to the Finished Product Storage Room or directly enter the distribution process;

- c. Off-street parking; and
- 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 August 30, 2021.

2. This Conditional Use Permit [CUP] and corresponding use of this site shall expire on August 30, 2023. Upon expiration of this Permit, the facilities and improvements within the building described herein shall be removed from this site and the property shall be restored to its original condition preceding approval of this Permit.

3. No permit for the construction, occupancy, or operation of any facility or improvement described herein shall be granted, 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; and
- b. The Permit is recorded in the Office of the San Diego County Recorder.

4. While this Permit is in effect, the subject property 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.

5. This Permit is a covenant running with the subject property 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.

6. The continued use of this Permit shall be subject to the regulations of this and any other applicable governmental agency.

7. 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.).

8. 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.

9. 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.

10. 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.

11. 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.

**BUILDING OFFICIAL REQUIREMENTS:**

12. Prior to the commencement of operations granted by this Permit, the Owner/Permittee shall obtain a change of use/occupancy building permit consistent with all California Codes and Regulations in effect at the time of building permit, satisfactory to the Building Official.

**ENGINEERING REQUIREMENTS:**

13. Prior to the issuance of any construction permit the Owner/Permittee shall submit a Water Pollution Control Plan (WPCP). The WPCP shall be prepared in accordance with the guidelines in Part 2 Construction BMP Standards Chapter 4 of the City's Storm Water Standards.

14. Prior to the issuance of any building permits, the Owner/Permittee shall assure, by permit and bond, the removal and replacement of the westernmost driveway, adjacent to the site on Balboa Avenue, per current City Standards.

**PLANNING/DESIGN REQUIREMENTS:**

15. All operations shall be conducted indoors within a secured structure. All equipment and storage shall be also located within a secure structure.
16. Lighting shall be provided to illuminate the immediate surrounding area of the facility, including parking lots and adjoining sidewalks. Lighting shall be hooded or oriented to deflect light away from adjacent properties.
17. Security shall include operable cameras, alarms, and a security guard. The security guard shall be licensed by the State of California and be present on the premises during business hours. The security guard shall only be engaged in activities related to providing security for the facility, except on an incidental basis.
18. The name and emergency contact telephone number of an operator or manager shall be posted outside the marijuana production facility in a location visible to the public from the public right-of-way in character size at least two inches in height. The permittee shall provide this contact information to the San Diego Police Department. The operator or manager shall also be available 24 hours a day to address public nuisance complaints and interact with local, state, and federal law enforcement authorities. Other than the contact information, a marijuana production facility shall limit signage on the exterior of the property visible from the public right-of-way to the address.
19. A permit shall be obtained as required pursuant to Chapter 4, Article 2, Division 15.
20. The retail sale of marijuana and marijuana products shall only be conducted by a marijuana outlet in accordance with Section 141.0504. A marijuana production facility is prohibited from providing marijuana and marijuana products to any person other than another marijuana production facility, a testing lab, or a marijuana outlet.
21. The marijuana production facility, adjacent public sidewalks, and areas under the control of the marijuana production facility shall be maintained free of litter and graffiti at all times.
22. The marijuana production facility shall provide daily removal of trash, litter, and debris. Graffiti shall be removed from the premises within 24 hours.
23. The Owner/Permittee shall provide an odor absorbing ventilation and exhaust system capable of minimizing excessive or offensive odors emanating outside of the permitted facility, to the satisfaction of the Development Services Department.

**TRANSPORTATION REQUIREMENTS**

24. The automobile, motorcycle and bicycle parking spaces must be constructed and provided in accordance with the requirements of the SDMC. 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 authorized by the appropriate City decision maker in accordance with the SDMC.

25. A maximum of ten employees shall be allowed on-site at any given time to correspond to the ten parking spaces provided for the project.

**INFORMATION ONLY:**

- The issuance of this discretionary permit alone does not allow the immediate commencement or continued operation of the proposed use on site. Any operation allowed by this discretionary 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 Hearing Officer of the City of San Diego on August 15, 2018 by Resolution No. HO-7131.

AUTHENTICATED BY THE CITY OF SAN DIEGO DEVELOPMENT SERVICES DEPARTMENT

---

Hugo Castaneda  
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.

**SAN DIEGO UNITED HOLDINGS GROUP, LLC,**  
a California limited liability company  
Owner/Permittee

By   
Ninus Malan  
Managing Member

**NOTE: Notary acknowledgments  
must be attached per Civil Code  
section 1189 et seq.**

*See attachment*



**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 8/30/2018 before me, A. Caro Del Castillo, Notary Public,  
Date Here Insert Name and Title of the Officer  
personally appeared Ninus malan  
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 [Signature]  
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: \_\_\_\_\_ 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: \_\_\_\_\_

Hearing Officer Resolution No. HO-7131  
Conditional Use Permit No. 2068552  
**MPF 8859 BALBOA AVE PROJECT NO. 585435**

WHEREAS, SAN DIEGO UNITED HOLDINGS GROUP, LLC, a California limited liability company, Owner/Permittee, filed an application with the City of San Diego for a permit to operate a Marijuana Production Facility within existing suites A-E comprising an operational area of 4,998 square feet within an existing 39,675 square foot industrial building (as described in and by reference to the approved Exhibits "A" and corresponding conditions of approval for the associated Permit No. 2068552), on portions of a 2.51-acre site;

WHEREAS, the project site is located at 8859 Balboa Avenue in the IL-3-1 zone of the Kearny Mesa Community Plan;

WHEREAS, the project site is legally described as Parcel 1: an undivided 5/64<sup>th</sup> interest in and to the southwesterly 219.55 feet of the northeasterly 413.55 feet of Lot 9, in the City of San Diego Industrial Park Unity No. 2, according to Map thereof No. 4113, filed March 12, 1959;

WHEREAS, on June 7, 2018 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 Guideline Section 15303(c) and there was no appeal of the Environmental Determination filed within the time period provided by San Diego Municipal Code Section 112.0520;

WHEREAS, on August 15, 2018, the Hearing Officer of the City of San Diego considered Conditional Use Permit No. 2068552 pursuant to the Land Development Code of the City of San Diego;

NOW, THEREFORE, BE IT RESOLVED by the Hearing Officer of the City of San Diego as follows:

That the Hearing Officer adopts the following written Findings, dated August 15, 2018.

**A. CONDITIONAL USE PERMIT [SDMC Section 126.0305]**

**1. Findings for all Conditional Use Permits:**

**a. The proposed development will not adversely affect the applicable land use plan.**

The proposed project requests a Conditional Use Permit to operate a Marijuana Production Facility within existing suites A-E comprising an operational area of 4,998 square feet within an existing 39,675 square foot industrial building. The 2.51-acre site is located at 8859 Balboa Avenue in the IL-3-1 zone of the Kearny Mesa Community Plan. The site is designated Industrial and Business Parks uses by the Kearny Mesa Community Plan. The Industrial and Business Parks designation is intended to

accommodate manufacturing, storage, warehousing, distribution, and similar uses. The Industrial and Business Park designation would permit light manufacturing uses, thereby providing additional land suitable for manufacturing activities. The proposed Marijuana Production Facility, classified as light industrial services, is a compatible use for this location with a Conditional Use Permit and is consistent with the community plan, and therefore will not adversely affect the applicable land use plan.

**b. The proposed development will not be detrimental to the public health, safety, and welfare.**

The proposed Marijuana Production Facility within existing suites A-E comprising of an operational area of 4,998 square feet within an existing 39,675 square foot industrial building. The 2.51-acre site is located at 8859 Balboa Avenue in the IL-3-1 zone of the Kearny Mesa Community Plan. The building is currently being used for light industrial uses. The project proposes tenant improvements to the existing building to facilitate operations including the manufacturing, storing, and distributing of cannabis products to State of California licensed outlets. No cultivation or retail sales are proposed. The proposed improvements will require the Owner/Permittee to obtain a change of use/occupancy building permit consistent with all California Codes and Regulations in effect at the time of building permit, satisfactory to the Building Official. Public improvements will include the removal and replacement of the westernmost driveway, adjacent to the site on Balboa Avenue, per current City Standards.

Marijuana Production Facilities are restricted to forty City-wide, within light and heavy industrial zones. Marijuana Production Facilities require compliance with San Diego Municipal Code (SDMC), section 141.1004, which require a 1,000 foot separation, measured between property lines from, resource and population-based City parks, churches, child care centers, playgrounds, City libraries, minor-oriented facilities, residential care facilities, and schools. Marijuana Production Facilities also require a minimum distance requirement of 100 feet from a residential zone. 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. Marijuana Production Facilities must also comply with Chapter 4, Article 2, Division 15 which provides guidelines for lawful operation.

The proposed project will be required to comply with the development conditions as described in the Conditional Use Permit No. 2068552 as it relates to the operational requirements imposed by the City of San Diego. The Conditional Use Permit No. 2068552 will be valid for five years and may be revoked if the Owner/Permittee violates the terms, conditions, lawful requirements, or provisions of the Permit.

The proposed development will not be detrimental to the public's health, safety and welfare in that the discretionary permit controlling the use of this site contains specific regulatory conditions of approval, as referenced in the Conditional Use Permit No. 2068552. The referenced regulations and conditions have been determined as necessary to avoid adverse impact upon the health, safety and general welfare of persons residing

or working within the surrounding area. Therefore, the proposed Marijuana Production Facility will not be detrimental to the public health, safety and welfare.

**c. 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 Marijuana Production Facility within existing suites A-E comprising of an operational area of 4,998 square feet within an existing 39,675 square foot industrial building. The 2.51-acre site is located at 8859 Balboa Avenue in the IL-3-1 zone of the Kearny Mesa Community Plan. The site was developed in 1969. The project proposes tenant improvements to the existing building to facilitate operations including the manufacturing, storing, and distributing of cannabis products to State of California licensed outlets. No cultivation or retail sales are proposed.

Marijuana Production Facilities are allowed in the IL-3-1 Zone of the Kearny Mesa Community Plan with a Conditional Use Permit. The proposed use requires compliance with San Diego Municipal Code (SDMC), Section 141.1004 and Chapter 4, Article 2, Division 15. Section 141.1004 requires a 1,000 foot separation, measured between property lines from, resource and population-based City parks, churches, child care centers, playgrounds, City libraries, minor-oriented facilities, residential care facilities, and schools. There is also a minimum distance requirement of 100 feet from a residential zone. Security requirements, expressed as conditions in the Permit, 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.

The proposed Marijuana Production Facility is consistent with all land development regulations relevant for the site and the use and no deviations are requested or required. Therefore, the proposed Marijuana Production Facility will comply with the regulations of the Land Development Code.

**d. The proposed use is appropriate at the proposed location.**

The proposed Marijuana Production Facility within existing suites A-E comprising of an operational area of 4,998 square feet within an existing 39,675 square foot industrial building. The 2.51-acre site is located at 8859 Balboa Avenue in the IL-3-1 zone of the Kearny Mesa Community Plan. The Light Industrial IL-3-1 zone is intended to provide for a wide range of light industrial, office, and commercial uses. The proposed Marijuana Production Facility, classified as light industrial services, is consistent with the community plan.

The proposed Marijuana Production Facility is consistent with all land development regulations relevant for the site and the use. No deviations are requested or required to approve the project as proposed. The proposed Marijuana Production Facility is a compatible use for this location with a Conditional Use Permit. Therefore, the proposed MPF is an appropriate use at the proposed location.

The above findings are supported by the minutes, maps and exhibits, all of which are incorporated herein by this reference.

BE IT FURTHER RESOLVED that, based on the findings hereinbefore adopted by the Hearing Officer, Conditional Use Permit No. 2068552 is hereby GRANTED by the Hearing Officer to the referenced Owner/Permittee, in the form, exhibits, terms and conditions as set forth in Permit No. 2068552, a copy of which is attached hereto and made a part hereof.

---

Hugo Castaneda  
Development Project Manager  
Development Services

Adopted on: August 15, 2018

IO#: 24007571

# EXHIBIT C

1 **J. GREGORY TURNER, Esq.**  
SBN 204967  
2 110 W C Street Suite 2010  
San Diego, CA 92101  
3 619-232-2311  
619-232-2312 fax  
4 greg@turnerlawsandiego.com

5 Attorney for Petitioner  
6 **DENNISE GURFINKIEL**

7 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
8 **FOR THE COUNTY OF SAN DIEGO, SOUTHERN DIVISION**

9  
10 DENNISE GURFINKIEL, ) Case No:  
11 Petitioner, )  
12 vs. )  
13 SALAM RAZUKI, ) **NOTICE OF LODGED DOCUMENTS**  
Respondent. ) Date:  
14 ) Time:  
15 ) Dept.:  
16 )

17 **TO: THE SUPERIOR COURT OF THE STATE OF CALIFORNIA FOR THE**  
18 **COUNTY OF SAN DIEGO, SOUTHERN DIVISION; AND TO THE RESPONDENT**  
19 **OR HIS REPRESENTATIVE**

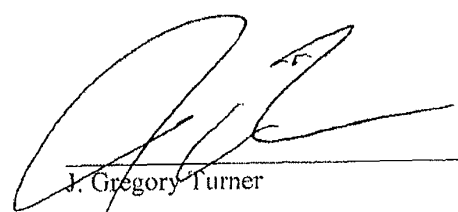
20 The petitioner, **DENNISE GURFINKIEL**, by and through her attorney J. Gregory Turner,  
21 hereby lodges the attached materials in support of her petition:

- 22 1) Screen capture of cell phone display (hereinafter "screenshot(s)") of text messages sent by  
23 respondent Salam Razuki to petitioner's real estate broker Edgardo Masanes.  
24 2) Receipt from a vehicle inspection for petitioner's mother Rocio Ramirez's vehicle.  
25 3) Screenshots of text messages sent by respondent Salam Razuki to petitioner Dennise  
26 Gurfinkiel containing a screenshot of an e-mail sent by Salam Razuki.  
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- 4) Screenshots of text messages sent by respondent Salam Razuki to petitioner Dennise Gurfinkiel throughout December 2016.
- 5) Screenshot of text messages sent by respondent Salam Razuki to petitioner's brother Joseph Gurfinkiel.
- 6) Screenshot of a text message sent by respondent Salam Razuki to petitioner's mother Rocio Ramirez.
- 7) Screenshots of call logs made to petitioner's mother Rocio Ramirez.
- 8) Screenshots of text messages sent by respondent Salam Razuki to petitioner's client Roberto Christlieb.
- 9) Screenshot of a text message sent by mechanic Fernando to petitioner Dennise Gurfinkiel.
- 10) Screenshots of call logs made to petitioner Dennise Gurfinkiel's cell phone.
- 11) Screenshot of e-mail sent by respondent Salam Razuki to petitioner Dennise Gurfinkiel.
- 12) Screenshot of e-mail sent by Iris Musick, Loan Mitigation Counselor at Del Toro Loan Servicing, Inc., a business servicing a lender with whom petitioner Dennise Gurfinkiel holds a mortgage.

  
\_\_\_\_\_  
J. Gregory Turner  
Attorney for Petitioner

Salam to Ed Masanes

**ATTACHMENT 1**



60% 5:48 PM

← Salam Ruzuki ▼  
6197196661

CALL MORE



I'm going to the district attorney tomorrow just to let you know

5:00 PM

Friday, October 21, 2016



Look like you're not taking me seriously that I am going to the district office today OK good luck

12:19 PM

Tried calling you vm full. Will call you later. Im on my way to my uncles burial.

12:55 PM

Saturday, October 22, 2016



???

2:11 PM

Tuesday, October 25, 2016



Fwd: I want you to know Ni-nus filed a criminal complaint today instead of me with the District Attorney and is meeting with an investigative



Enter message



← Salam Ruzuki ▼

6197196661

CALL

MORE

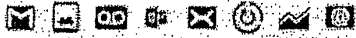
S

Fwd::I want you to know Ni-  
nus filed a criminal complaint  
today instead of me with  
the District Attorney and is  
meeting with an investigative  
reporter to put you

and Ed on the news.

Fwd;;I will be filing next and  
it will catch up to you very  
soon. Have your attorney help  
you with that now!

11-17-11



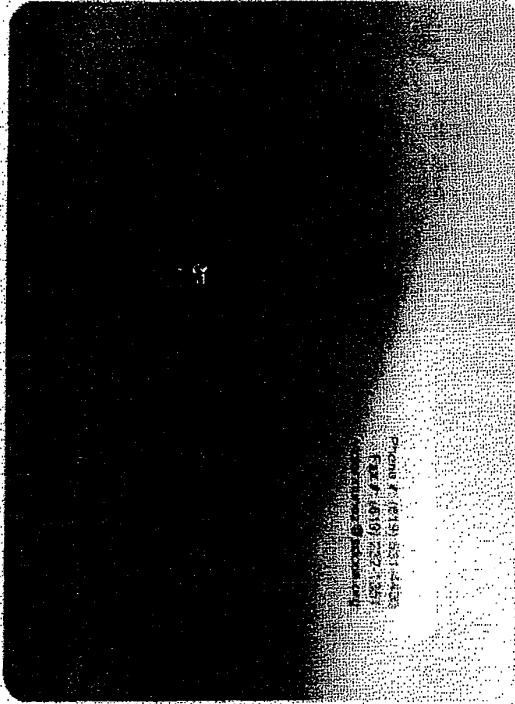
← Salam Ruzuki ▾  
6197196661

CALL MORE



I have a lot more I'm get them ready to the District Attorney any news

6:52 PM



MMS  
6:54 PM

6:55 PM

I got a call into her.



I'm sorry I'm not try to get you involve

7:00 PM

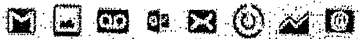


CUSTOMER PROFILE



Enter message





58% 5:51 PM

← Salam Ruzuki ▼  
6197196661

CALL MORE

Saturday, November 26, 2016



I'm tired from bs  
I'm filling Monday and making  
a criminal case with the FBI  
and the DA

9:17 AM

I hear Dennise is working on  
a resolution. I spoke to her  
yesterday. Shes hoping to  
get this resolved by end of  
next week. Also i hear you  
guys recently meet and she  
mentioned that to you as  
well.

I will relay your message to  
her

9:58 AM



Ok I just want you to know I'm  
done with her bs she's should  
stay in jail all her life she's  
nothing but a big fucking liar  
and I promise you I will do  
that

10:02 AM

Shee pretty stressed out

📎 Enter message



← Salam Ruzuki ▼

CALL

MORE

6197196661

S

I know about that I'm just sending you this so you know what kind of shit I have against her and all this it's gonna come out on the news and on the district

attorney so I don't know why she's not taking me seriously I told her don't let me be your enemy I have a lot of shit on you

6:43 PM

I told her to talk to Haskins. This matter needs to be cleared up asap.

6:45 PM



Receipt to inspect Rocio Ramirez's vehicle  
**ATTACHMENT 2** (GurAnkriel's mom)





3101 National City Boulevard • National City, CA 91950  
(619) 336-4020 • FAX (619) 477-6750  
SERVICE TOLL FREE 888-400-9072  
www.southbayvolkswagen.com

V.B.A.R.#ARD 003463 V.W.DLR# 422-580 EPA# CAL000191549

RECOMMENDED SERVICES

OPERATION	OPERATION DESCRIPTION	MO/MI	TOTAL	OPERATION	OPERATION DESCRIPTION	MO/MI	TOTAL
01VW2010	10000 MILE SERVICE	MI	0.00				

SERVICE HISTORY

DATE	REPAIR ORDER	MILEAGE	ADVISOR	TECHNICIAN	TYPE	OPERATION	OPERATION DESCRIPTION

SALESPERSON NO.

SERVICE

STATE REG#

VEHICLE ID NO. <b>3VW267AJ0GM</b>	YEAR/MAKE/MODEL <b>16/VOLKSWAGEN/JETTA SEDAN/4DR-SDN 1</b>	PRODUCTION DATE	STOCK NO.	LICENSE NO.	R.D. NO.
CUSTOMER NO. <b>51148</b>	SERVICE CONTRACT	DELIVERY DATE	DELIVERY MILES	SELLING DEALER NO.	R.D. DATE
NAME <b>ROCIO</b>	ADDRESS <b>L DR SAN DIEGO, CA 92122</b>	CONTRACT NO.	EXPIRATION DATE	EXPIRATION MILES	TAG NO. <b>454</b>
TEL. <b>CP</b>	BUSINESS PHONE <b>IGMAIL.COM</b>	TURBO <b>Y</b>	M/MC <b>VWZZ</b>	AIR COND. <b>Y</b>	TRANS. <b>Y</b>
APPOINTMENT <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	TIME RECEIVED <b>11:07am</b>	DATE/TIME PROMISED <b>11/21/16 03:18pm</b>	MILEAGE <b>9,732</b>	ADVISOR NO. <b>50600</b>	ADVISOR <b>GASPAR ALONZO</b>

NOTE TO CONSUMER: PLEASE READ IMPORTANT INFORMATION ON REVERSE SIDE.

5 **C 00VWZSXINSP** SERVICE EXPRESS INSP  
CUSTOMER REQUESTS SERVICE EXPRESS MULTI POINT INSPECTION

6 **C 00VWZTPI** TIRE PRESSURE  
SET TIRE PRESSURE TO SPECIFICATIONS AND RECORD ON REPAIR ORDER

THANK YOU FOR BRINGING YOUR AUTOMOBILE TO South Bay Volkswagen FOR SERVICE. PLEASE NOTE THE FOLLOWING

SERVICE DEPT. HOURS

MON - FRI  
7:30 AM TO 6:00 PM  
SATURDAY  
8:00 AM TO 4:00 PM  
BY APPOINTMENT ONLY

NO CARS RELEASED AFTER SERVICE DEPT. CLOSES WITHOUT PRIOR ARRANGEMENTS.

PARTS DEPT. HOURS

MON - FRI  
7:30 AM TO 6:00 PM  
SATURDAY  
8:00 AM TO 4:00 PM

IF YOU SHOULD HAVE ANY QUESTION CONCERNING YOUR AUTOMOBILE WHILE IT'S HERE FOR SERVICE PLEASE CONTACT YOUR SERVICE CONSULTANT.

TERMS CASH OR THE FOLLOWING CREDIT CARDS  
MASTERCARD • VISA  
AMERICAN EXPRESS • DISCOVER

ALL PARTS ARE NEW UNLESS OTHERWISE SPECIFIED

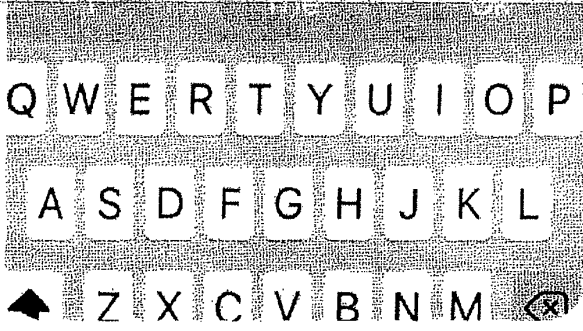
ASB: 10/2014 Approved. Software for Business. Call to register. (650) 414-0545

screenshots & Texts → Salam to Deteksi

**ATTACHMENT 3**



Salam Razuki



From: Juan R Perez > Hide

To: salamrazuki@yahoo.com >

**Section 8 Concerns**

Today at 9:58 AM

Hello Mr. Razuki,

Thank you for contacting my office with your Section 8 Program Concerns. Per our conversation, please reply to this email with the details of your concern so that we can investigate.

Regards,

Juan R. Perez

Department of the real estate is next



iMessage



screen shots of texts sent by Salam to  
**ATTACHMENT 4** GurAnkil through  
out Dec. 2016

Sprint LTE

1:15 PM

64%



Salam Razuki

Thu, Dec 1, 11:53 AM

you just fucking stop calling the Tenad to collect the fucking rent I don't know what' type of person you are

Per Claudia, deeds where not recorded as settlement was not signed.

You knew I needed hay signed

OK let me show you I will fuck you over big fucking time this time I know what kind fucking bitch you are now

I know more shit than anybody on you and you're so fucking dumb you try to play this fucking game with me

I will reach out to your mom and your brother I will put you on TV you'll see you'll fucking

12/1



iMessage







Salam Razuki

OK let me show you I will fuck you over big fucking time this time I know what kind fucking bitch you are now

I know more shit than anybody on you and you're so fucking dumb you try to play this fucking game with me

I will reach out to your mom and your brother I will put you on TV you'll see you'll fucking messing with the wrong person

I'm talking to jaffy give him declaration that front of me and gabby you tell your attorney you have money on 4 Ave and divid he's paid off

I swear this time my goal is putting you in jail forever and you'll see

12/11



iMessage



Sprint LTE

1:15 PM

64%



Salam Razuki

Thu, Dec 1, 4:56 PM

Good luck

The Mexican guy he threaten you that he will do something to you or to your brother but I promise you I'm not like them I will put you and your mom in jail you will see  
Let's see how the money will get you out of the jail fucking greedy bitch

Fri, Dec 2, 9:56 AM

investigation with the housing department it's already file too good luck

Another investigation on your notary friend too good luck too

This is just the beginning

You tell me you don't want to mess with somebody have



iMessage



Sprint LTE

1:15 PM

64%



Salam Razuki

get you out of the jail fucking greedy bitch

Fri, Dec 2, 9:56 AM

investigation with the housing department it's already file too good luck

Another investigation on your notary friend too good luck too

This is just the beginning

You tell me you don't want to mess with somebody have money

Fri, Dec 2, 11:26 AM

Text Message  
Today 11:25 AM



iMessage



Sprint LTE

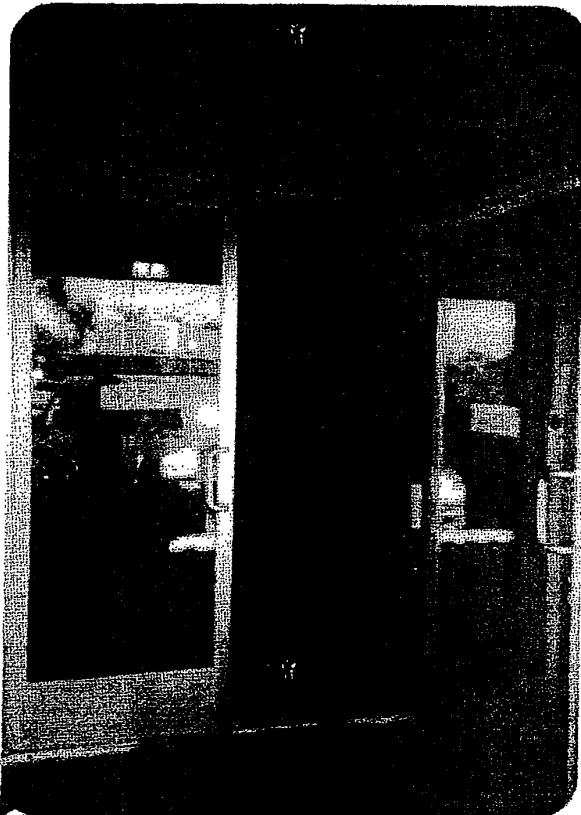
1:13 PM

64%



Salam Razuki

your mom but  
Denise she push me



This is callent auto sales very nice and smart good luck for Rodrigo Marquis

That's what happen when people get to fucking greedy

Yesterday 12:48 PM



iMessage



12/2



Yesterday 10:22 AM

Every time I'm trying to help you you go and fuck me over and you fuck your self more I told you let me talk to Ninos about the fucking settlement but you want and you fucked up everything on yourself OK I will show you this time it

What are you talking about

My attorney want to recover our our conversation I have not talked to anyone nor done anything behind you

OK let your fucking attorney deal with this fucking mess right now you a big fucking liar

Yesterday 9:32 PM





SR LQ

I will reach out to your mom  
and your brother I will put you  
on TV you'll see you'll fucking  
messing with the wrong person

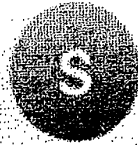
I'm talking to jaffy give him  
declaration that front of me  
and gabby you tell your  
attorney you have money on 4  
Ave and divid he's paid off

I swear this time my goal is  
putting you in jail forever and  
you'll see



iMessage





Salam Razuki

Money is not everything what's really hurting me like you're dealing with me that there was nothing between us

Thank you anyways I get it I promise you you're not gonna hear nothing from me anymore not gonna text you not going to email you thank you again that's all I have to say

Tuesday 3:27 PM

Friars - December 14

Newton - December 21

Bramblewood - December 16



Sprint

2:28 PM

56%



Salam Razuki

Fri, Dec 9, 9:34 AM

Let me know if you need any help

No matter what i'm here for you

Fri, Dec 9, 3:07 PM

Are you ok

Sat, Dec 10, 8:05 AM

?????

Sat, Dec 10, 11:22 AM

Are you ok ???????

Sat, Dec 10, 3:57 PM

Just let me know you're OK I don't know why I have a feeling that something is not OK

?????

12/19 - 12/12

Mon, Dec 12, 12:20 PM



iMessage



Sprint 2:28 PM 56%



Salam Razuki

Mon, Dec 12, 12:29 PM

Hi call me please you have a sale day on Friars coming to how you can stop that ??

Mon, Dec 12, 3:52 PM

???

Fwd::Hi sam this is marna young at 2604 Newton D ave Dennis has texed me saying she wants the rent money she sent out letters saying she's is the owner n

ot giving her any money the only way I can pay December rent is if you take the money out of my deposit I dont know what to do

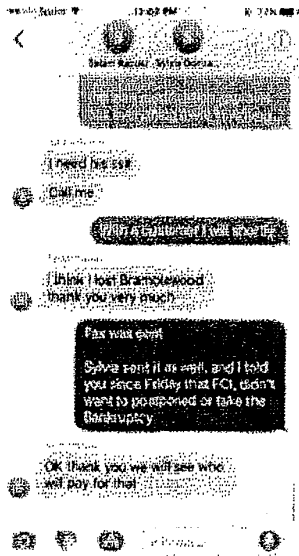
Ok fine keep ignore me that's the best way to solve it



Message



12/12



Screenshot Texts Razuki to Joseph Gurfinkel  
**ATTACHMENT 5** (OG's brother)



+1 (619) 719-6661

Brother Cell phone

Text Message  
Today 11:30

Call me soon you have a minute

iMessage

Salam i don't want to get involve between you and my sister. I hope you both can resolve the issue peacefully and reasonably.

Delivered

OK thank you i just want to give you heads up that it's my only attention is right now it's to put her and your mom in Jill I'm sorry I love your mom but Denise she push me so far that I cannot take it anymore sorry brother I try so hard with her but she's A greedy thief



iMessage



Salam to Rocío Ramirez  
**ATTACHMENT 6** (DG's mom)



+1 (619) 719-6661

Mensaje de texto  
vie 2 de dic 11:25 a.m.



iMessage





call logs Salam to Rocio  
**ATTACHMENT 7** Ramirez

+61 9 4146 862

Australia

ayer ⓘ

(55) 3956 3906

desconocido

sábado ⓘ

Lic. Leonardo Evangelina

desconocida

sábado ⓘ

Norma Rodriguez (2)

celular

jueves ⓘ

+52 (081) 111 1111

México

jueves ⓘ

+1 (619) 867-1135

FaceTime de video

jueves ⓘ

Ivan Peralta

celular

miércoles ⓘ

Verito

casa

miércoles ⓘ

Ayde Dorantes Uni-red

celular

miércoles ⓘ

Todas

Perdidas

Editar

celular

+1 (619) 867-1135  
FaceTime de video jueves ⓘ

+52 (081) 111 1111  
México jueves ⓘ

+1 (619) 867-1135  
FaceTime de video jueves ⓘ

Dennise (Hija) Gurfinkiel (3)  
celular jueves ⓘ

Lucero (2)  
trabajo jueves ⓘ

Ivan Peralta  
celular miércoles ⓘ

Ivan Peralta  
celular miércoles ⓘ

Leticia Espinoza  
desconocida miércoles ⓘ

Verito  
miércoles ⓘ

Salam to Roberto Christies  
**ATTACHMENT 8** (DG's client)



Salam  
+16197196661

CALL MORE

Sorry, at work  
with Customers,  
will call u in 1 hr

1:30 PM



Ok brother we  
have to finish  
this mess ASAP

1:33 PM



Don't waste your  
time with them  
I'm not going  
forward with the  
sale anymore

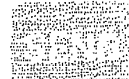
1:36 PM

Ok gotcha, will  
call u as soon  
as i get fee from  
work

1:38 PM



Enter message





← Salam ▾  
+16197196661

CALL MORE

Ok gotcha, will call u as soon as i get fee from work

1:38 PM




I already filed a criminal and civil charges against Denise and the broker

1:46 PM

Ok got it, so as soon as im free we will talk and see how we all get out of this mess

1:47 PM

 Enter message



Screenshot of Text by Mechanic Fernando  
**ATTACHMENT 9** to 06



Sprint LTE 1:35 PM 57%



Fernando Chavez

Sending 10:26 AM

Yo mañana llevo el cheque mala con el District attorney, me voy a comunicar con el BRA, voy a registrar un mechanics lien a Olympia con el condado y voy a estar en comunicacion con Dug el Abogado de Salam, te estas burlando de mi y no le das la importancia que requiere, muy mal de tu parte!

I got the bad check w/ the DA Att tomorrow. I'm going to communicate w/ the BRA, I'm going to register a mechanics lien to Olympia w/ the county and I'll be in communication w/ Doug the Salam lawyer, you're making fun of me and not you do importance it requires, very bad on your part

Hola Fernando  
No es burla y no me han pagado.  
El dinero no estará listo hasta mañana a las 3:00 Pm y con gusto te lo entrego  
Con gusto te lo entrego a esa hora. Esos negocios no tienen que ver con Salam y/o su abogado











Hello Fernando, it's not mockery and I have not been paid. The money will not ready until 3:00 p.m. tomorrow and I will gladly give it to you. I'll gladly give it to you at that time. Those businesses have nothing to do w/ Salam and/or his lawyer.



Text Message



*Call logs made to OB's phone*  
**ATTACHMENT 10**

No Caller ID unknown	11:58 AM	
Juanita Adame work	11:57 AM	
No Caller ID unknown	11:48 AM	
No Caller ID unknown	11:46 AM	
Lucy Herrera home	11:19 AM	
(619) 507-7233 National City, CA	11:18 AM	
Joseph "Bro" Gurfinkiel mobile	11:16 AM	
TGLM Inc mobile	11:08 AM	
 Juanita Adame mobile	11:07 AM	

No Caller ID  
unknown

Saturday ⓘ

No Caller ID  
unknown

Saturday ⓘ

No Caller ID  
unknown

Saturday ⓘ

No Caller ID  
unknown

Saturday ⓘ

TGLM Inc  
mobile

Saturday ⓘ

Salam Razuki  
iPhone

Saturday ⓘ

Salam Razuki  
iPhone

Saturday ⓘ

Dave "Big D" Ramos  
mobile

Saturday ⓘ

Salam Razuki  
iPhone

Saturday ⓘ

*Email Salam to O6*  
**ATTACHMENT 11**



1 of 3

Done

From: Salam Razuki >



To: Dennise Gurfinkiel >

Hide

**No Subject**

December 10, 2016 at 5:13 PM

Are you okkkkkkkk

Sent from my iPhone

12/10



*Del Toro Loan services to DG*

**ATTACHMENT 12**



From: Iris Musick



To: Latonya Coleman >

Hide

Cc: Dennise Gurfinkiel >

---

**Reinstatement figures on 6780 Friars Road  
#133 & 2602-2604 Newton Ave**

Yesterday at 4:49 PM

---

Hi,

This is the account where the borrower is asking for reinstatement figures on both properties. Dennise Gurfinkiel indicated that the best contact number for her is 619-719-. Iris

***Del Toro Loan Servicing, Inc. will be closed on  
Monday, December 26th for the holiday. The  
company will resume operations on Tuesday,  
December 27th.***

**Iris Musick** Loan Mitigation Counselor